

- What is Environment???
- The circumstances or conditions that surround an individual.
- The combination of external physical conditions that affect and influence the growth, development, and survival of organisms:
- The mixture of social and cultural conditions affecting the nature of an individual or community.

What is BUSINESS?????????

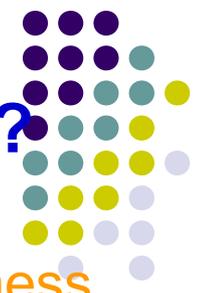
A business can be defined as an organization that provides goods and services to others who want or need them.

When many people think of business careers, they often think of jobs in large wealthy corporations. Many business-related careers, however, exist in small businesses, non-profit organizations, government agencies, and educational settings.

Furthermore, you don't need a degree in business to obtain many of these positions. In short, every sector of our economy needs people with strong overall skills that can be applied to business-type careers.



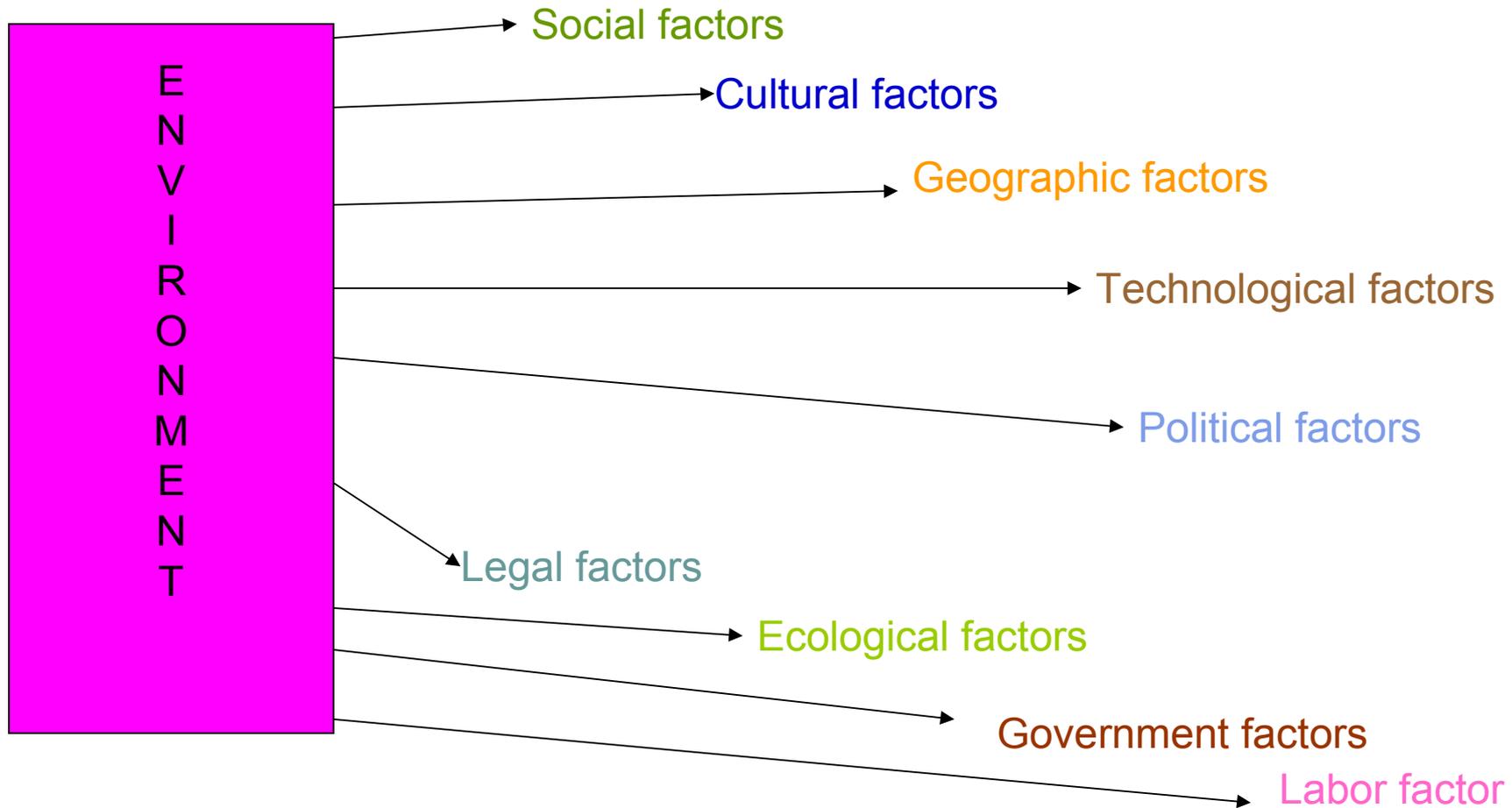
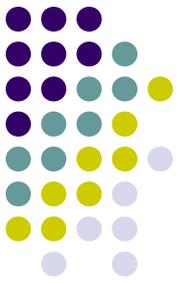
What is Business Environment?????????????????



- The business environment is anything which surrounds the business organization. It affects the decisions, strategies, processes and performance of the business. The micro environment consists of different types of stakeholders - customers, employees, suppliers, board of directors and creditors. The macro environment consists of factors which are beyond the control of the business (STEP) - Social, Technological, Economical and Political.

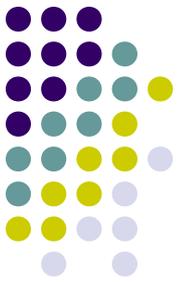
- Changes in the micro environment will directly affect and impinge on the firm's activities. Changes in the macro environment will indirectly affect the business but will nonetheless affect it. For example, a change in legislation such as the smoking ban indirectly affects pubs and restaurants.

Macro Environmental Factors affecting Business:

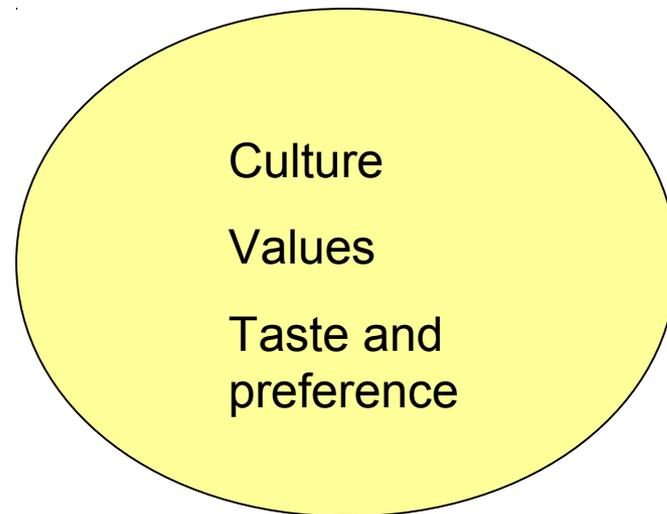
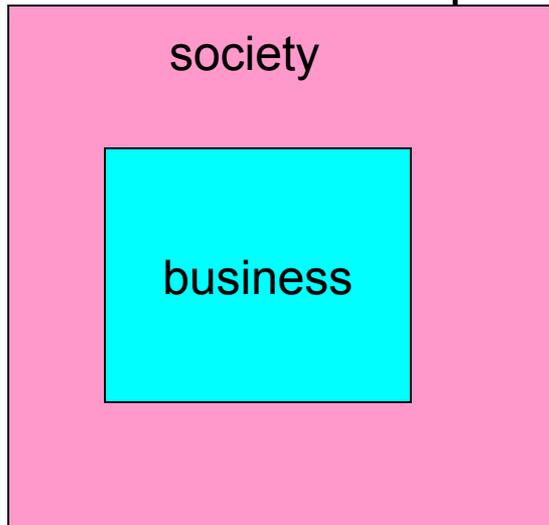


Social Factors:

Social institutes performing a social mission and having a broad influence on the way people live and work together.

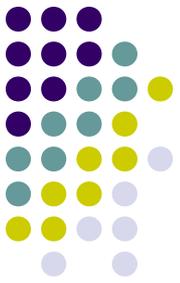


- work within the norms of society.
- Business is part of society.



There are many social factors which affect the policy and strategy of business.

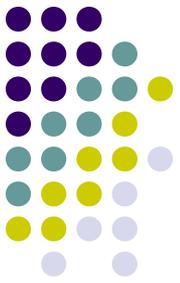
CULTURAL FACTORS:



- Managers in a global business cannot disregard cultural variable like social and religious practices , education , knowledge rural community norms (if any).

Eg. Dairy Milk.

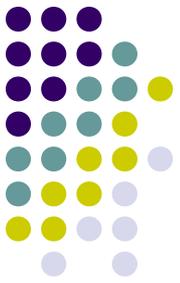
TECHNOLOGICAL FACTORS:



- More and more amount of money is spent on technology as it is considered to be the most important asset and need of the hour.
- Eg. ERP system specially CRM
- **C: CUSTOMER**
- **R: RELATIONSHIP**
- **M: MANAGEMENT**

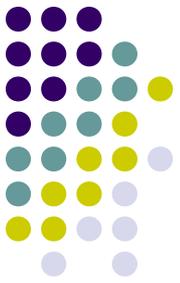
What kind of product can be required by which category of people. And how to maintain relations with them.

POLITICAL FACTORS:

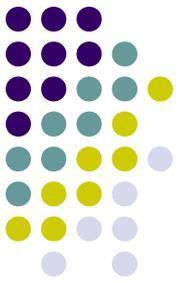


- Eg . At the time of janta party IBM and COCA COLA had to wind up their business as the philosophy and approach of the party was against these two companies.

LEGAL FACTORS



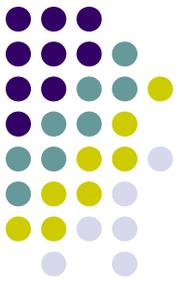
- EVERY ASPECT OF BUSINESS IS REGULATED BY LAW IN INDIA.
- Industrial licensing, company formulation, industrial disputes, trade unionism, payment of wages.



ECOLOGICAL FACTORS:

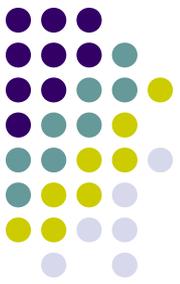
- Study of environment.
- Includes:
- Plants Animals Organisms
- Water Soil Air Sunlight .
- And interaction with them.

- Environmental protection and preservation must be the responsibility of all business organization.



ECOLOGICAL FACTORS:

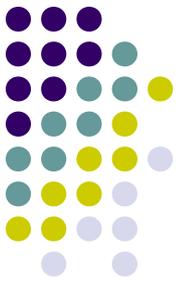
- Various acts available for protection are:
- **The water** (Prevention and Control of pollution) Act 1974.
- **The Air** (Prevention and Control of pollution) Act 1981.
- **The Environment** (Protection) Act 1986.



GOVERNMENT POLICIES:

- LIBRIALISATION
- GLOBALISATION
- PRIVATISATION
- INDUSTRIAL POLICIES
- TAXATION POLICIES
- FISCAL POLICY ETC...

Government provides the way through various policies to the business organisations.



LABOUR FACTOR:

- IMPORTANT FACT:
- LABOUR: INTERNAL FORCE
- TRADE UNION: EXTERNAL FORCE.

LOCATIONAL FACTORS:



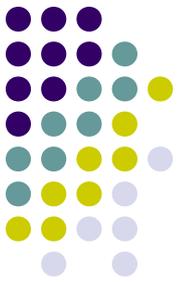
- Locational policies are adopted by various countries for attaining economic balance.
- Eg. Industrial dispersal policy has been adopted by Indian Govt. to maintain balance and to boost business in INDIA. Industries were also established in those areas of the country which were considered backward.



Discussion:

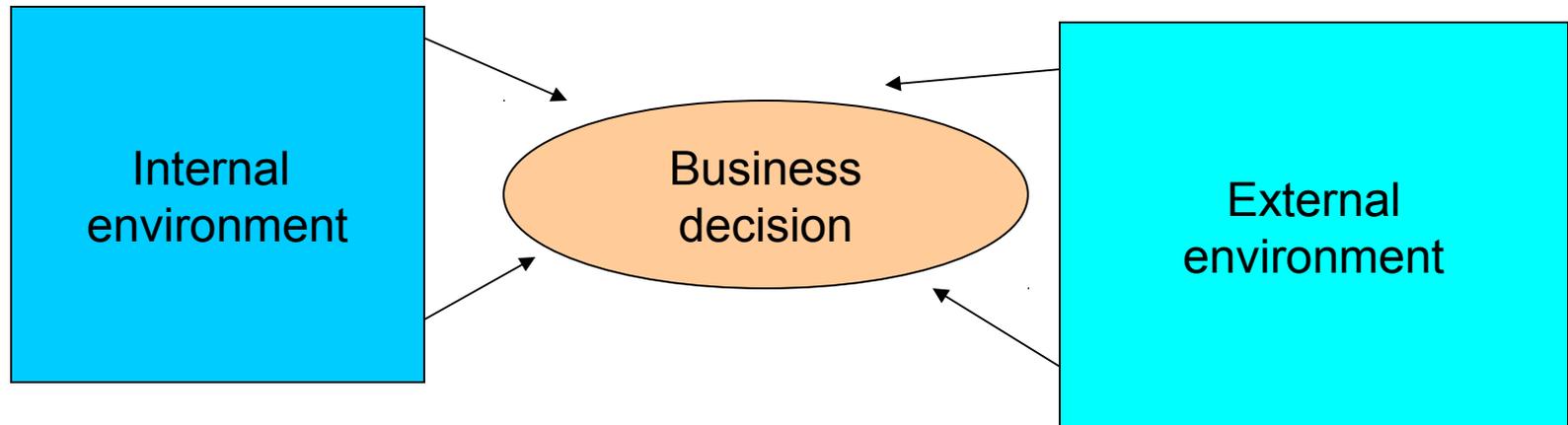
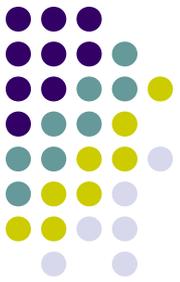
- In the current scenario and status of the economy you need to establish a business organisation.
- Which product/service will you choose and why?
- How will you take care of various environmental factors which will affect your business?

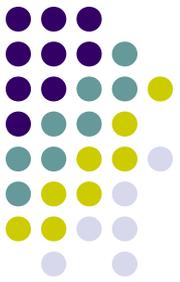
ENVIRONMENTAL SCANNING:



- A process of analyzing the environment for the identification of the factors which have impact on the business.
- It aims at alerting the organization to potentially significant external impingement before it is fully formed.

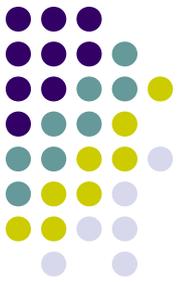
ENVIRONMENTAL SCANNING:





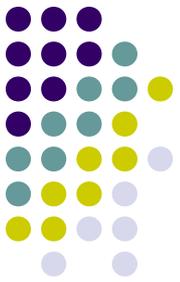
Types of Environment

- Internal environment
- External environment
 - (1) micro environment
 - (2) macro environment



Internal Environment:

- Value system:
- Mission and Objectives:
- Management Structure :
- Human resources:
- Company Image and Brand Equity:



EXTERNAL ENVIRONMENT:

- **MICRO Environment** (Task or Operating Environment)
- Micro Environmental Forces have a direct bearing on the operations of the firm.
- Consists of the actors in the company's immediate environment that affect the performance of the company.
- Eg. **Suppliers**: Low good relations with the suppliers will result in increase in cost due to maintaining high inventories.
- **Customers**: (Customers are categorized as individuals, households, industries ,and other commercial establishments).
- **Competitors**: Eg. T.V. manufacturing firm will have a competition not only with the other firms manufacturing TV but also with stereo sets , I-pods etc.
WHY????????????????????

Market Intermediaries:

include Middle men CFA (carry forward agents) : they help the companies find customers and close sales with them.

Choosing wrong agent can ruin the business.

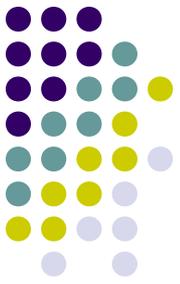
Financiers: people providing money.

Publics: “group that has an actual or potential interest on impact on an organization’s ability to achieve its interest”

eg. Media public.



Business require Environmental Scanning to.....

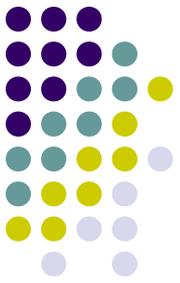


identify the sources of information and to manage timely availability of the required information.

Clipping services: they scan news papers periodicals etc and prepare clippings containing information required by different executives of the org.

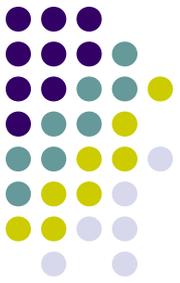
MIS: for systematic gathering processing storing and disseminating information.

Why environmental scanning?????



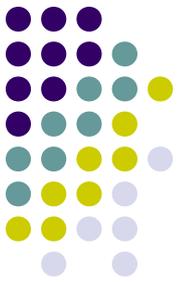
- It makes one aware of the environment-organization linkage.
- It helps in identifying the present and future opportunities and threats.
- Throw light on important factors which influence the business.
- Helps in understanding transformation of industry environment.

Why environmental scanning?????



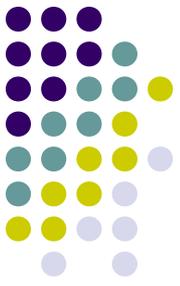
- Helps in making modifications in strategies where ever required.
- Keeps the manager informed alert and dynamic.
- Identification of risk.

Strategy and Business:



- It includes entire process of determining major business activities ,future products and services, the market, target customer group,and tactics to be adopted to challenge the competitors.
- SWOT analysis enables the planners to make decisions.
- **S: strength. W:weakness. O:opportunity. T: threat.**

Case on Timex:



- **Timex watch Co. produced timing devices for explosives during second world war. The company suddenly decided to produce cheap mechanical watches as wristwatches at that time were expensive, delicate and were sold through jewellery stores. Timex now became the competitor , for low end watch market. Now Timex's efforts became highly successful and at their heydays any one of three watches sold in this world was Timex watch.**
- **It has its competition from digital watches as the cost of mechanical watches had gone down due to which mechanical watches had to suffer great loss. The position of Timex in the form of a global giant fell down. Timex now begin to develop their digital technology . They struggled a lot . They made their foray into personal computer segment. They could not reap the perfect alignment among the strategic intent, internal strengths and external opportunities that it once had in wristwatch market.**

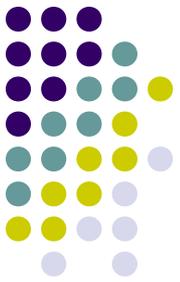


Models for framing business strategies are:

BCG Matrix.

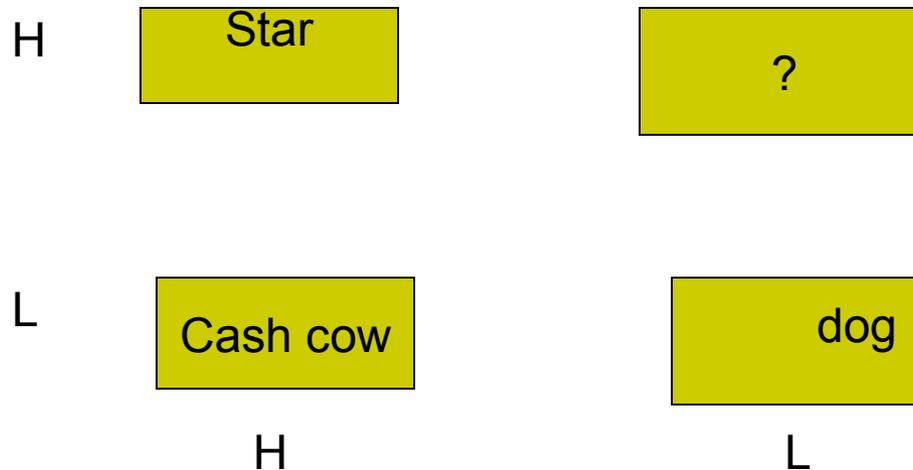
Porter's framework.

Mckinsey's Framework.



BCG Matrix.

- Squares are framed keeping in mind two aspects.
- 1. growth rate of market.
- 2. relative market share.



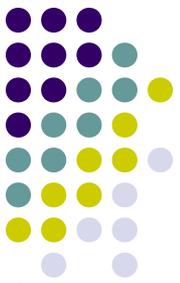
Relative market share



BCG matrix:

- **Stars:** H- market share H- growth rate.
- Generate high rate of cash flow.
- **Cash cow:** H-slow growth but in a continuous phase and High market share.
- **Dogs:** L- Low market share. L-low profit.
- **?:** H- market growth. L-Market share.

- As per case in which square does Timex co. fall and why?

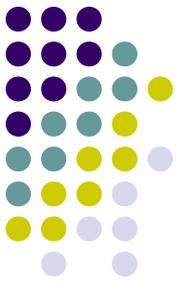


Porter's Framework of Competition Analysis:

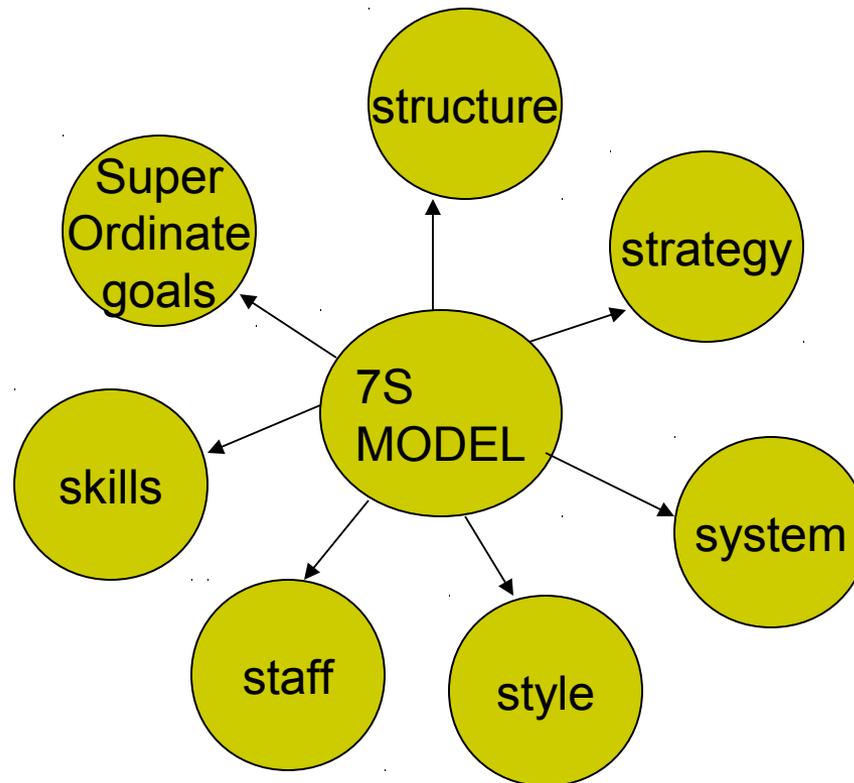
Every organization has some technical resources, which enable it to compete in the market.

Threat of entry : A company wants to keep its existence intact . Threat of entry by new firm may increase competitive intensity . Eg. Threat of entry by new firms pose serious threats for Indian companies.

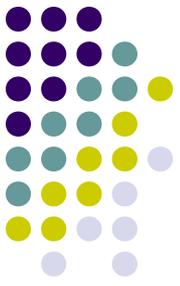
Threats of substitute products: Advancement of new technology has made many old products strengthened the competition. The firm and industry already in existence were at stake.



MCKINSEY'S 7S FRAMEWORK:



Structure:



Determines the relationship and activities of the members of the organization.

Provides opportunities for:

departmentalization, specialization, division of labour, delegation of authority.

It also enable an organization to keep its activities coordinated.

Strategy:

vision

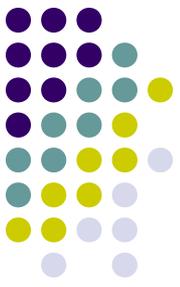
mission

goal

objectives

plans

policies



System:

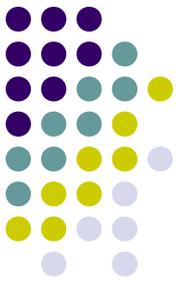
methodology framed by employees of financial accounting system , HRD , Marketing, production planning , quality management.

Style:

an agent of bringing change and fostering dynamism in the organizational functioning.

Staff:

org. stands on the credibility and confidence of human force. Involves “Right person at Right place”.



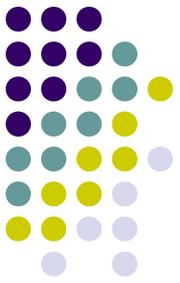
Skills:

upgradation of skills is required by all org. Staff should be given adequate training and exposure for orientation and reskilling . Promotes “core competency of an org.”

Super ordinate goals:

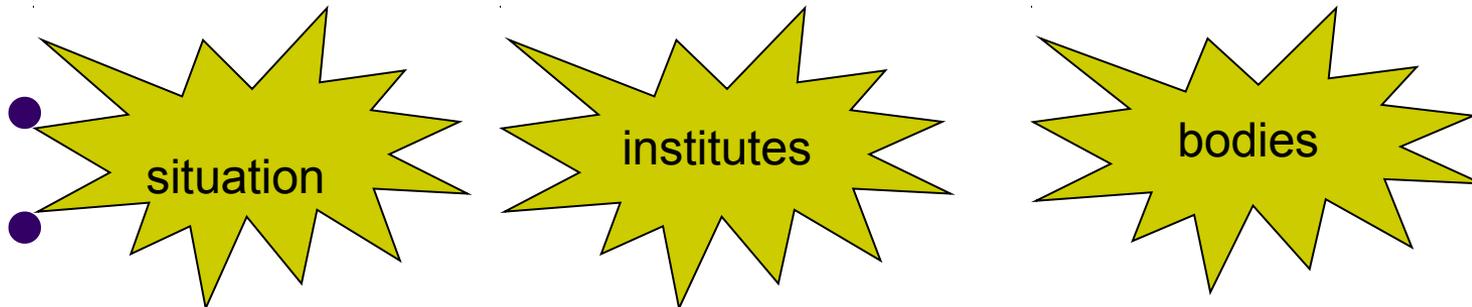
value oriented and are meant to achieve certain objectives. it is the most important target point.

POLITICAL ENVIRONMENT: A CLOSE LOOK



The Government runs through constitutional provisions.

Takes major economic decisions creates:



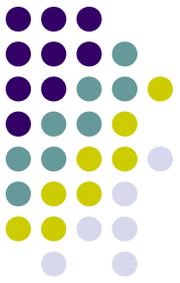
So any analysis of business environment must be addressed to constitutional provisions.

The major role of the government started when the policy of “laissez faire” was discarded.



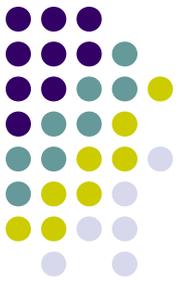
In the freedom struggle it was decided that government will have a pro-active role in economic development.

Role of the government:

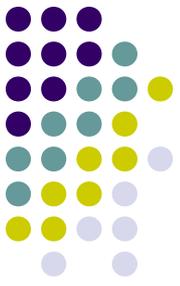


- *Mobilizer of income:*
- It mobilizes certain part of money national income through taxation or by other channels .
- *Entrepreneur :*
- Controls the scares resources. Builds factories invest in business enterprises involving risk.

Role of the government:



- *Regulator:*
- Reserves the sectors for small scale sectors, regulates investment limits, ceiling on land holdings.
- *Creator:*
- Develop business creating corporations. Indian Oil Corporation, Gas Authority of India.

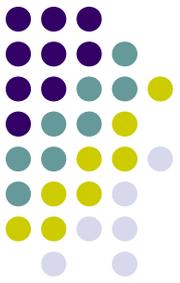


Role of the government:

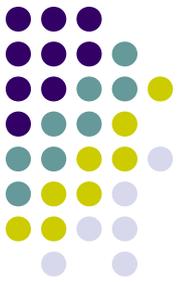
- *Promotional role:*
- This is also important in developing countries as well as developed countries.
- Government provides infrastructure.

- *Planning role:*
- Proper utilization of scarce resources.
- Prioritization of development objectives.

Protection of liberty and freedom of an individual as well as the business community:



- ***Fundamental Rights:***
(ensure social, economic and political justice)
- ***Directive Principles of state policy.***



Fundamental rights:

- **Right to equality.**
- **Right to Freedom.**
- **Right against exploitation.**
- **Right to freedom of religion.**
- **Right to property.**
- **Cultural and educational rights.**



Technological Environment- A close look.

- There is difference between :
- Technology in use and
- Technology available.
- Available ---- many technologies are there.
- In use ----- limited.
- Technology :
- Changes the value of society.
- Increases prosperity of a nation.
- Important for persistent growth.

Technological Environment- A close look.



- It reaches consumers through commodities and services.
- If any society cannot accept the technology it means the particular technology has no relevance with that Nation.
- Helps in new development in business as well as product/service.
- The level of technology determines largely what product and service will be produced , what equipments can be used and how operations will be managed.
- Pros and cons of technology:
- Pros: cross-culture advancement. We import technology from USA. Advancement in technology leads to improvisation of a product.



Cons: (evil effects)

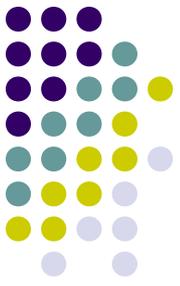
websites like **ORKUT** and other friend groups are misused and are used as a wrong and **illegal source** of information.

Like **terrorism** .

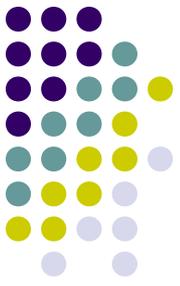
Mobile phones with cameras are used to click pictures and making movies for teasing and blackmailing the girls.

Human bombs

GLOBAL ENVIRONMENT: A glimpse.

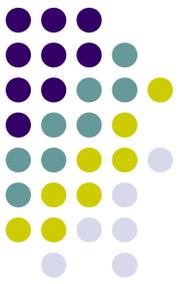


- What is globalization:
- “The transnational decentralization of production and services in a process by which low-added-value labor is exported from rich countries, or at least the rich regions of rich countries”, to create the ‘international division of labor’.
- The increased interdependence of nations' economies as a result of the impact of the transportation and communication revolutions on how business firms conduct their operations.



let us know....

- **Globalization is the hunt for markets to sell products and services at the highest prices and the hunt for procuring products and services at the lowest prices.**
- **The manufacturing industry witnessed the first wave of globalization in which China has emerged the winner in terms of attracting jobs for its citizens and attracting foreign investment: last year, in fact, it became the world's largest net recipient.**
- **Americans who lost their jobs in manufacturing fridges, microwaves, and air conditioners, that wave of globalization was not a blessing. But for the overall economy of world, that wave was great. Millions of consumers in other countries are benefiting from the *low price of Chinese goods*. China used the money earned from manufacturing to buy foreign goods and services, thus creating a giant market for foreign companies to sell their products. Even now, China's trade surplus is only around \$30 billion-which is smaller than that of Japan, Germany, or even Russia.**



Essential conditions for GLOBALIZATION:

Business freedom: No import restriction , restriction on sourcing finance. , foreign investment.

Facilities: extent to which an enterprise can develop globally from home country base depends on the facilities available like the infrastructural facility.

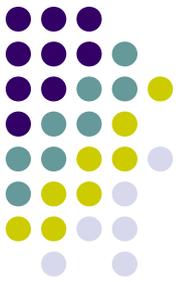
Government Support: in the form of procedural reforms, development of infrastructural facilities.

Resources: include finance technology R & D capabilities etc. Many small firms become successful in international market if they possess any one resource in ample quantity.



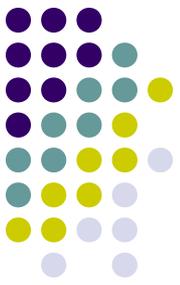
Competitiveness: A firm may derive competitive advantage from any one or more of the factors such as low costs and price , product quality , product differentiation, technological superiority , marketing strength .

Orientation: Introducing your product in different countries.



Entry strategies:

- **Exporting**
- **licensing**
- **franchising**
- **contract manufacturing**
- **management contract**
- **joint venture**
- **strategic alliance.**



- **EXPORTING:**
- **Simplest way of entering foreign markets.**
- **The company may passively export its products and make active commitment to expand exports.**
- **Eg. India exports “basmati rice” to the remaining world.**





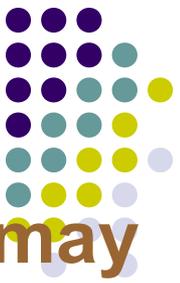
LICENSING:

Company granting license: LICENSOR.

Company getting license: LICENSEE.

Licensor gets the *royalty* from licensee.

License is given by one country to another to use its *intellectual property patent trademark* .



Cross licensing:

mutual exchange of knowledge. Cash payment may or may not be involved.

Eg: Airtel and Nokia.

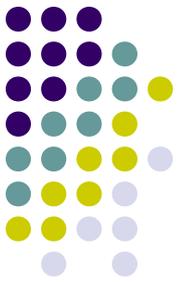


Trademark licensing:

the names of designers, sports team and movie stars appear on clothing toys games beverages.

Eg: Thumps Up. T-shirts and bands.





Joint venture licensing:

Having contract with a company of a country in which you want to enter.

Eg. *Walt Disney* had a joint venture with *Modis* for marketing its products in India.



Franchising:

A form of licensing in which one company (the franchiser) grants another independent entity (franchisee) the right to do business in a prescribed manner.



It may involve supplying even an important ingredient for a finished good. Eg. *Coca cola* supply **syrup** to the bottlers.



Contract manufacturing:



A company doing international marketing contracts with firms in foreign countries to manufacture or assemble the products . E.g. Park Davis , Hindustan Lever , etc.

Godrej soaps manufactured Dettol for Reckitt and Coleman, Johnson's soap for J & J and Ponds dream flower for Ponds.

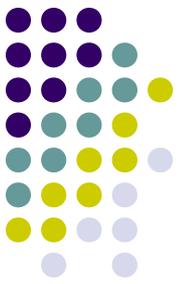


Johnson-Johnson



DO YOU KNOW????

**NISSAN is Marketing or branding
Maruti Suzuki A-Star in Europe.
Deal was finalized for 50,000 units
now reduced to 10,000 units.**



Management contracting:

The firm provides management know how and may not have any equity stake in enterprise .

Known as a package of skills.

E.g. Tata Tea, Harrison have contract to manage number of plantations in Sri Lanka.

Joint Venture:

Any form of association which implies collaboration for a long period of time .

The ownership is shared by all the companies involved.

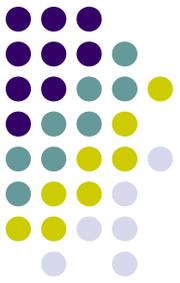
Eg. **ICICI & Prudential**



MAX & New York Life.



Strategic Alliance:

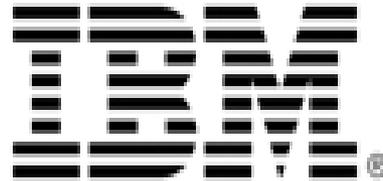


A kind of contact between the companies which enables them to increase resource productivity and profitability without fragmentation of resources and duplication of investment.

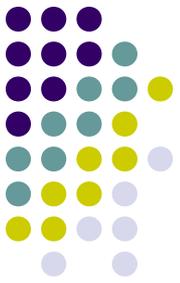
e.g. *Apple and IBM* had a strategic alliance for development of software and hardware technology for a new generation of desktop computers. Tata tea had alliance with Tetley for marketing.



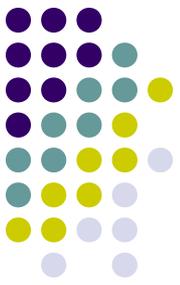
PLUS



Impact of Globalization:



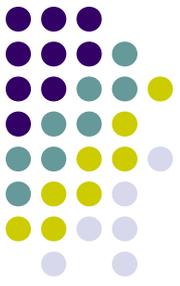
- **Globalization of business is bringing in seasoned competitors from the developed countries into the growing markets of the *Third World*. Consequently, the survival of local enterprises and entrepreneurs is being threatened. Third World managers need to develop a *global mindset* in order to take advantage of the changed new world order in business.**



Benefits of Globalization:

- speedy and easy transportation of goods and services.
- reduction in the chances of war amongst the developed countries.
- increase in the free international trade between countries.
- growing connectivity with the development of global mass media.
- diminishing the cultural barriers, propagating democratic idealism.
- increasing interdependence between the nation-states.
- growing liquidity of capital, rising possibilities of investment of the developed countries in the developing ones.
- easy and flexible operations of corporations across borders, increase in the connectivity between the individuals and corporations all over the world, and policies undertaken in the developed countries for growing environmental protection.

Globalization is bad:

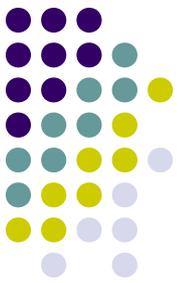


- The **definition** and the **process** of globalization is not satisfactorily explained and implemented.

Ambiguity arises from the very definition of globalization. Today, the business fraternity believes that globalization is the main equity that any modern day industry can have. The developed world industry has already equipped themselves with the relevant technology and techniques required to practice globalization along with sustainable development. The developing countries like **India and Brazil** are finding it hard to equate these 2 terms at a practical level.

Further, globalization represents an agglomeration of developmental terms like **poverty, inequality, hunger and environmental degradation.**

Cont...



- The **poverty level** and **inequality index** of each of the countries are well defined according to the economical conditions of the respective country. No measures of eradication are given in globalization.
- Further, it also affected large quantities of money moving in and out of economies. **Smooth dissemination** of information and money are no more a constrain for the business fraternity.

The international institutions like the **World Trade Organization**, the **World Bank**, and the **International Monetary Fund** are seen as the main facilitators for establishing, monitoring, and rendering judgments on global trade practices, and are viewed as servants of big multinational companies

• Cont....



• Multinational companies are being accused of **social injustice, unfair working conditions, low labor wages, living standards, and working conditions.**

• **Lack of concern for environment**, overuse of natural resources, and ecological damage are other important areas of concern for these activists. These anti-globalization activists argue that the overall economic growth of the world economy does not effectively make people content and happy but on the contrary it makes them miserable.

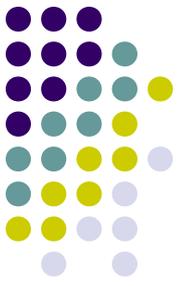
• The multinationals invest in developing countries only to meet their **profit projections** at the cost of poor and the under-privileged population of developing nations.

Socio-cultural environment

A brief study.



- Culture: refers to knowledge, belief, values the common view points and other capabilities.
- There is considerable **‘cultural illiteracy’** among our policy-makers, planners, administrators and experts (Indian as well as foreign) which comes in the way of the success of many developmental projects launched with good intentions.
- ‘cultural illiteracy’ ignorance of socio-cultural factors development, inadequate acquaintance with grassroots reality and a lack of comprehension of the vital role which culture plays.

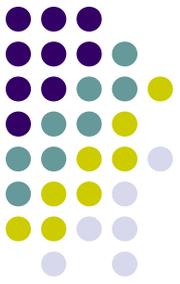


Eg. The clothes and outfits which are very often used in worn in western society are not prevalent in Muslim society.

Thus a producer should have a clear view of social customs , taste and preference.

Indian boys and girls demand for *Demins now because of openness of society.*

Social factors in India are.



Poverty and poverty alleviation programmes.

Labor and employment.

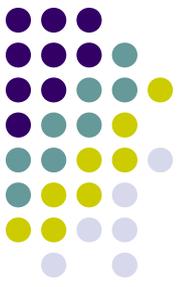
Development of women and children.

Education.

Health.

Population and family welfare .

Public amenities in rural and urban areas.



Poverty and poverty alleviation.

What is poverty???????????

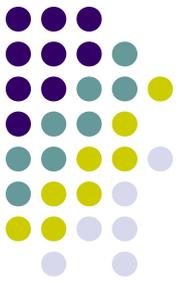
Hunger lack of shelter inability to access medical help and education.

It can be measured at !!!!!!!!!!!!!!!!

Country level: ----- on the basis of income or consumption level of an individual.

Global level:--- criterion as per world bank for comparison of countries.

It has been estimated that in 2001 1.1 billion people had consumption level below \$1 per day or Rs. 40 per day.

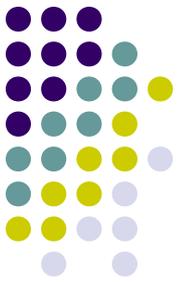


Priorities of developing countries like ours....

Improving the business environment for private sector activity.

Strengthening capacity in public sector .

Scaling up the investment in infrastructure.



Labor and employment:

The basic factors which have affected the labor market policies in previous years are:

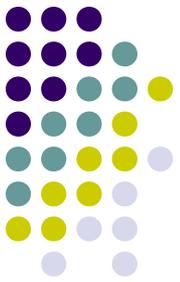
Tsunami and earthquake disaster.

HIV/AIDS.

Promoting the agricultural sector .

Addressing the employment impact of ‘outsourcing’.

Tackling the youth employment challenge.



Child Labor:

Many children below 12 years of age work in hazardous conditions and situations such as mines with chemicals and pesticides working on dangerous machinery.

Child work :

work that does not interfere with education is permitted from the age of 12 under the International Labor Organization.

Education:

**the literacy rate in India is near about 64.8% .
The education policy has been divided under various
section in India:**

Elementary Education:

**Sarva Shiksha Abhiyan-----providing basic education to all
children between 6-14 years.**

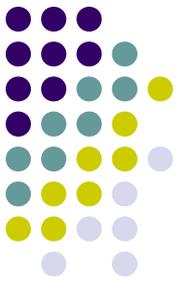
**National Programme for Education of Girls at Elementary
Level (NPEGEL).**

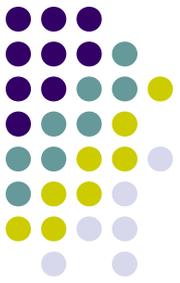
University and Higher Education:

Technical and Professional Education:

**AICTE has delegated the power to approve diploma level
technical institutes to the state government.**

Adult education.

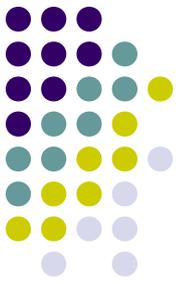




Population and family welfare:

Proper control and generating awareness among people for AIDS leprosy T.B. Malaria Dengue etc. Life saving services as well as health insurance plans should be increased more and more.

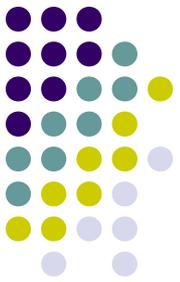
Public amenities in Rural and Urban areas:



Basic problem in India is of scarcity of water and electricity in both rural and urban areas for this measures take till yet are:

Accelerated water supply drinking water.

Pradhan Mantri Gramodaya Yojana-Rural Drinking Water.



POLITICAL and LEGAL Environment:

- **Political environment determines the nature of governance.**
- **In capitalistic economy:** → Privately owned firms enjoy complete power.

Government also frame laws regarding standard of PACKAGING, laws prohibiting use of spurious material causing health hazards.

In INDIA:

Companies Act.

Labour Laws.

Contract Act.

FERA.

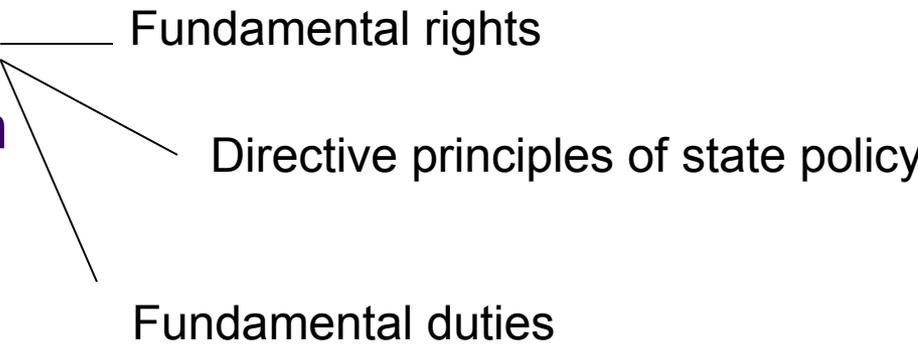
FEMA.

Which have bearing on industry.



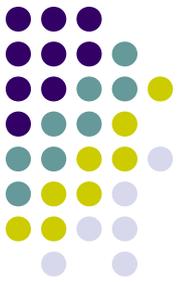
The political climate is quite steady and strong.

**We have vigilant JUDICIARY.
constitution**



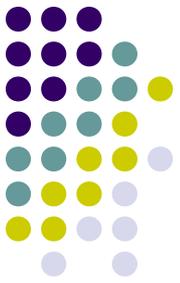
The business also has to follow the LAWS and have to obey the orders of the court.

Legal Environment:

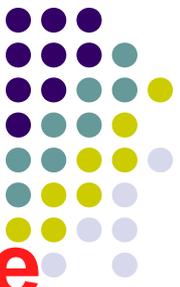


- Industrial licensing, company formulation, industrial disputes, trade unionism, payment of wages

Company formulation:



- **What is the Memorandum of Association (MOA) and the Articles of Association (AOA) of a company and what is the procedure in their regard?**
- **The MOA states the main, ancillary / subsidiary and other objects of the proposed company.**
- **The AOA contains the rules and procedures for the routine conduct of the proposed company. It also states the authorized share capital of the proposed company and the names of its first / permanent directors.**
- **A stamp duty is required to be paid on the MOA and on the AOA. **The stamp duty** depends on the authorized share capital.**

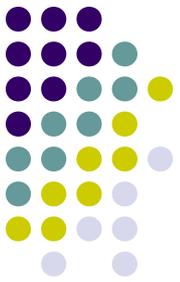


What are the documents required to be executed for incorporation?

The following documents are required to be executed (signed) before they are submitted to the ROC:

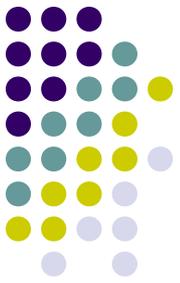
Form No. 1 - This is a declaration to be executed on a non-judicial stamp paper of INR 20 by one of the directors of the proposed company or other specified persons such as Attorneys or Advocates, etc. stating that all the requirements of the incorporation have been complied with.

Form No. 18 - This is a form to be filed by one of the directors of the company informing the ROC the registered office of the proposed company.



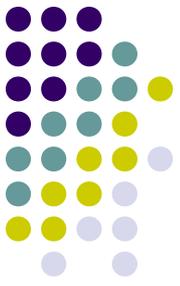
Form No. 29 - This is a consent obtained from all the proposed directors of the proposed company to act as directors of the proposed company. (Not required in case of private company).

Form No. 32 - This is a form stating the fact of appointment of the proposed directors on the board of directors from the date of incorporation of the proposed company and is signed by one of the proposed directors.



Power of Attorney signed by all the subscribers of MOA authorizing one of the subscribers or any other person to act on their behalf for the purpose of incorporation and accepting the certificate of incorporation.

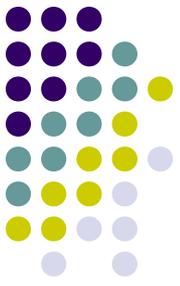
Power of Attorney in case of a subscriber who has appointed another person to sign the MOA on his behalf.



How do a company comply with the legal formalities when it is not stationed in India?

You can give **Power of Attorney** to a person to sign the documents on your behalf. After the Company is incorporated, you can appoint **Alternate Directors**, to function on your behalf while you are not in India. But at least once, you should be in India **within one month** of the incorporation of the Company. There can be one meeting of Board of Directors during your stay in India and all other formalities including those of appointment of **Alternate Directors can be complied with.**

What are other formalities before or after incorporation?



Obtaining Permanent Account Number (PAN) from Income Tax Department.

Obeying Shop and Establishments Act

Registration for Import Export code from Director General of Foreign Trade

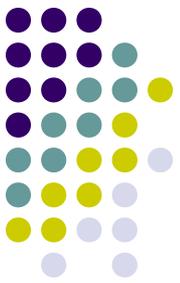


**Software Technologies Parks of India
registration (STPI) if required**

**RBI approval for foreign companies invest
and FIPB approval, if required.**

**The directors of an Indian company,
both Indian and foreigner directors,
are required to obtain**

**Director Identification Number - DIN
and Digital Signature Certificate - DSC**



Trade Unionism:



- It is organization of workers formed to protect their rights and enhance their welfare.

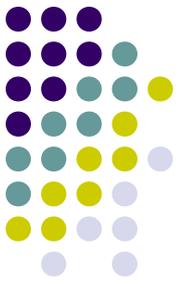
The first phase (1850 to 1900)

During this phase the inception of trade unions took place.

During this period, the working and living conditions of the labor were poor and their working hours were long. Capitalists were only interested in their **productivity and profitability**. In addition, the wages were also low and general economic conditions were poor in industries.

In order to regulate the working hours and other service conditions of the Indian textile laborers, the **Indian Factories Act** was enacted in **1881**. As a result, employment of child labor was prohibited.





SECOND PHASE: (1900-1946)

**The First National Trade union organization
(The All India Trade Union Congress (AITUC))
was established .**



4. The third phase began with the emergence of independent India (in 1947).

The partition of country affected the trade union movement particularly Bengal and Punjab. By 1949, four central trade union organizations were functioning in the country:

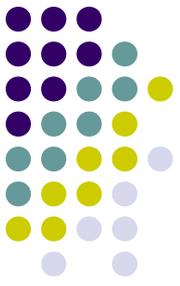
The All India Trade Union Congress,

The Indian National Trade Union Congress,

The Hindu Mazdoor Sangh,

The United Trade Union Congress

CASE STUDY ON M & M.

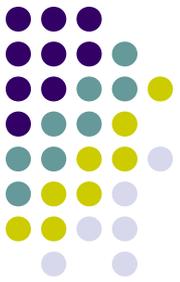


Mahindra and Mahindra manufactures and market jeeps and had a hold over considerable portion of the jeep market in India in past. It was ranked sixth in the automobile sector of India in 2004.

Following are the prominent jeeps which operate in the Indian market currently----Mahindra- Voyager,Armada,Commander.

M & M is now facing problems like cut-throat competition , price rise and sluggish market of jeeps. In terms of price competition , M & M had an upper hand compared to TATA jeeps while tempo Trax has a comparatively low price.

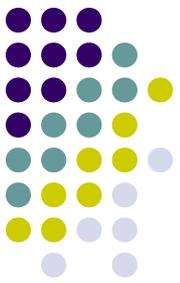
Realizing the need to grow fast, the company formulated an export policy. It paid off well.the first step was participation in trade fairs abroad particularly in Germany and Paris this has helped to popularise its vehicle in those countries.



M & M jeeps started selling in France (Paris) and export became an important marketing activity of the company. The company started manufacturing diesel engines in collaboration with Peugeot of France.

As soon as the company know that Australia Denmark Italy Norway and Sweden could prove to be potential markets the plan began to be made accordingly. The company estimated that it will be able to export 2500 jeeps annually to Australia. Order to cater to the lower segment the company in Australia faced competition from Japanese companies. The Govt.'s liberalization policy Iso be helpful.

The companies new policy was to take into account environmental factors. The export policy with special reference to export market also considerable evaluation and analysis because



Environmental factors as technology economics social and political influence relevant to strategic decisions operate in an industry.

M & M assessed all the opportunities in the market as well as the impact of external environment on their strategic planning before expanding production .

In 2004 M & M showed significant improvement compared to Maruti Udyog , ranked as number one automobile company ,as is evident from the table below.

| S.no | Factors | Environmental consciousness | Belief in innovation |
|-------------|------------------|------------------------------------|-----------------------------|
| 1. | Maruti | 176.0 points | 174 |
| 2. | M & M | 118.1 points | 123 |

what are the different environmental factors that lead to opportunities and threats to M & M.



