

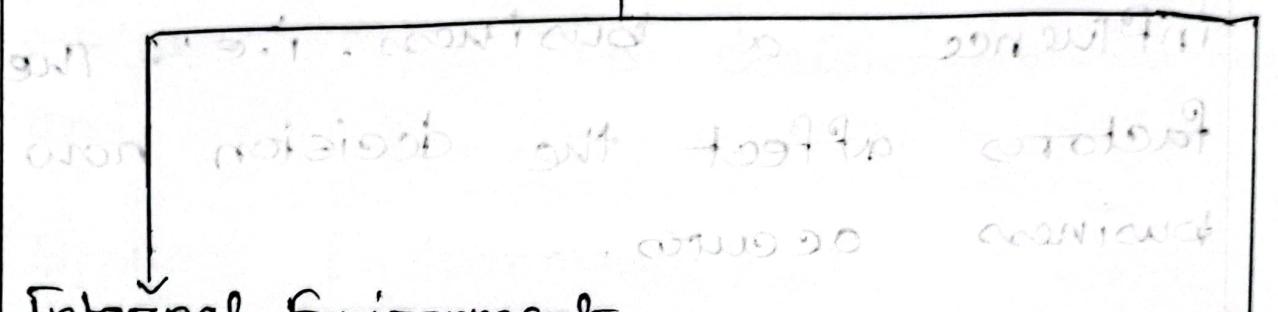
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1st Paper

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Chapter-2

Business Environment



Internal Environment

- Employees
- Board of Directors
- Shareholders
- financial condition
- Companies Policies
- Management
- Machines and tools
- Company Culture

External environment

- ↳ Micro environment
 - ↳ Suppliers
 - ↳ Customers
 - ↳ Strategic allies
 - ↳ Intermediaries
 - ↳ Government agency
 - ↳ Competitors

Macro Environment

- ↳ Natural
- ↳ Economic
- ↳ Social
- ↳ Political
- ↳ Legal
- ↳ Cultural
- ↳ Technological
- ↳ Religious

Business Environment

Business Environment refers to all the internal and external factors that influence a business. i.e.- These factors affect the decision how business occurs.

Characteristics

1. Totality of external forces
2. Dynamic in nature
3. Uncertain
4. Complex
5. Inter-related

Internal environment

The internal environment refers to all the factors inside a business organization that affects its workings and decision.

External Environment

External environment refers to all the factors outside the business organization which affects its decision, performance and growth.

Micro Environment

Micro Environment refers to immediate external factors that directly influence a business in day to day operations.

Strategic Alliances

Strategic Allies are 2 or more business organizations that join together to achieve common goals while remain independent as a business.

Elements of Business Environment

* Elements of Macro/General environment

Macro Environment

Macro Environment refers to the general external forces that affect all businesses in an economy. These factors are broad, beyond the control of the business organization and influence its long term performance.

Natural Environment

Natural Environment refers to all the natural resources and physical conditions of a country that affects business activities. ~~It includes~~

* Various factors

1. Physiography / Topography.

2. Climate

3. Sea and Rivers

4. Area of the country

5. Water Resources

6. Agriculture

7. Forest

8. Livestock

9. Mine Resources

10. Sea Beach.

* Economic + Social Environment

Social Environment is the set of social and cultural factors in a society that affect business activities.

* Factors

1. Business Activities

2. Population.

3. Race

4. Nationality

Elements of Business Environment

Economic Environment

Economic Environment refers to all the economic factors that influence or affect business decisions, operations and performance. It includes:

- i) Inflation
- ii) Deflation
- iii) Income level
- iv) S

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Political Environment

- 1) Law and Order Situation
- 2) Government Sovereignty
- 3) Government and political parties
- 4) International relationship
- 5) Embargo, Quota, Sanctions
- 6) Government Industrial Policy, fiscal and Revenue Policy
- 7) Politician or Political Leader's ideology
- 8) Trade Agreement
- 9) SAPTA - South Asian Preferential Trade Agreement

Legal Environment

- 1) Industrial and commercial Law
- 2) Compensation Law
- 3) Labour Act

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