

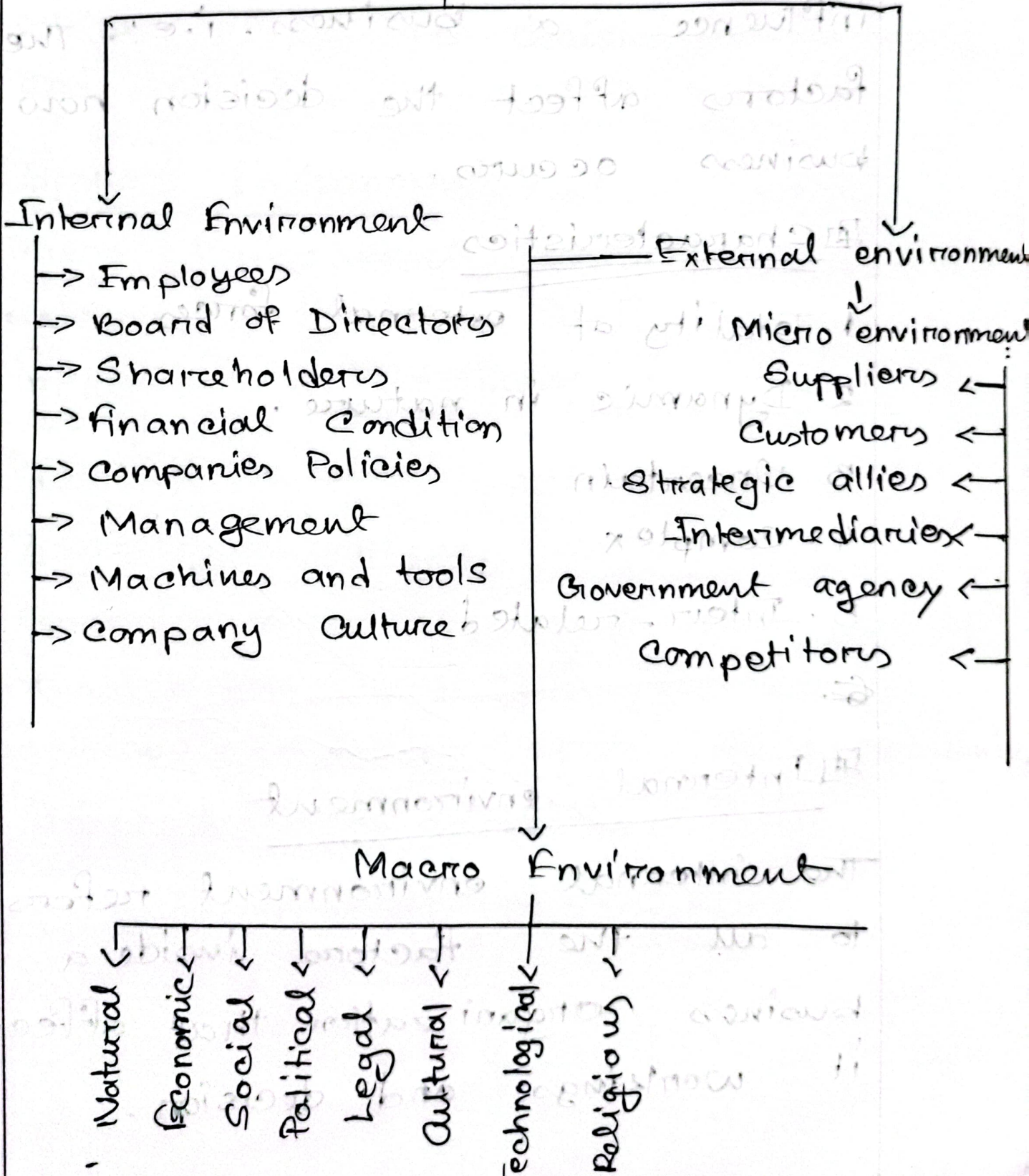
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## Chapter 2

### Business Environment





## 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

6.

### Internal environment

The internal environment refers to all the factors inside a business organization that affect 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 remaining independent as a business.



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Chapter-2

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 <sup>brought broad,</sup> 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.

Factory

1. Business Activities

2. Population.

3. Race

4. Nationality



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Chapter-2Elements of Business EnvironmentEconomic 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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Ch-2Elements of Business EnvironmentPolitical Environment

- 1) Law and Order Situation
- 2) Government Sovereignty
- 3) Government and political parties
- 4) International relationship
- 5) Embargo, Quota, Sanction
- 6) Government Industrial Policy, Fiscal and Revenue Policy
- 7) 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