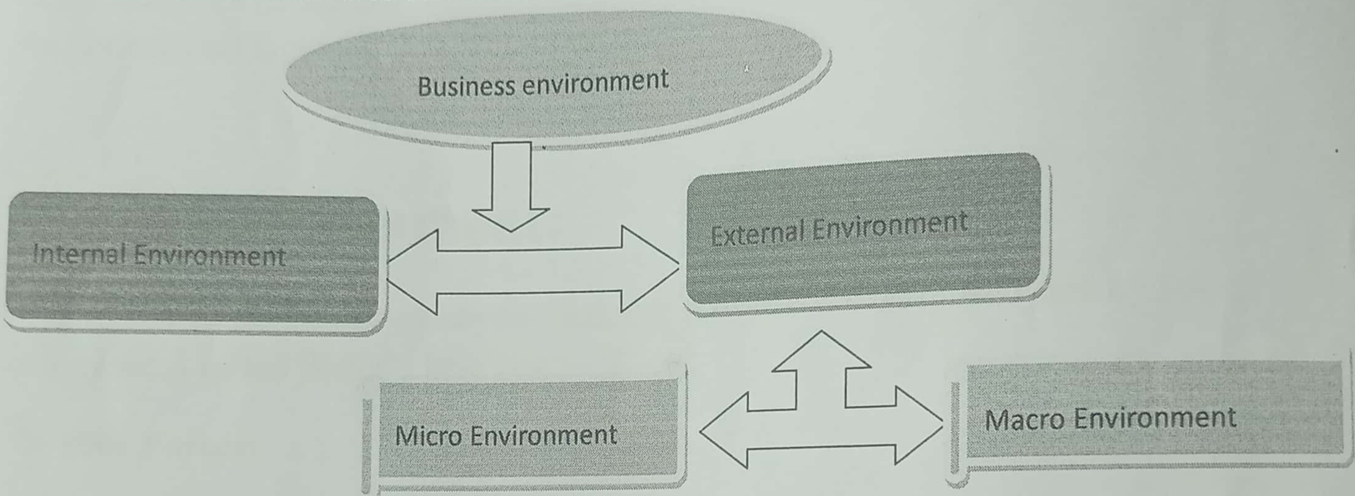
Business Environment

Definition: Business environment is composed of the elements that have impact on the business operations of an organization.

- Those elements that have no impact on the business operation not treated as business environment.

The elements of business environment:



The internal environment:

Internal environment is the factors or actors within the business boundaries. The business may influence on the element of the internal environment.

- ✓ **Elements of internal environment:** a) Employees b) Policies c) Decision making d) Board of directors e) Process f) Rules g) Strategy

To maintain a favorable environment an organization is always try to satisfy their employment. Day by day, organizations are trying to lower the different layers to minimize the gap between higher level and lower level employee. Most organizations also give different types of facilities to motivate their employees. The internal policies vary from organization to organization. For example, many organizations try to follow theory Y to motivate employee rather than theory X. Organizations are always eagerly waiting to adopt new policies to increase market share. Internal environment also varies in case of decision making. Now decentralization is highly accepted so that the lower level employee may exercise some power. Decentralization also helps to take proper decision because field level employees know the actual information. To control internal environment organization may deploy some rules and regulation. There may have some strict rules and regulations to manage the organization smoothly. Some organization follow low cost strategy, some follow differentiation strategy and some follow niche market strategy in accordance with their position. To be the leader in the industry an organization must follow a strategy so that customers will be the loyal to that organization. To be success in the business world an organization must keep their internal environment very favorable because it may change its internal factors but not external factors.

Micro Environment:

It is also called an industry analysis. Industry analysis is clearly analyzed by Porter in his model called Porter's Five Forces Model.

- **Five Forces:**
    - Rivalry among the competitor
    - Threat of new industry
    - The competitive forces of substitute products
    - Bargaining power of customers
    - Bargaining power of supplier
- **Rivalry among the competitor**: Factors that determines the competition among the firm that are described below:
    - ✓ Market Growth

- ✓ Price Cutting and promotional efforts
- ✓ High barriers to exit
- ✓ Identical or less differentiated product
- ✓ Size of the competitor

- **Market Growth**:

Market rivalry is usually stronger when demand for the product is growing slowly. In a rapidly expanding market, rivalry is weakened by the fact that there is enough business for everybody. But when growth slows, expansion-minded firms tend to ignite a battle for market share that often results in a shakeout of the weak and less-efficient firms.

- **Price cutting and promotional efforts:**

Competition is more intense when rival firms are tempted to use price cuts or other marketing tactics to boost unit volume. Whenever fixed costs are high and marginal costs are low, firms are under strong economic pressure to produce at or very near full capacity.

High barriers to exit:

Market rivalry tends to be more vigorous when it costs more to get out of a business than to stay in and compete. The higher the exit barriers, the stronger the incentive for firms to remain and compete as best they can, even though they may be earning low profit or even incurring a loss.

Identical or less differentiated product:

Competition is stronger when the products/ services of rival firms are become locked in by the high costs of switching from one brand to another. The strategic moves of one firm to differentiate its product may well require important countermoves from rival firms.

Size of the competitor:

Market rivalry increases in proportion to the size of the payoff from a successful strategic move. If competitors' size is almost similar then competition will be high.

Diversity of rival strategies:

Competition becomes more volatile and unpredictable when the more diverse rival firms are in terms of their strategies, their personalities, their corporate priorities, their resources and their countries of origin. A diverse range of views and approaches enhances the probability that one or more firms will behave as mavericks and employ strategies that produce more market flux and uncertainty than would otherwise occur.

Threat of new entry:

The competitive threat of new entry into a particular market depends on two classes of factors. First, barriers to entry and second the expected reaction of existing firms to the new entry. There are several major sources of entry barriers that are described below.

Economies of scale:

The presence of important scale economies deters entry because it forces the potential entrant to commit to entering on a large-scale basis or else to accept a cost disadvantage. Large-scale entry could result in chronic overcapacity in the industry and /or it could so threaten the market shares of existing firms that they are pushed into aggressive competitive retaliations so as to maintain their position.

The effect of experience curve:

When achieving lower unit costs depends upon experience in producing the products and other learning curve benefits, a new entrant is put at a disadvantage in competing with older established firms with more accumulated know-how.

Brand preference and customer loyalty:

When the products of rival sellers are differentiated, buyers usually have some degree of preference and brand loyalty to existing brands. So a potential entrant must be prepared to spend enough money on advertising and sales promotion to overcome customer loyalties and build its own clientele.

Capital requirements:

The larger the total amount of investment needed to enter the market successfully; the more limited is the pool of potential entrants.

Cost advantage:

Existing firms may have cost advantages not available to potential entrants, regardless of entrant's size. These advantages relate to the best and cheapest raw materials, possession of patents and unique technological know-how, favorable location and availability of financial capital at lower cost.

Access to distribution channel:

When a product is distributed through an established distribution channels, a potential new entrant face the barrier of gaining adequate distribution access. The more limited the wholesale or retail channels are and the more the existing competitors have these tied up, obviously the tougher that entry into the industry will be.

Government policies and restriction:

The government can limit or even foreclose entry to industries with such controls as license requirements and limits on access to raw materials. They can play a major indirect role by affecting entry barriers through controls such as air and water pollution standards and safety regulations.

The competitive force of substitute products:

The competitive force of closely related substitute products impacts sellers on different ways. By placing a ceiling on prices it can charge, substitute products can limit the potential of an industry. Unless one can upgrade the quality of the product or differentiate it somehow, the industry will suffer in earnings and possibly in growth. And the competition from substitutes is affected by the ease with which buyers can change over to the substitutes. As a rule, the lower the price, the higher the quality and performance of substitutes and the lower the users' switching costs, the more intense are the competitive pressures posed by substitute products.

❖ **Bargaining power of suppliers**:

When the input of a particular group of suppliers makes up a sizeable proportion of total costs, is crucial to the user's production process, or else significantly affects quality of the industry's product, suppliers' potential bargaining power and competitive influences over firms in the buying industry tends to be greater. A supplier group is more powerful if:

- It is dominated by a few companies.
- When the input is important to the buyer
- When suppliers' respective products are differentiated to such an extent that it is difficult or costly to buyers to switch from one supplier to another.
- When the buying firms are not important customers of the suppliers.

❖ **Bargaining power of the customers:**

Powerful customers can exert a competitive influence over the industry just as powerful suppliers. The fewer the customers exist, the more competition in the market because of high bargaining power of the customer. Customers are powerful:

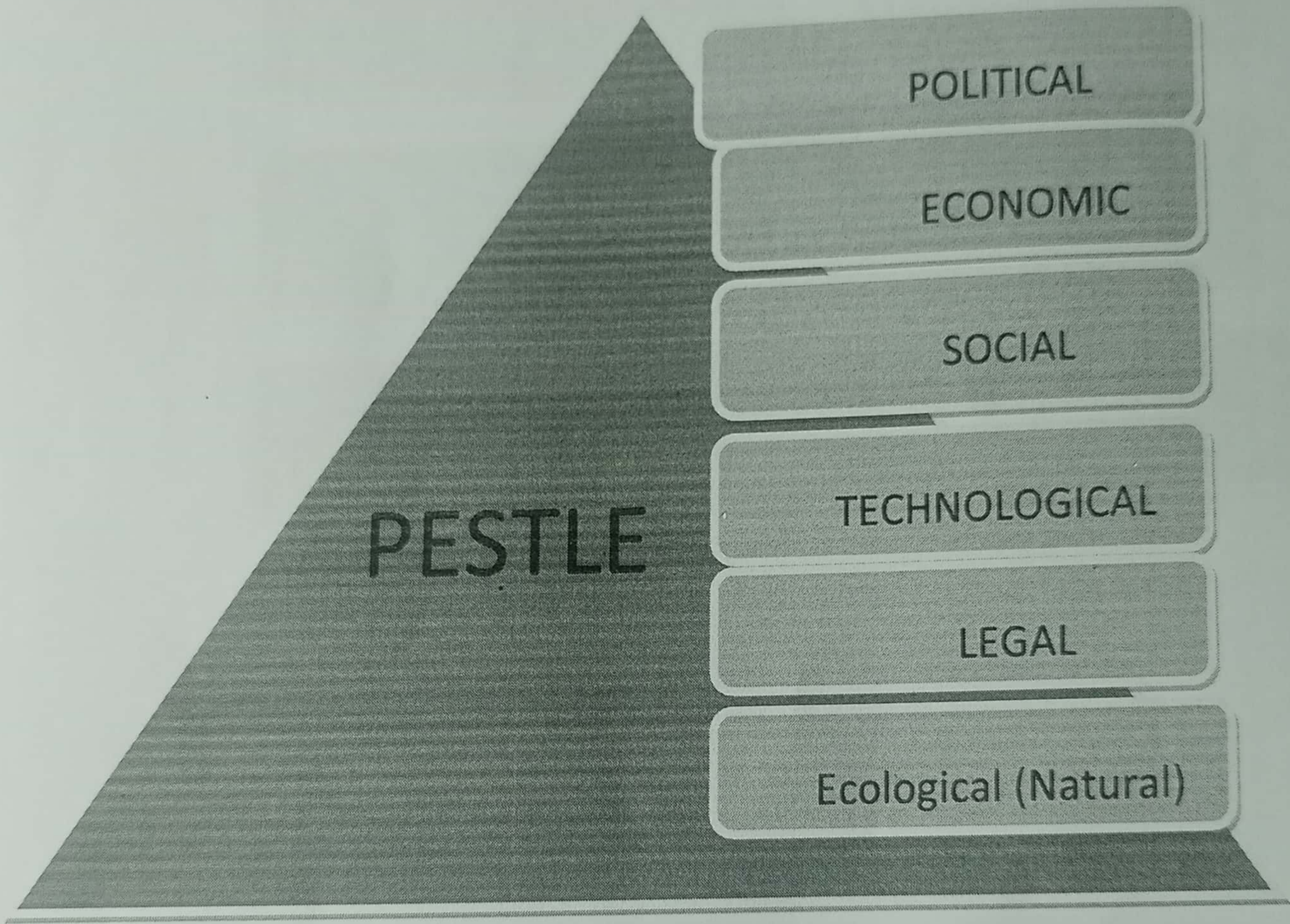
- When customers are few in number and they purchase in large quantities.
- When customers' purchases are a sizable percentage of the selling industry's total sales.
- When the supplying industry is composed of large numbers of relatively small sellers.
- When the item being bought is not an important input.

Macro Environment

Definition:

Macro environment refers to those environments which have distant/ indirect impact on the business operations of an organization. Although external factors could not be controlled by the organization but the implication of factors must be understood by.the organization.

A popular tool is used to analyze the external environment is called PESTLE analysis.



Importance of PESTLE analysis:

As organizations become more globalized, expanding their borders, entering in the new market along with/ not new product, the PESTLE technique ensures that they thoroughly question each of these factors as well as analyze their impact on organization.

Use a PESTLE analysis when:

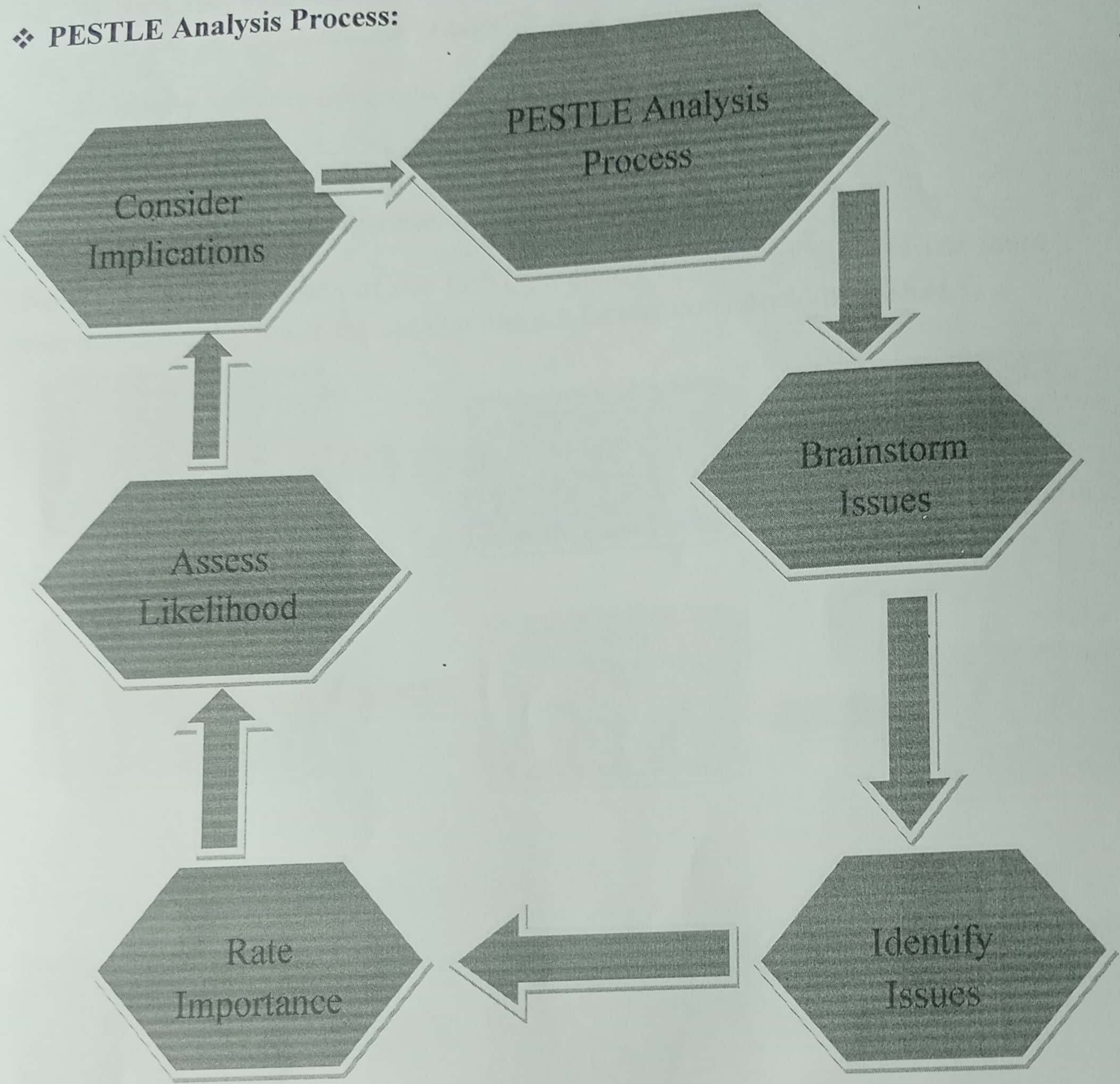
Launching a new product or service

Entering a new region or country

Considering a new route to your market

Working as a part of strategic team plan

❖ **PESTLE Analysis Process:**



The process is important to analyze the PESTLE considering the organization. The process one has to follow:

1) Brainstorm and list key issues that are outside the organization's control.

2) Broadly identify the implications of each issue.

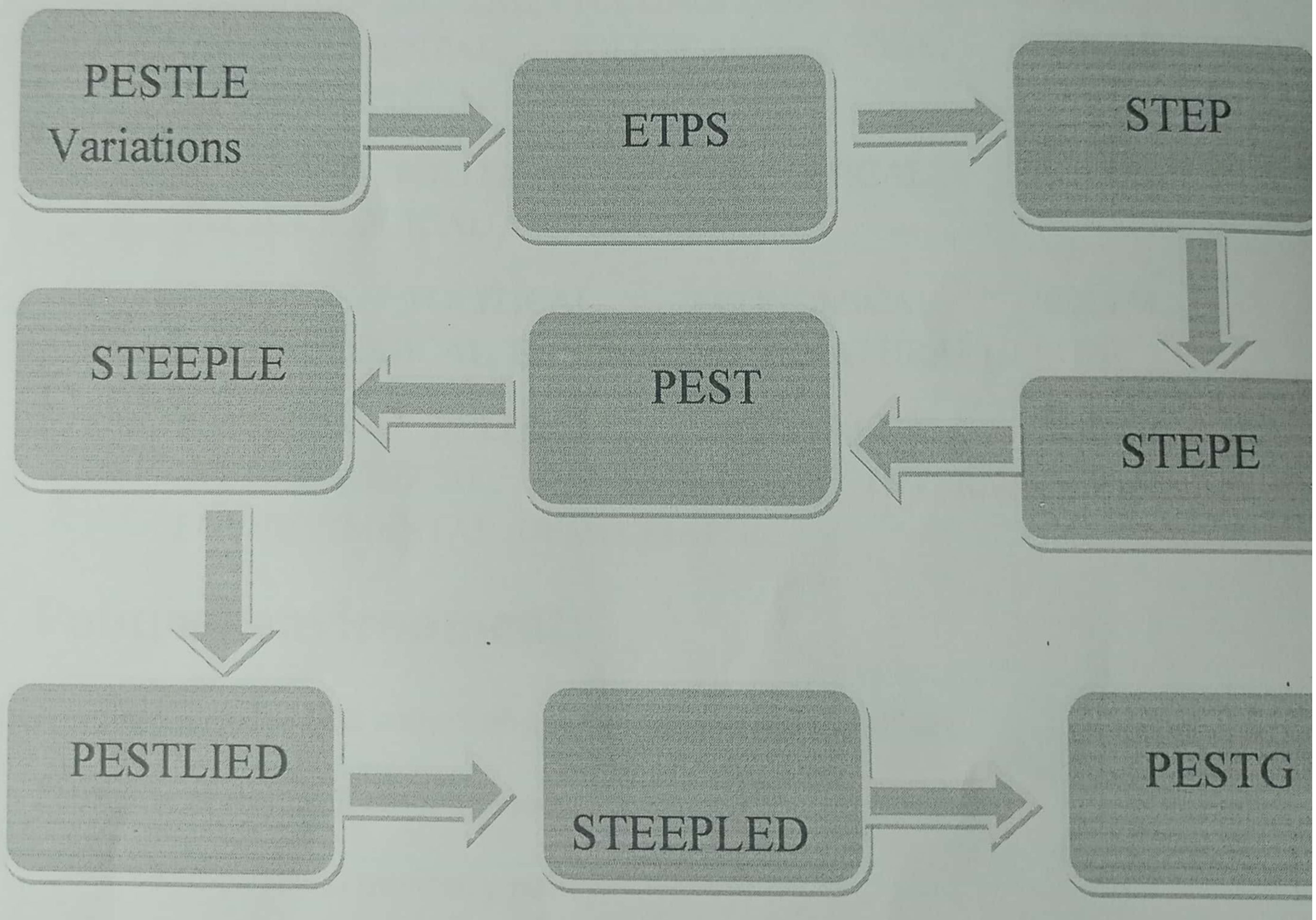
3) Rate its relative importance to its organization (e.g. critical, extensive, important, significant, moderate or insignificant)

4) Rate the likelihood of it occurring (e.g. certainly, extremely likely, likely, potential, remote possibility or will not transpire)

5) Briefly consider the implications if the issue did occur.

❖ **Elements of macro environment**:

There are several variations of the PESTLE analysis, some of viewers use more factors and some use fewer factors than the six factors considered by PESTLE.



✓ ETPS- ECONOMIC, TECHNOLOGICAL, POLITICAL, SOCIAL

✓ STEP- STRATEGIC TREND EVALUATION PROCESS

- ✓ STEPE- SOCIAL, TECHNOLOGICAL, ECONOMICAL, POLITICAL, ECOLOGICAL
- ✓ PEST- POLITICAL, ECONOMICAL, SOCIAL, TECHNOLOGICAL
- ✓ STEEPLE- SOCIAL/DEMOGRAPHICAL, TECHNOLOGICAL, ECONOMICAL, ENVIRONMENTAL, POLITICAL, LEGAL, ETHICAL
- ✓ PESTG- POLITICAL, ECONOMICAL, SOCIAL, TECHNOLOGICAL, GREEN(NATURAL)
- ✓ STEEPLED- SOCIAL, TECHNOLOGICAL, ECONOMICAL, ENVIRONMENTAL, POLITICAL, LEGAL, ETHICAL, DEMOGRAPHICAL
- ✓ PESTL- POLITICAL, ECONOMICAL, SOCIAL, TECHNOLOGICAL AND LEGAL
- ✓ PESTEL- POLITICAL, ECONOMICAL, SOCIAL, TECHNOLOGICAL, ENVIRONMENT(NATURAL), LEGAL
- ✓ PESTLIED- POLITICAL, ECONOMICAL, SOCIAL, TECHNOLOGICAL, LEGAL, INTERNATIONAL, ENVIRONMENTAL, DEMOGRAPHIC

❖ Political environment:

Political- refers to connected with state government or public affairs.

- **Elements of political environment:**
  - Fiscal and monetary policy
  - Export and import policy
  - Industrial policy
  - Tax framework

- Social programs
- Subsidies
- Regulatory framework
- Government system
- Government stability
- Stability of neighbors
- Public opinion
- Freedom of press
- Personal liberty
- Transparent politics
- Corruption level
- Bureaucracy issues
- Government attitude toward politics etc.

DIFFERENCE BETWEEN FISCAL AND MONETARY POLICY:

Economic policy-makers are said to have two kinds of tools to influence a country's economy: **fiscal** and **monetary**.

- **Fiscal policy** relates to government spending and revenue collection. For example, when demand is low in the economy, the government can step in and increase its spending to stimulate demand. Or it can lower taxes to increase disposable income for people as well as corporations.
- **Monetary policy** relates to the supply of money, which is controlled via factors such as interest rates and reserve requirements (CRR) for banks. For example, to control high

inflation, policy-makers (usually an independent central bank) can raise interest rates thereby reducing money supply.

- These methods are applicable in a market economy, but not in a fascist, communist or socialist economy. John Maynard Keynes was a key proponent of government action or intervention using these policy tools to stimulate an economy during a recession.
- **Comparison chart**

Edit	Fiscal Policy	Monetary Policy
Definition	Fiscal policy is the use of government expenditure and revenue collection to influence the economy.	Monetary policy is the process by which the monetary authority of a country controls the supply of money, often targeting a rate of interest to attain a set of objectives oriented towards the growth and stability of the economy.
Principle	Manipulating the level of aggregate demand in the economy to achieve economic objectives of price stability, full employment, and economic growth.	Manipulating the supply of money to influence outcomes like economic growth, inflation, exchange rates with other currencies and unemployment.
Policy-maker	Government (e.g. U.S. Congress, Treasury Secretary)	Central Bank (e.g. U.S. Federal Reserve or European Central Bank)
Policy Tools	Taxes; amount of government spending	Interest rates; reserve requirements; currency peg; discount window; quantitative easing; open market operations; signalling

❖ Economic Environment:

Economic factors are essential for the management of the business. A country may be poor or rich, developed, underdeveloped or developed. If economic condition is not favorable, then business development may be hampered.

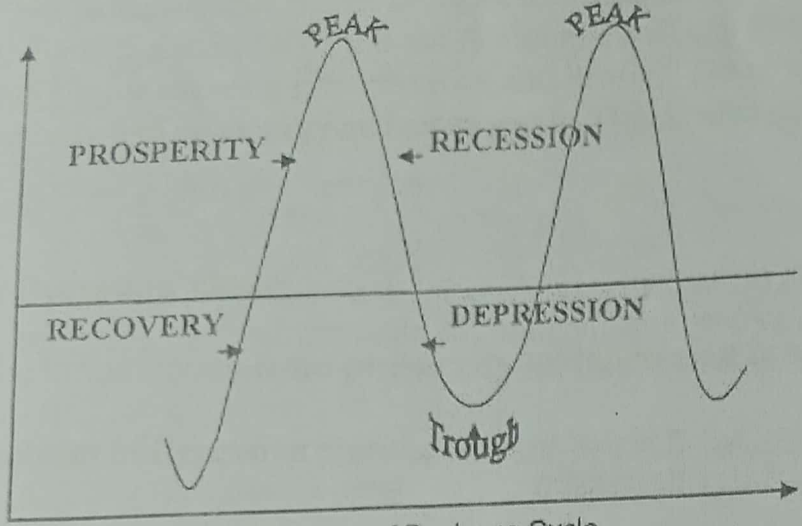
▪ Elements of economic environment:

- Business cycle stage
- Growth, inflation and interest rate
- Unemployment, labor supply and labor cost
- Disposable income and Distribution of income
- Globalization and openness of economy
- Government regulation & taxation
- Exchange rate
- Monetary policy & Fiscal policy

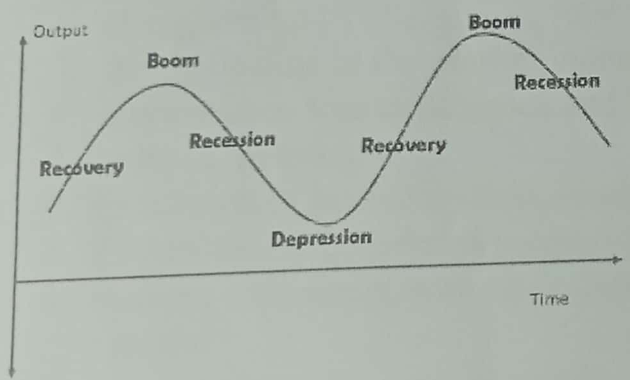
To analyze economic factors one have to consider the potential changes to an economy's inflation rate, taxes, interest rate, exchange rates, trade regulation and excise duties. To operate an organization efficiently in an economy one would also consider unemployment, skill levels, availability of expertise, wage patterns, working practices and labor cost trends. To determine the viability of the current cost for the target market one would also consider the current cost of living of the target market and the availability of credit or finance.

- **Explanation of Four Phases of Business Cycle**

The four phases of a business cycle are briefly explained as follows:-



Four Phases of Business Cycle



1. Prosperity Phase

When there is an **expansion of output, income, employment, prices and profits, there is also a rise in the standard of living**. This period is termed as Prosperity phase.

The **features of prosperity** are:-

1. High level of output and trade.
2. High level of effective demand.
3. High level of income and employment.
4. Rising interest rates.
5. Inflation.
6. Large expansion of bank credit.

7. Overall business optimism.
8. A high level of MEC (Marginal efficiency of capital) and investment.

Due to full employment of resources, the level of production is Maximum and there is a rise in **GNP** (Gross National Product). Due to a high level of economic activity, it causes a rise in prices and profits. There is an upswing in the economic activity and economy reaches its **Peak**. This is also called as a **Boom Period**.

2. Recession Phase

The turning point **from prosperity to depression** is termed as Recession Phase.

Features of Recession are:

1. economic activities slow down
2. demand starts falling, the overproduction and future investment plans are also given up
3. steady decline in the output, income, employment, prices and profits
4. businessmen lose confidence and become pessimistic (Negative)
5. reduces investment
6. Expansion of business stops, stock market falls
7. Orders are cancelled and people start losing their jobs
8. increase in unemployment causes a sharp decline in income and aggregate demand
9. recession lasts for a short period
10. banks follow tighten credit policy

3. Depression Phase

When there is a **continuous decrease of output, income, employment, prices and profits, there is a fall in the standard of living and depression sets in.**

The **features of depression** are:-

1. Fall in volume of output and trade.
2. Fall in income and rise in unemployment.
3. Decline in consumption and demand.
4. Fall in interest rate.
5. Deflation.

6. Contraction of bank credit.
7. Overall business pessimism.
8. Fall in MEC (Marginal efficiency of capital) and investment.

In depression, there is under-utilization of resources and fall in GNP (Gross National Product). The aggregate economic activity is at the lowest, causing a decline in prices and profits until the economy reaches its **Trough** (low point).

4. Recovery Phase

The turning point **from depression to expansion** is termed as **Recovery** or **Revival** Phase.

Features of recovery phase are:

1. expansions and rise in economic activities
2. demand starts rising, production increases and this causes an increase in investment
3. steady rise in output, income, employment, prices and profits
4. banks expand credit
5. business expansion takes place and stock markets are activated
6. aggregate demand, prices and profits start rising
7. The businessmen gain confidence and become optimistic (Positive)
8. Revival slowly emerges into prosperity, and the business cycle is repeated

Growth:

Growth refers to a positive change in size, number, value, or strength, extension or expansion; often over a period of time.

Inflation

Inflation is defined as a sustained increase in the general level of prices for goods and services. It is measured as an annual percentage increase. As **inflation** rises, every taka own buys a smaller percentage of a good or service.

Disposable income

The amount of money that households have available for spending and saving after income taxes have been accounted for. Disposable personal income is often monitored as one of the many key economic indicators used to gauge the overall state of the economy.

Exchange rate:

The rate which is used to exchange the currency between two countries is called exchange rate.

For example, June 01, 2014 $1= 78 Tk

June 03, 2014 $1= 80 Tk (Weaken the domestic currency- known as depreciation)

June 08, 2014 $1= 75 Tk (Strengthen the domestic currency- known as appreciation)

- ✓ Appreciation is better for importer.
- ✓ Depreciation is better for exporter.

➢ **Exchange rate is determined by-**

1) Government – fixed exchange rate
2) Market- floating exchange rate

Fixed exchange rate: In this case, the governments fix up the exchange rate. So the market can not influence the rate continuously.

Floating exchange rate: In this case, the exchange rate is determined by the demand and supply of the currency among the countries.

In our country exchange rate is mixed (government+ market)- regulated floating exchange rate.

➢ Suppose you are an exporter of RMG. You have 3 export destination USA, UK, Japan. Due to labor strike you don't have adequate supply to meet these 3 orders. Your export options are mutually exclusive. From the following information choose the most profitable option for your company.

USA:

Export order - $10000

Exchange rate- $1: Tk 70

Import tax- 12%

UK:

Export order- £6000

Exchange rate- £1: Tk 110

Import tax- 7.5%

Japan:

Export order- ¥8500

Exchange rate- ¥1: Tk 80

Import tax- 6%

Solution:

Country	Export Order	Tax Rate	Effective Order	Exchange Rate	Amount in Taka
USA	$10000	12%	$8800	$1: Tk 70	616000
UK	£6000	7.5%	£5550	£1: Tk 110	610500
JAPAN	¥8500	6%	¥7990	¥1: Tk 80	639200

We can say that export to Japan is more preferable.

Some qualitative factors should also be considered in case international trade. They are:

- ✓ Trade cost- it should be minimum
- ✓ Fluctuation rate- if a country's currency fluctuate frequently then it becomes risky for the exporter that he may suffer from exchange rate gain or loss.
- ✓ Potential of future export- one have to consider the probability of future business.

❖ Social Environment

There is no doubt that the society is continually changing. The tastes and fashions are a great example of this change. One of the most significant differences is the **growing popularity of social media**. Social networking sites like Facebook have become very popular among the younger people. The young consumers have grown used to mobile phones and computers.

The younger generation prefers to use digital technology to shop online. Older people will perhaps stick to their traditional methods. The effect of changing society is an often discussed. You must also understand that these changing factors have a toll on businesses too. Changes in the social factors can impact a firm in many different ways.

Companies often focus on these changes in depth. To do so, they employ environmental analysis such as PEST analysis. STEP is a variation of PEST. Extended versions include PESTLE, STEEP and STEEPLE analysis. The "S" in all these analyses indicates social or socio-cultural factors. Other factors you should assess are political, economic, technological, environmental, ethical and legal.

Businesses choose an environmental analysis depending on the nature of operations. However, **all of them study the social factors**.

In the social step for these analyses, you have to look carefully at the social changes. You will also have to look into the cultural changes which take place in your business environment. Market research is a critical part of this step. It is vital to see the trends and patterns of the society.

To understand the impacts better, you might need to study the factors in details. Most companies analyze the population growth and age structure. They also show interest in consumer attitudes and lifestyle changes. Your analysis can show if there are faults in your marketing strategy. It can also help find new ideas.

Below is a list of social factors which impact customer needs and size of markets:

- Culture
- Lifestyles
- Buying habits
- Education level
- Emphasis on safety
- Religion and beliefs
- Health consciousness
- Sexual harassment
- Average disposable income level
- Social classes
- Family size and structure
- Minorities
- Attitudes toward saving and investing
- Attitudes toward green or ecological products
- Attitudes toward for renewable energy
- Population growth rate
- Immigration and emigration rates
- Age distribution and life expectancy rates
- Attitudes toward imported products and services
- Attitudes toward work, career, leisure and retirement
- Attitudes toward customer service and product quality

The social aspect focuses on the forces within the society. Family, friends, colleagues, neighbors and the media are social factors. These factors can affect our attitudes, opinions and interests. So, **it can impact sales of product** and revenues earned.

The social factors shape who we are as people. It affects how we behave and what we buy. A good example is how people's attitude towards diet and health is changing in UK. Because of this, UK businesses are seeing some changes. More people are joining fitness clubs. There is also a massive growth in demand for organic food.

Products often take advantage of the social factors. The Wii Fit, for instance, attempt to deal with the society's concern about children's lack of exercise.

Culture

According to Edward Tylor, a British anthropologist, "culture is that complex whole which includes knowledge, beliefs, arts, morals, law, customs and any other capabilities and habits acquired by man as a member of society".
Culture is the man-made part of the environment. It determines social environment and social action. Culture guides a person to select a particular set of behavior that is permitted to him by his biological heritage.

❖ Legal Environment

Legal factors include both current and pending legislation that may affect an industry in areas such as employment, competition, health and safety. In PESTLE analysis we should consider our national laws as well as laws that origin in other countries that may affect us. Many regulations are applied at regional level as well as national level and create another layer of complexity that one must consider when he develops his strategy.

Recent years have seen a significant rise in the regulatory bodies that have been set up to monitor an organization's observance of legislation relating to all areas of operation, including consumer protection, employee welfare, waste disposal and how their earnings and investment will be taxed. There are also trading restrictions, quotas and excise duties to consider.

Elements of Legal Environment:

Organizational Law

If your business is organized as a legal entity, it will be subject to the state law which governs the operation and conduct of that type of entity. Legal business entities include corporations, partnerships, limited partnerships, limited liability partnerships, limited liability limited partnerships and limited liability companies.

Securities Law

Businesses that seek to obtain financing through investors may be subject to securities law. For example, if you decide to offer promissory notes - a special type of loan - to investors, the offering will often be considered the offering of a security and will subject you and your business to state and federal securities laws and regulations.

Employment Law

Businesses that employ people are subject to a myriad of state and federal laws related to employment, including anti-discrimination laws, occupational health and safety laws that are meant to protect the health and well-being of employees, workers compensation laws that compensate workers injured on the job, wage and hour laws, and other labor laws regarding unions.

Contract Law

If you intend to enter into any agreement with another person or entity, you will be subject to contract law. There is also a special area of law that deals directly with government contracts, often referred to as government procurement law.

Commercial Law

Commercial laws relate to the sales of goods. This field also addresses special types of commercial instruments like promissory notes, other forms of commercial paper such as check and laws relating to certain banking transaction.

Laws Existing in other Countries

When you want to expand your business to other countries then you have to follow the rules and regulation of that countries as well as international trade laws.

❖ Natural Environment

The **natural environment** encompasses all living and non-living things occurring naturally on Earth or some region thereof. It is an environment that encompasses the interaction of all living species. Climate, weather and natural resources affect human survival and economic activity. The concept of the *natural environment* can be distinguished by components:

- Complete ecological units that function as natural systems without massive civilized human intervention, including all vegetation, microorganisms, soil, rocks, atmosphere, and natural phenomena that occur within their boundaries
- Universal natural resources and physical phenomena that lack clear-cut boundaries, such as air, water, and climate, as well as energy, radiation, electric charge, and magnetism, not originating from civilized human activity

In contrast to the natural environment is the built environment. In such areas where man has fundamentally transformed landscapes such as urban settings and agricultural land conversion, the natural environment is greatly modified and diminished, with a much more simplified human environment largely replacing it. Even events which seem less extreme such as hydroelectric dam construction, or photovoltaic system construction in the desert, the natural environment is substantially altered.

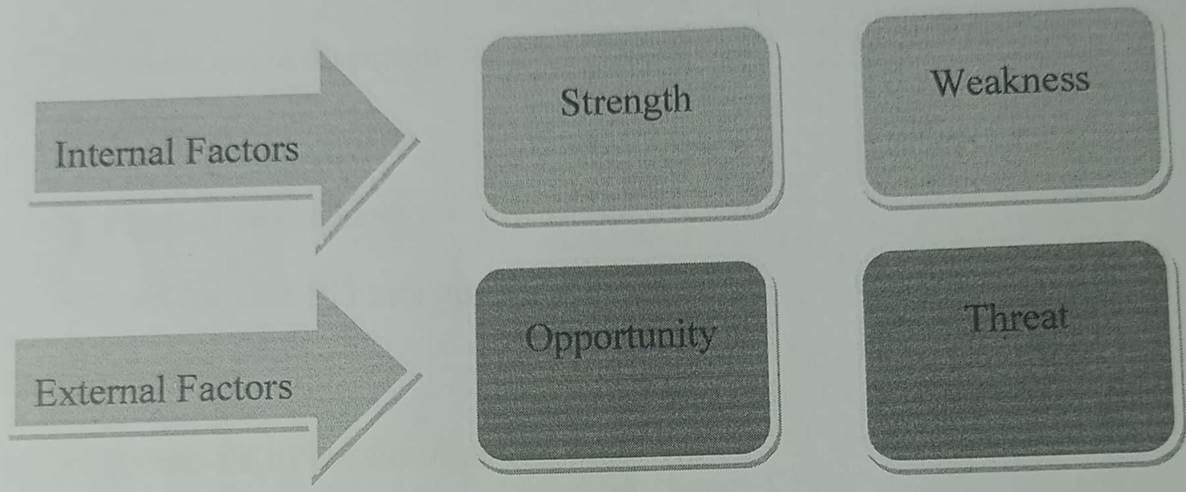
Elements of Natural Environment:

- Ocean
- River
- Pond
- Life
- Ecosystem
- Streams
- Lake
- Rocks
- Atmosphere
- Climate
- Weather

- Wilderness
- Energy
- Global warming
- Rainfall
- Humidity
- Rain, flood and disaster etc.

SWOT Analysis

A SWOT analysis is a structured planning method used to evaluate the strengths, weaknesses, opportunities and threats of a business organization.



❖ **Elements of SWOT:**

Strength:

- Adequate financial resources
- Good competitive skills
- Loyalty of customers or buyers
- Economies of scale
- Product innovation ability
- Cost advantage
- Retention of intangible properties

- Developed distribution channels
- Strong R & D

Weakness:

- Obsolete facilities
- Lack of adequate capital
- Lack of skilled manpower
- Lack of improved technology
- No strategic direction
- Weak market image
- Lack of advertising facilities
- Lack of skilled management

Opportunities:

- Available of communication facilities
- Favorable government policies
- Rapidly growing industry
- Political stability
- Vertical integration
- Removal of any barrier
- New and improved technology

Threat:

- Entry of new competitors
- Rising scale of substitute product
- Slower market growth

- Strong labor union
- Adverse government policies
- Strong barriers to entry
- Political stability

Key Success Factors (KSFs)

KSFs are the factors that determine a company's ability to compete successfully in an industry.

Some KSFs are-

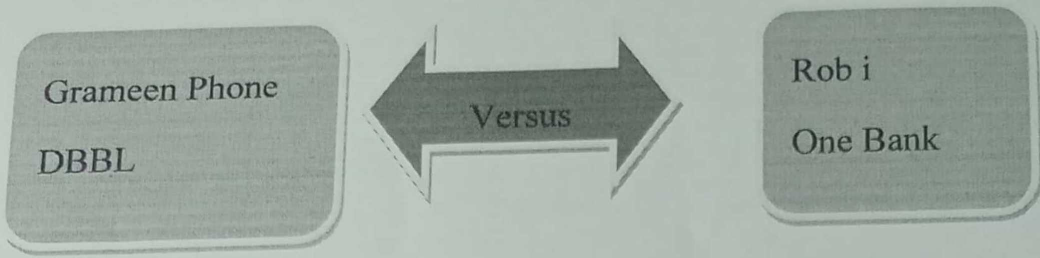
1. Management efficiency
2. High quality product and service
3. Cost effectiveness
4. Product differentiation
5. Improved technology
6. Market share
7. Competitive price etc.

Competitor Analysis

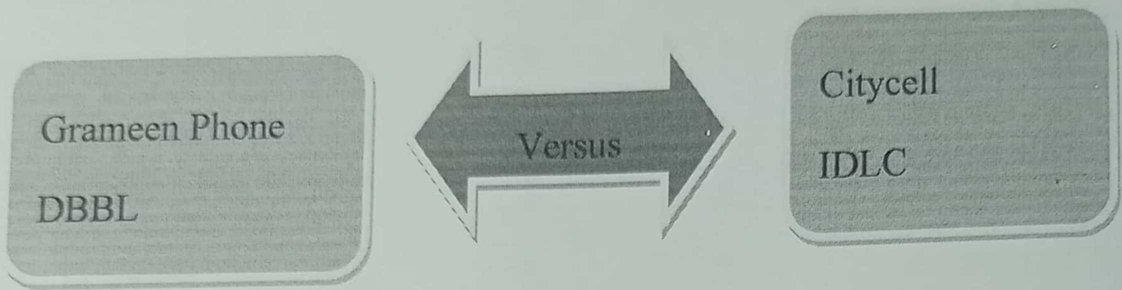
Competitor analysis is an assessment of the strengths and weaknesses of current and potential competitors.

Types of competitors:

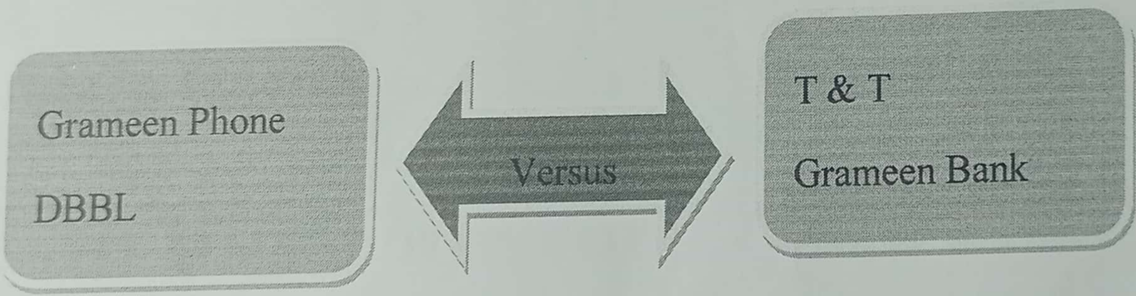
1. **Direct competitors:** Direct competitor means product's or service's Characteristics and attributes are almost same. For example:



2. **Significant competitor:** Significant competitor means product's and service's characteristics and attributes are significantly same.



3. **Indirect competitor:** Indirect competitor means product's and service's characteristics and attributes are not very much same.



Methods of analyzing competitors:

1. **Competitive Profile Matrix:**

A tool that allows business owners to evaluate their company against major competitors on the key success factors for that market.

Likert Scale-

Highly satisfied | Very satisfied | Satisfied | Dissatisfied | Highly Dissatisfied

KSFs	GP	Robi	Airtel	Banglalink
Mgt. efficiency	5	4	4	3
Product quality	5	5	4	4
Cost effectiveness	2	4	4	3
Product differentiation	4	4	4	4
Improved technology	4	5	3	3
Market share	5	4	3	3
Competitive price	3	4	5	4
Total	**28**	**30**	**27**	**24**

2. Average Method:

Factors	**A**	**B**	**C**	**Ranking**
Quality	**4**	**5**	**2**	**C- 1st**
Market share	**4**	**3**	**5**	**A- 2nd**
Price	**3**	**2**	**5**	**B- 3rd**
Total	**11**	**10**	**12**	

3. Weighted Average Method:

Factors	Weight	A	B	C
Quality	0.5	4*.5=2	5*.5=2.5	2*.5=1
Market share	0.3	4*.3=1.2	3*.3=.9	5*.3=1.5
Price	0.2	3*.2=0.6	2*.2=0.4	5*.2=1.0
Total	1.0	3.8	3.8	3.5
Position		*1st*	*1st*	*2nd*