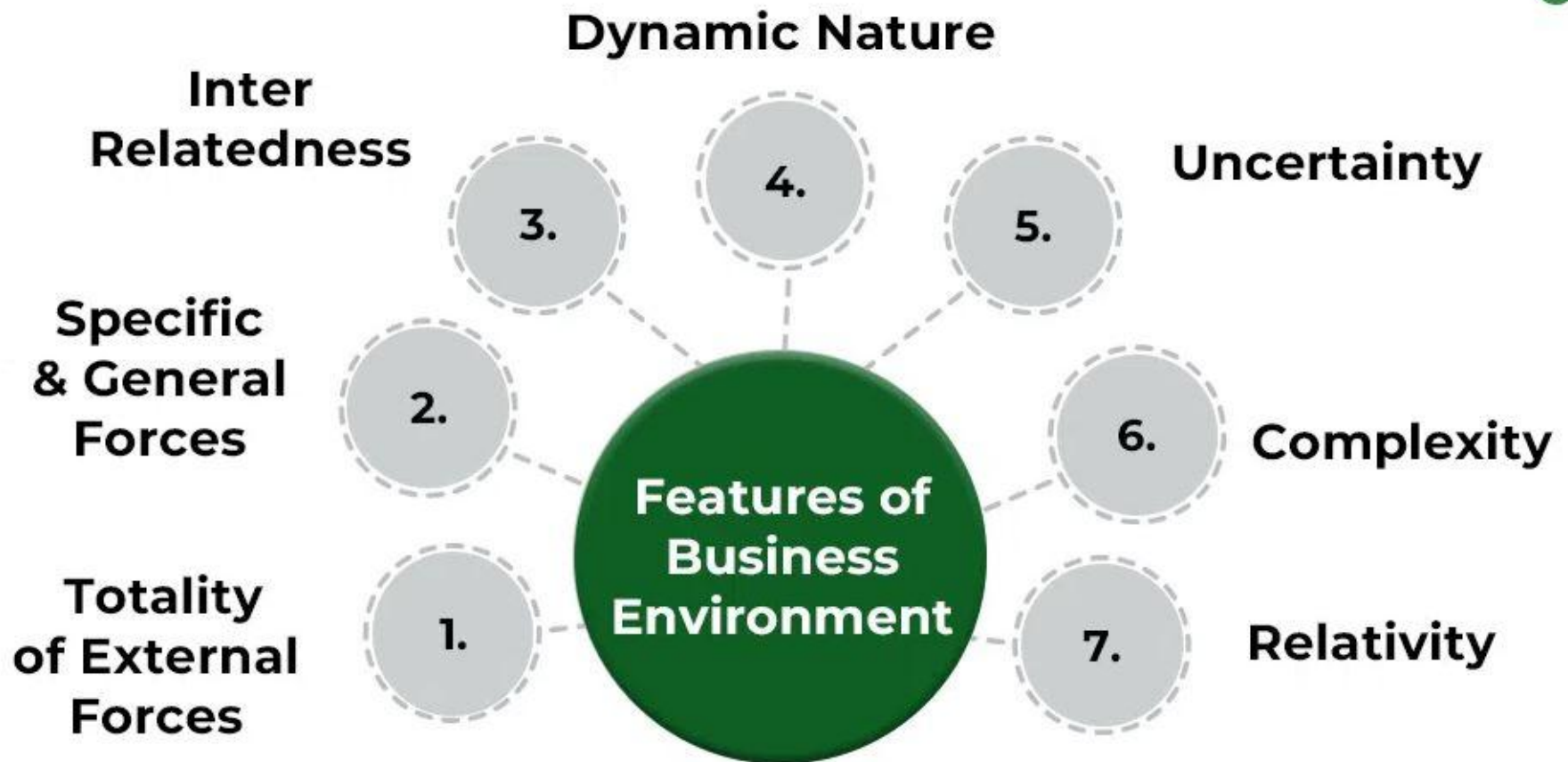




# Entrepreneurship Environment

- ❑ It refers to the sum total of internal and external factors and forces within which an enterprise operates.
- ❑ It is the responsibility of the entrepreneur to change the policies along with the changing environment, or else be left behind in the market as in the case of Motorola and Satyam



# Classification of Business Environment

## Business Environment

### External Environment

#### Micro

- Suppliers
- Customers
- Intermediaries
- Competitors
- Public

#### Macro

- Economic
- Political
- Legal
- Technology
- Global
- Socio-Cultural
- Demographic
- Natural
- Ecological

### Internal Environment

- Business Objects
- Financial Resources
- Human Resources
- Internal Resources
- Technological Factors
- New Developments
- Work Culture

# Framework/Tool





### **Political factors:**

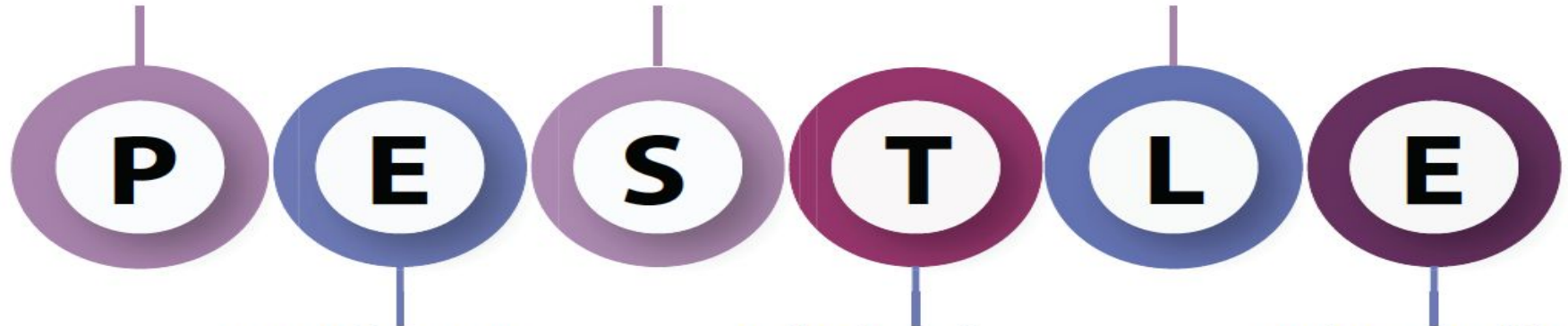
- Government policy
- Political stability or instability in overseas markets
- Foreign trade policy
- Tax policy
- Labour law
- Environmental law
- Trade restrictions

### **Social factors:**

- Population growth
- Age distribution
- Health consciousness
- Career attitudes
- Emerging trends

### **Legal factors:**

- Health and safety
- Equal opportunities
- Advertising standards
- Consumer rights and laws
- Product labelling and product safety
- Employment legislation
- Consumer law
- Trade regulation and restrictions



### **Economic factors:**

- Economic growth
- Interest rates
- Exchange rates
- Inflation
- Disposable income of consumers and businesses

### **Technological factors:**

- New ways of producing goods and services
- New ways of distributing goods and services
- New ways of communicating with target markets

### **Environmental factors:**

- Scarcity of raw materials
- Pollution targets
- Doing business as an ethical and sustainable company
- Climate
- Recycling procedures
- Carbon footprint
- Waste disposal
- Sustainability

# Food industry of India

## POLITICAL FACTOR

- Strong and stable government system
- 100 per cent FDI under the government approval route for trading for “made in India” foods
- Further relaxation expected for foreign retailers
- Local and global manufacturers of gluten-free products have already started selling their products through Amazon and Big Basket

## ECONOMIC FACTOR

- Estimated inflation rate in 2017 is 2.24%
- Rise in purchasing power parity & disposable income
- After 100% FDI in food, potential investments could be \$5 - 10 billion
- Between April and December of 2016-17, the FDI in flow rose \$46.40 billion, up 1% from 2015-16
- launching the product in smaller packs can help the company fight price competition and inflation

## SOCIAL FACTOR

- 70% population is rural and farming community
- Gluten-free foods made up of ancient grains and herbs could be beneficial
- Indians consumers are price sensitive and seek value for money
- Indians are fond of spicy foods, thus salty snacks and savouries containing red chilli, black pepper, mint and other herbs to make it suitable for Indian taste buds

## TECHNOLOGICAL FACTOR

- Innovation in taste includes use of millets, sorghum, coconut, almonds, quinoa, amaranth and legumes
- Potato flour can be used in bakery products like cake-mixes
- Most of local gluten-free products are highly perishable and have very less shelf life
- Nutrition Innovation though fortified flours, use of pea protein is required

## ENVIRONMENTAL FACTOR

- High temperature and global warming reduces the shelf life
- Grains like rice and maize have been found contaminated with high levels of arsenic due to water and soil pollution.
- Indian government needs to control the pollution and to maintain the soil health.
- Efforts shall be made to cover more area under organic cultivation for rice, corn, quinoa, millets, amaranth etc.

## LEGAL FACTOR

- Rules are monitored by FSSAI
- Rules for imported companies- Licensing of food importer, clearance of imported food, Storage, sampling and inspection, addressing of queries
- Rules for Indian companies-Gluten-free foods shall contain gluten content less than 20-100mg/kg



# Food industry of USA

## POLITICAL FACTOR

- Trump government has liberalise the Food and Drug Administration's regulations on food safety, labelling and trade
- Gluten-free food companies and restaurants are working on "healthier options" with lower sodium and sugar intakes
- Focus has been laid to reveal calorie and nutritional information for each product. agreements

## ECONOMIC FACTOR

- USA has economic stability and gradually rising employment rate
- The rising labour costs in developing countries can lead to higher supply costs and higher selling prices
- Expected inflation rate in 2017 is 2.54%
- USA economy is in bull market (stock are rising), thus attractive packaging, honest claims like vegan, sugar-free, non-GMO, increased product availability through ecommerce can help to increase consumer base

## SOCIAL FACTOR

- Young generation is highly driven towards healthy food trends
- Gluten-free products with claims like organic, sugar-free, vegan and non-GMO are popular
- High demand for fresh and authentic flavour built in American style.
- Strong value proposition for quick and convenient food, thus creating an opportunity for gluten-free flours and mixes

## TECHNOLOGICAL FACTOR

- Technology like Mobile apps, social media awareness and e-commerce has increased the consumption of GF foods
- Nima, the portable gluten-testing device, which can test food for the presence of gluten and provides results within minutes
- New product technology include use of ancient grains, legumes, nuts and seaweeds.

## ENVIRONMENTAL FACTOR

- Government shall take proper measures to deal with global warming and climate change
- More complex standards on business waste disposal

## LEGAL FACTOR

- Foods shall contain gluten content less than 20 ppm
- "gluten-free" claim can appear on the labels of foods that inherently do not contain gluten (e.g. raw carrots and grapefruit juice)
- Hydrolysed, fermented, or distilled foods voluntarily bearing the "gluten-free" claim will also have to meet the requirements of the gluten-free food labelling rule



# Class Activity

- TAKE ANY INDUSTRY OF YOUR CHOICE AND DO PESTEL ANALYSIS.