There are two types of Business environment

1. Internal to the Enterprise (Internal)
2. External to the Enterprise (External):

It includes following two environments

1. Microenvironment (Controllable environment)
2. Macroenvironment (Uncontrollable environment)

**Internal Environment**

It composed of the elements or factors present inside the organization that can affect or can be affected with the choices, activities and decisions of the organization.

Following are the factors of Internal environment:

1. **Value System**

It means the ethical beliefs that guide the organization in achieving its mission and objective. It also determines its behavior towards its customers, employees and society at large.

Here are key components of a business's value system:

Integrity: A commitment to honesty, fairness, and ethical behavior in all business dealings. This includes adhering to legal and regulatory requirements, as well as upholding moral principles even in challenging situations.

Customer Focus: A dedication to meeting customer needs and delivering value through products, services, and experiences that exceed expectations. Customer satisfaction and loyalty are central to the business's success and long-term sustainability.

Quality and Excellence: A pursuit of excellence in everything the business does, striving for continuous improvement, innovation, and excellence in products, services, processes, and performance.

Respect for People: Valuing the contributions and well-being of employees, customers, suppliers, and other stakeholders. This involves fostering a diverse and inclusive work environment, promoting equal opportunities, and treating everyone with dignity and respect.

1. **Management Structure**

Means composition of board of directors, number of independent directors who are involved in decision making for organization’s matters.

1. **Human Resource(Employees of organization)**
2. **Company Image and Brand Values**
3. **Physical assets and Facilities**
4. **Intangibles:** Company’s decisions, employee morale, motivation and leadership.

**External Environment**

1. **Micro environment**

It involves the elements and factors that are not inside the company but wo company se juddre hote hain.

They can directly impact the operations and performance of a company.

Key elements of the microenvironment include:

* **Customers**: Their needs, preferences, buying behaviors, and feedback significantly influence the organization's strategies, product offerings, and marketing efforts.
* **Suppliers**: The availability, reliability, and cost of inputs provided by suppliers impact the organization's production process, cost structure, and overall competitiveness.
* **Competitors**: Rival companies within the same industry or market compete for the same customers and resources. Understanding competitors' strategies, strengths, and weaknesses is crucial for the organization to position itself effectively.
* **Intermediaries**: Distributors, wholesalers, retailers, and other intermediaries in the supply chain play a vital role in the distribution and sale of the organization's products or services.
* **Stakeholders**: Various stakeholders, such as employees, shareholders, regulatory bodies, and local communities, have an interest in or are affected by the organization's actions and decisions.

**Macroenvironment**:

* The macroenvironment encompasses broader societal forces and trends that affect the business environment as a whole, rather than specific to any single company. These factors are typically beyond the immediate control of the organization but can significantly influence its operations and strategic decisions. Key elements of the macroenvironment include:
  + **Economic Factors**: Macro-level economic conditions, such as GDP growth, inflation rates, interest rates, and unemployment levels, impact consumer spending patterns, business investment decisions, and overall market demand.
  + **Technological Trends**: Advances in technology, such as automation, artificial intelligence, digitalization, and emerging technologies, can disrupt industries, create new opportunities, and change how businesses operate and compete.
  + **Socio-Cultural Factors**: Demographic trends, cultural values, lifestyle changes, and societal norms influence consumer behaviors, market preferences, and demand for products and services.