

Class - B.Com 1.

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and Environment

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Macro-Economics Applied to Business Environment.

The macro-environment is more general the environment in the economy itself. It has an effect on all business groups operate, perform make decisions; and form strategies. It is quite dynamic, which means that a business has to constantly track its changes. It consist of external factors that the company itself doesn't control but is certainly affected by. The factors that make up the macro-environment are economic factors, demographic forces, technological factors, natural and physical forces, political and legal forces, and social and cultural forces.

eg. economic factors affecting business Interest rates, recession, inflation, Taxes, demand & Supply, exchanges rates.

① Technological factors:

These factors are related to skills and ability that are implemental into production as well as the materials and technology that a particular product requires to be made. They are essential and ~~cannot~~ have a big impact on how well your business is running. They are It boils down to even the most basic factors, such as what kind of maintenance trolleys you use in order to preserve your tools. Some technological factors are; Internet connectivity, 3D Technology, Engine performance and efficiency.

2. Natural and Physical forces.

Every business must also take into account the every planet and its resources. There are those that can be renewed, such as forests and agricultural products, and those that cannot, such as coal, minerals, oil. Both are strongly related to production. So natural and physical forces can be climate change, pollution, availability of both non renewable and renewable resources.

3. Political and legal forces:

The market develops according to the political and legal environment in various areas. This means that every business needs to be up to date with such forces worldwide in order to be able to make the right decision. It includes legal factors such as copyright, Employment law, Discrimination law, Health and Safety law, Export and Import law.

4. Social and Cultural forces:

It is General attitude and significance of social organisation like Trade union, producers union and consumers, co-operative societies. Social factors consist of people i.e. consumers, They buy products based on many different factors. This includes their demographic location, ethnic background, social status.

5. Ecological forces :

Ecological or natural forces in the Macro-Environment are important since they are about the natural resources which are needed as inputs by marketers or which are affected by their marketing activities. Also environmental concerns have grown strongly in recent years, which makes the ecological forces a crucial factors to consider. For instance, world air and water pollution are headlines every marketer should be aware of. In other words; you should keep track of the trends in the ecological environment.

6. In Business cycles:

Further macroeconomics as an approach to economic problems started after the great Depression. Thus its importance lies in analysing the cause of economic fluctuations and in providing remedies.

As the management of a firm cannot have any control over these factors it should adjust the plans, policies and programmes of the firm according to these factors so as to offset their adverse effect on the firm. Macroeconomics enriches our knowledge of the functioning of an economy by studying the behaviour of National income, output, investments, saving and consumption.