Class: B.Com Part I

Subject : Business Economics and Environment.

Paper : I

unit : VI

Topic : Business Enviroment.

Internal and External Factors.

Sequence No : 3

Prepared by:

Dr. Roy Anitakumari Paramanand

Marwari College Darbhanga.

E-mail roy27583@gmail.com.

Subject

Business Environment factors:

Internal Environment:

Internal environment includes all those factors which influence business and which are present within the business itself. These factors are usually under the control of business. The study of Internal factors is really important for the study of internal environment. These factor are:

1. Objectives of Business
2. Policies of Business
3. Production Capacity
4. Production Methods
5. Management Information System.
6. Participation in Management.
7. Composition of Board of Directors
8. Managerial Attitude.
9. Organisation Structure.
10. Featurers of Human Resources.

These factors can be modified by the business from time to time, but even then, some problems are faced by the business. Therefore, it is necessary to identify these factors completely by the business.

All the above factors do influence the decision of business, but since all the factors are usually under the control of business, they cannot be wholly included in the business environment.

Subject ____________ MON TUE WED THR FRI SAT SUN

External Environment factors of Business Environment:

External environment includes all those factors which influence business and exist outside the business. Business has no control over these factors. The information about the factors is important for the study of the external environment. Some of these factors are those with which a particular company has very close relationship

However there are some other factors which influence the entire business community. On this very basis, the external environment can be divided into two parts:

1) Micro Environment / Operating Environment.
2) Macro Environment / General Environment.

I) Micro Environment / Operating Environment.

Micro environment means that environment which includes those factors with which business of closely related. These factors influence every industrial unit differently. These factors are as under:

1) Customers
2) Suppliers
3) Competitors
4) Marketing Intermediaries
5) Public.

Subject ____________ MON TUE WED THR FRI SAT SUN

① Customers:

Customers of an industrial unit can be of different types. They include household, govt, industry, commercial enterprises etc. The numbers of different types of customers highly influence a firm.

② Suppliers:

Like the customers the suppliers also influence business. If a business has only one supplier and he gets annoyed because of some reason, the supply of goods can be stopped and the very existence of the business can be threatened or endangered. Hence, efforts should be made to have various suppliers.

③ Competitors:

The competing firms can influence business in a number of ways. They can do so by bringing new and cheap products in the market, by launching some sale promotion scheme ~~or~~ other similar method.

④ Public:

Public has different constituents like the local public or media. The attitude or behaviour of these consitituents can affect business units eg The local population can oppose some established firm whose business is excessively noisy.