

Class : B.Com Part I

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and Environment.

Paper : I

Unit : VI

Topic : Business Environment.

Sequence : Features of Business Environment

No : 2

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Features of Business Environment :-

① Totality of External Forces:

Business environment is the sum total of all those factors / forces which are available outside the business and over which the business has no control. It is the group of many such forces, that is why, its nature is of totality.

② Specific and General Forces:

The forces present outside the business can be divided into two parts - specific and general.

(i) Specific:

These forces affect the firms of an industry separately eg customers, suppliers, competitive firms, investors etc.

(ii) General:

These forces affect all the firms of an industry equally eg. social, political, legal and technical situations.

③ Intersrelatedness:

The different factors of business environment are co-related. For example, let us suppose that there is a change in the import-export policy with the coming of a new government. In this case, the coming of new government to power and change in the import-export policy are political and economic changes.

respectively. Thus, a change in one factor affects the other factor.

④ Dynamic Nature:

As is clear that environment is a mixture of many factors and changes in some or the other factors continue to take place. Therefore, it is said that business environment is dynamic.

⑤ Complexity:

Environment comprises of many factors. All these factors are related to each other. Therefore, their individual effect on the business cannot be recognised. This is perhaps the reason which makes it difficult for the business to face them.

⑥ Relativity:

Business environment is related to the local conditions and this is the reason as to why the business environment happens to be different in different countries & different even in the same country at different places.

⑦ Uncertainty: Nothing can be said with any amt. of certainty about the factors of the business environment because they continue to change quickly. The professional people who determine the business strategy take into consideration the likely changes beforehand. But this is a risky job.

Subject _____

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Components of Business Environment. OR

Factors Affecting Business Environment.

Components of Business Environment:

Internal Environment



- ① Objectives
- ② Policies
- ③ Organisation structure
- ④ Management
(Information system)
- ⑤ Production Method
- ⑥ Production Capacity.

External Environment



Micro Environment OR

Operating Environment - General Environment



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

- ① Economic Environment
- ② Social Environment
- ③ Technological Environment
- ④ Political Environment
- ⑤ Legal Environment