



# DIMENSIONS OF BUSINESS ENVIRONMENT

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The background of the slide is a vibrant yellow-orange gradient. On the left side, there is a vertical collage of business-related images: a man in a suit talking on a mobile phone, a stack of gold coins, a globe, and a city skyline. In the top right corner, there is a small inset image of a pile of gold coins. In the bottom right corner, there is a small inset image of a group of people standing on a globe.

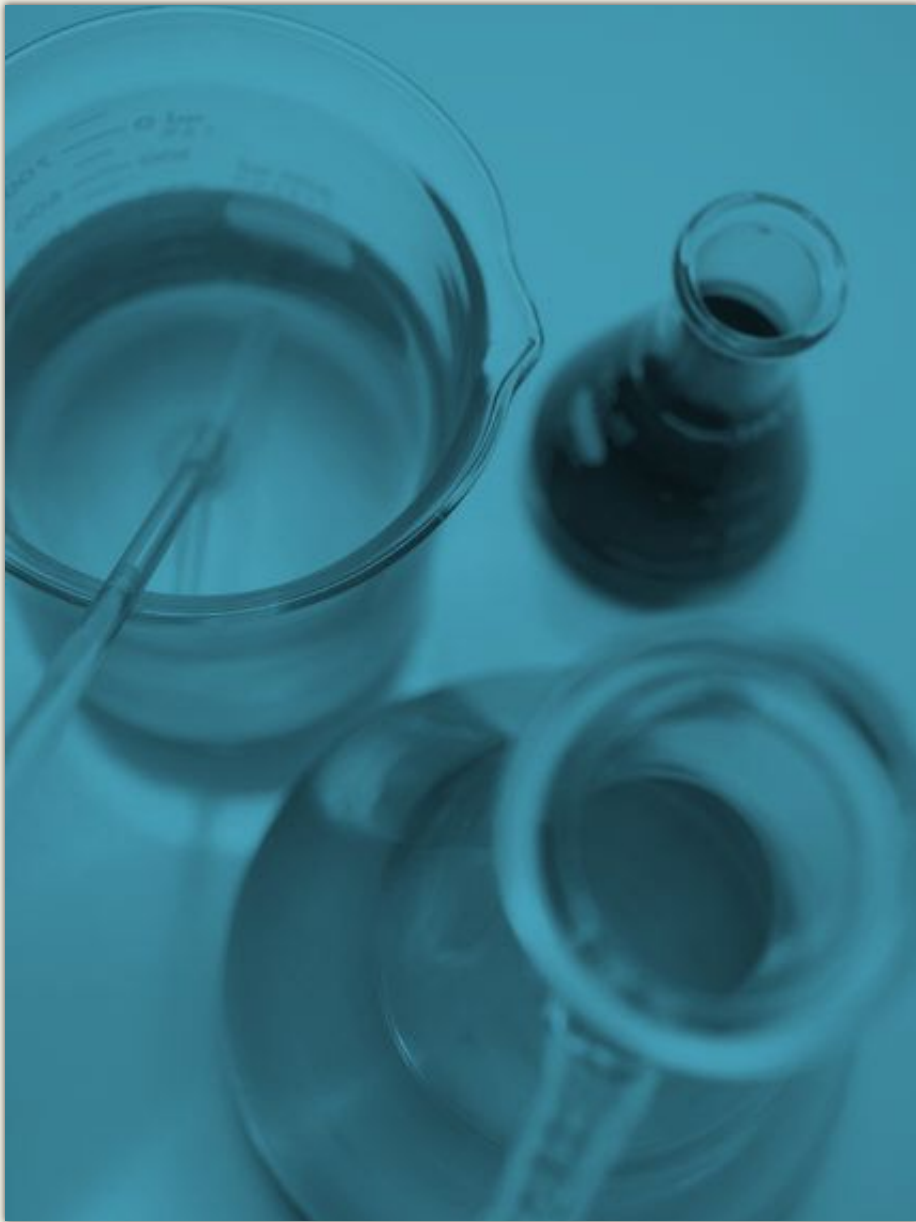
## Introducing Business Environment

BUSINESS ENVIRONMENT IS THE SUM TOTAL OF ALL EXTERNAL AND INTERNAL FACTORS THAT INFLUENCE A BUSINESS. KEEP IN MIND THAT EXTERNAL FACTORS & INTERNAL FACTORS CAN INFLUENCE EACH OTHER AND WORK TOGETHER TO AFFECT A BUSINESS.



BUSINESS ENVIRONMENT IS A DIRECT  
RELATIONSHIP BETWEEN SUCCESSFUL  
MANAGEMENT AND THE INFLUENCE AND  
IMPACT OF ENVIRONMENTAL CHANGE





# FACTORS AFFECTING BUSINESS ENVIRONMENT



The diagram illustrates the relationship between internal and external business environments. At the top, two blue rounded rectangular boxes are positioned side-by-side. The left box is labeled 'INTERNAL BUSINESS ENVIRONMENT' and the right box is labeled 'EXTERNAL BUSINESS ENVIRONMENT'. A double-headed white arrow connects the bottom of these two boxes, indicating a reciprocal relationship. Below each box is a large blue downward-pointing arrow. The left arrow contains text describing internal forces and examples, while the right arrow contains text describing external forces (PEST) and their impact. The entire diagram is set against a light beige background with a vertical orange and green bar on the right side.

## INTERNAL BUSINESS ENVIRONMENT

## EXTERNAL BUSINESS ENVIRONMENT

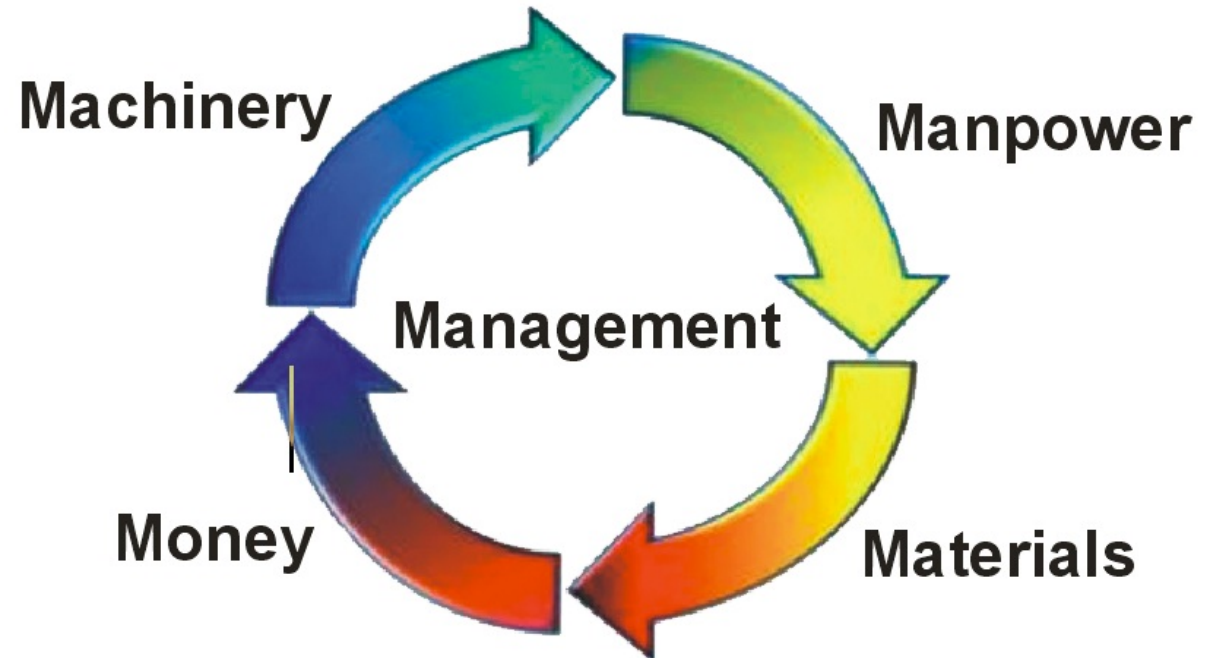
•FORCES WHICH AFFECT A ORGANIZATION'S FIRM OR BEHAVIOUR.

•EXAMPLES ARE LIKE PERSONEL, FINANCE,MARKETIN G, PRODUCTION, OPERATIONAL RESEARCH & SO ON

•EXTERNAL BUSINESS ENVIROMENT IS A SET OF POLITICAL . ECONOMIC , SOCIAL AND TECHNOLOGICAL (PEST) FORCES THAT ARE LARGELY OUTSIDE THE INFLUENCE OF A BUSINESS, AND THAT CAN HAVE POSITIVE AND NEGATIVE IMPACT



## INTERNAL BUSINESS ENVIRONMENT – 5 M'S OF MANAGEMENT



# EXTERNAL BUSINESS ENVIRONMENT



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graph TD; A[EXTERNAL BUSINESS ENVIRONMENT] --> B[Micro Environment]; A --> C[Macro Environment];
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The diagram illustrates the components of the external business environment. At the top, a large light blue oval contains the text 'EXTERNAL BUSINESS ENVIRONMENT'. A vertical line descends from the bottom of this oval and splits into two horizontal lines, each leading to a smaller light blue oval below. The oval on the left is labeled 'Micro Environment' and the oval on the right is labeled 'Macro Environment'. Both smaller ovals have a dark blue curved shape on their left side, resembling a stylized 'C' or a partial circle.

Micro  
Environment

Macro  
Environment

**Micro**

**Environment**



**MICRO ENVIRONMENT IS THE ENVIRONMENT THAT AN ORGANIZATION CAN INFLUENCE. IT MAY NOT BE ABLE TO CORRECT ALL FLAWS IN THE MICROENVIRONMENT, BUT IT HAS A MUCH BETTER CONTROL OVER THE MACRO ENVIRONMENT.**



## The Micro Environment



FACTORS  
INFLUENCING  
MICRO  
ENVIRONMENT

• SUPPLIERS

• CUSTOMERS

• MARKET INTERMEDIARIES

• COMPETITORS

# MICRO ENVIRONMENT OF BUSINESS



## 1. SUPPLIERS

SUPPLIERS SUPPLY RAW MATERIALS AND OTHER COMPONENTS (INPUTS)

IMPORTANCE RELIABLE SUPPLY – CONTINUOUS SUPPLY FOR SMOOTH FUNCTIONING.

# MICRO ENVIRONMENT OF BUSINESS



CUSTOMERS  
(CATEGORIES  
)

INDUSTRIAL CUSTOMERS  
WHOLESALE CUSTOMERS

RETAIL CUSTOMERS  
GOVERNMENT CUSTOMERS

FOREIGN CUSTOMERS

## MICRO ENVIRONMENT OF BUSINESS



### MARKET INTERMEDIARIES

- MIDDLEMEN
- **PHYSICAL DISTRIBUTION FIRMS : (WAREHOUSES AND TRANSPORT FIRMS)**
- MARKETING SERVICE AGENCIES (ADVERTISING AGENCIES, MARKET RESEARCH FIRMS, MEDIA FIRMS, CONSULTING FIRMS)
- **FINANCIAL INTERMEDIARIES**

## MICRO ENVIRONMENT OF BUSINESS



COMPETITORS

- THREAT OF ENTRY OF NEW FIRMS
- **POWER OF BUYERS**
- POWER OF SUPPLIERS
- **POWER OF SUBSTITUTES**

# THE



## Macro-environment

MACRO ENVIRONMENT ARE MAJOR EXTERNAL AND UNCONTROLLABLE FACTORS THAT INFLUENCE AN ORGANIZATION'S DECISION MAKING, AND AFFECT ITS PERFORMANCE AND STARTEGIES



# MACRO ENVIRONMENT

FACTORS  
INFLUENCING  
MACRO  
ENVIRONMENT



- ECONOMIC ENVIRONMENT



- SOCIAL ENVIRONMENT



- TECHNOLOGICAL ENVIRONMENT



- POLITICAL ENVIRONMENT



- LEGAL ENVIRONMENT

# MACRO ENVIRONMENT OF BUSINESS



ECONOMIC  
ENVIRONMENT

- ECONOMIC CONDITIONS
- ECONOMIC POLICIES
- OTHER ECONOMIC FACTORS

# MACRO ENVIRONMENT OF BUSINESS



## SOCIAL ENVIRONMENT

- SOCIAL FORCES LIKE ATTITUDE OF PEOPLE TO WORK
- FAMILY SYSTEM
- CASTE SYSTEM
- RELIGION, EDUCATION
- URBANISATION
- CUSTOMS & TRADITIONS

## MACRO ENVIRONMENT OF BUSINESS



TECHNOLOGICAL  
ENVIRONMENT

TECHNOLOGY IS ABOUT APPLICATION OF TOOLS, METHODS AND TECHNIQUES TO IMPROVE PRODUCTION AND PROCESSES. TECHNOLOGY IS LIFE FOR GROWTH AND COMPETITIVENESS OF BUSINESS

# MACRO ENVIRONMENT OF BUSINESS



POLITICAL  
ENVIRONMENT

- POLITICAL IDEOLOGY OF GOVERNMENT
- POLITICAL STABILITY IN COUNTRY
- RELATIONS OF OUR NATION WITH OTHER COUNTRIES
- WELFARE ACTIVITIES OF GOVERNMENT
- CENTRE-STATE RELATIONSHIP

## MACRO ENVIRONMENT OF BUSINESS



LEGAL  
ENVIRONMENT

LEGAL ENVIRONMENT HAS A PERMANENT AND LASTING IMPACT IN SHAPING BUSINESS. THERE ARE FEW LEGAL FACTORS SUCH AS CO-ACT 1956, IDRA 1951, FEMA, EXIM POLICY, FACTORIES ACT 1948, TRADE UNION ACT 1926.



*Thank  
you*

