



Business
Environment

Meaning of Business environment

- Total of all factors which influence or affect the functioning of a business can be termed as business environment
- Business environment helps in identifying business opportunities, tapping useful resources, assists in planning, and improves the overall performance, growth, and profitability of the business.

Types of business environment

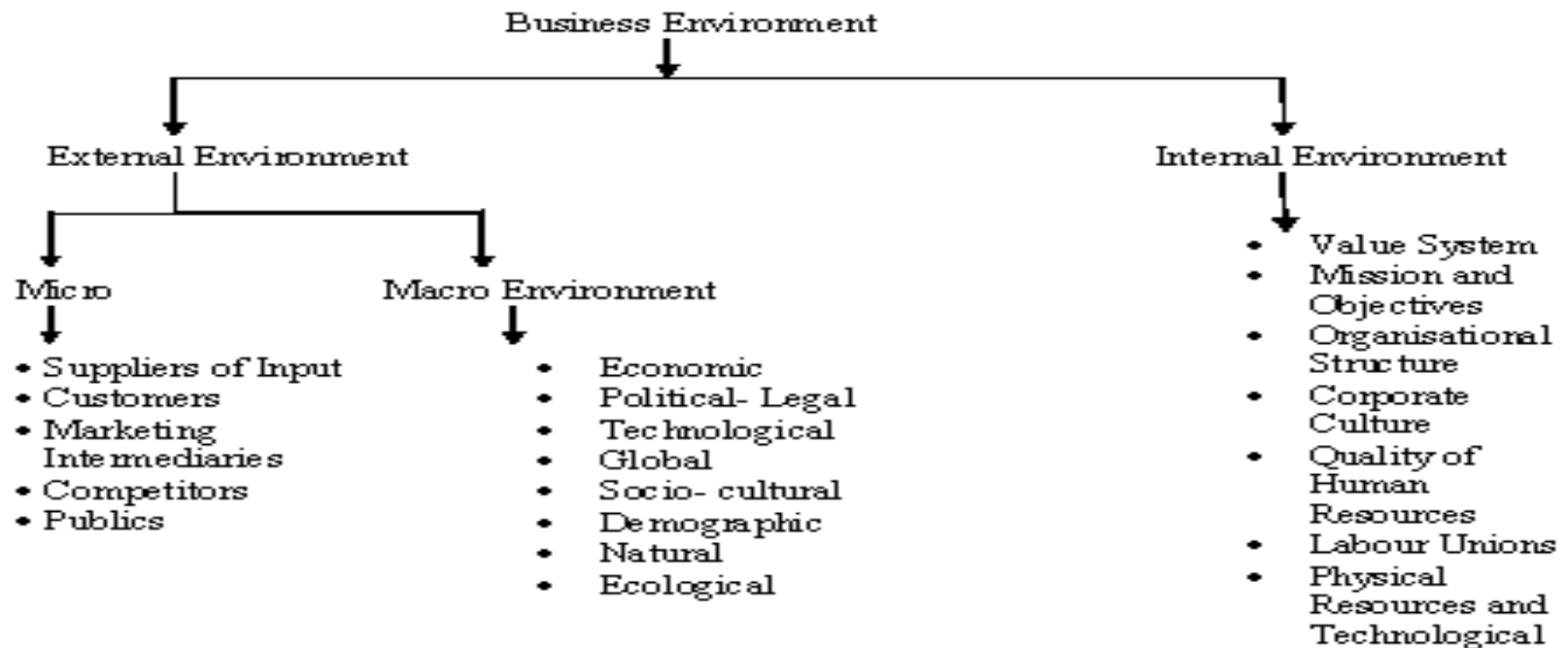


Fig: Components of Business Environment

External environment

- An **external environment** is composed of all the outside factors or influences that impact the operation of business. The business must act or react to keep up its flow of operations. The **external environment** can be broken down into two types: the micro **environment** and the macro **environment**.

Internal environment

- **Internal environment** is a component of the **business environment**, which is composed of various elements present inside the organization, that can affect or can be affected with, the choices, activities and decisions of the organization

Micro environment & Macro environment

- Micro environment is defined as the nearby environment, under which the firm operates.
- Macro environment refers to the general environment, that can affect the working of all business enterprises.