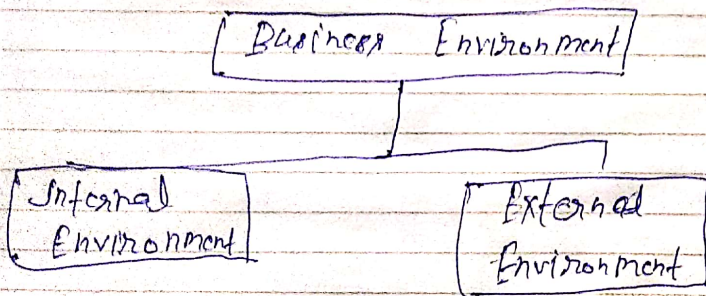


Q. What do you understand by Business environment? Define internal environment and external environment?

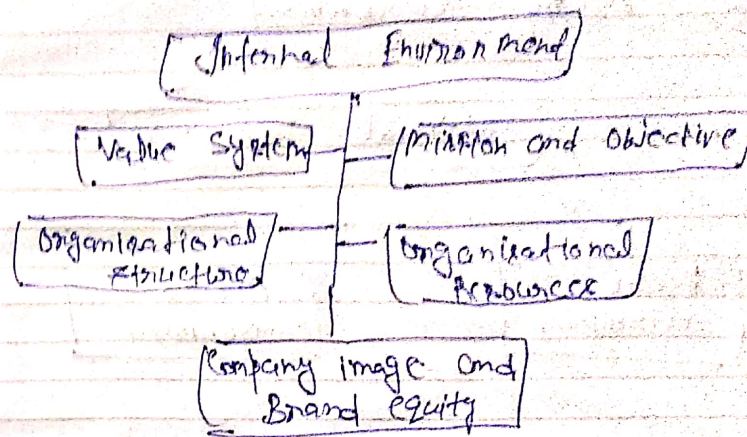
Ans. Business environment:- Business environment may be considered as a set of factors that influence the functioning and effectiveness of a business.

According to Keith Davis, "Business environment is the aggregate to all conditions, events and influences that surround and affect it."



① Internal environment:- The internal environment is the environment that has a direct impact on the business. Internal, important factor which have

bearing on the strategy and other decision of internal organisation are discussed below:



② External environment:- External environment are those factors which exists outside the business firm, External factors of a company are also known as uncontrollable factors like economic factors, socio-cultural factors, demographic factors, legal factors, technological factors etc. The external factors are beyond the control of business enterprise.

External environment consists of two vital elements:

- ① Micro environment
- ② Macro environment

