

Section - 1

Q-1 What do you understand by Business environment? Define Internal Environment and External Environment?

Ans. Business environment is sum or collection of all internal factors and External factors such as employees, Customers needs and expectations, supply and demand, management, clients, suppliers, owners activities by government, innovation in technology, social trends, market trends, economic changes, etc. It is known as Business Environment.

* Features of Business Environment are;

1. Totality of External forces; Business Environment is the sum of total all things external to business firms and, as such, is aggregative in nature.
2. Specific and general forces; Business environment includes both specific and general forces.
3. Dynamic Nature; Business Environment is dynamic in that it keeps on changing whether in terms of technological improvements, shifts in consumer preferences or entry of new competition in the market.
4. Uncertainty; Business environment is largely uncertain as it is very difficult to predict future happenings, especially when environment changes are taking place too frequently as in the case of information technology or

fashion industries.

- * There are two types of Business Environment are:-
- i) Internal Environment
 - ii) External Environment

Basis	Internal Environment	External Environment
1. Meaning	Internal Environment refers to all the inlying forces and conditions present within the company, which can affect the company's working.	External Environment is a set of all the exogenous forces that have the potential to affect the organization performance, profitability and functionality.
Nature	Controllable	Uncontrollable
2. Comprise of	Strengths and weaknesses	opportunities and threats
3. Affects	Company only	All companies operating in the industry.
5. Bearing on	Business strategy, functions and decision	Business survival, growth, reputation, expansion, etc.