

Components of Business Environment

Dimensions of business environment mean all the factors forces and ~~influence~~ institutions which have direct or indirect influence over the business transactions.

- (i) Economical
- (ii) Social
- (iii) Political
- (iv) Legal
- (v) Technological

1) Economical Environment

- Banking sector reform has led to many attractive schemes of deposits and lending money.
- Lots of economic reforms are taking place in leasing and financing institutions.
- The private sector is allowed to enter in financial institutions; as a result customers are gaining.

Mixed Economy

- It is a system that combines aspect of both Capitalism & Socialism.
- It protects private property & allows a level of economic freedom but also allows gov. to interfere - to achieve social aims
- It don't block the private sector from profit-seeking, but do monitor profit levels and may nationalize companies that are deemed impediments to the public good

Advantages and Disadvantages

- Goods and services are distributed where they are most needed, while allowing prices to measure supply and demand.
- It promotes innovation and improvement, and gives capital to those producers who are most efficient.
- But the market has too much freedom and liberty, it can make the environment less competitive sans support from the gov.
- Furthermore, the country could accumulate more debt by creating gov. - subsidized industries - like defense or military - slowing down the economy.