

UNIT 2

BUSINESS ENVIRONMENT, POLICY and MIS

Module 1

Micro and Macro Environment

1. Micro Environment

It is a set of factors and elements in a company's immediate environment that have an impact on its performance and decision-making process.

Factors affecting micro environment are:

a) Availability of Investors

Opening your business without the initial capital, you should calculate all the financial risks. Investors can help finance your company at the start. Sometimes you won't be able to run your business without these funds. However, by accepting funding from investors, you give up some control and burden yourself with constant reporting of actions. Alternatively, you can choose creditors. But any loan funds involve paying a loan with interest, which is not an option for everyone.

b) level of Competition

The level of competition directly affects your economic situation. The more competitors you have, the less share in dollars you will get from your customers. Conversely, a highly competitive environment indicates that a product or service is in high demand but you will have to work really hard to make your place in the sun.

c) Availability of Employees

Any company's most valuable resource is its people. In other words, they are the driving force behind your business, without whom neither product nor service is possible. To achieve economic success, you definitely have to consider the qualifications (continuous development) and motivation of your employees. Moreover, in order to hire a highly qualified specialist of niche specialization, you will actually have to struggle financially for them to come and stay with you, and this is an additional cost due to the labor market and supply chain constraints.

d) Customers

Customers are the most essential asset of your business. In the pursuit of success, businesses are focused on their customer's needs, the quality of the deal and its lasting value rather than on the number of sales. Neglecting this trend, the business can incur heavy losses.

e) Distribution Channels and Suppliers

Just think back to the beginning of the pandemic, all distribution channels and supply chains were affected. Transportation became costly if at all possible. In this system, all players are interconnected: manufacturers depend on material suppliers, resellers depend on manufacturers and wholesalers. And all these factors in combo influence your business viability.

f) Media and The General Public

Your business image largely depends on the local community and media. The way your company operates with social and environmental responsibility is very important in creating and maintaining a positive image.

2. Macro Environment

It is a set of external factors that build up the company's macro environment, including economic, political, technological, social, cultural and trade environment.

Factors Affecting Macro Environment

a) Economic Environment

The term economic environment refers to all the external economic factors that influence buying habits of consumers and businesses and therefore affect the performance of a company. These factors are often beyond a company's control

b) Political Environment

The political environment refers to factors outside the company, relating to the government or public affairs of a country, influencing companies.

c) Technological Environment

The technological environment refers to external factors in technology that impact business operations. Changes in technology affect how a company will do business. A business may have to dramatically change their operating strategy as a result of changes in the technological environment.

d) Social Environment

A person's social environment is their society and all surroundings influenced in some way by humans. It includes all relationships, institutions, culture, and physical structures. The natural environment is the natural world around us: the ground, the trees, the air.

e) Cultural Environment

Cultural environments are environments shaped by human activities, such as cultural landscapes in the countryside, forests, urban areas and cities, fixed archaeological structures on land or water, constructions and built environments from different ages, along with bridges, roads, power lines and industrial and harbour areas.

f) Trade Environment

The environment of International trade is regarded as the sum total of all the external forces working upon the firm as it goes about its affairs in foreign and domestic markets.

Difference Between Micro and Macro Environment

BASIS FOR COMPARISON	MICRO ENVIRONMENT	MACRO ENVIRONMENT
Meaning	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.
Elements	Competitors, Organization itself, Suppliers, Market, Intermediaries and Customers.	Economic, political, technological, social, cultural and trade environment.
Nature of elements	Specific	General
Are these factors controllable?	Yes, but to some extent only	No
Influence	Directly and Regularly	Indirectly and Distantly

Features of Business Environment:

- a) **Totality of external forces:** Business environment is the sum total of all the forces/factors external to a business firm.
- b) **Specific and general forces:** Business environment includes both specific and general forces. Specific forces include investors, competitors, customers etc. who influence business firm directly while general forces include social, political, economic, legal and technological conditions which affect a business firm indirectly.
- c) **Inter-relatedness:** All the forces/factors of a business environment are closely interrelated. For example, increased awareness of health care has raised the demand for organic food and roasted snacks.
- d) **Dynamic:** Business environment is dynamic in nature which keeps on changing with the change in technology, consumer's fashion and tastes etc.
- e) **Uncertainty:** Business environment is uncertain as it is difficult to predict the future environmental changes and their impact with full accuracy.
- f) **Complexity:** Business environment is complex which is easy to understand in parts separately but it is difficult to understand in totality.
- g) **Relativity:** Business environment is a relative concept whose impact differs from country to country, region to region and firm to firm. For example, a shift of preference from soft drinks to juices will be welcomed as an opportunity by juice making companies while a threat to soft drink manufacturers.

Importance of Business Environment

- a) **Identification of opportunities to get first mover advantage:** Understanding of business environment helps an organization in identifying advantageous opportunities and getting their benefits prior to competitors, thus reaping the benefits of being a pioneer.
- b) **Identification of threats:** Correct knowledge of business environment helps an organization to identify those threats which may adversely affect its operations. For example, Bajaj Auto made considerable improvements in its two wheelers when Honda & other companies entered the auto industry.
- c) **Tapping useful resources:** Business environment makes available various resources such as capital, labour, machines, raw material etc. to a business firm. In order to know the availability of resources and making them available on time at economical price.
- d) **Coping with rapid changes:** Continuous study/scanning of business environment helps in knowing the changes which are taking place and thus they can be faced effectively.
- e) **Assistance in planning and policy formulation:** Understanding and analysis of business environment helps an organization in planning & policy formulation. For example, ITC Hotels planned new hotels in India after observing boom in tourism sector.

Dimensions/Components of Business Environment

Economic, political, technological, social, culture and trade environment are the components of a business environment.

1. Economic Environment

The economic environment refers to all the economic factors that affect commercial and consumer behavior. The economic environment consists of all the external factors in the immediate marketplace and the broader economy. These factors can influence a business, i.e., how it operates and how successful it might become.

The economic environment consists of different things for different people. For example, for a farmer, the weather and price of fertilizers are important factors.

“The term economic environment refers to all the external economic factors that influence buying habits of consumers and businesses and therefore affect the performance of a company.”

“These factors are often beyond a company’s control, and may be either large-scale (macro) or small-scale (micro).”

Factors Affecting Economic Environment

The economic environment consists of microeconomic and macroeconomic factors.

1. Microeconomic environment

Microeconomic environment factors are those factors which affect an individual organization and do not affect the whole industry. The examples of microeconomic factors are demand, competitors, market size, distribution chain, suppliers, supply, etc.

a) Demand

The economic environment can be defined as the combination of all the economic factors such as, inflation, income, employment rate, etc. which affect the buying behavior of consumers and thus put an impact on businesses.

b) Market size

The profit margin of the organization will be low if it has a small market size. Meaning of market size is the total number of potential buyers in a market. For example, a company which produces asthma inhalers has a small market size as it can sell inhaler to people who suffer from asthma.

c) Suppliers

The production of a company will halt if its suppliers suddenly stop to provide supplies of raw material to produce a product. Similarly, the production cost will also increase with the increase in the price of supplies by the supplier.

d) Supplies

Similarly, the production process is highly dependent on the supplies supplied by the supplier. The production process will suffer if there is a scarcity of supplies.

2. Macroeconomic environment

Macroeconomic environment factors are those which impact at a larger level and do not only impact one company but impact the whole economy. The examples of macroeconomic factors are inflation, unemployment, interest rates, taxes, tariff, income, unemployment level, cost of labour, population, innovation, international condition, capital market etc.

a) Income

Income is the total earning of an individual or an entire family. Income affects the buying habits of the consumers and thus impacts the commercial businesses.

There is a direct relationship between the buying habits of an individual and his income. For example, people with low income tend to buy only goods and services which are necessary for living and don’t spend much money on entertainment and luxurious items.

b) Inflation rate

The inflation rate can be defined as the rate at which the process of goods and services increases. With increased prices, the buying ability of people gets affected.

People start buying less, and they spend their money on the necessary goods and services only. Inflation rate put bad impact on services businesses.

c) Increasing Interest Rates

Increasing interest rates also impact the businesses, especially those businesses where people require to take a loan to buy goods. For example, people mostly buy houses and cars on loans. Therefore, the sales of such goods decrease with the increased rate of the interest rate.

Because of this reason, many banks advertise their loans services at lower rates than other banks in order to attract customers, because people always prefer to get a loan at a lower rate of interest.

d) Unemployment level

Another factor which impacts the economic environment is the unemployment level. The countries with high unemployment level have a weaker economic environment.

If most of the population will not earn, then they will not have sufficient money to spend on buying goods and services. This creates a bad economic cycle in the country.

e) Taxes

High taxes in the country impacts the economic environment badly. People will have low disposable income. Taxes not only affect the consumers, but it also affects businesses as high taxes results in the high cost of production.

Therefore, businesses become bound to increase the cost of products that they sell. As a result of which, people start buying less, and thus, the economic environment gets impacted.

f) Tariffs

Tariffs are a type of taxes which is imposed on imported goods. Tariffs put an opposite impact on the sales of goods than taxes. People will import more goods from foreign countries if there are low tariff rates, and the local markets will be flooded with cheap foreign products and will impact the sells of local products.

Therefore, high tariff rates are preferable, as a result of which there will be less import of foreign products and people will buy more local products.

g) Cost of Labour

Cost of labour also impacts the economic environment of the business. High labor cost means the high cost of production and high cost of production forces businesses to increase the price of the products.

h) Population

The population has both positive and negative impact on the economic environment. For example, high population means there are chances of finding skilled employees. High population results in tough competition and people get ready to even at low wages which is good for the business as they can hire more people to increase their production.

i) Innovation

Innovation has both positive and negative impact of the economic environment. Innovation pose risk for already established businesses. As entrepreneurs come with innovative ideas of business and they give competition to the already established businesses, which impacts the sales of their products.

j) International Condition

The international market condition also impacts the economic environment. For example, there are many businesses which import and export goods from international companies.

k) Capital Market

Money and capital market impact the economic environment. When the capital market is not good, natural, and, human resources can be used efficiently.

2. Political Environment

Political Environment is the state, government and its institutions and legislations and the public and private stakeholders who operate and interact with or influence the system. The political atmosphere should be good and very stable for a firm to operate successfully. Political Environment forms the basis of business environment in a country.

If the policies of government are stable and better then businesses would get impacted in a positive way and vice versa. Changes in government often results in changes in policy.

Importance of Political Environment

Political Environment can be of utmost importance for a business. How a government make policies and what kind of economic measures it takes can determine the success or a failure of a business. Promoting a particular kind of business can lead to increased revenues of industries and players in that sector but can lead to losses for others. Government also considers all these risks and effects because the sudden or prolonged changes to the political environment can lead to impact on GDP and overall economy.

The other important aspect is the foreign investment and companies in a country. If political environment is not good for foreign investment then it can lead to loss of internal business and investments indirectly affect domestic players.

So overall Political environment should be stable and change as per market demands or for safeguarding interests which are suitable for overall stabilization and growth of economy.

Various Political Environment related Factors & Elements

There are various factors which affect political environment:

1. Stability

This is one of the most important factors. The stability of political environment is very conducive to the economy and business in general. If a country is not stable and government keeps changing frequently, the country can never be economically stable as well. The GDP, stock exchange index all would go down leading to a vicious circle.

2. Taxation

The taxation regime is very important when it comes to political environment. If a government is balanced in terms of tax and budge, the companies are motivated to produce more and grow.

3. Foreign Policies

Political Environment should also balance the foreign investments and growth in a particular country. If there is no foreign investment, growth and technical knowledge can be issues but if there is too much foreign investment inflow then it can lead to loss of domestic players.

Examples of Political Environment affecting Business

1. The policies made by the government have a significant impact on any company's international market
2. Also the tax rates decided by the government impact the firms in different ways
3. Promotion of self-business by the government

3. Technological Environment

Technological Environment means the development in the field of technology which affects business by new inventions of productions and other improvements in techniques to perform the business work. Those technological factors which impact the business operation are called technological environment.

Benefits of Technology in Business

Technological advances enable small businesses to work more efficiently in a number of different ways. Whether that means collaborating with remote colleagues using video-conferencing software or texting customers to request a Google review, technology allows businesses to more effectively reach their goals.

a. Collaborating with Teams

Team collaboration software and apps have changed the way many businesses operate. Companies no longer need to save multiple versions of documents and spreadsheets, and email them to each other in order to get feedback from their colleagues. With online authoring tools such as Google Docs, businesses can enable multiple team members to work on and review documents simultaneously, saving time.

Teams can collaborate using messaging solutions such as Slack, which allows businesses to separate conversations into channels for easier organization and reference. Project management solutions such as Basecamp and Teamwork let companies effectively organize their projects, assign tasks, track progress and maintain schedules.

b. Meeting Customer Needs

Customer service is paramount for both big and small businesses today, and the customer experience often begins when a prospect reaches a company website. Web chat software can help small businesses reach out to prospects in an automated but personal way. When businesses are able to offer help and answer questions through a chat solution, prospects may be able to make the purchasing decision sooner.

Many organizations use the power of social proof to captivate their audience by asking customers to post reviews online. This process can be automated through review-request software, which can be set up to automatically email or text customers, asking them to post a Google review of their experience. This gives prospects the ability to see what other customers think of the business, and enables the business to acquire new customers by building trust online.

c. Targeting Audience Segments Effectively

Businesses can use online search engines such as Google and social media channels such as Facebook to target various segments of their audience with highly tailored ads and content. For example, Google enables businesses to target by demographic and keywords, plus a number of

other measures. Remarketing to users who have previously visited the business website and users who are searching for similar products is also possible.

This kind of targeting allows businesses to offer valuable information to their audience segments. Unlike TV advertising that reaches a large audience with a general message, online display and search advertising lets organizations cater specifically to what their audience is looking for.

d. **Improving Work-Life Balance**

While technology can cause employees to be overworked, it also enables many people to maintain a work-life balance. Improved network connectivity allows employees to work from home. Many organizations have full or partial remote offices, while others have policies where their teams can work remotely in cases of bad weather or outside appointments. This saves many employees from spending time commuting.

As most businesses are now paperless, employees are also able to work flexible hours outside of the office in cases where there is a work-life conflict. Collaboration, project-management software and video-conferencing tools ensure that colleagues can stay connected even when they are not physically in the same space.

e. **Doing Business Online**

For many small businesses, technology has opened up a new market online. While many companies still serve customers in person, many organizations have online stores. E-commerce allows small businesses to reach wider audiences that are outside of their geographical area, which can be particularly useful for small niche offerings.

Conducting business online isn't limited to making sales. Technology enables businesses to give prospects the option to book business consultations and service appointments through calendar tools integrated with their websites. This gives website visitors the flexibility to book on their own schedule, rather than having to make a phone call during business hours.

Factors of Technological Environment

1) **Pull of Technological Change**

Technological change generally refers to the advancements in the production and manufacturing process of different goods and services. So it is when we improve the way products are made or services are delivered. In these times there is always a new invention or better technology around the corner.

This technological change brings both opportunities and threats to a business. There is always the advantage of assessing the technological environment and embracing the new technology. This can make your product better, bring down costs, edge out the competition, increase production capacity, etc. But at the same time, such changes if not adopted by the businesses can make them obsolete and out of fashion very quickly.

2) **Opportunities from New Innovations**

There are so many concepts, products, services, etc that have been unexplored in the market. The advancements in technology mean that there is the possibility of a new invention every single day.

And firms have to be alert about their technological environment to smell out a great opportunity. If the firm can capitalize on a new invention or product, it can become a pioneer in the industry.

For example, see the boom in the smartwatch and fitness tracker market. It all started back in 1998. Such new products enter the market every year. And to capture this market a firm has to be aware of its technological environment.

3) Risk of Technological Environment

With opportunities come threats. If the company does not keep a track of the new innovations and advancements in the industry, they risk being out of date. If a business cannot adopt a new technology it can be forced out of the competition. There is also the ever-present risk of new innovations and entrants to the market.

4) Role of Research and Development

The other important aspect of the technological environment is the role of the R & D of the country. Technology and business are very interdependent. The benefits of all the R&D a country does reaches the public via the businesses. These findings and developments improve our quality of life and uplift the economy and society.

4. Social Environment

Factors like social outlook towards education, literacy, fashion, tendency, population growth, family structure, dynamism, materialism, etc. affect the business environment, it is called social environment.

In the modern age, new social recognition and values have been established. These include the high quality of life, feelings of respect for people, love for knowledge and education, faith in authorities and feelings of competition. It is necessary to keep these in view, in the management and operation of the business.

Factors affecting Social Environment

1) Systems and Traditions

The systems, traditions, customs, social recognition, religious faith, moral values, religious sects, festivals, functions, etc. established by the society guide the business and entrepreneurship. They affect the functional operation of the business.

2) Traditional and Scientific Thinking

Traditional or scientific thinking of society affects the business environment. If people are highly traditional, they can not provide a conducive environment for business. Such an environment is needed for the expansion of the business and as a result, many new commodities will be visible in the market.

3) Materialism

The outlook of comforts and facilities towards life, the outlook of maximum consumption of physical commodities or aspiration for high living standards is called materialism.

4) Outlook Towards Managers

The outlook of the society towards the managers, the delegation of powers, fulfilling the responsibilities and participation of employees in management affect the business environment.

5) Changes and Risks

The attitude of the people towards changes or otherwise, and the capacity and desire for risk-taking or otherwise also affect the business environment.

6) Notions and Views

Notions and views, like purchase sale, uses, assets making, profits, standards of living and lifestyles, always prevail in society.

7) Feelings Towards Work

The desire of people to work for the sake of satisfaction and reputation or for earning wealth is instrumental in developing the business. If such desire lacks, no development if possible.

8) Level of Cooperation and Organisation

If people cooperate with each other, then the entrepreneurs will solve their problems by making adjustments in their business.

9) Social Values

Social values include devotion for the family, love for art, devotion towards knowledge, affection, and friendship, power authority, honor, reputation and love for mankind, etc.

10) Growth and Characteristics of Population

Male, female, caste, religion, class, creed, education, income, and age, etc. also affect the business.

11) Family Composition

Joint family, nucleus family, etc. also affect business activities.

12) Sense of Responsibility Among People

Devotion towards responsibilities, proper use of powers, level of trust and mutual relations among the officers also affect the business.

13) Logical and intellectual levels

Logical and intellectual levels of society also affect the business environment.

5. Cultural Environment

Cultural environment is a concept in business which helps to understand the customs and collective beliefs of a set of people or society based on their culture, religion, region, nationality, language etc.

Importance of Cultural Environment

To understand the customers of a particular region, studying their social and cultural environment is very important. The environment shapes the values, behaviors, attitudes and aspirations of people. Cultural environment is the behavior or beliefs of a certain group of people based on factors influencing their culture. Studying cultural environment is very important for any business to thrive as it helps them make the right product for the right people at the right place at the right time & right price.

Components of Cultural Environment

There are many elements which need to be evaluated to understand the socio-cultural environment. The key factors which define the culture, customs and beliefs of a group of people or society are as follows

a) Nationality

The values, history and beliefs of every country defines the cultural environment amongst the citizens of a country.

b) Religion

Religious practices and beliefs defines various factors on how a business should operate and communicate as it must be accurate about religion as well as be careful of handling sensitive issues.

c) Language

The preferred language or mother tongue of a region, town, city, state or country can define the cultural environment.

d) Region

Regional factors like geography, terrain, climate etc. also creates a collective group or segment of people which marketing firms can address to.

e) Demographics

Age, gender, marital status etc. also define cultures, beliefs and attitude of people.

f) Education

Cultural environment is also classified and segmented based on education, social status, income levels etc.

6. Trade Environment

The environment of International trade is regarded as the sum total of all the external forces working upon the firm as it goes about its affairs in foreign and domestic markets. The environment can be classified in terms of domestic and global environment.

- Domestic Environment.
- Global Environment.

1. Domestic Environment.

Domestic environment means the environmental actors and forces existing and operating at national level. Domestic environment includes economic, financial, political legal, and technological factors operating within the political boundary of a country. Domestic environment affects firm's domestic as well as international business. Domestic environment of international business consists of the following:

- Competitive structure,
- Economic climate,
- Political and legal forces.

Business firms are generally familiar with the factors constituting domestic environment.

Therefore, business firms are in a position to adapt itself to them. For example, if there is lack of demand for a firm's products or there is intense competition in the domestic market, the firm may formulate a strategy to go for international business. Similarly, if the government offers incentives for exports, the firms may like to go for exporting.

Elements of Domestic Environment

- Cultural and Social Elements

Cultural and social norms are important marketing environment factors because they influence the type of customers you target, the range of products you can offer, and the way you communicate with the market. Cultural and social influences shape a customer's preferences and ways of doing business, so it is important to understand and respond to the factors. Certain colors, for example, have positive or negative significance for different cultural groups, so your products and packaging must reflect those preferences.

- Political and Regulatory Issues

Your marketing strategy must take account of the domestic political and regulatory environment. Politicians and regulators may wish to impose restrictions on certain industries to protect consumers, for example. They may take action to reduce trade barriers and increase global competition, potentially opening up your existing market to new competitors. Your products must comply with any health, safety and other type of legislation that relates to your industry.

- **Current Economic Conditions**

Prevailing economic conditions in the country are among the most important elements of marketing environment because they have a direct impact on your marketing program. During a recession, for example, consumers and businesses have less to spend, reducing demand for many types of products and services. Products that offer high value for the price will have a greater appeal during difficult economic conditions. Economic prosperity provides a better environment for marketing luxury goods or higher-priced versions of your product range.

- **Assessing the Competition**

The level of competition in your marketplace influences your marketing strategy and tactics. If you face strong competition in one sector, you can try to increase your share by improving the price or performance of your products. Through advertising and public relations – two components of an integrated marketing campaign – you can announce these improvements to potential customers.

- **Range of Pertinent Media**

The media infrastructure in the domestic market determines your options for communicating with customers and prospects. Depending on your product and your target audience, you may benefit from a wide choice of magazines and newspapers; television and radio stations; and digital options such as internet websites and social media. The increasing diversity of media will enable you to select the media that reach the greatest number of prospects at the lowest cost.

- **Logistics Elements of Marketing Environment**

Marketing and logistics work hand-in-hand. When your marketing encourages customers to buy your products, you need to get them to your customers in a reasonable amount of time. If you don't, their overall customer experience will suffer and they may not purchase from you again. To reach your domestic customers in a timely manner, you need a well-developed logistics infrastructure. A strong network of retailers or distributors is important if you market your products through indirect channels. If you market your products throughout the country, a national logistics infrastructure of warehouses, distributors and transport operators will help you to access your market easily.

- **Ever-Changing Technology**

The technology infrastructure influences the domestic marketing environment in a number of ways. It can provide an important communication channel, enabling you to market your products through a website or via email. If you supply digital products or services, you can use the Internet to distribute them. Technological advances over the past decade resulted in the explosion of social media, which advertisers are increasingly using as an additional way to reach current and potential customers.

2. Global Environment.

Global environment means the factors operating on worldwide basis or regional basis. Global environment is not confined to just one country but entire world or a group of countries. Hence, the impact of global environment is visible in a home country as well as foreign countries.

Elements of the Global Environment

The elements of the global environment can be broadly categorized into general environment and task environment.

1. environment

- **Political**

This factor either increases opportunities or registers threats to the progress of organizations. It poses threats to a company's potential growth and revenues. Political factors may lead to a raise or lower corporation tax, which impacts profits, increased value-added tax on products, and increased business rates.

- **Economical**

Most of the economic factors, for instance, in Apple, have been sources of opportunity and growth. Stable economies of countries enable a better business environment enabling rapid growth. Most importantly, a stable economy gives ample lucrative business opportunities, increasing disposable incomes among the target customers.

- **Sociocultural**

Socio-cultural trends affect businesses due to influences from consumer behaviors and expectations. Consumer perception, religious backyard, level of consumerism, among other socio-cultural factors, affect sales of products.

- **Technological**

Intriguing technology and funding levels to research potential ever-competitive cutting edge technologies are technological opportunities for businesses. Apple company has gained from different advancements, like the ever-growing cloud computing technology, integration of technology into business, and the ever-growing mobile market. However, the company has received equally substantive threats from other competitive firms in the electronic industry.

- **Environmental**

The 21st century policies on the environment, including concerns of safe and renewable energy sources, obligate companies to use extra costs in planning and implementing the policies. Business sustainability trends are an opportunity that can be tapped into by business organizations.

- **Legal**

All operating businesses must abide by the government legislation, which may come with extra cash or time resource costs. Apple company in the past has faced threats of legal challenges against its policies and practices. Increased privacy regulations may present as both threat and an opportunity.

2.Task environment

The external environment that impacts an organization's ability to reach its goals is described as a task environment. Task environment comprises of several factors in the external business environment, which influence the ability of a business to manufacture, sell and deliver their products, and they include:

- **Competitors**

Competition from an alternative product provider affects the business's ability to get maximum sales in a given market. However, competition between businesses is good for customers since they can have a chance to settle for top-quality goods and services at the right price.

Companies can establish a strong brand, clarify the unique selling points of goods and services, and make top-quality goods to eliminate competition environment impact.

- **Suppliers**

They are essential in linking production companies with the ultimate product delivery system.

Supplies from suppliers form the basic resources required to produce goods and services. Any halt in the supply environment a company's marketing strategy and production units.

- **Government regulations**

Economic policies and market policies often imposed by the government can influence business operations. The government can regulate business in different areas, like consumer protection through advertising restrictions, safety, and health policies to protect the employees, environmental impact legislation to companies, employees and labor protections, data security, and privacy protection.

- **Consumers**

A company that relies on few customers is at serious risk of reducing revenues and profits if some customers withdraw. A vast customer base significantly impacts the company since it can sell more and improve its value. A company loses its best employees when the customers are not satisfied with products and services. This arises since whenever a company has customer service issues, the best employees find themselves bearing the fault of irresponsible employees, promoting dissatisfaction and burnout.

- **Special interest groups**

Global environment factors may arise from small groups of individuals in the general, political, economic, or health sectors with concerns about a company's specific services and products. For instance, certain special religious groups against organ transplant procedures which depends on organs cloned in animals like pigs, or dietetics concerned about the nutritional values of certain food products.

- **Labor force**

Increased demand for goods and services from a company calls for increased output to meet this demand. Therefore, companies add more labor force to meet such demands, which becomes a positive way a business can enjoy the global labor force.