

# THE BUSINESS ENVIRONMENT

## IN THIS MODULE WE FOCUSED ON

The management environment was described as "All those factors or variables, both inside and outside the organisation, that may influence the continued and successful existence of the organisation" (Davis et al., 2016, p. 49).



## BUSINESS ENVIRONMENT CONSIST OF

Being these are environmental factors and variable both **inside** and **outside** the organisation, a business environment can be divided into three different environments, namely:

### THE MARKET ENVIRONMENT

Which directly surrounds the business and within which competition within the industry takes place, and finally

### THE MICRO-ENVIRONMENT

The micro-environment, which refers to the business's internal environment

### THE MACRO ENVIRONMENT

The macro-environment, which is external to the organisation

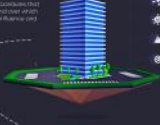


In summary, describe the various environments of the business, internal and external environment, and the impact of these on the business and its performance.

## THE MICRO ENVIRONMENT INTERNAL ENVIRONMENT

Which is the main and **Direct environment** in which the manager operates, constitutes the business itself and entails all the factors, variables, processes and procedures that occur within the business and over which management directly has a financial and control.

- Resources
- Organizational Functions
- Policies
- Strategies
- Goals & Objectives



- Customer
- Suppliers
- Competitors
- Intermediaries
- Labor Force

## THE MARKET ENVIRONMENT EXTERNAL TO THE BUSINESS

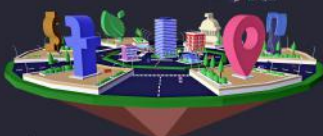
Is the business environment that **Directly** surrounds the organisation in which competition within a specific industry takes place. This environment consists of all the factors, or variables, which are external to the business, but which can directly influence the growth and sustainability of the organisation.



## THE MACRO ENVIRONMENT EXTERNAL ENVIRONMENT

This environment represents the **Broader Environment** within which the business organisation operates. This factor in effect surrounds both the micro, as well as market environment. These influences, or variables, are mostly uncontrollable by business managers, but could positively or negatively influence the success of the organisation.

- Political
- Economic
- Social
- Technological
- International
- Ecological



## ANALYSIS OF THE MANAGEMENT

An analysis of the management environment requires knowledge and understanding of the theory of management environments as discussed in the previous sections, as well as an application of what we call the analysis into the management process.



In conclusion, we considered a process of analyzing the business environment and describing the various internal and external environments. This process is the

- 01 Identifying the Environmental Variables
- 02 Identifying the Environmental Variables
- 03 Developing an Environmental Profile
- 04 Prioritizing the Variables, Issues and Vulnerability