

Certificate in **BUSINESS MANAGEMENT**

Online Class

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INTRODUCTION TO BUSINESS



Chapter (2) Analyzing the Business Environment

- i. What is the Business Environment?
- ii. Micro Environment
- iii. Macro Environment





II. Analyzing the Business Environment

i. What is Business Environment ?

" The Business Environment encompasses all conditions, circumstances and influence surrounding which affecting the development of an organization. "

Business (represents the organized efforts of enterprise to supply goods/services to consumers)

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Environment (Includes the factors which can lead to opportunities for or threats to the firm)



II. Analyzing the Business Environment

Types of Business Environment

Internal Environment

- within the company
- under the control of the company (tangible or intangible)

External Environment

- outside the organization
- under no control of the company



II. Analyzing the Business Environment

Internal Environment Factors

- 1. Plans & Policies**
- 2. Value Proposition**
- 3. Human Resource or workforce**
- 4. Financial and Marketing Resources**
- 5. Corporate Image and brand equity**
- 6. Plant/Machinery/Equipment**
- 7. Labor Management**



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Internal Environment Factors (Cont.)

- 8. Inter-personal relationship with employees**
- 9. Internal Technology Resources & Dependencies**
- 10. Organizational structure**
- 11. Quality and size of Infrastructure**
- 12. Operations**
- 13. Financial Forecast**
- 14. The founders relationship and their decision making power**
- 15. Code of Conduct**



II. Analyzing the Business Environment

External Environment Factors

Two types of External Environment

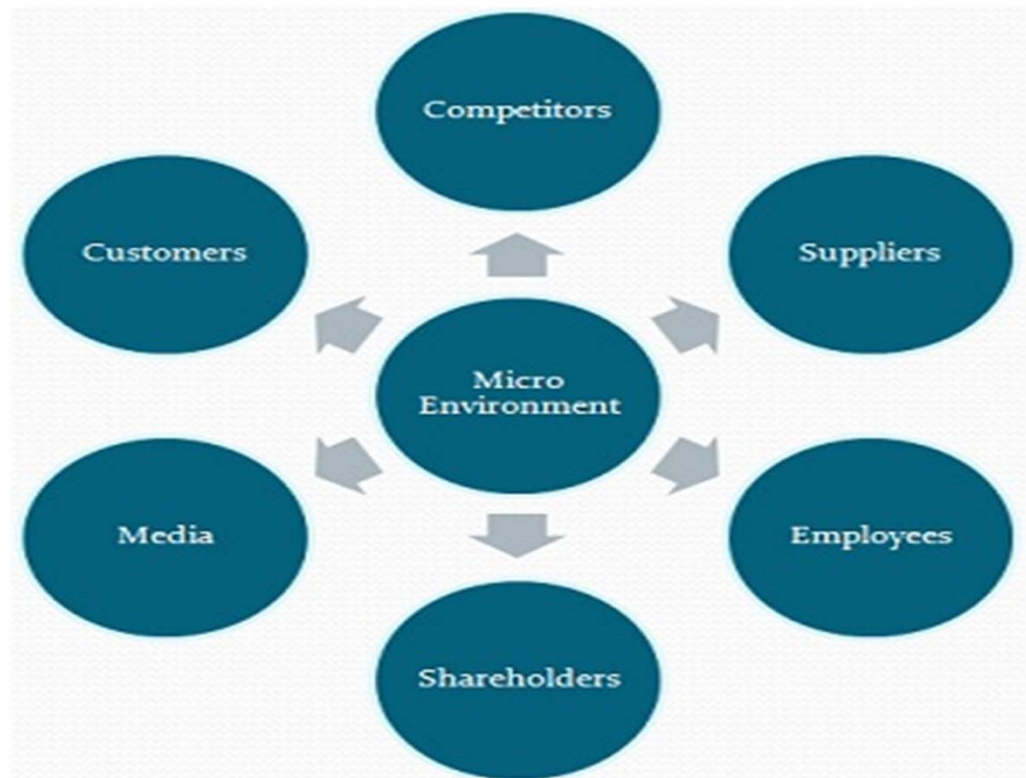
Micro – Specific Environment

Macro – General Environment

II. Analyzing the Business Environment



ii. Micro Environment





II. Analyzing the Business Environment

ii. Micro Environment

The **micro-environment** is basically the environment that has a **direct impact** on your business.



II. Analyzing the Business Environment

ii. Micro Environment

The micro environment factors are

- **Customers**
- **Suppliers**
- **Resellers**
- **Competitors**
- **Communities**
- **Agencies**

II. Analyzing the Business Environment

iii. Macro Environment





II. Analyzing the Business Environment

iii. Macro Environment

The **macro-environment** is

- more general
- in the economy itself
- has an effect on how all business groups operate, make decisions and form strategies simultaneously.

It is quite **dynamic** which means that a business has to constantly **track its changes**. It consists of external factors that the company itself **can't control** but is certainly affected by.



II. Analyzing the Business Environment

iii. Macro Environment

Some **Macro Forces** are

- **Political and Legal Forces**
- **Economics Factors**
- **Social Factors**
- **Technological Factors**
- **Ecological / Environmental Factors**



II. Analyzing the Business Environment

iii. Macro Environment

Political and legal forces

- every business needs to adapt and adjust the operation as well as strategy formulation in accordance with national and international legal and political forces.



II. Analyzing the Business Environment

iii. Macro Environment

Some **Political and legal** factors are

- Copyright law
- Employment law
- Discrimination law
- Health and Safety law
- Import/Export law



II. Analyzing the Business Environment

iii. Macro Environment

Economic factors

effect on two essential aspects

-your company's levels of production and

-the decision-making process of your customers.



II. Analyzing the Business Environment

iii. Macro Environment

Some examples of **economic factors** affecting business:

- Interest rates
- Exchange rates
- Recession
- Inflation
- Taxes
- Demand / Supply



II. Analyzing the Business Environment

iii. Macro Environment

Social and Culture Factors

It is crucial to understand social values, norms, demographic and culture factors prior to launch the product that you bring to the market.

Demographic forces which impacts on the buying behavior such as - age, education level, cultural characteristics, country and region, lifestyle, and so on.



II. Analyzing the Business Environment

iii. Macro Environment

Some examples of **social and cultural** factors

- Purchasing habits
- Level of education
- Religion and beliefs
- Consciousness about health issues
- Social classes
- Structure and size of a family
- Growth rate of the population
- Life expectancy rates and age distribution
- Different lifestyles



II. Analyzing the Business Environment

iii. Macro Environment

Technological factors

technology that are implemented for production, **ICT**, as well as all the **materials** that a particular product requires to be made. They are essential and can have a big impact on how well your business is running.



II. Analyzing the Business Environment

iii. Macro Environment

Some of the most common **technological** factors are:

- Automation
- Internet connectivity
- 3D technology
- Speed/power of computer calculation
- Engine performance and efficiency
- Security system
- Wireless charging



II. Analyzing the Business Environment

iii. Macro Environment

Environmental Factors

-planet and its resources such as

forests and agricultural products

pollution

are strongly related to production and business operation.



II. Analyzing the Business Environment

iii. Macro Environment

Some **environmental factors** are

- **Climate change**
- **Pollution**
- **Weather**
- **Laws that regulate the environment**
- **Survival of particular biological species**



II. Analyzing the Business Environment

iii. Macro Environment

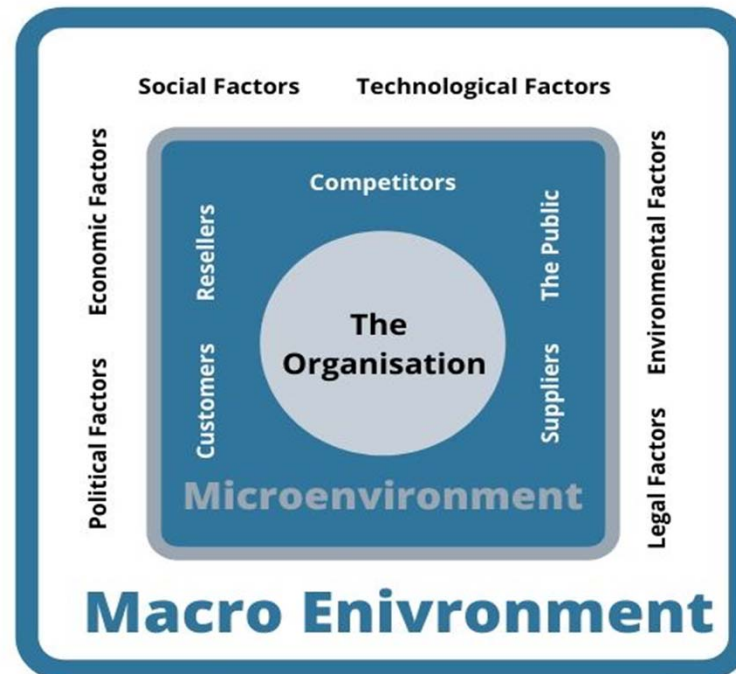
It is crucial to understand that the product that you bring to the market can have a strong impact on **society**.

your production needs to eliminate every practice that is hazardous to society, and show that it is **socially responsible**.

II. Analyzing the Business Environment



Analyzing the Business Environment





II. Analyzing the Business Environment

Interpreting the Internal Environment

- **Internal factors** after being figured out are grouped into the strengths and weaknesses of the company. If one element brings positive effects to the company, it is considered as **strength**.
- On the other hand, if a factor prevents the development of the company, it is a **weakness**. Within the company, there are numerous criteria need to be taken into consideration.



II. Analyzing the Business Environment

Interpreting the External Environment

External factors

Interpreting the outside environment –
Opportunity? or Threats?

And take action to response the changes - business men should take suitable adjustments to their action in accordance with the external environment.



Thank You For Your Attention!

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