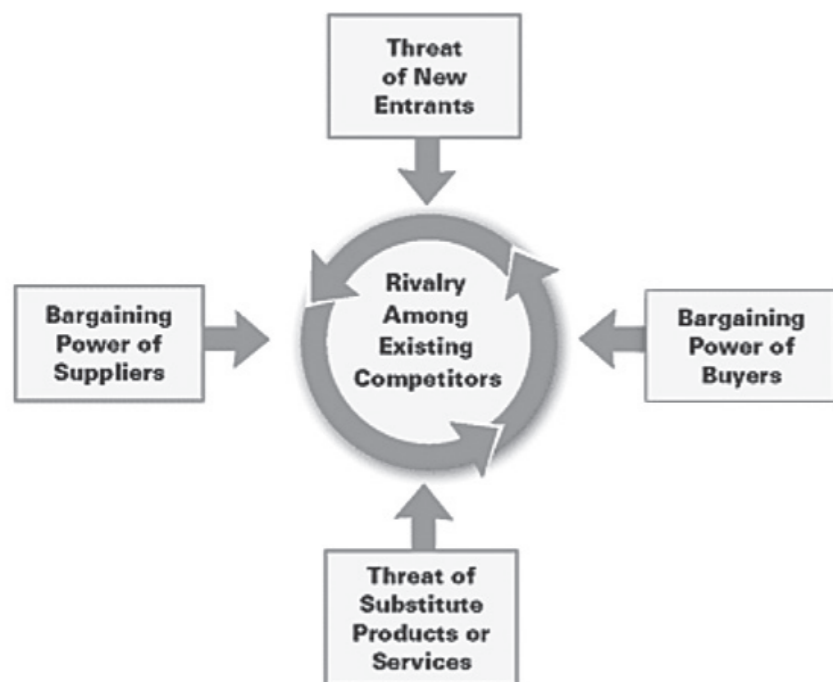


COMPETITIVE ENVIRONMENT

Michael Porters Five Force Model



Solution: Kierstsu (Example) – Small groups formation to carry on business through coordination

BUSINESS ENVIRONMENT

ENVIRONMENTAL INFLUENCES ON BUSINESS

- Complex (which include many factors)
- Dynamic (changes rapidly)
- Uncertainty (which is difficult to predict)
- Impact

MACRO ENVIRONMENT (GD PEST)

- G – Global** – Integrating with world market
Six Reasons – MRFTTP³
Eight Manifestations – REPTILCS⁴
- D – Demographic**
Population features – Age, Sex, Education, etc.
- P – Political**
 - Govt** [Under which business is held]
 - Legal** [Compliance with laws]
 - Political** [Sustaining unions]
- E – Economic**
Demand & Supply Forces, availability of 4M's & Cost – Revenue
- S – Social** – beliefs, norms, relationships, values, etc.
- T – Technological changes**

OBJECTIVES OF BUSINESS

- Survival** – Initial stages of Business
- Stability** – Conservation objective
Lease Expensive
- Growth** – Popular objective
It takes place through ASETS
- Efficiency** – Operational objective
Tool for Reduction in cost
- Profit Making** – Ultimate, Primary objective
[The first four objectives are meant for profit making]

“ PEGSS ”

RELATIONSHIP BETWEEN BUSINESS AND ENVIRONMENT

- They exchange**
- Information**
 - Resources**
 - Influence & Power**

MICRO ENVIRONMENT (CIMCOS)

- C – Consumer** (their needs and buying patterns)
- I – Intermediaries** (bridge the gap between producers and consumers)
- M – Market**
(Knowledge of CPTMD² is necessary)
- C – Competitors**
(their strategies and price structure)
- O – Organisation**
 - Owners – Profits
 - BOD – Institution and Building
 - Employees – Career and Job guarantee
- S – Suppliers** (Affect the cost structure)



1

- A – Assets Increase
- S – Sales Volume increase
- E – Acquisition of New Enterprise
- T – Technological adoption
- S – Share in Market

2

- C – Cost Structure
- P – Price sensitivity
- T – Technological changes
- M – Maturity of Market
- D – Distribution pattern

3

- M – Cheap Material
- R – No Richness
- F – Foreign Investment
- T – Time and space is low
- T – Reduction in Transportation costs
- P – Private Enterprises

4

- R – Regional blocks
- E – Efficiency in Marketside
- P – Privatisation
- T – ↓ Trade Barriers
- I – Infrastructure at International prices

- L – Linked Economies
- C – Configure any where
- S – Skilled resources