

Business environment

The Macro-Environment
(external factors that affect an organisation's performance, many of which are beyond the control of the business)

- Factors which the organisation has some control over
- The market structure that the organisation competes in
- Has direct impact on the company's strategy

The Micro-Environment

- Elements*
- Employees**
(Lifeblood of the business)
 - Customers**
(Companies survive by meeting customer's needs and wants.)
 - Suppliers**
(Good relationships with suppliers helps combat rises in prices.)
 - Shareholders**
(They own the company.)
 - Media**
(Can affect the business performance through positive/negative attention.)
 - Competitors**
(Close observation allows to differentiate.)

- Forces that affect organisation's ability to develop and maintain successful transactions with its customers
- Dynamic: ever changing in nature
- Can be sub-divided into micro-environment and macro-environment

PESTLE

- Political
- Economic
- Social
- Technological
- Legal
- Environmental
- tool used to analyse and identify the key macro-environmental (external) factors that may affect an organisation
- aims of doing the PESTLE analysis
 - find out the current external factors affecting the organisation
 - identify which may change in the future
 - exploit the opportunities/defend against the threats better than competitors
- used to examine the current and future state of the industry an organisation belongs to

the PESTLE process

- Step 1.** Gathering information about factors
- Step 2.** Identifying which PESTLE factors represent opportunities/threats

SWOT

- Strengths
- Weaknesses
- Opportunities
- Threats
- Strategic planning tool
- Internal: strengths and weaknesses
- External: opportunities and threats
- Specifying the objective of the business venture/ project to identify the internal and external factors favourable/ unfavourable to achieving that objective