



SIGNIFICANCE OF INTERNAL FACTORS IN CREATING BUSINESS ENVIRONMENT TO SMEs AND PUBLIC POLICY

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Abstract

Internal factors have a major impact on business environment. A business does not exist in a vacuity, they are in a context functioning, in this article, and you will get to know the complete business environment. The purpose of this research is to expose the significance of internal factors in creating the business environment. We presenting our research methodology utilize in this detail study, which is a combination of qualitative and quantitative methodology. To understand the purpose of this article, a few objectives and research questions related to the influence of internal factors are determined, with this public policy of its role of NGOs in principle implementation and voluntary organizations.

Keywords: Business Environment, public policy

Introduction

Business and community must set high boundaries while consider ethics value in a business context. Community should not be left out of setting up the structure within thus business can operate - Peter Miles. Both the individual and the environmental are two components of success for business. Businesses are economic activity that creates income, e.g. buying and selling, producing and providing ancillary services to business. The word "environment" relates to everything that the around a system. So business environment refers to a rounding's, including people in thus the business life.

Each business operates in a specific environment, and every business units its have own environments. An environmental change presents moment's gives opportunity to few and threatens to someone. Businesses environmental are described as the enrolment of inside and outside elements that affect the operational status of an organization. Business environment is will change concept or a event with growing and upcoming trends for every company/manager and there must be a strong conceptual policy structures to support the growth and utilize of business and environment data in decision-making.

Objectives of this article

- The main objective of studying the analytical techniques of the internal environment is to provide insight into aspects of strategic Emphasis on the organization.
- Encouraging future orientation in the thought of management and employees;
- To assess the relationship between comparison advantage & internal environment.

Research question

1. The internal-environment has a great influence on the formation comparison advantage for the business environment?

Hypothesis:

Internal factors have more impact on creating comparison advantage than other factors.

A conceptual model was constructed based on the literature. We develop our theoretical model with internal-environment as the independent variable and comparative advantage as the dependent variable.

Methodology:

The methodology is a combination of primary & secondary research. An integrated qualitative and quantitative method is utilized. We developed a survey based on the review of literature and our understanding of the opinions. An in-depth interview creates the possibility of further elaboration of the semi-structured concept. Semi-constructed interviews have most information than constructed interviews. A complete picture of the situation was received from the interviews. At this stage, personal-interviews was done along with Financial Managers and Marketing Managers & Representatives from various sectors such as manufacturing, service, construction, trade etc. Quantitative research involves the results of questionnaires. SPSS, version 21 is used to generate data.

Analysis - Internal Environment:

Based on descriptive analysis the respondent belong to service sector 37.4%, respondent from manufacturing sector 27.8%, respondent from construction 26 % and balance 2.6% respondent from other fields.

Exploratory research factor analyses are a statistical-analysis that helps discover latent structures among interrelated variables. The study has a sample of 460 respondents from various SMEs

Internal environment will be measured and displayed as an average in 14 questions. This was repeated and appropriate research factor analysis was done using analysis method with varimax rotation. The 12 questions explained 56.41% of the Total variation. Cronbach's alpha reliability coefficient is 0.934, it is in fact high. Table 1 presents the results of this analysis

Table 2 Factor analysis Cronbach alpha's = 0,934

<i>Internal Business Environment</i>	
1. Skills to develop quality products and services	0,774
2. Distinctive skills for evaluating and imparting knowledge	0,722
3. Skills to communicate worth's and aims	0,810
4. Companies brand and trust names	0,893
5. Skills to evaluate and apply culture	0,868
6. Ability to administer human resources	0,866
7. Ability to utilize technologies	0,773
8. On-the-job skills, abilities, training and experience	0,877
9. Skills to utilize the software	0,815
10. Skills to develop business plans and clarify how ideas can actually be converted.	0,813
11. Ability for analysis and forecasting new capabilities	0,825
12. Effect of tangible-assets	0,700

Limitation

The survey was limited, 460 companies were selected to answer the questions related business environment, and another limitation may be related to the questionnaire. Some questionnaires were self-administered by participants. The factors added in this research study are not the only contributing factors, certainly there are another factors as well.

Full Dimensional of Business Environment

The business environment is made up of five dimensions rather than one dimension. These are Revenue, Expense, Strategy, Assets and Liabilities and Stockholders.

Revenue; - Business revenue is determined by many aspects such as price fixation, competition and quality of production. A firm retains pricing fixation by increasing price of selling to cover costs incurred in costs of raw materials and wages. A competitive environmental can influence to earnings in two-ways. A small business cannot raise prices if there is too much competition in the market, a business must change Product Assortment mix and designs of product to reply to its competition.

Expense: - Expense and income are significant dimensions since they determine absolute profitability. During an economic downswing, businesses cut costs to keep profitability. An increase in input price may be enjoying through periods for strong-economic development. During economics downswing, price of input pressures can easy as business measure back production operations and lay off employees. Supply of contracts can also affecting price.

Assets and Liabilities; - cash include in assets and inventory, even though short term debt and long term debt include liabilities. Small businesses with high levels of debt functional flexibility may be lost due to interest costs when interest rates rise. Although substantial cash balances act as safety equipment's during downswing, companies with high inventories and accounts receivable may be at risk of cash flow shortages.

Strategy: - Victorious businesses expect and accept change. Knowing how to balance Daily operational management include long time strategic thoughtfully, including partnerships of building and Examining connections to developing market share. Strategically management is communicating-plans and stockholders expectations, especially in unsure economics time.

Stockholders: - Stockholders are one of most important elements of the business environmental. Additionally to the founding father, distributor, customers and staffs, Public firm should deals with directors, stock market analysts, and reporter of businesses, investors and authorities of regulatory.

Public policy:

Public policies are antiquated. Public policies are designed and implemented wherever there are governments. The government should formulate many policies to deal with the various problems and people's demands, attempts to explain the substance and categories for public policy. It highlights the different elements for a policy and is categorized by principle, result and objective. The importance and aspects of public policy will be discussed and the relationship between politics and policy will be brought out.

Richard Rose said - "Public policy is not an end, it is a trend or a course of action".

Thomas R. Dye said - "Public policy is what the government does want to do or doesn't do it".

The following will explain the nature of the general policy more clarity.

- Public policies are Target Dependent. Public policies are generally designed and implemented to achieve the objectives that government aims at the ultimate good of the masses. These policies plainly explain the schemes of the government.
- Public policy is effect of communal action by government. It refers to a method or activity or government officers and actors in sectarian meaning of what is referred to as their distinct and separate decisions.

- Public policy is government in fact decision making or choosing accomplish. It is the connection of government part to a particular sector of the political atmosphere given that management system. It can take various forms such as legislation, Decrees, court orders, administrative orders, and decisions.
- Public policy is positive in that it portrays the government's concern and includes their action to address a dire problem for which the policy was created. Behind it is the sanction and authority of law. Negatively it includes decisions by government officers to take no action on a serious problem

The growing importance of public policy:

It is clarity from the sections of the part that the policy is a purposeful measure of how a problem, worrying message is handled within a certain period of time. Prior into the question of significance attached to policy creation, implementation and surveillance, it is better to review the elements of public policy.

- Policy is purposeful and deliberately designed. A policy requirement has a purpose or objective. It doesn't appear by accident or chance. a target is Once decided, policy is formulated to determine the action required to reach that a target.
- A policy is good was contemplated and not a serial of unique results
- A policy is something that is in fact done, designed or not as desired, a report of target does not create a principles
- The policy also defines the Deadline within which its targets are to be bringing off.
- Policy follows a limited the action that is creation, activation, monitoring and Assessment.

Levels of Public policy processes

A multi-level a brief Special feature of public-policy elucidates the actual procedure of public policy in India. Policy creations are the first step of public policy procedure. Through in this procedure the demands of the organization are changed into policies. But beginning this it has to be plainly recognized as to thus demand require to be converted into policies. In the policy elaboration phase, the designed public policy is additionally clarified and explained to make it more comprehensible. The next stage is policy education in the general policy process. Through various channels of abundance media the government tries to make the people aware of the policies formulated. After that Status is coming of principle enforcement when the principles are properly implemented by several administrative agent at the state, central and local levels.

Conclusion

The study exposed a positive correlation internal business environment. This conclusion is also supported by various researchers who positively assess the effect of internal-factors on the business environments. This led to a formal understanding by the government of security policies & regulations, depicts them as given-obvious constraints that can be easily implemented and Business as usual. This systematic viewpoint ignores the array of oppositional or cooperative Techniques utilized at business to answer to process Security is involved in developing, institutionalizing and changing government policies & regulations.

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