

## 6.7: Reading- External Forces

### External Forces That Influence Business Activities

Apple and other businesses don't operate in a vacuum: they're influenced by a number of external factors. These include the economy, government, consumer trends, and public pressure to act as good corporate citizens. The figure below sums up the relationship among the participants in a business, its functional areas, and the external forces that influence its activities.



Figure \(\PageIndex{1}\): Business and its environment.

Participants in a business must respond to the conditions created by a variety of external forces. Economic factors include things like strong economic growth cycles or recessions, consumer confidence and other economic indicators, interest rates and the strength of financial markets. Government actions such as policies, regulation, tax code and legislation all impact businesses as well as their internal and external stakeholders. In order to serve customers effectively, it is essential to monitor consumer trends such as consumer spending, fads, fashions and buying behavior. Demonstrating strong corporate citizenship through ethical business practices helps ensure goodwill and a culture of trust among all stakeholders and society at large.

The fast food industry provides a great example of how all these factors come together to affect business. A strong *economy* means people have more money to eat out at places where food standards are monitored by a *government* agency, the Food and Drug Administration. Preferences for certain types of foods are influenced by *consumer trends* (eating fried foods might be okay one year and out the next). Finally, a number of decisions made by the industry result from its *desire to be a good corporate citizen*. For example, several fast-food chains have responded to environmental concerns by eliminating Styrofoam containers.<sup>[1]</sup> Addressing public health concerns about obesity in the U.S., many fast food restaurants have added healthier alternatives to their menus. As you move through this text, you'll learn more about these external influences on business.

### Check Your Understanding

Answer the question(s) below to see how well you understand the topics covered in this section. This short quiz does **not** count toward your grade in the class, and you can retake it an unlimited number of times.

Use this quiz to check your understanding and decide whether to (1) study the previous section further or (2) move on to the next section.

<https://assessments.lumenlearning.com/assessments/154>

1. David Baron, "Facing-Off in Public," *Stanford Business*, April 15, 2006. ↵

### Contributors and Attributions

CC licensed content, Original

- Revision and adaptation. **Authored by:** Linda Williams and Lumen Learning. **License:** [CC BY-NC-SA: Attribution-NonCommercial-ShareAlike](#)

CC licensed content, Shared previously

- An Introduction to Business. **Authored by:** Anonymous. **Provided by:** Anonymous. **Located at:** <http://2012books.lardbucket.org/books/an-introduction-to-business-v1.0/s05-02-getting-down-to-business.html>. **License:** *CC BY-NC-SA: Attribution-NonCommercial-ShareAlike*
- 

6.7: Reading- External Forces is shared under a [not declared](#) license and was authored, remixed, and/or curated by LibreTexts.