

Subject: Business Economics

Course: B.A., 6th Semester, Undergraduate.

Paper No: 602

Paper Title: Business Strategy & Ethics

Unit No.: 2 (Two)

Title: Environmental Analysis

Lecture No: 2 (Two)

Title: External Environment: An Introduction

Summary

This session presents the concepts and analytical tools for assessing a single-business company's external environment.

Students exposed to environmental scanning which involves capturing information about the firm's external environment in terms of opportunities and threats.

It is a proactive exercise to ensure that changes in the external environment- either remote or operating- do not take the firm by surprise.

The external environment consists of a set of forces that originate beyond a firm's operating situation. This comprises political, economic, social, technological and legal forces which create opportunities, threats and constraints for the firm.

students learnt about the operating environment, which has a direct impact on the operations of a firm, includes all factors which a firm faces while sourcing its inputs and while marketing and selling its outputs. The competitors, customers, suppliers, and the labour market constitute the operating (competitive) environment.