

Study of business environment



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essay: Study of Business Environmentessay?, An assessment of the operating environment of business firms is the core. The students, managers and entrepreneurs need to study business environment for the following reasons: a. Understanding the nature of environment: An analysis of environment enables business firms to understand that today's environment is turbulent, complex and dynamic, and hence they cannot afford to remain passive to the fast-paced changes taking place. And at the same time the organisation must learn to live with chaos in order to cope with the radical changes.

b. Environment influences different industries differently: And within one industry different firms differently as it is multi-faceted. Therefore, the environment has to be understood in a proper perspective. c. To understand customers in a context: What distinguishes the strategic concept of marketing from the new concept of marketing which appeared in 1960 is the emphasis on environment. "Knowing everything there is to know about the customer is not enough. To succeed, marketers must know the customer in a context including the competition, government policy and regulation, and the broader economic, social, and political macro forces that shape the evolution of markets." d.

Different markets, different strategies: In terms of market, for domestic as well as international, the different strategies are required only because of differences in business environments. If there are no differences then the same strategies would have worked for both. e. To identify what is critical in environment: Business environments can be of different kinds - Internal and external, domestic, national and global, and so on.

The entrepreneurs will have to identify for themselves as to what is critical for them and focus upon the same. f. The root cause of most business problems is the self-reference criterion:(SRC) in making decisions, i. e., an unconscious reference to ones own cultural values, experiences and knowledge as the basis for decisions. Many firms have burnt their fingers because of it - like Colgate-Palmolive and Apple Computers. Proctor & Gamble lost heavily when it entered Japanese market with American products, American managers, and American practices. g.

An analysis of business environment tells the entrepreneurs of opportunities and threats (through external environment), and strengths and weaknesses (through internal environmental analysis), a precursor to designing right kind of strategies. h. Organisations have a choice in how they manage their relationships with the environment. They may be reactive, when they just sit back and wait for the environment to change, and react to changes as they happen.

They constantly engage themselves into fire-fighting immediate problems. Or they can identify and foresee changes in the environment, and plan their responses before the changes happen. They are known as proactive - planning for the future. And some of the organizations go even beyond and manage the environment in their own interests - at different times since 1900, Ford, IBM, Sony, McDonalds and Microsoft have done it. () essay essay ()

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