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The Changing Business Environment BMBM4010

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Module Overview



To equip students with a comprehensive understanding of business environments.



From micro to macro economics to global business trends.



Assessment: A 3000 word essay.

Learning Objectives



Define and explain the concept of business environments.



Differentiate between local, national and global business environments.



Introduction to economic principles and their impact on businesses



Apply business environment concepts to case studies and scenarios.

What is Business Environment



Definition: Complex interplay of external factors influencing a business.



Scope: Includes economic, political, technological, and social elements.



Business Strategy Impact: How environments shape business decisions.



Examples: Impact of Brexit on UK businesses, COVID-19's global impact, tariffs imposed- global



Importance: Necessity for businesses to adapt and respond to environmental changes.

Types of Business Environments

- **Local:** Impact of local market trends and regional policies.
- **National:** Influence of national economic conditions and legislation.
- **Global:** Challenges and opportunities in the global marketplace.
- **Interaction:** How these levels interplay (e.g., local regulations within a global company).
- **Decision Impact:** Tailoring business strategies to different environment levels.



The Dynamic Nature of Business Environments



Change Drivers: Technological advances, economic shifts, political changes.



Adaptability: Importance of business flexibility and resilience.



Unexpected Events: How businesses respond to unforeseen challenges like pandemics.



Preparation Strategies: Risk assessment and contingency planning.

Adaptability



Adaptability: Flexibility allows businesses to quickly adjust to changing market conditions, customer needs, and technological advancements.



Resilience: Resilience enables businesses to withstand and recover from disruptions, such as supply chain disruptions or economic downturns.



Innovation: A flexible and resilient business environment fosters innovation.



Employee Engagement: A flexible work environment encourages collaboration and creativity and empowering employees.



Long term Success: Allows companies to build a competitive advantage.

Unexpected Events

IMMEDIATE
RESPONSE –
SURVIVAL AND
STABILITY

WORKFORCE AND
OPERATIONS
ADJUSTMENT

STRATEGIC PIVOT
AND BUSINESS
MODEL CHANGE

INNOVATION AND
OPPORTUNITY
CREATION

SUPPLY CHAIN
RECONFIGURATION

LONG-TERM
LEARNING &
RESILIENCE
BUILDING

ROLE OF THE
BUSINESS
ENVIRONMENT

Preparation Strategies – Risk & Contingency Planning



Risk Assessment- systematic process of identifying, analysing and prioritising potential threats that could negatively affect business objectives.



Contingency Planning - involves developing pre-planned responses to identified risks so the organisation can act quickly and decisively if they occur.



Introduction to PESTLE

- **PESTLE:** framework for environmental analysis.
- **Strategic Planning:** Utilising PESTLE for informed decision-making
- **Role in Business:** How PESTLE informs business strategies.

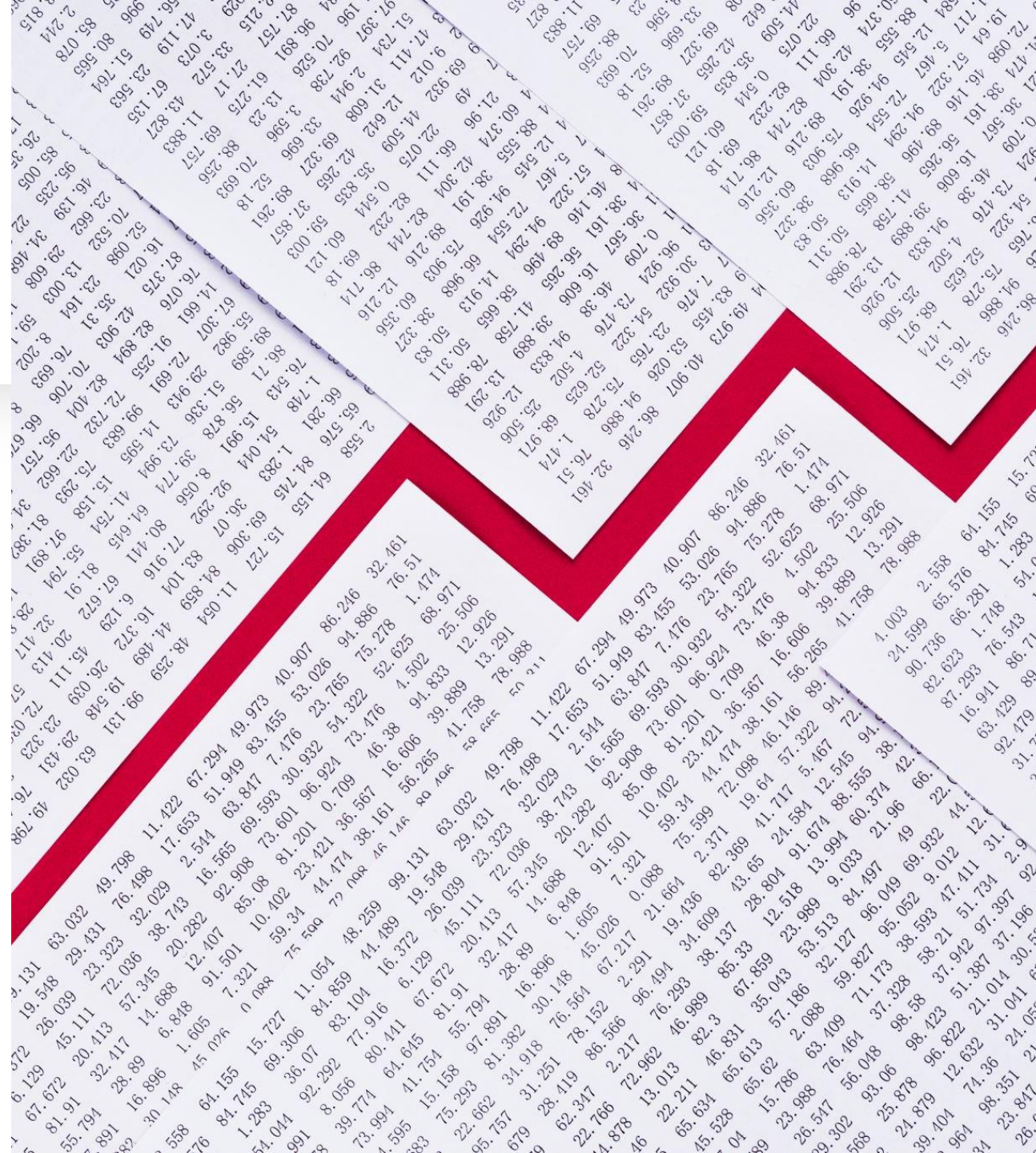


POLITICAL

- Change of government
- Government policies
- Tax policy
- Environmental regulations
- Trade restrictions and reform
- Tariffs

ECONOMIC

- Economic growth/decline
- Interest, exchange, inflation and wage rates
- Minimum wage
- Working hours
- Unemployment (local and national)
- Credit availability
- Cost of living





SOCIAL

- Cultural norms and expectations
- Health consciousness
- Population growth rates
- Age distribution
- Consumer preferences, lifestyles & spending patterns
- Career attitudes
- Increasing consumer awareness of ethical behaviour



TECHNOLOGICAL

- New technologies are continually emerging (for example, in the fields of robotics and artificial intelligence), and the rate of change itself is increasing.
- New technologies – AI
- Digital transformation, mobile technology
- Automation
- E-Commerce
- Government investment in technology
- Intellectual and Property rights
- Lifecycle of a product
- Levels of research and developmental funding



LEGAL

- Employment law
- Consumer protection law
- Health and safety regulations
- Product bans
- Regulatory bodies
- Environmental law



ENVIRONMENTAL

- Global warming and the increased need to switch to sustainable resources.
- Ethical sourcing (both locally and nationally, including supply chain intelligence)
- Environmental regulations
- Resource scarcity
- Demand for green products



**Break Time 15
mins**



Group Activity – PESTLE in Action

- **Activity Brief:** Conducting a PESTLE analysis on Amazon.
- **Scenario:** Overview of the company and its current situation.
- **Task:** Identifying key PESTLE factors affecting the company.
- **Group Work:** Collaborative analysis and discussion
- You have 30 minutes to complete in your groups



Group Activity – Debrief

- Present your PESTLE analyses.
- Insights: Discussing different perspectives and findings.
- Common Themes: Identifying key factors recognised by multiple groups.
- Learning Points: Understanding the complexity of business environments.



Microeconomics in Business

- **Basics:** Supply, demand, and market pricing
- **Business Decisions:** Microeconomics in pricing and product development.
- **Competition Analysis:** Understanding market dynamics and competitor strategies.
- **Practical Application:** Pricing strategies in different market conditions.
- **Business Example:** A café's response to local market competition – Your thoughts



Macroeconomics in Business

- Overview: National economic trends and their broader impact.
- Economic Health Indicators: Understanding GDP, unemployment rates.
- Policy Influence: Fiscal and monetary policies shaping business environments.
- Strategic Implications: Aligning business strategies with macroeconomic conditions.
- Case Study: Retail chain's adaptation to economic recession – Your thoughts



Microeconomic Factors

- **Company Profile:** Small business in a competitive market.
- **Challenges:** Navigating supply costs and consumer demand.
- **Strategic Decisions:** Pricing, marketing, and product offerings.
- **Outcomes:** Business growth or struggles and key takeaways.
- **Discussion Prompt:** How could different strategies affect outcomes?

Macroeconomic Trends

- **Company Overview:** A multinational corporation.
- **Macroeconomic Context:** Dealing with global economic fluctuations.
- **Strategic Response:** Diversification, cost-cutting, market expansion.
- **Results:** Successes and failures in adapting to economic trends.
- **Group Discussion:** Alternative strategies and their potential impacts.



Globalisation and Business Environments

Globalisation Defined: Economic, cultural, and technological integration.

Business Impact: Both opportunities and challenges of globalisation.

Balancing Act: Managing global and local business needs effectively.

Real-world examples of globalisation's impact on businesses.

Summary of Today's Session



Concept Integration: How different factors interconnect in business environments.



Economic Understanding: Its critical role in strategic business planning.

Any questions?



**Next lecture – Monday 2nd
February – 9.00 am**