

BUSINESS ENVIRONMENT

UNIT-1

PART-II

SIGNIFICANCE OF ENVIRONMENT SCANNING: -

1} Best Use of Resources -

Environmental scanning helps us conduct a thorough analysis and hence leads to the optimum utilization of resources for the business.

Whether it is capital resources, human resources or other factors of production, their best use and utilization is very important for any business.

Environmental scanning will help us avoid any wastages and allow for the most effective and economical use of these resources.

2} Survival and Growth of the Business -

It is a very competitive world and for any business to survive and thrive it is a difficult task. But if the business employs all the techniques of environmental scanning it can gain a significant advantage.

It will allow the firm to prepare for future threats and opportunities while at the same time eliminating their weaknesses and improving on their strengths.

3} Planning for Long Term -

A business must have a plan for both short term and long term. The planning of long-term objectives can only occur after proper analysis and environmental scanning meaning. This will help the entrepreneur plan the necessary business strategy.

4}Helps in Decision Making -

Decision making is the choice of the best alternative done by management. Environmental scanning allows the firm to make the best decision keeping in mind the success and growth of the business. They point out all the threats and weaknesses. And they also identify the strengths of the firm.

5} It Helps to Identify the Strengths of the Organisation -

The strength of the business implies the ability of the firm to have an advantage over its competitors. The analysis of the internal business environment helps to highlight the power of the firm. After identifying the strength, the firm must strive to build on or maximize its advantage by making improvements in its immediate plans, strategies, and resources.

6} It Helps to Identify the Organization's Weaknesses -

Recognizing the weakness of an organisation means unearthing the limitations of the firm. Assessing the internal environment helps to highlight not only the strength but also the limitations of the firm. A firm may be firm in specific areas but may be weak in others. For continuous growth and expansion, the weakness should be highlighted and corrected as soon as possible.

7}It helps to Identify Opportunities -

Environmental scanning helps to identify and understand the opportunities in the market. The firm should take every necessary step to take advantage of the opportunity that comes.

8}It Helps to Identify Threats -

Business is open to threats from competitors and several factors. Environmental scanning helps them to discover a threat from the external environment. When risks are detected early, it is good as it helps to eliminate them without much stress.

9} Environmental Scanning Helps Organizations to Optimize Resources -

An ideal environmental scanning helps to make use of an organization's human, natural, and capital resources. Proper environmental scanning helps to limit wastage and optimize all other available resources.

10} It Ensures Survival and Growth -

Systematic scanning of the business environment helps the firm to optimize its strength, reduce its weakness, take advantage of the opportunity, and diffuse threats. This helps the firm to survive and grow in the eternal competitive business world.

11} Identification of opportunities -

Environmental analyses help to identify the opportunities in the market. The firm should make every possible effort to grab the opportunities as and when they come.

12} Customer Focus - environmental understanding provide enough information regarding the need and expectation of the customer and helps business organisation to focus towards their customers.