

Digambar Dhyani

Benefits Of Business Environment Scanning for Better Business Strategy Formulation: A Qualitative Perspective

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Digambar Dhyani

Asst. Professor, School of Management, Graphic Era Hill University,  
Dehradun Uttarakhand India

## Abstract

The above-mentioned discussion is concerned, with different benefits related to business environment scanning for better business strategy formulation. Benefits of business environment scanning will let us understand, that business environment scanning is related to the acquisition and use of several information about tendencies, activities, trends and relationships in business organisations, outside surrounding's therefore, its understanding might help a management in planning businesses future route of action. Findings of the research work also, reveal that business environment scanning significantly impacts the success of a business organisation through their efficiency of operations, good management, and possession of their resources as well as providing attention to their customers. Significance of business environment scanning and ethics within the business world is very superlative and worldwide in their nature. After going further, such observation therefore, evaluates the business environmental scanning and ethics effect on the overall performance of small-scale organisations. It also about making previous decisions approximately of risks and un-certainties that the commercial enterprise may additionally ought to encounter in near future. Finally, the analysis also helps us realise that business environmental scanning is going to provide, a broader perspective towards management and making better strategy to formulate plans as well as techniques.

**Key Words:** Business environment scanning, Quality Management, Overall Performance, Efficiency of operations, better strategy.

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## Introduction

The basic purpose of business environment scanning can be referred, as a process of gathering numerous information about several event and their relationships within organisations internal as well as external environments (De Massis & Kotlar, 2014). Results obtained from such ongoing tracking of the above-mentioned occurrences are extremely useful towards shaping better organisational goals and strategies. Every business overall performance is substantially, dependent upon various constituents, which are valuable and unique for better business strategy formulation. Nowadays, most of the business organisations of 21<sup>st</sup> century is utilising such methods to monitor both their internal and external environments. Eventually, it helps the

management to make informed decisions. Most of the businesses are also helped to create several strategies to maximise and minimise the threats. This ensures them put together both expected and un-expected modifications inside the realm of enterprise. Image of a business can improve to a great extent if, the management of an organisation shows sensitivity to their environment (Iatridis, 2013). Therefore, each organisation all across the world when interacts with the business environment in order to collect, method, distribute, create and use such vital sources within value creation process. The present paper is concerned with approaches in which businesses test their external environments and how, such scanning is associated for better business technique by using which, they make and formulate strategy. Irrespective of the kind or size of a business, there remains a close and continuous interaction between commercial enterprise and its environment. It also facilitates a business organisation to conduct a thorough analysis and subsequently leads to the finest usage of business strategies for an enterprise. Whether or not, it is capital resources, human assets or several other factors of production, fine use of business environment scanning could be very vital for any business (Al-Debei & Avison, 2010). In this paper, the present work will also let us know- all sets of key environmental indicators internal, external qualitative and quantitative also which, do have the most important potential impact on the work businesses do.

Consequently, there may be need for the management throughout, the various business organisations to usually experiment their surroundings on the way to keep an eye on developments thereof as a way of survival. Many businesses will be able to develop better business strategies and powerful responses, by recognising their internal and external forces of change with a view, to secure or improve their business strategy in nearby future (Chesbrough, 2010). Hence, it enables them to analyse their competitor's strategies and actions accordingly, to survive as well as pursue the elected strategy. In the recent times, such types of information obtained from effective scanning and planning during environmental scanning are being used to drive strategic planning process (Lau, et.al, 2012).

Furthermore, business environment scanning has also contributed to improve increased communication among the employees and team of working personnel in the business organisation that helped in, greater employee improvement towards decision-making process. Information derived during the research process also found out that scanning has a positive effect on the business organisations better strategy formulations which eventually led them to develop a number of strategic options to improve organisational performance. Figure 1 shows the scope of business environment to be scanned:

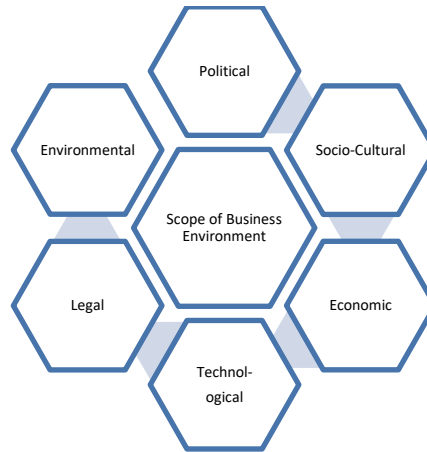


Figure 1 Scope of Business Environment to be Scanned

### Literature of Review

Before going further, let us first understand that business environment, is the surrounding of the business with which the entire enterprise can function, move smoothly and continuously as well as regularly. But business environment provides an organisation with several opportunities towards businesses success (Raziq & Maulabakhsh, 2015). It can simply be also stated, that business environment is an environment in which the business operates. Better business environment helps them to build a good working environment with both customers and therefore, create a massive range of job opportunities with an excessive degree of innovation. At the end, the success of a business totally depends not only on their resources but, also on their environment. Business organisation and their environment are mutually interdependent. Environment of a commercial enterprise is ever changing. Environment in an organisation provides them with resources and immense number of opportunities to the business for their survival and growth in market and the business in turn will offer quality goods and services to the people living in the business environment. To gain maximum output from properly utilising the resources, businesses on the other hand, prefer environmental scanning for developing business with better business strategy formulation. Better form of business strategy provides an organisation with various new opportunities for production, new avenues of employment and many improved techniques of production. Business environment may be distinct because of the set of both external and inner elements which influence the decision of organisation. During the research work, it helped us realise that business environment is split-ter into, two different parts such as-micro environment and macro environment. The micro or internal environment of business are specific powers which are extraordinarily interrelated with business organisation and corporation can direct the above-mentioned type of environment through, improving its capability and their effectiveness (Indris & Primiana, 2015). External environment or macro environment of business, consist of all kinds of outside factors which impact the organisation and there, is still no direct of company on these factors. Scanning business environment helps an

organisation, to provide the information and information processing needed to develop and pursue better business strategy formulation (Babatunde, et.al, 2012). Business organisations overall strategy formulation is directly related to the sophistication and scope of their scanning activities. Through this research work, the research work has come across many benefits related to business environment scanning as, businesses are able to identify opportunities at an early stage so, that they can be first to exploit them, instead of losing them to their competitors of market. They can capture big share of the market and go as much ahead of their competitors. Following are some of the benefits that suggests the importance of business environment scanning for better business strategic formulation into a company or a business-

**Identification Of Strengths:** Environmental scanning helps to identify and discover the strengths of the firm and facilitates each business to put it all efforts to maintain as well as enhance their strength. Business environment scanning do have a significant impact on businesses because, it can influence a wider range of better strategy formulations and business's operations (Bisbe & Malagueño, 2012). It is very crucial for a business because of the fast modifications taking place within the business environments; therefore, they do have a top-notch effect on the working of the business organisation. After figuring out the strengths, the firm must try to consolidate or maximise their strength by further strategy formulations in their existing plans, policies as well as available resources.

**Identification Of Weaknesses:** It also offers identification of weaknesses which means limitation of the firm. Monitoring both external and internal environment of a business not only helps an organisation to identify their strength but also its weakness (Ates, et.al, 2013). Businesses can be strong in some specific areas and weak in some other areas. Therefore, for further growth and expansion it leads them to build, better strategy as soon as possible.

**Identification Of Threat:** Business environment analyses assist an organisation to perceive chance from the external environment. Therefore, each organisation tries to point out their drawback for business benefits through environmental scanning and then try to improve it. Thus, early identification of threat is very beneficial through such analyses because it helps them to diffuse to some off the threat from external environment.

**Optimum Utilisation Of Available Resources:** With proper business environment scanning, it helps the management of an organisation to make most appropriate utilisation of scarce human, natural and all capital resources. It also enables them to reduce wastage through, the systematic analyses of business environment. Without proper information of both external and internal environment the available resources in a business cannot be used in an effective manner. Thus, the resources are very limited, to utilise it in a very conscious way scanning is very essential for better strategy formulation. Business environment analyses permits a business to organise most of the assets in both logical as well as required way (Pappas, et.al, 2018).

**Motivation To Employees:** Because of better business environment scanning management of an organisation conducts ethical and good decisions, for improved performances amongst employees in an organisation and workers feel motivated (Manzoor, 2012). Systematic environment scanning in a business help both firm and employees to maximise their strength, minimise their weaknesses, and grab several opportunities by diffusing threats (Hans, 2018).

**Survival And Growth Of The Business:** Therefore, eventually it helps an organisation to understand both internal and external through business environment scanning thus, enabling the organisation to survive and grow in this competitive business world (Al-Debei & Avison, 2010). Proper environmental scanning is also beneficial because, it enables a firm to frame plans, business strategies and regulations that might, help in easy accomplishment of several organisational goals. It is very essential for a business to undertake such analyses, as a firm cannot develop a strategy without proper environmental scanning. An organisational environmental scanning is a very vital tool in understanding and decision making in all scenarios of the business. It also suggested that information derived from such analyses is, being increasingly used by businesses to drive the strategic business planning process. Effective scanning and environment analyses are, linked to improve organisational learning and performance. During the recent times, as the business environment is noticing change, the environmental scanning can understand and adjust their operations accordingly. Environmental scanning plays a very important role in a firm because, business environment does have a major effect on the effectiveness of business strategies (Golicic & Smith, 2013).

## Conclusion

The present research work main interest is, on the place of business environmental scanning because none of the businesses can be able to realise their goals, grow and survive in the market without continuously monitoring and scanning both external and internal environment (Kabeyi, 2019). The above-mentioned study also, concluded that, there is an important impact of environmental scanning towards the success of the business. Through the research work, it has also concluded that there remains a very strong correlation between both environmental scanning and organisational success. After going further, the business environment scanning model appears to be a viable framework for analysing both internal as well external environmental contingencies. Overall, collecting information and then, analysing the business environment to discover true condition of business environment is broadly based on logical and rational procedures with quantitative techniques that, help to implement better business strategy formulations. Organisations are also able to identify emerging issues of the business environment so, that management can take corrective measures to nip them in the bud.

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