

# **MGT 217: Business Environment & Strategy**

*Full Marks: 100*

*Pass Marks: 35*

*Lecture Hours: 150*

## **Course Objective**

This course aims to provide students with a sound understanding of environmental forces affecting business operations and to improve their ability to analyze the effects of such environmental forces on business. This course intends to provide students with a review of major environmental concept and a basic understanding of how these forces affects the operations of business. This course also provides the students to the fundamental concepts of strategic management and practices.

## **Learning Outcomes**

Upon successful completion of this course, the students will be able to;

- Understand the environmental components and their effect on business.
- Know the international environment affecting Nepalese business
- Understand the concept and importance of strategic management for the success of a business organization
- Analyze the internal and external environmental components to develop strategic alternatives
- Evaluate, select and implement proper strategy for business competitiveness
- Ensure the strategy is in right direction towards achievement of business goals.

## **Course Description**

This course contains two parts: Business environment and strategic management. In business environment students will be familiarized with the topics: Introduction to Business Environment, Political Environment, Environment Regulations/Legal Environment, Economic Environment, Socio-cultural Environment, Technological Environment, Asian and Global Environment. In strategic management students will be familiarized with the topics: Strategic Management, Establishing Company Direction, Internal Analysis, Evaluation Company Resources and Competitive Capabilities, Strategic Options, Strategy Formulation and Strategic Choice, Strategy Implementation, Strategic Control and Evaluation.

## **Course Details**

### **Part I: Business Environment**

#### **Unit 1: Introduction to Business Environment**

**9 LHs**

Business environment: concept, characteristics and components; External and internal environmental variables; Environmental analysis process (scanning, monitoring, forecasting and assessment); Environmental scanning: concept and types (concentrated and comprehensive scanning); Importance of the study of business environment.

#### **Unit 2: Political Environment**

**12 LHs**

Concept and components of political environment; Business-government relationship; Political risk: concept, impact and management; Nepalese political environment: issues and problems.

#### **Unit 3: Environment Regulations/Legal Environment**

**8 LHs**

Business law: concept and basic features; Business related legislations in Nepal: Company act, foreign investment and technology transfer act, Industrial enterprise act, Labor act, Patent, design and trademark act, Copyright act and Foreign employment act.

**Unit 4: Economic Environment****20 LHs**

Dimensions of an economy; Structure of Nepalese economy; Privatization: concept and methods of privatization (share sales, management contract, lease assets and business sales, others); Liberalization: meaning and requirement; Economic policies: monetary policy, industrial policy, trade policy, Tourism policy, Employment policy; Effects of liberalization on Nepalese business.

**Unit 5: Socio-Cultural Environment****6 LHs**

An introduction to socio-cultural environment; Socio-cultural components: attitude and belief, religion, language, education, family structure and social organizations.

**Unit 6: Technological Environment****10 LHs**

Introduction to technology; Components of technology environment; Effect of technology on business; Factors affecting choice of technology; Information technology policy in Nepal, Status of technology in Nepal

**Unit 7: Asian and Global Environment****10 LHs**

Globalization: concept and forms; WTO: Introduction and principles; Nepal's membership to WTO: opportunities and threats for the Nepalese business. Regional economic integration: concept and forms; Nepal's membership to SAFTA and BIMSTEC: opportunities and threats.

**Part II: Strategic****Unit 8: Introduction****12 LHs**

Concept and characteristics of strategy; Level of strategy; Strategic decisions: concept and characteristics; Strategic management: concept, process, benefits; Phases of strategic management; Strategic planning: concept, components and steps; Challenges to strategic management: innovation, globalization and sustainability; Role of chief executive in strategic management

**Unit 9: External Environment and Industry Analysis****8 LHs**

Aspects of environmental analysis; Strategic importance of external environment; Environmental analysis: industry analysis (Porter's approach), PESTEL analysis, Scenario building; External Factor Evaluation Matrix (EFEM); Competitive intelligence and Strategic audit.

**Unit 10: Organizational Appraisal****10 LHs**

Concept of organizational appraisal; Concept and types of company resources (available resources, threshold resources, unique resources); Core Competencies; Distinctive Competencies; Strategic advantage; Strategic Advantage Profile (SAP); Value chain analysis: concept and importance.

**Unit 11: Strategy Formulation****24 LHs**

Strategy formulation: concept and importance; Mission, objectives, strategies and policies; Generating strategic options: corporate strategy, business strategy and functional strategy; Using SWOT analysis for strategies ; Strategic alternatives at corporate level (stability strategy, growth strategy, retrenchment strategy, combination strategy); Strategic alternatives at business level (Porter's competitive strategy, strategic clock-oriented market based generic strategies); Strategies at functional level ( marketing strategy, financial strategy, operation strategy, human resource management strategy and research and development strategy); Direction for strategy development (Consolidation, market penetration, product development, market development, diversification); Methods of strategy development (Internal development method, acquisition and merger method, joint development and strategic alliances method) ; Portfolio analysis for strategic choice (BCG matrix, GE Business Screen, Hofer's matrix)

**Unit 12: Strategy Implementation****10 LHs**

Concept and process of strategy implementation, Requirements for strategy implementation: structure, resources and management system; Strategic change: Concept, levels and management

**Unit 13: Strategic Evaluation and Control****11 LHs**

Concept of control in strategic management, Strategic information system, Types of control, Meaning and characteristics of strategy evaluation, Measures of corporate performance, problems in measuring performance, Characteristics of an effective evaluation and control; Guidelines for proper evaluation and control.

***Suggested Readings***

Aswasthappa, K., ***Business Environment for Strategic Management***. Mumbai: Himalaya Publishing House.

Pearce, J. A. and Robinson, R.B., ***Strategic Management***, New Delhi: AITBS.

Thomson, A. A. and Stickland III: ***Strategic Management***, New Delhi: Tata McGraw-Hill.

Wheelen, T.L and Hunger, J.D: ***Strategic Management and Business Policy***, New Delhi: Pearson Education

Pant, P. R., ***Business Environment in Nepal***, Kathmandu: Buddha Publication.

Bhandari, D.R., ***Business Environment and Strategic Management***, Asmita Publication, Kathmandu

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