



Dynamic Business

Environments

Unit Type: Mandatory

Level: 4

Credits: 15

GLH: 75

Assessment Method: Examination

The world is changing at an ever-increasing rate, consumers are becoming more sophisticated, technology is part of our everyday lives and while there are numerous powerful global brands there is also an increasing trend towards localisation.

It is difficult to think of a change that doesn't affect the business environment. Businesses now operate in ever-changing dynamic environments.

Every business needs to be able to assess the opportunities and threats posed by its external environments and the strengths and weaknesses of its internal environment if it is to be successful.



While continuing to produce the same products and/or services may result in operation efficiencies it is unlikely ensure success in markets that are not just changing daily but hourly.

Increasing dynamic business environments where tomorrow can be very different from today and increasing market volatility where stock markets don't just crash they 'flash crash' mean businesses need to be ever more responsive in order to be successful.

In this unit, you will analyse the impact of increasingly dynamic business environments and increasingly volatile markets on an organisation's ability to compete successfully using a range of relevant tools and frameworks. This is often known as business strategy.



What You'll Learn

The table below shows the learning outcomes of this unit (what you will be able to do or what you will know), along with the assessment criteria (what you will be able to do to demonstrate achievement of the learning outcome).

Learning Outcomes <i>The Learner will:</i>	Assessment Criteria <i>The Learner can:</i>
1. Explain the role of business economics in understanding markets and the potential impact of current economic issues (Weighting 30%)	1.1 Discuss the economic view of businesses 1.2 Compare different economic systems 1.3 Explain the potential impact of governments on business and business environments 1.4 Discuss the varying level of competition in markets and the impact on price volatility
2. Discuss how analysing external environments enables the development of successful business strategies (Weighting 40%)	2.1 Apply relevant frameworks to analyse external environmental trends 2.2 Discuss the threats and opportunities external environmental trends pose to a range of organisations



<p>3. Discuss how analysing internal environments enables the development of successful business strategies (Weighting 30%)</p>	<p>3.1 Apply relevant frameworks to analyse key aspects of the internal environment of a range of organisations</p> <p>3.2 Prepare a SWOT and consider its implications for an organisation</p>
<p>4. Discuss how analysing competitive environments enables the development of successful business strategies (Weighting 10%)</p>	<p>4.1 Apply relevant frameworks to analyse competitor environmental trends</p> <p>4.2 Identify methods in which an organisation can gain competitive advantage in response to competitor analysis</p>



Capabilities

Alongside academic learning and development, ABE's qualifications have been designed to develop your practical skills and capabilities. These capabilities are highlighted as certain values, knowledge, skills and behaviours that will help you in your professional development.

Below is an overview of the behaviours, skills and attitudes that you will develop through this unit include:

Element of Learning	Key Capabilities Developed
Element 1 - Understanding the role of economics	Ability to evaluate the role of business economics in understanding markets and the potential impact of current economic issues. <i>Business economics, the potential impacts of governments and levels of competition</i>
Element 2 - Analysing External Environment	Awareness of external environmental trends Ability to analyse different types of business organisations and external technological advancements. <i>Understanding the external business environment, use of tools for external analysis</i>
Element 3 - Analysing Internal Environments	Awareness of internal environmental trends Ability to analyse different types of business organisations' internal environment



Understanding the internal business environment, use of tools for internal analysis

Element 4 - Analysing	Ability to use relevant frameworks to identify trends in the
Competitive	competitive environment
Environments	Ability to identify methods for gaining competitive advantage based on a competitor analysis
	<i>Competitive environments, SWOT analysis, spotting opportunities for growth</i>

Localisation

This syllabus offers students the opportunity to take a very localised view of the dynamics of their particular business environment while also encouraging a global perspective.

Learners should take into account the following when preparing for their assessment:

- Different business environments may be more or less dynamic than others.
- Local macro and micro environmental dynamics such as, for example, more or less stable governments, the degree of government involvement in private sector businesses.
- Local legislation. For example, relating to business structures.
- Local availability of technology



- The dynamic nature of the syllabus in general. For example, changes to trade agreements following syllabus publication.



Indicative Content

1. Explain the role of business economics in understanding markets and the potential impact of current economic issues (Weighting 30%)

1.1 Discuss the economic view of businesses

- The business organisation as a transformation process
- The difference between macro and micro economics
- Economic measures: gross national product, gross domestic product, balance of payments, unemployment, inflation
- Classifications of businesses: primary, secondary, tertiary, private sector, public sector, size of business e.g. SME's.
- The economic environment: scarcity and choice, supply and demand, elasticity of demand, price elasticity of supply, equilibrium.
- Changes in supply and demand conditions such as: causes and impact of changing demand, causes and effect of changing supply.

1.2 Compare different economic systems

- Advantages and disadvantages of: centrally planned economies, market economies, mixed economies.



- The difference between merit and demerit goods
- The need for government intervention in the provision of merit, demerit and public goods

1.3 Explain the potential impact of governments on business and business environments

- Four main governmental macro environmental objectives: low inflation, economic growth, low employment, balance of payments stability
- Advantages and disadvantage of monetary and fiscal policy.
- Advantages and disadvantages of free trade
- Advantages and disadvantages of barriers to free trade: import tariffs, import quotas, embargoes, non-tariff barriers.
- Features of trade agreements: The Trans-Pacific Partnership (TPP), The Trans-Atlantic Trade Investment Partnership (TTIP)
- Features of trading blocs such as: The Economic Union (EU), The North American Free Trade Agreement (NAFTA), The Asia-Pacific Economic Co-operation (APEC), the Central American Free Trade Area (CAFTA) and Mercosur

1.4 Discuss the varying level of competition in markets and the impact on price volatility

- Conditions for perfect competition: identical goods, perfect information / communication, price established only by market forces, economic motives only, no barriers limited market entry / exit
- Sources of monopoly: law, possession of a unique feature, controlling the market



- Oligopolies including: oligopoly and anti-competitive behaviour, collusion and cartels, non-collusive oligopoly.
- Characteristics of monopolistic competition such as: many firms with restricted market entry / exit, good but imperfect communication and transport conditions, motivation by economic considerations only, buyer's perception of products of various firms as good substitutes for each other.
- Advantages and disadvantages of: perfect competition, monopoly, monopolistic competition, oligopoly.
- Potential impact on price volatility of: perfect competition, monopoly, monopolistic competition, oligopoly.

2. Discuss how analysing external environments enables the development of successful business strategies (Weighting 40%)

2.1 Discuss frameworks to analyse external environmental trends

- Advantages and disadvantages of sources of information about external environmental trends in terms of their relevance and reliability in identifying external environmental trends such as: government / government statistics, news sources, industry experts, industry bodies, trade associations, banks.



- PESTLE framework (political, economic, social, technological, environmental legal) and its application to a range of business sectors, both locally and globally

2.2 Apply relevant frameworks to analyse external environmental trends

- Apply the PESTLE framework (political, economic, social, technological, environmental legal) using a range of information sources.
- Discuss the strategic implications of the findings from this internal analysis.

3. Discuss how analysing internal environments enables the development of successful business strategies (Weighting 30%)

3.1 Discuss frameworks to analyse key aspects of the internal environment.

- Advantages and disadvantages of sources of information about an organisation's internal environment in terms of their relevance and reliability in identifying internal environmental trends, including:
 - the organisation's web site
 - industry experts, industry bodies, trade associations, competitor annual report and accounts, internal reports.
 - Mission, Vision, Values
 - Competence and Core Competence



- Porter's Value Chain (1985)
- Johnson's Cultural Web (1987)
- Portfolio Analysis, including Boston Consulting Group Growth/Share Matrix,
- Internal audit frameworks such as: money, men, machinery, minutes and materials to a range of organisations of different sizes operating both locally and globally, in different markets, in different competitive conditions and different economic systems

3.2 Apply Frameworks to analyse key aspects of the internal environment to a given organisation

- Analyse a given organisations internal environment using frameworks such as Porters Value Chain, Johnsons Cultural Web and Boston Consulting Group Growth/Share matrix.
- Discuss the strategic implications of the findings from this internal analysis.

4. Discuss how analysing competitive environments enables the development of successful business strategies (Weighting 10%)

4.1 Discuss relevant frameworks to analyse competitor environmental trends



- Advantages and disadvantages of sources of competitor information such as: government / government statistics, news sources, industry experts, industry bodies, trade associations, competitor websites, competitor annual report and accounts.
- Porter's Five Force Analysis
- VRIN – Value, Rarity, Inimitability, Non-substitutability

4.2 Identify methods in which an organisation can gain competitive advantage in response to competitor analysis

- Tools for strategic competitive advantage, such as Ansoff's Growth Model and Porter's Generic Strategy
- Analyse a given organisations competitive environment using frameworks such as Porters Five Forces
- Discuss the strategic implications of the findings from this competitive analysis and apply models such as Ansoff's Growth Model and Porter's Generic Strategy.



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