**At the outset**

Welcome to Business Environment course! This is an important course in the sense that without the knowledge of environment that affects business, other managerial skills may not be effective in advancing own business interests. Every company needs to develop strategy to take advantage of the opportunities, overcome weaknesses, build on its own strength and so on. A good strategy can be formulated only after proper examination of the environment in which company is operating. Study of business environment analysis, therefore, is a precondition to strategic management.

The objective of the course is to:

* examine macro-environment within which businesses have to operate in Nepal;
* analyze regional and international influences on Nepalese businesses; and
* discuss methods of environmental analysis.

Different businesses operate in different environment. Some issues affect only a few categories of businesses, but if there is a political instability or social unrest or a war, all businesses are generally affected. The intensity of the effect may vary, and, in some cases, some may even get a positive boost while a significant section of the business community faces serious trouble. There may not always be trouble for everyone.

Every trouble also gives opportunities, just as there is a silver-lining in every dark cloud.

Upon completion of the course, you should be able to appreciate the importance of analyzing business environment before a new business is undertaken and also doing it periodically during the normal course of business.

**The course outline (45 hours, 15 sessions)**

1. Introduction (1.5 hour)
2. Environment scanning (1.5 hours)
3. Political environment (6 hours)
4. Regulatory environment (9 hours)
5. Economic environment (9 hours)
6. Socio-cultural environment (3 hours)
7. International environment (6 hours)
8. Environment, energy and technology (4.5 hours)
9. Tests, etc. (4.5 hours)

**Introduction:** Concept; Business systems and environment; Characteristics of business environment; Classification of business environment; and Strategic management and business environment.

**Political environment analysis:** Political systems: its nature and significance for businesses; Political philosophy and structures; Structure of Nepalese state; Political parties in Nepal and their dynamics; Does political stability matter? Operations of the party systems and elections; External influences in Nepalese politics; Government structure; Government business relationship; Government’s role in business; Political risk factors and their assessments

**Regulatory environment analysis:** Constitutional framework and directive principles related to economy and businesses; Fundamental rights; Division of legislative powers under the federal structure; Laws relating to business incorporation; Laws relating to regulations; Laws relating to taxation; Laws relating to general business environment. Lobbying for proper regulatory framework.

**Economic Environment:** An overview of the economy: Economic structures and dimensions, Agriculture and industrial sectors, Major industries and associated problems; Economic indicators: National income, distribution of national income, rate of growth of GNP, rate of savings and investments, Foreign trade structures and related issues, Foreign employment and balance of payments; An overview of economic policies: Current monetary policy in Nepal and its effect on business, Privatization policy and practices in Nepal and their effects, Industrial Policy, Concept and objective of industrial policy, Trade policy—its concept and objectives, Employment policy—concept and objectives, Tourism policy—objectives and characteristics, Economic policy reforms and emerging business environment in Nepal; Economic planning: Impact assessment of five/year and three year plans. Overview of current plan with respect to business and industries; Development paradigms and effect on businesses.

**Socio-cultural environment**

Introduction to socio-cultural environment, Demographic characteristics, Population density and distribution, changes in population and age composition, internal migration and rural urban mobility, education level, socio-cultural concern, consumerism, corruption, use of mass media, role of business in society and consumerism, corporate social responsibility, socio-cultural attitudes and values, customs, beliefs, rituals and practices, Changing lifestyle patterns; Family structures and changes; Stratification of society and intra-stratum mobility.

**International Environment**

Globalization: concept, forms, process and direction; Regional groupings of nations; Brief overview of regional groupings, such as, NAFTA, APEC, ASEAN, SAFTA and BIMSTEC and their impact on Nepalese business; World Trade Organization—Objectives, Structures, principles and agreements; Nepal’s membership and commitments, opportunities and threats; Growth potential of Nepalese business in South Asia; New directions on maritime routes and land corridors—Chins’s BRI and US Indo-Pacific Policy.

**Environment, Energy and Technology**

Environment and energy management; Natural environment and pollution issues; Environment protection legislation and programs; Demand and supply of energy; Environment and energy management issues. Science and Technology policy, IT Policy, Status of technology in Nepalese businesses; Technology and human factors; Environmental effects of technology.

**Environmental scanning**

Concept; Approaches to environmental scanning; Sources of information for environmental scanning; Identification of environmental factors; Environmental threats and opportunities profile.

**Tests and examinations**

You will be given assignments and tests at the end each chapter. Around tenth week of the course, a mid-term examination given to you. The final examination will be held as per the calendar of KUSOM.

**Grading and weights**

Grading will be as per the regulations of Pokhara University. The weights for the examinations will, however, be as follows:

|  |  |
| --- | --- |
| Test | Weight |
| Class performance: Attendance and chapter assignments | 30 |
| Mid-term examination | 30 |
| Final examination | 40 |

You must bear in mind that the regular attendance is important. Please be mindful that your absence from class for more than 10 percent of the total hours will affect your grades. If you are absent for more than 30 percent in total, then you will be required to repeat the course.

Absence from end-term examination will result in **I** grade.

**Textbooks and Readings**

Because of the nature of the course, a specific textbook cannot meet all the requirements. Business environment changes all the time, therefore, it is necessary to follow the developments in different spheres of environment. For conceptual issues, following two books are recommended:

Prem Raj Pant, ***Business Environment in Nepal***, Buddha Academic Publishers

David P. Baron, ***Business and its Environment***, 7e, Pearson

Ian Worthington, Chris Britton, Ed Thompson, The Business Environment A Global Perspective, 8e, Pearson

**You may also refer to other books on business environment and strategic management. However, you must note that all elements of business environment are so dynamic that no book can, at a given time, update all. It is, therefore, very important for you to rely on class lectures.**

**I encourage you to follow latest news on legal amendments, new policy announcements, global developments and other issues affecting business environment.**