

ANALYSING THE EXTERNAL ENVIRONMENT OF THE ORGANISATION (ANALYSING SWOT)

Hesti Kusumaningrum¹, Rahma Wijayanti², Difa Khusniyah³

UIN Syarif Hidayatullah Jakarta, Indonesia¹⁻³

Corresponding author: hesti.kusumaningrum@uinjkt.ac.id

ABSTRACT

The success and sustainability of an organisation, including a company, is greatly influenced by an analysis of its environment. The outside world includes many things, such as economic, technological, social, political, and environmental circumstances, and can provide opportunities or present threats to the company. Descriptive methods are used in this research to analyse the external environment of a company, especially in terms of industry, economic conditions, and social conditions. This research technique also involves scanning, monitoring, gathering competitive intelligence, and analysing strengths, weaknesses, opportunities, and threats (SWOT). By understanding the external environment, a company can plan to handle difficulties and capitalise on opportunities.

Keywords: External Environment, SWOT Analysis, Organisation, External Environment Analysis

Received: 12-12-2024	Revised: 04-01-2025	Accepted: 05-03-2025
----------------------	---------------------	----------------------

INTRODUCTION

Every organisation formed within an institutional, corporate, or other system has a close relationship with its surrounding environment. This is because everything in the organisational environment is interconnected and affects the organisation's future sustainability (Nur Kholis, 2014). Therefore, all forms of organisations, such as institutions, companies, or others, must pay closer attention to and analyse the factors in the surrounding environment that may affect their sustainability and existence. This aligns with the definition of the environment itself, which is everything that surrounds and influences an organisation's development (Salusu, 1996). In fact, according to the opinion of Wahyudi (1996), it is stated that the environment plays a key role that supports organizational success in existing competition (Wahyudi, 1996).

In management science, environmental analysis is a primary and important activity, especially in strategic management. Strategic management is a series of managerial actions that determine a company's long-term performance. Among the many tasks that make up strategic management are environmental scanning, long-term strategy formulation, strategy implementation, evaluation, and control (Abd. Rahman & Enny Radjab, 2017). In strategic management, environmental observation becomes primary because the environment holds potential opportunities and threats that affect organisational sustainability.

When reviewing the environment, the discussion will be broad because the scope of the environment itself is very wide. Laymen generally consider the word environment to include climate, geography, education, knowledge, nature, and so on (Nur Kholis, 2014). This aligns with Sartain's view that the environment consists of everything in the world that has the potential to influence human life in some way, form, or manner (M. Ngalim Purwanto, 2000). Broadly speaking, an organisation's environment is divided into two types: the internal environment and the external environment. The internal environment includes everything that happens inside the company and affects it. Similarly, the external environment includes everything outside the company that affects it. Data-driven strategic planning based on the external environment plays a crucial role in helping organisations adapt to dynamic environmental changes (Susanto, 2022).

Educational institutions must also analyse and understand everything in their environment that affects the organisation. High-quality educational institutions are essential, as they are places where every student learns and grows (Jarkawi, 2017), especially in the current era of globalisation. To achieve this high quality, educational institutions must examine situations outside and inside the institution. As mentioned, environmental analysis provides institutions with information about potential opportunities and threats. Applying SWOT analysis in strategic planning for primary and secondary education has been shown to improve the effectiveness of quality mapping and school readiness (Alim & Murniati, 2024). Therefore, environmental analysis in strategic management is crucial.

Analysis of both internal and external environmental conditions is equally important, as both types of environments significantly influence the sustainability of educational institutions. Furthermore, leadership strategies in Islamic educational institutions play a vital role in navigating internal and external environmental dynamics to successfully implement core institutional programs (Nisak & Hermawan, 2023). In the external environment, educational institutions are influenced by many factors grouped into specific environments, such as the economic, technological, social, ecological, political, and security environments

(M. Ngalim Purwanto, 2000). These environments encompass many factors that strongly influence the continuity of educational institutions, such as culture, politics, technological advances, and higher education levels.

Based on the statements above, educational institutions must assess their external environment. This is because the external environment is broad and exerts a major influence on educational institutions. This is especially true amid global competition and the current high demands on educational institutions' performance. Thus, it is beneficial for educational institutions to conduct an organisational external environment analysis, as it helps them identify existing opportunities and threats and plan appropriate decisions and strategies.

METHOD

This study uses descriptive research, which is defined as "research conducted by portraying the state of the object or problem and is not intended to draw/take general conclusions," according to Marzuki (2003:63). The use of qualitative descriptive methods through official document reviews and literature studies provides a comprehensive overview of real organisational conditions (Riyan et al., 2025). This research focuses on the external side, namely the scope of industry, economic conditions, and social conditions.

RESULTS AND DISCUSSION

According to Duncan (1972) and David (2010), a company's external environment includes factors outside the organisation that it must consider when making decisions. According to Chuck Williams (2001:51), everything that happens outside the company and potentially impacts it is considered part of the external environment. Pearce II and Robinson (2013) define the external environment as entities beyond a company's control that influence decisions about what to do and how. Ultimately, this affects the organisation's internal structure and processes (S. R. Putu, 2017). Analysing external business and information technology factors is required to identify trends and opportunities that can increase organisational efficiency and productivity (Prayogo et al., 2021).

The external environment must be analysed to identify the opportunities and threats the company will face. The external environment can be defined in two ways. First, the external environment is considered a source of resources (Clark et al., 1994; Tan & Litschert, 1994). Second, the external environment is considered a source of information. According to the first school of thought, companies cannot survive without access to resources in their external environment (Tan & Litschert, 1994). From this view, foreign resources can threaten a company's internal resources. Some examples of external factors that can endanger organisational internal resources are legislative changes,

deregulation, and strikes (Clark et al., 1994). The second point of view relates to data in an uncertain environment, where uncertainty in the natural world is characterised by factors beyond human control that are notoriously difficult to predict (Clark et al., 1994). Individuals' decision-making capacity within an organisation is highly relevant to this (Clark et al., 1994). The external environment section discusses key concepts and analytical techniques managers must use to assess their competitive environment (Abd. Rahman & Enny Radjab, 2017).

1. Creating the Environmentally Aware Organization

There are three important processes in creating an environmentally aware organisation scanning, monitoring, and gathering competitive intelligence which are used to make predictions of relationships between scenario planning to anticipate major future changes in the external environment.

a) The Role of Scanning, Monitoring, Competitive Intelligence, and Forecasting

Environmental scanning involves monitoring the company's external environment to anticipate and identify changes. Before changes become clear patterns, this notifies companies of significant trends and events, allowing them to act before competitors do. Failing to do this can force companies to respond reactively. Experts agree that finding major trends requires knowledge of your business and customers as well as observation of events around you. Looking at the big/small picture helps you spot emerging trends that will affect your business.

Environmental monitoring tracks trends, sequences of events, or streams of activities in the environment. These may be habits that come to the company by accident or those that come to the company's mind from outside sources. By monitoring them, companies can assess how drastically environmental trends change the competitive landscape.

Competitive intelligence (CI): Knowing the ins and outs of the industry, as well as competitors' strengths and weaknesses, is very beneficial for business. This includes intelligence gathering, which involves collecting and analysing data about competitors. By predicting what competitors will do and reducing reaction time, competitive intelligence helps companies stay one step ahead in facing unexpected challenges. With the amount of information available on the internet today, tracking competitors has become easier. Below are several websites that companies frequently use to gather information about their competition:

1. SlideShare a website that allows people to share PowerPoint presentations with others. Marketing teams have joined various platforms and often post presentation slides rich in information about their companies and products.
2. Quora is a popular Q&A website that provides a free source of information on technical questions.
3. SpyFu is a website that reveals the ad keywords companies buy, which can often explain new campaigns or marketing being started.
4. YouTube: Checking the strategies, strengths, weaknesses, and opportunities of the company's closest competitors.

Forecasting involves making educated estimates about the nature, extent, pace, and severity of environmental changes. Some forecasting issues are more specific to certain businesses and industries. It is important for businesses to predict metrics such as the number of rooms in the industry's budget segment. If the prediction is low, there will be building overload, which will lead to a surplus of production capacity, which in turn will lower the rate of that production itself (G. D. Gregory et al., 2014).

b) SWOT Analysis

To develop a company strategy, it is necessary to conduct a SWOT analysis, which requires carefully cataloguing several elements. This analysis aims to maximise strengths and opportunities while minimising weaknesses and threats (Ranjith, 2001:18). Quantitative SWOT analysis is increasingly used to enhance objectivity and certainty in organisational strategy formulation (Pratama & Setiawan, 2024).

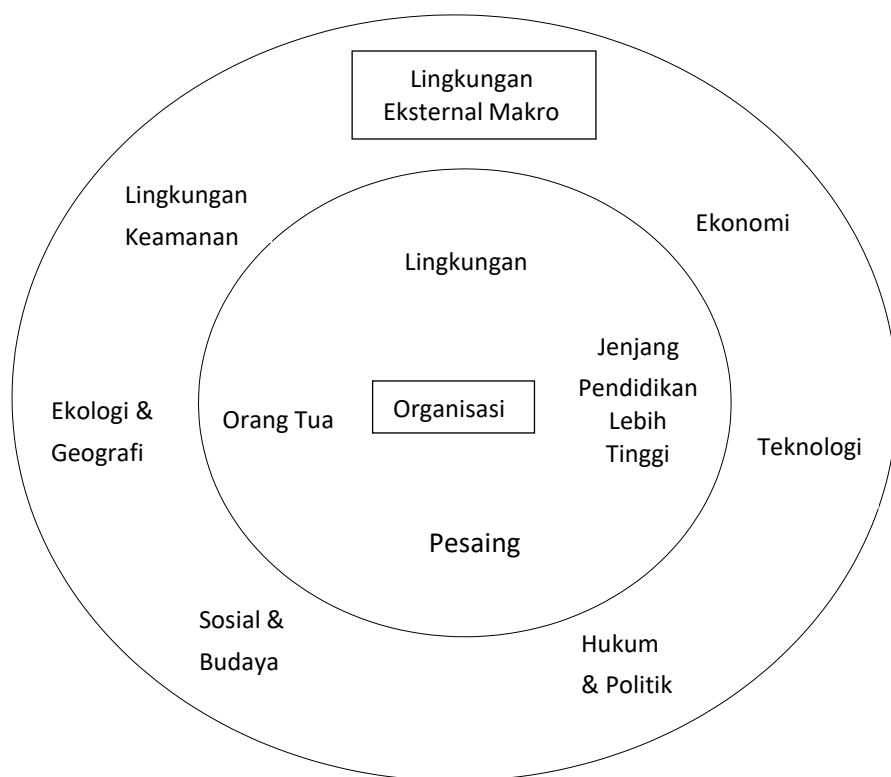
Companies must analyse their business environment to identify opportunities that require executive attention and threats that need to be anticipated. Therefore, the purpose of conducting a business environment analysis is to identify significant external factors that are anticipated to have a real impact on the organisation. In addition to identifying external elements that impact company prospects, business environment analysis also aims to understand the management implications of those aspects. Periodic environmental evaluations have been proven to reduce the impact of operational risks caused by macroeconomic uncertainty (Rahayu et al., 2024).

Management theory states that when analysing a company's environment, there are two main components: the macro environment and the industry environment. Economic, political, legal, technical, social, and cultural factors together form what is called the macro environment

(Wheelen et al., 2000:13). All forces in this macro environment directly affect a company's prospects. On the other hand, the industry environment can also be indirect impacts (Suwarsono, 2000: 23). This happens when changes in the macro environment affect the industry environment before affecting the business itself.

1) Macro Environment

The macro environment, also known as the social environment or remote environment, consists of general factors that affect organisational decisions in the short term but often have effects in the long term. According to Fidler (2002), the social environment consists of six environments:



External Environment Analysis
(Source: Fidler, 2002)

a. Economic Environment

Most organisations are vulnerable to the economic environment, which is the most difficult to analyse because it involves national-level economic factors such as inflation and interest rates. During economic recovery after a crisis, the

International Monetary Fund (IMF) has significant influence over each country's economic development strategy. To remain relevant, educational institutions must continuously monitor the economic progress of their respective countries. Economic conditions influence both human resources and the efficacy of specific HR management approaches. Expenditures, risks, and spending priorities are all influenced by the company's financial situation, which in turn is determined by these factors.

b. Technological Environment

There is a direct correlation between economic and technological environments. The pace of technological development today is unprecedented in human history. For example, undergraduate programs usually last for four years. As a result of technological developments, especially IT, this aligns with the growing needs of business and industry. These developments connect Indonesian society with global affairs at the national and regional levels. Education professionals must start thinking about technology to improve their capabilities and create a world where education is more relevant and supported by reliable standards. Keeping up with technological developments is crucial for companies to work effectively and efficiently in today's fast-paced world.

c. Political Legal Environment

The political environment refers to government policies related to the organisation's area of activity, such as monetary and tax policies and licensing, which impact organisational effectiveness in the long term. Changes in government regulations require organisations to move quickly and adaptively to revise management strategies and remain relevant (Shaff, 2024). This will be felt by organisations whose field of activity is regulated by the government (such as public administration and organisations that are part of the government apparatus), because these organisations depend on government life. Every organisation operates within and through different political systems. Every organisation and political environment influences the other. The ability to convince strategic elites in bureaucratic environments, interest groups, and the general public about the importance of taking new steps, such as changing the educational system paradigm.

d. Socio-Cultural Environment

Because it affects cultural values and social behaviour, the social environment is very important to organisational life. Governments must be more open and transparent to meet growing demands to improve "quality of life" and public criticism. As the adage goes, "nothing lasts forever," because in this world, everything continues to change and decline. In other words, although some societal shifts occur gradually and others more dramatically, change remains constant. One of the goals of education mentioned above is to encourage social innovation that drives societal transformation.

A contradiction arises from education's role as a catalyst for societal transformation. Rapid advances in science and technology in modern times have accelerated social change far faster than efforts to reform and modify schools. Therefore, education plays an important role in preserving culture, but cannot predict how society will develop. In other words, preparing for backwardness is equivalent to being unable to control and observe the dynamics of social change. Therefore, issues related to social change must become central topics in national educational thinking and practice.

e. Ecological and Geographical Environment

Environmental analysis is a challenging task. Because there are no universally accepted norms, finding trends and possibilities becomes challenging, and the answer depends on environmental circumstances. Examples of environmental pollution include human-caused and naturally occurring forms of contamination.

f. Security Environment

Environmental security must be considered carefully, especially for Indonesia today. An organisation, especially an educational institution, is highly vulnerable to security issues that can negatively affect its survival and sustainability. This is especially true for institutions responsible for maintaining community welfare. So, the organisation is located, and its competitors are running the same business (Nur Kholis, 2014). The environmental analysis above provides a detailed picture of the organisation's situation and conditions from various perspectives, especially in the field of education. Based on the results of the analysis, weighting and ratings based on vision, mission, and values

are made and used to create an appropriate Strategic Plan (Renstra). Environmental analysis must be carried out carefully because problems or threats faced by one part of the organisation can become opportunities for another. The dynamic external environment can be optimised for the company. "Challenges" are engineered and transformed into "opportunities" from the outside.

- 2) Industry Environment, According to Porter, five forces influence industry competition:
 - a) threat of new entrants;
 - b) bargaining power of suppliers;
 - c) bargaining power of buyers;
 - d) threat of substitute products; and
 - e) rivalry within the industry.

Companies must minimise the impact of these five forces if they want to develop effective, competitive strategies within their industry.

2. Theories Regarding External Business Environment

Several theories can be used to explain the relationship between the external environment and organisations, namely Population Ecology Theory, Contingency Theory, and Resource Dependence Theory. According to population ecology theory, the environment in which a business operates determines its success and survival (Child, 1999). This model shows that the external environment directly affects business performance, regardless of the strategy the company chooses (Wiklund, 1999).

According to contingency theory, company survival and performance are determined by the alignment of strategy with the external business environment (Child, 1997; Lee & Miller, 1996). If strategic planning is misaligned with the external business environment, performance can decline, which can lead to an organisational crisis. According to resource dependence theory (RDT), a company is an open system that relies on a continuous external environment (Abd. Rahman & Enny Radjab, 2017).

3. Approaches to Measuring External Business Environment

There are two ways to measure the external business environment: objective measures (objective environmental measures) and subjective or perceptual measures (perceptual environmental measures).

- a. The objective approach uses industry data, such as industry sales growth and industry concentration ratios.

- b. The subjective approach relies on attention and interpretation, describing the external business environment from the perspective of managers and top managers (Boyd & Fulk, 1996; Boyd et al., 1993).

During the decision-making process, to study management behaviour and actions, as well as to develop and plan strategies, subjective measures are used more appropriately. However, objective measures are important for understanding and measuring external barriers faced by the company, as well as the quality of available opportunities. Therefore, researchers using the resource dependence model and the population ecology approach use objective measures more accurately (Abd. Rahman & Enny Radjab, 2017).

CONCLUSION

Based on the analysis conducted, external environmental analysis is very important for a company's success and sustainability. External environmental factors, including economic, technological, social, political, and ecological factors, can greatly influence a company. Companies can identify opportunities and anticipate threats. Furthermore, by thoroughly understanding their external environment, a company can create appropriate strategies to face challenges and achieve its goals. Therefore, external environmental analysis is an essential step for a company preparing to face change and competition in today's era of globalisation.

REFERENCES

- Alim, A. A., Mugirah, Suwarno, & Murniati, N. A. N. (2024). Perencanaan strategis dengan analisis SWOT dalam meningkatkan mutu pendidikan dasar dan menengah. *Pendas: Jurnal Ilmiah Pendidikan Dasar*, 9(4), 231–240.
- Gregory, G. D., Lumpkin, G. T., Alan, B. E., & Gerry, M. N. (2014). *Strategic management* (Ed. ke-7). New York: McGraw-Hill.
- Jarkawi. (2017). *Manajemen strategi pendidikan sekolah dasar*. Banjarmasin: LP2M UNISKA MAB Banjarmasin.
- Kholis, N. (2014). *Manajemen strategi pendidikan (formulasi, implementasi, dan pengawasan)*. Surabaya: CV. Cahaya Intan XII.
- Nisak, K., & Hermawan, D. (2023). Strategi Kepala Madrasah Dalam Merealisasikan Profil Pelajar Pancasila Di Madrasah Tsanawiyah Miftahul Ulum Sukodono Lumajang. *Leaderia: Jurnal Manajemen Pendidikan Islam*, 4(1), 41–52.
- Pratama, A., & Setiawan, B. (2024). Pengembangan kinerja melalui analisis SWOT: Systematic literature review. *Journal of Economic, Business and Accounting (COSTING)*, 7(3), 4226–4235.

- Prayogo, R. P. F., Rudianto, C., & Tanaem, P. F. (2021). Perencanaan strategis sistem informasi menggunakan model Ward and Peppard. *AITI: Jurnal Teknologi Informasi*, 18(2), 97–110.
- Purwanto, M. N. (2000). *Ilmu pendidikan teoritis dan praktis*. Bandung: Remaja Rosdakarya.
- Putu, S. R. (2017). Analisis lingkungan internal dan eksternal dalam mencapai tujuan perusahaan (Studi kasus STIE Galileo Batam). *Jurnal Elektronik REKAMAN*, 1(1), 34.
- Rahayu, F. S., Chanesha, F., & Wibisono, Y. P. (2024). Perencanaan strategis sistem/teknologi informasi pada PT. XYZ dengan framework Ward and Peppard. *ARCITECH: Journal of Computer Science and Artificial Intelligence*, 4(2), 45–56.
- Rahim, A. R., & Radjab, E. (2017). *Manajemen strategi*. Makassar: Lembaga Perpustakaan dan Penerbitan Universitas Muhammadiyah Makassar.
- Riyan, Hamengkubuwono, Warlizasusi, J., & Fathurrochman, I. (2025). Analisis SWOT sebagai dasar penyusunan rencana strategis UIN Sunan Kalijaga Yogyakarta. *At-Tadbir: Jurnal Manajemen Pendidikan Islam*, 5(2), 134–143.
- Salusu, J. (1996). *Pengambilan keputusan strategis untuk organisasi publik dan organisasi nonprofit*. Jakarta: PT Grasindo.
- Shaff, M. G. (2024). Manajemen perubahan organisasi sebagai upaya peningkatan produktivitas kerja. *Jurnal Bintang Manajemen*, 2(1), 117–127.
- Susanto, H. (2022). Strategi adaptasi terhadap ancaman eksternal di perguruan tinggi Indonesia. *Jurnal Manajemen Pendidikan Tinggi*, 11(1), 50–62.
- Wahyudi. (1996). *Manajemen strategik*. Jakarta: Binarupa Aksara.