

Saarth

E-Journal of Research

ISSN NO: 2395-339X

ENVIRONMENTAL IMPACTSON BUSINESS ORGANIZATION

Prof. Jalpaben L. Anaghan*

The different environmental factors that affect the Organizations can be broadly categorized as internal and has its own external factors.

INTERNAL FACTORS

Internal factors are those factors which exist within the premises of an organization and directly affects the different operations carried out in a business. These internal factors are :

Value System :

It implies the culture and norms of the business. In other words, it means the regulatory framework of a business and every member of the organization has to act within the limits of this framework.

Missions and Objectives :

Different priorities, policies and philosophies of a business is guided by the mission and objectives of a business.

Financial Factors :

Financial factors like financial policies, financial position and capital structure also affects a business performance and its strategies.

Internal Relationship :

Factors like the amount of support the top management enjoys from its shareholders, employees and the board of directors also affects the smooth functioning of a business.

EXTERNAL FACTORS

Include all those factors which exists outside the firm and are often regarded as uncontrollable.. These external forces can further be

categorized as:-

- 1) MICRO ENVIRONMENT
- 2) MACRO ENVIRONMENT

*Prof. Jalpaben L. Anaghan ,Asst Prof ,Shree Parekh Science, Arts & `Commerce College ,Mahuva

Saarth

E-Journal of Research

ISSN NO: 2395-339X

MICRO ENVIRONMENT includes the following factors.

Suppliers :

Suppliers are those people who are responsible for supplying necessary inputs to the organization and ensure the smooth flow of production.

Competitors :

Competitors can be called the close rivals and in order to survive the competition one has to keep a close look in the market and formulate its policies and strategies as such to face the competition.

Marketing Intermediaries:-

Marketing Intermediaries did the Company in promoting , selling and distribution of the goods and Services to its Final Users

MACRO ENVIRONMENT includes the Following Factors.

Economic Factors :

Economic factors includes economic conditions and economic policies that together constitutes the economic environment.

Social Factors :

Social factors includes the society as a whole alongside its preferences and priorities like the buying and consumption pattern, beliefs of people their purchasing power, educational background etc

Political Factors :

The political factors are related to the management of public affairs And their impact on the business.

The environment-organisation interaction has a number of implications from strategic management point of view.

1) The environmental forces may affect different parts of the organisation in different ways because different parts interact with their relevant external environment. For example, the technological environment may affect the organization's R & D department. Further, these forces of the environment may have direct effect on some parts but indirect effect on others. For example, any change in the fiscal policy of government may affect the finance department directly but it may affect production and marketing indirectly because their program may be recasted in the light of new situation, though not necessarily.

Saarth

E-Journal of Research

ISSN NO: 2395-339X

2) The environmental influence process is quite complex because most things influence all other things. For example, many of the environmental forces may be interacting among themselves and making the impact on the organisation quite complex. Moreover, the impact of these forces on the organisation may not be quite deterministic because of interaction of several forces. For example, the organisation structure will be determined on the basis of management philosophy and employee attitudes. But the organisation structure becomes the source for determining the employee attitudes. Thus, there cannot be direct and simple cause-effect relationship rather much complexity is expected.

3) The organizational response to the environmental forces may not be quite obvious and identical for different organizations but these are subject to different internal forces. Thus, there is not only the different perception of the environmental forces but also their impact on the organisation. Key factors determining responses to environmental impact may be managerial philosophy, life cycle of the organisation, profitability, etc.

4) The impact of environmental forces on the organizations is not unilateral but the organizations may also affect the environment. However, since the individual organizations may not be able to put pressure on the environment, they often put the pressure collectively. Various associations of the organizations are generally formed to protect the interest of their members. The protection of interest certainly signifies the way to overcome unilateral impact of the environment on the organizations. The nature of organisation-environment interaction is such that organizations, like human species or animals, must either adjust to the environment or perish.

Conclusions

Any organization is an open system between itself and its external environment up to a series of relationships that influence each other. Organization influence the external environment primarily through its products and services, but also so that it is socially responsible, is geared to various relationships with other organizations make their mark on the social community to which they belong. In turn, the external environment affecting the organization's work available in market information, input supply, the looming trends, new organizational and managerial changes.

Reference

- Belu, N, Management strategic, Ed. Independent Economica, Pitesti 2006
- Marketing 91.com
Chron.com