

Chapter 04

Environment Context of Management

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Chapter :- 4

Environmental context of Management

Internal and external environment concept and Elements

- Internal environment of business consists of the conditions and resources which are internal to an organization.

- Elements of Internal Environment are:-

1. Organizational goals and policies
2. Organizational resources
3. Organizational structure
4. Organizational culture
5. Owners and Directors
6. Employees
7. Unions

- The external environment refers to forces and institutions outside the organizations that potentially can affect the organizations performance.

- Elements of external environment are:-

- | | |
|----------------------|-------------------------|
| - Customer | - Political environment |
| - Suppliers | - Legal environment |
| - Competitors | - Economic environment |
| - Media | |
| - Global environment | |
| - Pressure groups | |

Concept of Environmental Scanning and Methods

- Environmental Scanning is the process of collecting, monitoring and evaluating environment trends.

- The methods of Environmental Scanning are:-

1. Extrapolational method
2. Intuitive reason
3. Scenario building
4. Cross Impact matrix
5. Morphological analysis
6. Delphi technique
7. Survey method
8. Brainstorming
9. Historical Analogy

SWOT Analysis

- SWOT Analysis is the study of strength, weakness, opportunity and threat that an organization has to capitalize and to face and capitalize on.

Social Responsibility of Business:

- Approach
- area
- Business Ethics

- Social responsibility is the obligation to protect social norms and rules. It is established, exists and perform functions in the society.

Approach

1. It towards investors / Share holders
2. It towards consumers
3. It towards employees
4. It towards government
5. It towards Community

Areas of Social Responsibility are:-

Towards Investors

- safety of Investment
- fair and regular return
- correct and regular information

Towards consumers

- Supply goods in time
- Supply goods in proper price
- provide after sale service

Towards employees

- Job security
- Good working Environment
- participation in Decision making

Towards government

- follow rules
- payment of tax
- Avoid monopolistic practices

Towards Community

- protect environment
- Generate employment opportunity
- utilize resources

Business Ethics

- Ethics is the set of moral principles and rules guiding an individual's behaviour. Managerial ethics is the standard of behaviour that guides individual managers in their work.

- The significance of Business Ethics are:-

- promote goodwill and Image
- Helps maintain better relation with share holders.
- Promotes fair competition
- Promotes social responsibility
- Improve working environment
- Helps to increase market share
- Less interference from government