

Technique applied for organisational audit marketing essay



3. 0 INTRODUCTION

Every organisation will conduct an audit activity to examine and determine any mistake or opportunity that is happening around the company.

Organisational audit or internal factor environment consists of the inherent competencies of the firm and the structure of its internal systems and processes. (www. bnet. com, 2010).

It means that a conditions, events, and factors within an organisation which influence its activities and choices, mostly the behaviour of the employees. The internal environment factors are important to an organisation as it is like a foundation to organisation which should be building very strong. These internal environmental factors also should be manage well, to ensure the performance of the company will move smoothly.

Meanwhile external environmental factors are the conditions, trends, and forces that are essentially outside the control of organizational members. (www. ventureline. com, 2009). It means that external environmental scans are conducted to identify important factors in the external environment. This analysis is often a critical aspect in all business or strategic plans.

Among all the factors in both environments, Toyota has to audit two internal factors and two external factors to ensure its past mistake will not be happen again in the future. Below are the factors that Toyota should be auditing;

3. 1 TWO INTERNAL FACTORS

3. 1. 1 Suppliers

Suppliers for Toyota are one of the internal environmental factors that should be highlighted in this case. Due to its faulty brake, Toyota has to re-audit its supplier whether they were supplying the quality raw material to Toyota. Suppliers for Toyota are playing an important role as they are supplying components of car to Toyota. They are supplying all these material in bulk and low in cost.

Although it was selling in the low cost price, Toyota has to ensure the quality of the components supply to them is approved by the ISO before assemble it. In addition, Toyota may resend the entire recall car's compartment that have problem to the supplier to do alteration on its product to meet customers satisfaction.

3. 1. 2 Employees

Employees are one of the internal environmental factors that should be considered about. These employees are people who work on assembling all the components of the cars. Therefore, Toyota has to ensure that all its workers are skilful and well trained.

Toyota has to re-check its workers performance whether increasing or declining. If the graph shows decline graph, the workers must be dissatisfied with the service or facilities given to them. In order to evade this would happen; Toyota has to take care of its employee's welfare to ensure they are working more effective. This is because the employees will feel that the employer is concerned on their safety. Moreover, Toyota must also check on

their employees' progression frequently to avoid any sabotage occur in the workplace.

3. 2 TECHNIQUE APPLIED FOR ORGANISATIONAL AUDIT

According to mba-tutorials, IFE matrix is used for internal audit of functional area of business such as strengths and weaknesses. It means that IFE matrix is helping Toyota to audit its strengths and weaknesses to form a strategy. Below is the evaluation for Toyota's strengths and weaknesses;

IFE Matrix Evaluation

UST-Key Internal Factors

Strengths

Weight

Rating

Weighted Score

High brand name recognition

0. 10

3

0. 3

Up-to-date technology software

0. 05

2

0. 1

Strong management team

0. 05

3

0. 15

Good competitive advantage

0. 20

4

0. 8

Good market share

0. 10

1

0. 1

Weaknesses

Sales dropped

0. 20

2

0. 4

Operating losses

0. 05

3

0. 15

Bad financial condition

0. 05

3

0. 15

Lack of quality assurance on product

0. 15

1

0. 15

Low quality of raw material

0. 05

4

0. 2

TOTAL

1. 00

2. 50

Table 3. 1 IFE matrix evaluation

Based on the evaluation above, Toyota weighted score of 2. 50 indicating that the firm is average. It means that the strengths of Toyota are able to meet the weaknesses of it.

This is because Toyota has established almost 70 years and this has made the company brand more recognisable by people. Therefore, this brand recognition may help the company to increase the sales that has dropped almost 9%.

3. 2 TWO EXTERNAL FACTORS

3. 2. 1 Technological Environment

One of the factors in external environment is technological environment. The level of technology, speed of technology, researches and development budget technology transfer are included in technological environment. These elements also directly affect business decision due to rapid growth in technology systems.

Therefore, Toyota has to keep in hunting and updating the company with the new technology. Although the technology used by the company is modern and meet the current technology, Toyota must also keep the maintenance frequently. This is because the machines are being use in assembling the

cars. Therefore, the performance of the machine should be always in good condition.

3. 2. 2 Economic Environment

Economic, environment is an important element of external environment factors. Inflation, interest rate, and unemployment are its main elements. As these elements directly affect the business organisations, decision should be taken after having deeply studied and analysed them. The business organisation cannot affect these elements, rather the organisation are affected by them. This is because these elements are not under control system. For Toyota, this factor must be audit carefully before investing into another country. Every country has different economic status neither to USA.

Recently, the world economic is slowly moving into recovery and the inflation is slowly moving downwards. Therefore, Toyota is able to cover their losses on faulty brake in USA. The price of resource is reducing and this make the Toyota able to repair the cars.

3. 3 TECHNIQUE FOR EXTERNAL ENVIRONMENTAL AUDIT

According to mba-tutorial, external factor evaluation is defined as the strategic tool to evaluate external environment or macro environment of the firm include economic, social, technological, government, political, legal and competitive information. It means that EFE is one of the ways that can be used to analyse, asses, and summarise external factor environment of the company. For Toyota, in order to evaluate its external factors environment, the company has to list down all its opportunities and threats. After that, the

company has to evaluate it by assigning them into weight and rating. Below is the result from EFE matrix for Toyota;

EFE Matrix Evaluation

UST-Key External Factors

Opportunities

Weight

Rating

Weighted Score

Global markets

0.05

4

0.2

Demand

0.10

2

0.2

Economic are recovering

0.05

3

0. 15

Low inflation

0. 05

3

0. 15

Creating new mind set of customers

0. 15

1

0. 15

Threats

Competitor take over the customer

0. 10

2

0. 2

Government interfere on the safety of recall product

0. 05

3

0. 15

Competitor offer more safety mobile

0. 20

3

0. 6

Lots of new car in the market

0. 10

1

0. 1

Increasing price of the fuel

0. 05

4

0. 2

TOTAL

1. 00

2. 10

Table 3. 2 EFE matrix

Based on the evaluation above, Toyota has total weighted score of 2.10, indicating that the firm is below average. It is because the opportunity that the company has is weak compare with the threats that they are facing. The opportunity of refreshing customer's mind set toward the product looks to be the first rating however it could not helps Toyota to reduce the number of cars in the market during the repairing process.

Although the economic is recovering, and this would be the opportunity for Toyota to sell more cars in the market but the price of the fuel is increasing, makes this as a threat to Toyota.

3.4 CONCLUSION

As a conclusion, organisational auditing is important to any organisation to monitor its performance. Analysing both factors; internal environmental factors and external environmental factor makes the company to know the exact situation of its company. Internal environmental factors should always be audit by the management to ensure these parties are performing at maximum level. Other than that, external environmental factors are also be apart on ensuring the company has do better performance. Analysing the economic factor, and updating with new technology makes Toyota more confidence in producing new cars to the new country. In addition, this auditing also should be done together with external factor evaluation (EFE), to know the position of the company in beating the market. The EFE matrix helps Toyota to construct new strategy on how to overcome the threats that they are facing in order to increase their number of sales in USA.