

# External environment analysis

[Environment](#), [Ecology](#)



With the rapid improvement of people's living standard and deeper demand for food variety and quality, these environmental changes both external and internal pose a more significant impact on organization's decisions. This essay describes the two types of environments that organizations have to deal with. One is external environment and the other is internal environment. The first section in this essay describes the two types of business environments: external and internal environment.

Next in the second section, it will explain the definition of environmental uncertainty and managing environmental uncertainty. After that it will discuss adaptive and non-adaptive culture. Running through this essay, an organization is used as an example to explain all the discussion and corresponding solutions are also contained in each section in this essay. There are mainly two types of business environments, internal and external. The external environment can be further categorized into task environment and mega environment.

The mega environment is the general external environment in which the organization functions. The task environment comprises more specific elements that act directly on the organization. In the mega environment, organizations operate and exert pressure on the organizations ability to achieve its vision, mission and goals. The mega environment has five elements including technological element, economic element, political element, cultural element and the international element.

Generally, these five elements have negative influence on the organization but they can also exert positive effect by providing chances for increased

profitability and product improvement such as launching new flavour of desserts. The task environment which differentiates from the mega environment can directly affect the operations of the organization while managers often have ability to control it. It focuses on the products, services and the location of the organization. It also has five elements including customer, competitor, supplier, government and labour.

Each element can have a significant impact on the organization's strategy and put emphasis on different fields. For instance, the customer element centres more on customer expectations of product and service quality and value for money. Nowadays, many enterprises have set about optimizing how to satisfy customer needs and expectations. A fast food company-- Kentucky Fried Chicken is a pretty good example. Since the company entered the Chinese market in 1987, it has made great progress in promoting competitiveness.

Simultaneously, some famous foreign food businesses such as McDonald's, Pizza Hut have entered Chinese food market and this exerts severe pressure on KFC's sales performance. Following the changing market environment, especially competitors, external market has become more complicated to cope with (MoccaTse1, 2012). Hence, business and organization management had shifted their focus merely on their product innovation for the purpose of promoting competitiveness. To rise to the challenge, the solution mentioned below may help.

As for KFC, the rivalry pressure of its substitutes is relatively low. Since chicken is more popularized among most Asians than hamburgers, it enables

KFC to push off an American eating style which differs from other food enterprises. This conversion implies that organizations have to make their business objectives more competitor-centred and applies the competitor element subject to one of the task environment's component. Reference: Kitty 2009, ' KFC location strategy in China' MoccaTse1, External Environment Analysis, Nov 2012,