

# [What is macro environment?](https://assignbuster.com/what-is-macro-environment/)

Macro environment includes major external and uncontrollable factors that influence an organization’s decision making, and affect its performance and strategies. These factors include the economic, demographics, legal, political, and social conditions, technological changes, and natural forces. The above stated factors can’t be controlled by the organization itself.

To help analyse these factors managers can categorise them using the PESTEL model.

### What PESTLE stands for?

P -political

E -economic

S -social

T -technological

L -legal

E -environmental

### Political factors

Ø What goods and services does a government want to provide?

Ø To what extent does it believe in subsidising firms?

Ø What are its priorities in terms of business support?

Political decisions can impact on many vital areas for business such as the education of the workforce, the health of the nation and the quality of the infrastructure of the economy such as the road and rail system.

### Economic factors

Ø These include interest rates, taxation changes, economic growth, inflation and exchange rates.

Ø Higher interest rates may deter investment because it costs more to borrow.

Ø A strong currency may make exporting more difficult because it may raise the price in terms of foreign currency.

Ø Inflation may provoke higher wage demands from employees and raise costs.

Ø Higher national income growth may boost demand for a firm’s products.

### Social factors.

Ø Changes in social trends can impact on the demand for a firm’s products and the availability and willingness of individuals to work.

Ø The ageing population also has impact on demand.

### Technological factors.

Ø New technologies create new products and new processes.

Ø Technology can reduce costs, improve quality and lead to innovation.

Ø These developments can benefit consumers as well as the organizations providing the products.

### Environmental factors.

Ø Environmental factors include the weather and climate change.

Ø Changes in temperature can impact on many industries including farming, tourism and insurance.

Ø With major climate changes occurring due to global warming and with greater environmental awareness this external factor is becoming a significant issue for firms to consider.

### Legal factors.

Ø These are related to the legal environment in which firms operate.

Ø The introduction of age discrimination and disability discrimination legislation, an increase in the minimum wage and greater requirements for firms to recycle are examples of relatively recent laws that affect an organization’s actions.

Ø Legal changes can affect a firm’s costs (e. g. if new systems and procedures have to be developed) and demand (e. g. if the law affects the likelihood of customers buying the good or using the service).

### Different categories of law include:

* consumer laws: these are designed to protect customers against unfair practices such as misleading descriptions of the product
* competition laws: these are aimed at protecting small firms against bullying by larger firms and ensuring customers are not exploited by firms with monopoly power
* Employment law: these cover areas such as redundancy, dismissal, working hours and minimum wages. They aim to protect employees against the abuse of power by managers
* Health and safety legislation: these laws are aimed at ensuring the workplace is as safe as is reasonably practical. They cover issues such as training, reporting accidents and the appropriate provision of safety equipment .

### INDIAN EDUCATION

Education is one of the most powerful instruments for reducing poverty and inequality. Education is equally key to enhance India’s Historical Background:

The education system of India is very old. It has started from the ancient times. The Vedas, puranas, ayurveda, yoga represent some forms of education. There are evidences of imparting formal education in ancient India under the Gurukul system. Under the Gurukul system, young boys who were passing through the Brahmacharya stage of life had to stay at the Guru or the teacher’s home and complete their education.

Earlier women and people of lower castes didn’t have a right to educate themselves. But Jainism, Buddhism and Sufi movements had some liberating effects. The Britishers can be credited for bringing a revolution in the Indian education system because it is the English language and the reformation movements of the 19th century that had the most liberating effect in pre-independent India.

### India Education Present Condition:

After independence, making education available to all had become a priority for the government. As discrimination on the basis of caste and gender has been a major impediment in the healthy development of the Indian society, they have been made unlawful by the Indian constitution.

The 86th constitutional amendment has also made elementary education a fundamental right for the children between the age group- 6 to 14.

According to the 2001 census,

Total literacy rate – 65. 38%.

The female literacy rate – 54. 16%.

Only 59. 4% of rural population is literate as against 80. 3% urban population according to the 2001 census.

In order to develop the higher education system, the government had established the University Grants Commission in 1953. The primary role of UGC has been to regulate the standard and spread of higher education in India. The higher education system in India comprises of more than17000 colleges, 20 central universities, 217 State Universities, 106 Deemed to Universities and 13 institutes of Natioanl importance. This number will soon inflate as the setting up of 30 more central universities, 8 new IITs, 7 IIMs and 5 new Indian Institutes of Science are now proposed.

### Education System in India:

The present education system in India mainly comprises of primary education, secondary education, senior secondary education and higher education. Elementary education consists of eight years of education. Each of secondary and senior secondary education consists of two years of education. Higher education in India starts after passing the higher secondary education or the 12th standard. Depending on the stream, doing graduation in India can take three to five years. Post graduate courses are generally of two to three years of duration. After completing post graduation, scope for doing research in various educational institutes also remains open.

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| political | \* Schools being privatised (like the NHS)  \* A government initiative creates the risk that the school may fail to deliver the policy or be diverted away from local priorities etc.  \* Changes to the skills required to be a teacher/ tutor  \* Changes to curriculum with short lead times  \* Requirement to be self managing  \* Requirement to be self financing |
| Economic | \* Central or local government funding decisions may affect school/ establishment finances  \* Closure of a local industry may affect fund raising plans etc.  \* Ability of parents to raise funds for optional activities  \* The need to run breakfast/ after schools clubs  \* Ability to invest ‘ savings/ surpluses’  \* Cost of providing resources:  o Staff – teaching & support  o Basics – books/ paper  o Technology solutions laptops etc  \* Interest rates  \* Shortages of materials on national/ international markets  \* Over provision of school places in the area resulting in competition from neighbouring schools  \* The risk of highly valued, key staff moving on to more ‘ up and coming’ schools/ academies |
| Social | \* Decline in birth rate, reflecting national trends  \* Local population changes (increasing/ decreasing numbers)  \* Demographic changes may affect likely pupil rolls or the nature of pupils needse. g. pupils with English as a second language etc.  \* Closure of local firms providing employment  \* Inability to attract staff  \* Social networking – blogs, facebook, twitter  \* Changes to qualifications expected  \* Integration with local community  \* Integration of students with special needs  \* parental preference – an increase in ‘ parent power’ has allowed parents more freedom of choice over their child’s school  \* the risk of highly valued, key staff moving on to more up-and-coming establishments  \* Information is accessible to staff anywhere in the world via the Internet  \* Staff were not given enough training or access to effectively change their habits and how they expected information to be made available |
| Technological | \* Changes to standards/ equipment required  \* Risk of selecting the wrong technology at times of change (i. e. windows -v- open source)  \* New computer viruses may affect school/ college operations,  \* Disturbing/ illegal images on the internet may affect ICT security measures etc.  \* Move from paper based books to e-book readers  \* Computer hardware being out of date  \* Computer software being out of date  \* Time to manage IT systems |
| Legislative | \* new legislation may create risks of non-compliance with the law, create new administrative burdens etc  \* Changes to child protection legislation  \* Raise the age of school leaving age  \* Raise/ lower the age of starting school. Nursery/ kindergarten  \* Change to school opening hours  \* Changes to funding of charity based organisations  \* Health & safety legislation |
| Environmental | \* A new highway layout near the school may create new dangers for pupils etc  \* Waste disposal  \* Reduction of green space available for activities  \* Changes to local bus routes  \* Using a significant amounts of paper and photocopier toner to produce printed information. |