

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.

<https://assignbuster.com/what-is-macro-environment/>

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 than 17000 colleges, 20 central universities, 217 State Universities, 106 Deemed to Universities and 13 institutes of National 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.

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

*

Requiremen

t to be self

managing

*

Requiremen

t to be self

financing

Economic * Central or

local

government

funding

decisions

may affect

school/

establishme

nt 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

neighbourin

g 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)

*

Demographi

c 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

qualification

s 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
establishme
nts

*
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

cal

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
administrati
ve 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

organisation

s

* 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.