

Understand the
organizational
purposes of
businesses
commerce essay



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There are many types of organizations which categorize according their purpose of creation, their goals and objectives, and their interests. Some organizations are created to earn profit, some are built to support mankind in form of jobs, and some are non-profit organizations who work for some good cause (Coe, 1999, P 110-23). Let us discuss some different types of organizations with their targeted aims and purposes for which they exist.

Legal structure:-

It is a type of organization whose mission or goal is to provide help to peoples in getting justice. They ensure laws and rules within a society.

Private company:

This type of organizations has different mission and vision statements such as to become market leader or to produce quality products efficiently at low cost. However they have only one real goal which is to earn money (Jossey, 1999, P 325-35).

Public company:

This type of organizations whose purpose of existence is to provide jobs and other benefits to public of the society. These organizations mostly controlled by government but a good percentage of these organizations share are owned by peoples of society in which it runs.

Government

Government organizations are always ruled by the government officials. The purpose of existence of this type of organizations is to provide money to the government so that it can perform their function effectively and serve peoples of society with economic development and number of jobs (Bruns, 1993, P 101-113).

Voluntary organization:

These organizations work voluntarily for government or for good cause. Their goals are different but purpose is to provide help to other organizations so that they can effectively work.

Charitable organization:

These types of organizations have only one purpose to support peoples who cannot work or poor in wealth. They based on the charity given by government or other stable organizations for supporting mankind or for any other good cause.

Describe the extent to which an organization meets the objectives of different stakeholders

Stake holders play a very important role for an organization. These are the peoples or organizations which have some interest in the business of organization. Ideally all organizations wants to satisfy the needs of every stake holder completely, but practically it is impossible to achieve full satisfaction of each and every stake holder due to political, social and environmental effects of society on business of organization (Jossey, 1999, P 325-35). Therefore, it is an important to satisfy the needs of stake holders for

any organization up to maximum level. The extent to which an organization meets the needs of their stake holders is basically an indicator that determines organizations performance in their business. Those organizations that performed well and show excellent performance can easily meet the objectives and needs of stake holders up to maximum level (Duncan, 1989). Therefore, there should be an optimize level when achieving needs or meeting objectives of stake holders followed by the organization to make organization successful with excellent and satisfied performance.

Explain the responsibilities of an organization and strategies employed to meet them

Organizations doing business in a society must have to understand their responsibilities related to the society, towards the society people's health, safety and prosperity so that they can meet their basic needs with the help of organization as different forms of stake holders (Ammons, 1995, P 37-47). In addition with this, there are also some other responsibilities of organization related to the nation or region in which it operate their business which includes its effect on global warming and on environment of society. Every organization must have to consider and fulfill their responsibilities to avoid any conflict and risk (Boone, 1996, P 10-12).

There are many strategies available to meet these responsibilities according to the severity of responsibility or stake holders whose responsibilities are concerned. To fulfill responsibility towards environment of society or region, organization must have to sign and employed environmental legislation (Overman, 1994, P 193-96). Similarly an organization has to employed health and safety legislation to fulfill responsibility related to society people's health

and safety. In addition with this, certain other strategies such as employee legislation, customer legislation and compliance legislations are employed by the organizations to assure that organization fulfills its responsibility towards society honestly and completely (Newcomer, 1997, P 5-13).

How economic systems attempt to allocate resources effectively

Economic system of a nation determines its structure, how a nation allocates its resources and how it ensures economic activities within the country or nation (Bloom, 2003). There are three types of economic systems which include mixed economy, market economy and centrally planned economy (Wallace, 1990). In centrally planned economic system all the resources and structures of the nation are rules and controlled by the government itself without allowing others to interfering in these matters. This system fails in developing good economic value, providing enough incentives, achieving fast growth, and also in satisfying need of consumers (Jorgenson, 2006). In a combination of controlled and free economic system commonly known as “mixed economic system”, all the resources are allocated by joint venture of government and private sector organizations. This is the highly effective and mostly used economic system all over the world especially in Europe (Vig, 1999).

In this system resources are divided equally between two governing parties. This system is also called privatization. Last type of economic system is market economy in which government has not rules any resource and all governing rights are delivered to private sector. Mostly countries employed mixed economic system to allocate resources within the country as it

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includes governing of government which is actually ruler and private organizations that can invest and provide different effective ways to make economic system successful (Guy, 2009).

Impact of fiscal and monetary policy on business organizations and their activities

Fiscal and monetary policy determines the flow of capital and payment procedures for different economic activities. The most important thing that affects directly business organizations and economic activities within the country is the interest rate which is determined by these policies. As interest rate is a very important factor for an industrialist or business man to run their business within the boundaries of any country; therefore, fiscal and monetary policy can affect negatively as well as positively to the business of organizations. These policies are specifically designed to enhance the economic cycle running within the organization and ensure that money must regulate between the peoples; therefore, fiscal policy as well as monetary policies always considered by the organizations management before starting business in any specific region or country (McFall, 2002).

Evaluate the impact of competition policy and other regulatory mechanisms on the activities of a selected organization

Like other policies of an organization, competition policy also plays a vital role in their growth as it explains how organization going to compete with other organizations present in the same market. There is a huge impact of competition policy on operations and working of an organization. The ideal aim of competition policy is to give competitive advantage to the

organization so that it can easily and effectively compete in any market (American Economic Association, 1991). Let us consider the previous example of Tata Nano to evaluate the impact of competition policy for this organization of Tata motors. In the case of Tata Nano, competition policy of Tata motors is based on price competitiveness to give Tata motors competitive advantage for this car. Competition policy uses by Tata motors becomes successful in case of Tata Nano which gives this company a boost in their profits and demand of this car. The policy for competition of Tata motors also include a step of launching and start production of this car from two different locations in Singapore and India. From India they try to fulfill demands of Asian countries and from Singapore they try to fulfill demands of European market (Justin, 2009, P 1-3). In this way, Tata motors successfully implements their competition policy through selling Tata Nano from two different locations at very cheap rate to achieve competitive advantage. The policies of Tata motors for Tata Nano are considered as a landmark in competition policies history due to its success rate (Palley, 2009, P 35-39).

Explain how market structures determine the pricing and output decisions of businesses

The pricing and production or output decisions are based on the market structure. This means that if the market has low competition then price may set high and vice versa (Naylor, 1983). Similarly if the market is highly competitive then price depends on quality of product and current position of product in the market. If customers ready to buy product at high price due to its quality, then high price is okay, otherwise price must be down to compete with other products effectively.

In addition with above factor of competition in the market, there are also some other types of markets which also take part in pricing of a product. These include market in which organizations product can claim competitive advantage, high growth possibility in the market and a perfect competitive market (Gibson, 1991). In above all mentioned markets on which pricing and output decision matters, every one organization wants competitive advantage and low competition in market so that they can claim high profit on its product.

Illustrate the way in which market forces shape organizational responses using a range of examples

Market forces are the only parameters or factors that define response of an organization which is also an intelligent need. This is need because those organizations who based their responses such as editing their policies related to marketing or related to customer satisfaction, can effectively manage their organizations to receive considerable growth within limited time (March, 1985). Market forces such as supply and demand facts and figures are very important factors. These factors helps in deciding production rate, supply rate and demand rate, and also rate at which marketing will be done for respective product. In this way through providing some factors, these market forces shapes determines response of an organizational response. Let us consider an example of Tata Nano which is an ultimate low price car of Tata motors. When Tata motors launches this car they face a serious crises of low production. In this case, the market force of high demand of this car makes Tata motors to give response in a way to increase the production and they finally increase their production from 100 cars to

1200 cars per month which is a very big change made by market force of high demand (Ogilvy Public Relations Worldwide, 2009, P 27-31).

How the business and cultural environments shape the behavior of a selected organization

Culture of any organization is very important not only to ensure its stability but also to ensure its growth. It helps organization to face and deal with new challenges. It also helps to develop and transform organization for any needed and required change. Business and cultural environment must be diversified and effective so that it cannot conflict with organizational goals and objectives (Katz, 1987). Cultural diversity is very important factor that helps peoples from different cultural background in their working and allow them to work at the same place effectively. If an organization fails in achieving diversity or if an organization cannot integrate diversity in its culture then it may ruin complete process of sharing information or training within the organization. The reason of this serious result is that diversity reduces and eliminates communication gaps between employees which affect training and learning process of employees and these affect will ruin the organizations growth.

Significance of international trade to UK business organizations

International trade is very beneficial and profitable for any organization either it is in UK, USA or in any other country. It allows the organizations to sell their products at a good rate to earn extra and considerable profit which cannot be earned after selling products at local scale or local level. Due to this approach or extreme profitable benefits of International trade, most of

the organizations prefer to do business at international level instead of selling product or doing business at local or national level (Wohlmeyer, 2002). For UK business organizations it is also a very good approach as it gives some extra profit to them for the same product or service they offer. In addition with this, there are also other benefits that can be achieved with this approach. These benefits include low labor cost, low material cost and low transportation cost. These benefits cannot be achieved during running business at national level (Litterer, 1993). If UK business organizations start doing business at International level then they can easily reduce cost of their products after saving huge cost of transport which they pay before to collect raw material from different parts of the world. Similarly, if UK business organizations take this step then they can also achieve advantage of competitive and efficient buying of raw material for their organization.

Impact of global factors on UK business organizations

There is a huge impact of global factors on UK business organizations like other countries organizations that runs business at International level. Similarly there is also a huge list of factors that affects the business of organizations in UK. These factors primarily include International trade and the UK economy, market opportunities, global growth, World Trade Organization (WTO), emerging markets, global oil prices, global terrorism and others (Cascio, 1999). In addition with this, there are also many factors that have a good impact on UK business and UK business organizations. If some market opportunities are present in any part of the world, then like other countries, UK organizations also try to avail that opportunity to gain more and more profit. Similarly other factor such as global growth and

terrorism are some factors which not only affects UK business organizations but also affect all the businesses running all over the world. In addition with this, another important factor that affects the UK business most is the stability of Euro and currency in which the trade is done between UK organizations and other organizations located outside UK.

Impact of policies of the European Union on UK business organizations

Every European Union policy plays a very important role in defining and determining the business or organizations doing business within the UK. Like any other European country, UK is also affected by their policies as European Union policies are always designed to promote the business relationship with in the European countries and to ensure economic development all over the Europe (Helpman, 1991). The decision take by the European Union related to the trade done by the or between the European states is based on the social, economic, political and environmental conditions; therefore, these decisions not only affect the profit but also affect the market of the businesses. For example, if European Union after considering air pollution decides to allow only electric cars or hybrid cars to run inside Europe, then it is the opportunity for Hybrid car manufacturers but it is devastating news for regular cars manufacturer. Therefore, European Union policies have a very clear and dominant effect on UK business as it based on different factors which affects Europe.