

Importance of taking into consideration the global environment business essay

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Many of today's leading managers of global companies like Apple Inc. work in surroundings where they compete with other companies for resources that are scarce and valuable. Those managers realise that in order to survive and ensure success for their firms in the 21st century they must become a global organisation where they have to operate not only domestically, but also internationally. To ensure success, managers abide by a certain set of forces and conditions in the world outside an organisation's boundaries known as the "the global environment." "The global environment is the set of forces and conditions that operate beyond an organisation boundaries but affect a manager's ability to acquire and utilise resources." (Jones George, 2000: 11) The forces in the global environment help shape a business as they surround the business boundaries. The set of forces are namely your suppliers, competitors, distributors and the daily customers. Together they are known as the task environment. Surrounding the task environment boundary is the general environment which consists of technological forces, political and legal forces and economic forces. The forces of the global environment restrict a manager's ability in an organisation, in order to prevent resource exploitation hence; the forces control the availability of those resources. Due to the constant change of forces over time, the managers are faced with opportunities and threats, such as improvement in technology production in opposition companies, resulting in that company needing to improve their production. A manager must find a solution or must adapt to the change in forces in order to effectively run a business. Therefore it is important to follow the global environment for the business to survive in the organisation. The task and general environment with their

forces individually helps a business run effectively in their own way and collectively the force ensures global growth. The forces of the task environment help a business deal with their inputs and control their output. They deal with effects that occur in a business that are more responsive and approach the business straight. The suppliers are responsible to ensure that the business or organisation has input resources, thus as a result the company utilises the inputs to produce goods and services. After the suppliers provide the business with resources the distributors which are organisations that enable that the goods and services are sold to your daily customers. The distributors make decisions that will maximise and find the best economical outcome for their organisation. However the distributors have numerous methods about how they try to sell an organisations goods and services. Many of the methods are opportunities that may or may not result in the sale of the company's product. These are the risks that are involved in the global environment. Managers work their way around those risks to respond in a positive outcome. As a result of the distributors pursuing the daily customers to buy goods and services, they have control over the customers and hence the distributors can control the demand and ultimately the sell price which benefits a business. After the suppliers ensure that the distributors has a product to sell, it is then up to the customers, which are individuals and also groups that acquires the businesses produces, to purchases the goods. Again, due to opportunities and threats, the changes of this force as a result in numerous customers having different needs and demands. The manager must be able to satisfy their customers' needs. Hence managers need to provide various products in order to ensure their

distributors can sell the business' product. Therefore the global environment increases the global market as many businesses produce greater amounts of good and services. That's another reason of the importance of the global environment with its forces. Next in the task environment that helps a business survive is competitors. Competitors are known as opposition businesses that produce similar goods and services in order to sell to daily customers. This will cause a rivalry between opposing businesses and affects the way a business operates. The rivalry will result in the opposing businesses each trying to persuade the customers to purchase their product. The business will have to provide a product that will satisfy a customer's needs, therefore the customer will most likely purchase the product that satisfies the most needs to them and taking into consideration the price of the product. However if business rivals can produce products that are better and also cheaper it will result in businesses' prices of their goods and services being reduced resulting in a reduced income and revenue. Therefore the global environment with its threats motivates a business to provide adequate and constantly improving goods. The boundary that resides out of the task environment is your general environment. The forces that reside in the general environment will result in changes that occur in the task environment which ultimately affects a business operation either positively or negatively. The first force that will shape and assist a business is the economic forces. It deals with the ever changing effect of the fluctuation in the rates of unemployment, interest rates, recession and the economic growth. The business operation depends on whether those rates favour or disadvantage the business. If unemployment, inflation and the

economic growth favour a business, for example if the inflation rate of resources decreases, it results in the economic force assisting the business operation and effectively increases income and revenue. On the other hand, if the rates dealing in the economic forces handicap a business it results in difficult times where a business has to deal with inflation and high unemployment rates. The technological force provides a business with much technological equipment that a manager acquires in order to produce a business' set goods and services. Due to the effects of technological improvement it is up to a business to acquire their adequate technology to effectively deal with solutions. The force that a business needs to deal with that impact greatly on a business is the political and legal force. It prevents businesses of exploiting the boundaries of the organisation and sets many laws and regulations that administer relationships between regions both domestically and internationally in running a business globally. The global environment will always provide a business with opportunity to grow, it all depends on how a manager deals and copes with those forces surrounding a managers boundaries. The manager should find a quick and cost effective way to deal with the constant change in those forces. A manager's ability to look for the optimal solution will promote a business in an organisation. Thus the global environment is the key in today's leading companies that most business managers follow to survive and more importantly grow in today's demanding global market.