

External factors affecting the performance of a business enterprise essay sample

[Business](#), [Company](#)



i. POLITICAL FACTORS:

Political factors refer to those factors that occur in the government in which the firm is located. The government always takes part in the making of laws that govern the business enterprises in that particular country. These legislations can affect the firm both positively or negatively. The government can choose on those products that are harmful to its citizens and therefore deter the firms to trade in such products. The government has also enacted laws that protect consumers from being exploited by the firms. These factors are therefore vital to the operations of the firm. Governments also insist in the registration of its corporations and therefore no firm is allowed to trade without being registered. All these factors can have a great impact in the economy of a nation and therefore should be noted at every cost.

The Financial Times reports that;

“.. Tens of thousands protest against Putin. ; . Moscow sees its largest opposition demonstration since 1993. ; Analysis The humbling of a tsar ; Civil unrest rattles Russian indices ; Global Insight Kremlin errors pile on pressure ; Putin blames Moscow protests on US ; Poll alters business climate in Russia .”

ii. ECONOMIC FACTORS:

Economic conditions are factors that influence the economy of a given country. They are factors such as growth of the economy; rates of borrowing, changes in taxation e. t. c. high rates of borrowing may discourage investment since it make it so expensive. A country with a strong currency may not involve in exporting business because it may raise the price in

terms of foreign currency.

According to The Independent paper 9th December 2011, “ New projection shows global food demand doubling by 2050 MINNEAPOLIS. Global food demand could double by 2050, according to a new projection by David Tilman,.” When the demand is high firms expect mores production to meet the increased demand. This implies that company’s that are concerned with the production of food has to adjust their production capability to meet the increased demand. Demand being an economic factor thus affects business operation in the sense that when there is no demand for organizations product then it means sale are also low this in turn lead to low profit which can lead to collapse of the organization.

iii. SOCIAL FACTORS:

These are factors that cause changes in the trends can affect the demand of the firm’s products and the motivation of the workers to work. The aspect of social factors as outlined in the include change in consumer perception, changes in life styles. All these things have diverse effect on business performance as they need to be monitored to come up with better product that meets customer’s expectation.

iv. TECHNOLOGICAL FACTORS:

It has been found out that new technologies produce new products and services for the organizations. Technological advances have also been able to create new markets. Nowadays there exist on-line shopping, computer aided design and all these are improvements of technology. Technology has the net effect of reducing the costs of products whether directly or indirectly.

The New York Times also reports on their own current progress that: “ To remain competitive, we must be able to respond to and capitalize on changes in technology, services and standards and changes in consumer behavior. Technological developments in the media industry continue to evolve rapidly. Advances in that technology have led to an increasing number of alternative methods for the delivery of news and other content and have driven consumer demand and expectations in unanticipated directions. If we .. be adversely affected.”

This clearly indicates that technological factors affect the operation of the business. Just like it has been explained above keeping in trend with the technology is healthy for businesses to enable them exploit the new markets, meet current customers expectation. Investment in the technology is thus required for an organization to remain competitive.

v. ECOLOGICAL FACTORS:

Ecological factors may include fluctuations in both weather and climate. Aspects of weather such as fluctuations in temperature can greatly affect the conditions of business trade and the climate of the working conditions of the employees.

The Financial Times reports that;

“ Future of Kyoto treaty hangs in the balance; Protests over draft climate agreement ; Opinion Climate policy contradiction ; US denies blocking climate talks ; Fears for global climate fund emerge ”

vi. LEGAL FACTORS:

Legal factors are associated with the operation of a business enterprise within a given set of laws and regulations. In this category, there are different categories of law that the firm faces in this type of environment. Some of these categories include the consumer laws (designed to protect consumers against unfair treatment), competition laws (aimed at protecting small firms against larger firms), employment laws, and health and safety legislation e. t. c.

The Times reports under the column of Investors that; Legislative and regulatory developments occasionally leads fluctuation on the cost of both advertisement and revenue and that all the all the operations are subjected to government regulation in their operational environ and that violation of same results into increased costs associated with for failure to comply.

Technology in detail:

The forth article that discusses about a current issue is the telegraph article. According to this article we feature a case in the Australian and the NZ firms that suffer information glut in their premises.

According to the article, the inefficiency in handling data as proven to be costly to the firms within the NZ and Australia which is attributed to the general 3 billion cost a year. The article also highlights that 40 per cent of the companies surveyed suffered from information glut and that this is 6% higher than 2 years ago. This has indeed led to low production in the economy. The report further indicate that the amount of time spent on searching and accessing data would reduce if implemented by a range of

between 30-50 per cent should the employees be provided with a more better way of data management system. It was also found out that 81% of the companies surveyed acknowledge the importance of managing data growth from 68% two years ago. According to the article a great number of respondents in the report said that managing costs of keeping track of data was vital for the company's growth this is as compared to 57% in 2009. The Hitachi, an organization highlighted in the article provided such steps like breaking up the management silos within the organization further to that is studying staff interaction with and finally building within the organization an appropriate technology to support the said interaction that would increase productivity within the organization.

Reference

The Times New York paper dated December 9, 2011

The financial services dated December 9, 2011

The Independent. com viewed on 9th December 2011

The telegraph paper dated 29th November 2011.