

# Contextual environment for business commerce essay



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This article talks about External Environmental forces which force the organization to change their business strategy and its effect directly or indirectly on their business.

This article also reviews the current and future demographic and culture trends changing in UK.

In this article you will find out the PESTLE and forecasting techniques of Micro soft in detail according to UK Market with SWOT analysis of organization

Analysis the data to uncover and understand cause-effect relationships, thus providing basis for problem solving and decision making Including demographic, socio-cultural, legal/political aspects and demand trend

### 1. 2 Synopsis

This article highlights the various factors affecting, creating changes and impact on the organisations performance globally. It deals with those critical scenarios in which companies decisions are derived by the globalisation phase. When organisations are almost compelled to restructure their competitive strategies to achieve the overall organisation's objectives. This article discusses about the changes in the global environment

### 1. 3 Literature Review

According to an independent research, over 95 percent of the world's computers work on Microsoft's operating platform. In the current global perspective, Microsoft has the largest market share, so that's make them as

a market leader. This badge ' Market Leader' opens great opportunities and unexplored market territories.

Companies periodically carry out different analytical tools such as SWOT and PESTEL analysis, to be aware that how they are performing and they examine those overlooked segments for market which had been undiscovered. These tools help them to analyse internally pros and cons of the company and help them to identify the external environmental forces which tends to either organisation make others to follow or vice versa.

Microsoft is currently facing tremendous change in the trend of consumers, people are more inclined towards Macintosh and Linux based platforms due to much stable platform and above all there are comparatively fewer viruses developed on Macintosh and Linux based platforms. People are diverted towards other brands and Microsoft is losing its creditability and market share which ultimately weaken its grasp on the monopoly which they have created. Microsoft has huge political pressure on it that US government is putting up efforts to divide the company into near about forty different companies, the company has expanded so tremendously that now it's one of the greatest threats for US government that Microsoft will be in position to control politics within near future if they remain expanding with the same pace, furthermore US government wants to maintain a healthy competition in the market so that various products can be developed through competitive strategies. Whereas Microsoft is such a company which creates numerous business opportunities for their partner organisations. When measuring the economic impact of a company like Microsoft, organisation

has to consider both either direct or indirect impact induced by the effective creation of the new business opportunities.

Gate's strategy has been to leverage Microsoft's desktop operating system to dominate all software sales-from word processing to spreadsheets.

Because most new PCs are equipped with the Windows operating system, Gates can place icons for Microsoft software packages on the desktops when a computer is purchased. Also, Microsoft's large cash reserves give it an advantage over its competitors. Microsoft can enter a new market or introduce a new package without needing to make a profit from the outset.

In April 1995, when Microsoft attempted to make the biggest acquisition in the history of the software industry by purchasing Intuit, a maker of personal-finance software, the antitrust division of the Department of Justice blocked the deal and Microsoft backed off. However, competitors continue to complain that Microsoft uses an existing monopoly to retard the development of new technology. It was the bundling of software, such as Web browsers with Windows 95 and 98 that prompted the Justice Department to file an antitrust lawsuit against the company in 1998. A U. S. Court of Appeals panel ruled that Microsoft was free to bundle its software, but a court date was set for September 1998 to determine the final ruling.

In addition, Gates invested \$1 billion in the cable company Comcast in 1998 in an effort to persuade the cable industry to assist in developing faster connections using cable modems. That same year, Microsoft formed the Cable Broadband Forum with Intel, TCI, and Time Warner to promote cable

modems. The company also invested \$425 million to guarantee itself a 20 percent equity stake in the cable access venture, Road Runner.

Microsoft employs around 20,000 people in 48 countries. A typical Microsoft employee is very intelligent, but may only have little if any experience – much like Gate's own background. Gates also invites challenge and confrontation to maintain flexibility

(Microsoft Corporation, 2010) (Bruno Van Pottelsberghe De La Potterie, 2005)

Read more: Gates, Bill – Overview, Personal Life, Career Details, Social and Economic Impact, Chronology: Bill Gates <http://encyclopedia.jrank.org/articles/pages/6234/Gates-Bill.html#ixzz0k2F2Txf9>

Gate's took very efficient strategic change by setting up a software house in India, due to several reasons behind. The basic purpose behind was to acquire huge market of India which was a tremendous business opportunity for Microsoft Corporation. The other related target was to control Indian IT immigrants to come to US finding opportunities at Microsoft when they can find wide scope in their home land. The added benefit which Microsoft Corporation has got was of low cost IT personnel which ultimately help them cut down the cost of developing new softwares. In return what advantage India has got is massive amount of economical growth into their country, substantial amount of foreign investments came into their country, demand for IT personnel's drastically went up and moreover they got the technology for designing and developing softwares. Due to this several different local software houses emerged into and they now built it into a Software Industry. <https://assignbuster.com/contextual-environment-for-business-commerce-essay/>

These are the pro's of globalisations, well sometimes it may be misused in order to fulfil specific interests and objectives.

With this strategic movement of Microsoft Corporation, it enhances up the demand of IT personnel in India thus resulting up a great vacuum for IT people. People not only from India but several different ethnic groups came to India to join Microsoft, which ultimately helps India to stop brains into their country and a great opportunity for them to get the most out of those brains. Plus India has got an extra benefit from Microsoft that, it got a huge discounts on Microsoft's licensed softwares only for Indian market which on the other hand help them to capture huge market of India which were before using pirated softwares. Microsoft lowered down their software prices which could be affordable for the local market and made compulsory for every single person to use Microsoft Licensed Softwares.

Organisations periodically carry out SWOT and PESTEL analysis just to be aware of them where they are standing and where they have to reach. The most important issue and which Microsoft has been facing since early stage are of piracy. Microsoft still couldn't be able to overcome this problem and facing substantial losses due to its pirated products. Microsoft has developed and followed various different software monitoring teams which search those cooperate users which do businesses on pirated products. To overcome this thing in India they developed a strategy they lowered the prices of those softwares which were commonly used in both cooperate and domestic sectors, so that it came in the reach on every user. This strategy reduces the usage of pirated Microsoft products in India, whereas in other Asian countries

like Pakistan, Microsoft didn't follow the same strategy in Pakistan too, due to insubstantial market as compared to India.

With the implementation of cost reduction strategy in India, Microsoft was seems to be obliged to do the same strategy with Pakistan too, but it doesn't happen due to the market analysis conducted before implementing the same strategy in Pakistan. The major reason was the size of the substantial market of Pakistan, which wasn't enough to compensate with the reduced cost.

Microsoft is currently facing change in buying behaviour of their well known gaming console called Xbox 360, customers are demanding shake and twisting intelligence systems in their gaming consoles whereas their competitors Nintendo Wii gaming console has more advance shake and twist intelligence features in it which Microsoft is compelled to follow if they still want to be in market leader position. This compilation of bringing up same or more advance features in their products is actually customer driven and according to the demand in the market, Microsoft has to modify their product.

In developing and implementing a business strategy, organisation should follow the standard set of procedure so that every step should be organised, well prepared and organisations must also develop a backup plan if in case strategy doesn't go in favour then a backup plan must be ready all resources being used in it also have to be ready in order to act fast. Sometimes after doing secret homework and all company was just in position to announce any marketing campaign, these campaign sometimes leaked my one of an official and competitor launch campaign before the original developer of the

campaign, so these cases organisations have another plan to attract potential market towards their products.

Microsoft has various different mergers, acquisitions and joint ventures with other organisations. Usually Microsoft acquire small to medium size competitors to remain their monopoly in the sector but big giants like Yahoo and Google, Microsoft has partner collaboration with them. Microsoft acquire Yahoo, but in this acquisition the brand of Yahoo remained, Microsoft didn't eliminate the brand of Yahoo because Microsoft still wanted to remain competition within these two giants in either cases profits will be on Microsoft. Yahoo lovers remain with them and similarly Microsoft market remains with them.

Couple of years back, Microsoft and Google did a joint venture named as a 'GooSoft' the two formal archrivals will work cooperatively for the first time in history. Google will use an 'Open Source' version of Windows Mobile to develop similar platform like Apple iPhone's platform. On other hand, Microsoft will get chance to redevelop its search engine operations with collaborations with Google, this is one of the sectors in which Microsoft is losing battle very badly. This joint venture will help both of the companies to develop their weak parts and can better perform against Apple, Palm and other handheld devices manufacturers.

(Freeman, 2010)

Currently demography has been changed a lot within the last couple of year due to various reasons. There is now three censuses based record covering all constituent parts of the UK. All three of them include linked data from <https://assignbuster.com/contextual-environment-for-business-commerce-essay/>



vital registration systems. During the last couple of years population of United Kingdom drastically increases due to the easy approach of immigrants in to the country. The amount has been projected to be increased tremendously as Olympics 2012 event is going to be in United Kingdom. Organisations are constantly scanning the external environment where they can cater market with their services. People from all ethnic groups, age groups, religion arrive here and it could be a huge opportunities to cater them.

Globalisation plays very potent role in expanding the canvas of business of an organisation. Due to this several different entry barriers are removed and most of the time organisations started new market development where they started to explore new territories. With the globalisation of the company as Microsoft, when Windows Vista was going to launch, Microsoft launched it in its 4000 stores across the globe at a same time, all marketing strategies and planning were done centrally and they launched it on a same day everywhere.

Globalisation is bring up various different changes in social trends in United Kingdom, now a day's people prefer more to chat and greet virtually (i. e. online, mobile phone and etc) with their relatives rather than meeting them personally. This trend has drastically increased with the development of advanced IT and telecommunications products. While on the other hands young children are also now slaves of these high tech products. Children prefer more to play on virtual devices rather than involving in physical games.

Following are the statistical data for United Kingdom

Migration is an important driver of population change but migration patterns vary across the EU. Much migration is economically driven but there are other drivers of migration which include for example educational and familial factors. Factors that influence migrant choices of destination country include geographical proximity, historical and cultural ties and economic globalisation, whereby jobs are created outside the country of the sponsoring company. Data are not available to assemble a complete matrix of migration flows between the individual countries of the EU. None the less, a recent Council of Europe report that presents analyses of the data that are available shows the following patterns in moves by people of working age. The majority of economic migrants from central and eastern EU countries move to elsewhere in the EU, Germany and Austria receive a high proportion of economic migrants from central and Eastern EU countries. This containment within Europe is also seen in other countries such as Sweden. On the other hand, looking at migrants to countries such as the UK, the Netherlands, Malta, Spain and Italy, there is a high proportion of migrants from outside the EU. A subject of much debate in Europe is the extent to which EU enlargement will impact on migratory flows. Since accession there has been some movement of citizens of the acceding countries to some other parts of the EU but the extent to which migration to and from non-EU countries might be affected is unknown.

Changes in the patterns of marriage, divorce and cohabitation have implications for family formation and dissolution. The traditional nuclear family through marriage is still the norm in the EU but a wider range of

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family and household types is emerging, from lone parent families to step and extended family types. Within Europe, the rise in cohabitation, divorce and remarriage has been particularly evident in the Nordic member states, the Netherlands and the UK. The trends in partnership formation and dissolution mean that children are likely to experience family disruption whilst growing up and some will experience it more than once. There has been a marked increase in the number of births outside marriage over the last decade. The rate has raised from 9.6 percent of all live births in 1990 to 28.6 per cent in the countries of Europe prior to enlargement and similar rises have been seen in many of the acceding countries.

The increasing numbers of older people and increased life expectancy have very significant implications for retirement, pensions, health and care, particularly as the number of the oldest old (aged over 85) continues to grow. With improved health the less old are much more active participants in society, for example, taking on caring roles for younger generations in their family, participating in the voluntary sector or continuing in the labour market. Recent reports have highlighted the need for people to anticipate that they should expect to live longer and build this into their financial planning for their retirement, particularly for their oldest years. Higher life expectancy means there is a longer period between departure from the work force and becoming highly dependent on services. More people may want to work past retirement age or adopt more flexible working patterns as they get older, perhaps making more use of part-time working opportunities past the usual retirement age. At the same time, larger numbers of older people are

taking advantage of property markets to spend significant periods living in another country.

There are fundamental difficulties in making reliable estimates of migration, due principally to the lack of data, particularly on emigration. It is generally recognised that more needs to be done to obtain estimates that are accurate, coherent and comparable. Not only is information required about the flows of immigrants and emigrants and their characteristics but also about the numbers of immigrants and their integration into the society and economy of their new country. In individual countries there is considerable interest in international migration that is between Member States as well as migration from outside the EU region. Such information is important in understanding population change and in assessing the diversity of the population and its structures. In addition to international migration, Member States require reliable information about population migration within the country because there are significant implications for housing provision, service provision, local regeneration and local labour markets.

The UK are planning for the next Census in 2011, working closely with colleagues in other census-taking countries, both in the EU and internationally, to share experience and lessons learned from the 2000 round of censuses. In Europe a UN ECE Census Task Force exists to review recommendations for the 2010 round of censuses. Between now and 2011, considerable efforts are in hand to improve the quality of intercensal population estimates for local areas and migration estimates. Post 2011, the vision is to move towards an integrated population statistics system that utilises address registers, population registers, administrative sources and <https://assignbuster.com/contextual-environment-for-business-commerce-essay/>

surveys. This approach will involve the linkage of records at an individual level for statistical purposes. There are substantial issues to be resolved, such as barriers that currently prevent the linkage of administrative records and the need to gain acceptability from the public, but the benefits in terms of the quality of population statistics will be significant.

Policy makers in much of Europe have expressed deep concerns with regard to the increasing pressure on health and social care costs arising from the demographic ageing of their populations (Richter 1992). Although a number of (cross-national) studies have considered the determinants of (especially) health care costs, only one has found that the age structure of the population (proportion of population aged 65 and over being taken as the age structure indicator) is an explanatory factor alongside the effects of income, lifestyle characteristics, and environmental factors (Kleiman 1974; Getzen 1992; Gerdtham et al 1998; Hitris and Posnett, 1992; Leu 1986; OECD 1987; O'Connell 1996; Gerdtham et al 1992, 1992a). This brief paper attempts to address relevant issues relating to population ageing and health and social care expenditure, including economic evaluations, drawing primarily on UK and North American literature from both medical and economics journals. Particularly the paper by Seshamani and Gray (2002) is worthy of extra note. It should be pointed out that this is not intended to be an extensive exhaustive review of the literature on the effects of population ageing on health and social care expenditure nor on economic evaluations of health care. Indeed, as we point out later the number of journal articles on economic evaluations has increased dramatically through the 1980s and

1990s, totalling more than 5500 in peerreviewed journals in those two decades, with approximately 4000 of these in the 1990s alone.

However, there seems to be a consensus of opinion in the literature addressed in this brief paper – supporting a non-extensive review – that economic evaluations lack methodological robustness and integrity in relation to resource allocation. Especially cross-national comparisons appear to be problematic.

Before via the literature we consider the impact of ageing on health (and social) care expenditures (in the UK) and the economics of health care (evaluations/interventions), we present briefly UK (and European) population data as a demographic backdrop to that work along with a brief review of UK policy initiatives for the health and social care of older people particularly aimed at preventing dependence.

Regulatory bodies are formed to create check and balance system for organisation; these bodies monitor the performance of organisations and develop fair dealing between buyer and seller. These bodies help customers if they are getting unfair deals or being ripped off from the seller. Regulatory bodies also keep strict eye on the competition practices between competitors. In United Kingdom an independent organisation know as The Office of fair Trading.

A system has been developed to control and directed accordingly is known as Corporate Governance, with this system business activities of an organisations are regulated. The process includes manages customs,

legislations, policies, laws and institution affecting the way a corporation is  
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directed, administrated or controlled. Corporate governance also includes the relationships among the several stakeholders involved and the goals for which the corporation is governed. The basic stakeholders are the shareholders, management, and the board of directors. Other stakeholders include employees, customers, creditors, suppliers, regulators, and the community at large. Corporate Governance has positive impact on organisation that it strengthened economy and hence good corporate governance is a tool for socio-economic development. Corporate governance is a set of framework of accountability to users, stakeholders and the wider community within which organisations take decisions, and lead and control their functions to achieve their objectives.

In this globalised world, it has various aspects which affect the world in several different ways major of them are;

Industrial emergence of worldwide production houses and wider access to a range of foreign products for consumers and companies. Movement of goods between and within national boundaries. International trade of manufactured goods across borders increased drastically.

Financially emergence of worldwide financial markets and better access to external financing for borrowers.

Few studies have sufficient people aged 85 and over to obtain reliable results. Demographers of ageing are frequently required to compare age groups – for example, 55-64 years, 65-74, 75-84 and 85 years and over.

However, numbers of very old people (those aged 85 and over) in most

surveys are not sufficient for more complex statistical analyses: for example, <https://assignbuster.com/contextual-environment-for-business-commerce-essay/>

around 300 for the GHS, 400 for the BHPS. An exception is the Family Resources Survey, which has a large sample of 800 very old people. Otherwise the most usual strategy is to use two or three year's data from a cross-sectional survey, assuming the same questions were asked each year. A sample of very old people can thus be assembled. 29 Again, the Census, SAR and the ONS LS are the best sources for analysing the demographic characteristics of very old people. The increasing proportion of very old people, however, may generate new problems for collecting data: questionnaires should be readable by people with visual impairments; interviewers should be ready to cope with people with hearing problems. Interviewing older people usually takes a longer time. Additionally, very old people may not be capable of being interviewed, so it is possible that the use of proxy interviews will increase in the future. Very old people may also be less likely to participate in surveys, especially when interviews are conducted door to door.

Courtesy of [http://www. statistics. gov.](http://www.statistics.gov.uk/downloads/theme_population/PT118_V1.pdf)

[uk/downloads/theme\\_population/PT118\\_V1. pdf](http://www.statistics.gov.uk/downloads/theme_population/PT118_V1.pdf)

#### 1. 4 Conclusion and Recommendations

Finally, in the end I would like to say that although Microsoft is very good organization and they are the market leader of information technology industry but if they cannot change their strategy accordingly the demand then they will lose their position they will not over confidence but they will need to make USP of their product according to market demand.