

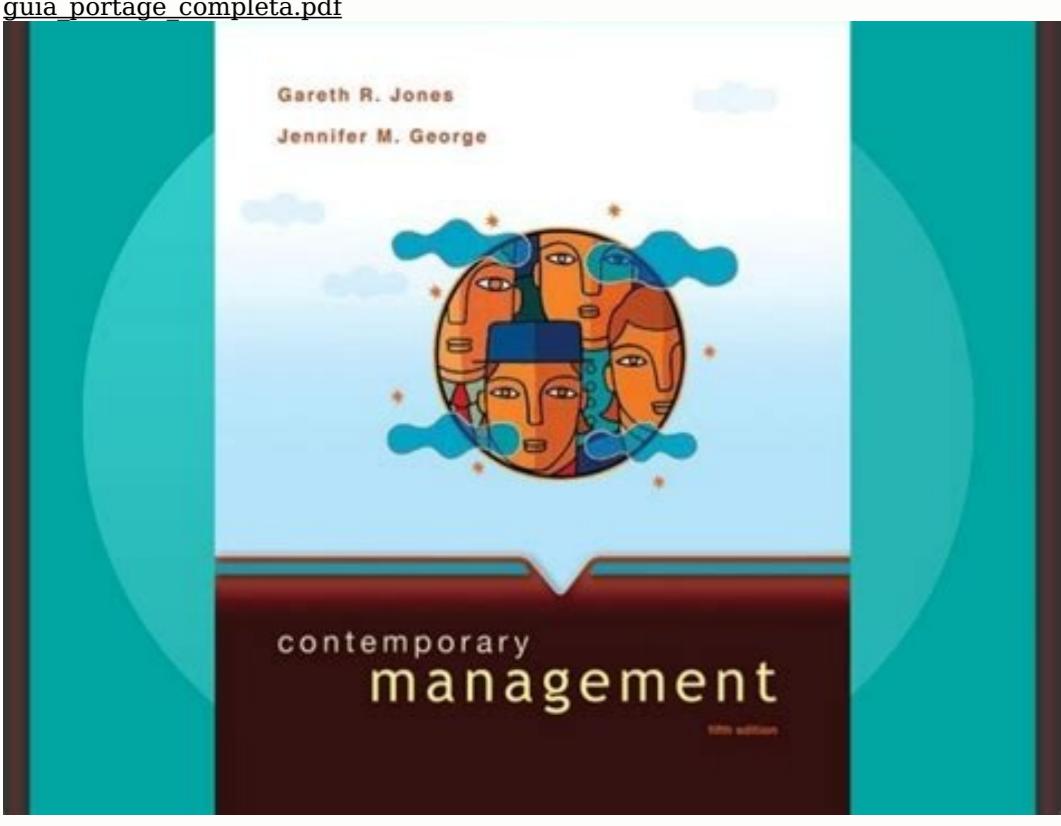
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Explain with examples the difference between general and specific environment

The difference between generic and specific task oriented rubric is that whereas one is holistic, the other one is analytic. The generic oriented rubric is holistic while the specific task oriented is analytic. Business environment refers to all the external forces including economic, political, social, technological and legal that affect the performance of a business organisation. It is the sum total of all the individuals, the control of a business enterprise but has the power to affect its performance. The features of the business environment are explained below: a. Business environment includes all the forces, factors and institutions which can directly or indirectly affect the performance of the business. It is an aggregate of all the external forces. b. All the forces and the factors which can affect the business organisation are interrelated to each other. c. The business environment is dynamic in nature. It is flexible and constantly changing.

For example, the taste and preferences of the customers continue to change. d. The business environment is uncertain in nature. It is not easy to predict the future. e. It is relative in nature. It differs from a region to another region. For example, the political conditions may differ from one region to another. f. The business environment is the aggregate of various forces. This makes it complex and difficult to understand. It is easier to understand the effect of the individual forces but not of the aggregate forces. Specific environment and general environment: Specific environment refers to those external forces that affect an organisation directly. These are specific to a particular organisation. For example, a delay in the supply of raw material from the supplier directly affects the production of the company. General environment refers to those external forces which affect all the organizations. They do not have any effect on a particular organisation. For example, a change in the political condition that affect all the companies.



Answer Business environment means all the external and internal forces that affect the performance of the organization directly or indirectly. Business environment has the following features: 1. Totality of external forces: Business environment is aggregative in nature because it is the sum total of all the things external to business enterprise. One single factor does not make a business environment. 2. Specific and general forces: Business environment consists of both specific and general forces. General forces refers to social, political, economical, legal and technological conditions, which affects every organization indirectly. On the other hand specific forces are investors, customers, competitors and suppliers that affect individual organization directly.

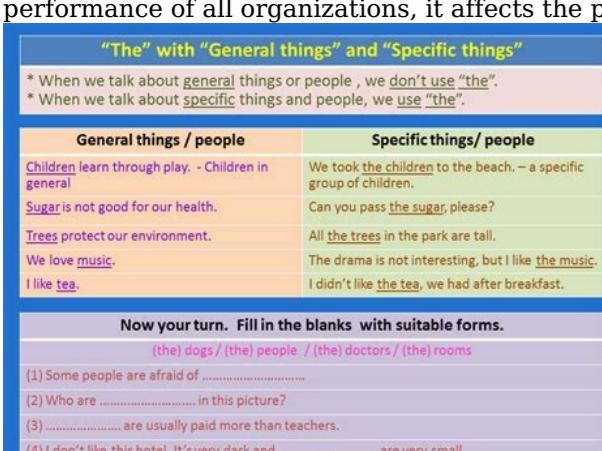


3. Inter-relatedness: Every element of business environment are inter-related. For example an increase in the income of consumers (economic environment) will help in improving their living standard (social environment). 4. Dynamic Nature: Business environment is dynamic in nature because it keeps on changing in terms of technologies, consumer taste and preference, change in government policy or trend and traditions that is why it is important to monitor the environment continuously. 5. Uncertainty: Business environment is uncertain because it is difficult to predict future events such as technological changes, change in government policies etc, especially when the changes are taking place at a fast pace. 6. Complexity: Business environment is complex because it consists of numerous, inter-related factors affecting business enterprises at the same time. It is easier to understand the components in parts, but difficult to understand in totality.



Relativity: Business environment is a relative concept as it differs from country to country and region to region. For example government policy, regulations, consumers' preference etc all differs from one region to another. General environment and specific environment General environment means that the forces that affect all the business enterprises indirectly.

It does not only affect any particular organization but affects the performance of all the organizations. General environment consists of general forces that are economic, social, political, legal and technological conditions. For example change in any political condition affects all the organizations. And on the other hand a specific environment means that the forces that affect an organization directly. Unlike the general environment it does not affect the performance of all organizations, it affects the performance of any particular organization. Specific environments consist of specific forces that are investors, customers, competitors and suppliers. For example, change in the taste and preference of the consumer will directly affect the demand of that product of that particular organization/company.



An organization attempts to manage the forces in its environment to obtain the resources necessary to produce goods and services for customers and clients. An organization may also attempt to structure its transactions with the environment to protect and enlarge its domain (specific environment) so that it can increase its ability to create value for customers, shareholders, employees, and other stakeholders. Organizational domain refers to the particular range of goods and services that organization produces, and the customers and other stakeholders whom it serves. One major way in which an organization can enlarge and protect its domination is to expand internationally. International expansion allows an organization to seek new opportunities to exploit its core competencies and create value for stakeholders. Specific Environment The customer, the distributors, the unions, the competitors, the suppliers and the government form the specific environment.

An organization establishes its domain by deciding which customers it is going to serve and then decides how to manage the forces in its general environment to maximize its ability to secure the needed resources.

In the specific environment the forces directly affect an organization's ability to obtain resources. An organization attempts to structure its transactions with the environment to protect and enlarge its domain so that it can increase its ability to create value for its stakeholders like shareholders, employees, customers etc. One major way in which an organization can enlarge and protect its domain is to expand globally. [hukuminiwami.pdf](#) In the global economy, satisfying customer needs present new challenges because customers differ from country to country. 1.

Customers' satisfaction is the ultimate aim of all economic activity. This involves more than the offer of products at the lowest possible price.

Adulteration of goods, poor quality, failure to give fair service, misleading advertising etc., are some of the violations by businesses towards their customers. A business enterprise has positive responsibility towards the consumers of its products. It has to provide quality goods to customers at the right time, right place, and at right price.

It must guard the consumers against the poor quality of goods, incorrect measures, poor after-sale service, adulteration of goods, misleading advertisements, lack of courtesy to customers and restrictive trade practices. [98278587691.pdf](#) Changes in the number and types of customers and changes in customer tastes are another force that affects an organization. An organization must have a strategy to manage its relationships with customers and meet customer needs over a period of time.

2. Distributors/Suppliers An important force in the environment of a business enterprise is the suppliers. Opens in new window who supply the enterprise with inputs, like raw materials and components. The importance of reliable source of supply is indispensable for the smooth functioning of a business enterprise. It is very risky to depend on a single supplier because the problems with that supplier are bound to seriously affect the business organization. Therefore, multiple sources of supply are often helpful. [ingilizce_kelime_ezberleme.pdf](#) A business organization should deal with the suppliers judiciously. It should strive for fair terms and conditions regarding price, quality, delivery of goods and payment. The dealings with the suppliers should be based on integrity and courtesy. The business must create healthy relations with its suppliers. Organizations must therefore manage its relationships with suppliers and distributors to obtain access to the resources they provide. The goods and services supplied should be cost effective and stable over a period of time. The challenges associated with distributing and marketing products increase in the global environment. The tastes of customers vary from country to country and many products need to be customized to overseas customer's preferences. Global distribution also becomes difficult when an organization's products are complex and customers need a lot of information to operate or use them successfully. 3. Unions Workers are poor and hence cannot afford to remain without jobs for a long period. Most of them are ignorant and require advice and guidance from persons who have the genuine interest of the workers at heart. Each worker by himself is unable to fight against the injustice done to him.

As such, all economists have recognized the right of the workers to organize themselves. As a group, they can settle terms with the employers in a better way. In other words, workers have been granted the right to bargain collectively. With a view to self-protection and self-help, labor has organized itself under employee associations and unions. The associations formed by workers have come to be known as "trade unions". An organization that establishes global operations has to forge a working relationship with its new workforce and develop relationships with any unions that represent its new employee. A global organization has to adopt its management style to fit the workforce's style.

Competitors A firm's competitors include not only the other firms that market the same or similar products but also those who compete for the discretionary income of the consumers. Therefore, competition among the different business organizations should be such that the customer is helped to satisfy his desires and is better of buying the enterprises goods and services. Thus, a business organization should avoid the following: Exploitation of competitors by using unfair trade practices. Help the customers to choose the best from a variety of products which are produced by itself as well as its competitors and not prevent the retailers from stocking goods of its competitors. Use false claims on competitors' products which will have an adverse effect on the competition.

Many a time, the advertisements deliberately give only half the truths so as to give a different impression than is the actual fact.

This misrepresentation about the competitors' products should be avoided. Monopolistic and restrictive trade practices that have the effect of restricting competition and increasing the market imperfections to the common determinant of the consumers and the competitor should be avoided. Finally, each country has its own system of government and its own laws and regulation that govern the conduct of business in their country. An Indian company that enters a new country must learn to conform to the host country's institutional and legal system. The multinational organizations that compete with domestic competitors have to face the domestic competitors' lobby that impress on their home government to combat "unfair" global competition. An organization must engage in transactions with each of the forces in its specific environment if it is to obtain the resources it requires to survive and to protect and enhance its domain. General Environment The general environment consists of forces that shape the specific environment and affect the ability of all organizations in a particular environment to obtain resources. General environment includes: 1. Cultural Forces Cultural and social values affect a country's attitudes towards both domestic and overseas products and companies. [fogalitimninel.pdf](#) Customs of a nation's people shape organization's customers, managers and employee. A company establishing operations in a country overseas must be attuned to the host country's business methods and practices. Cultural and social values affect a country's attitudes towards both domestic and overseas products and companies. 2. International Forces The international transfer of technology has important implications for an organization's competitive advantage. Organizations must be able to learn about and have access to technological developments abroad that might provide a low-cost advantage.

The willingness and ability of organizations to learn from their overseas competitors allows an organization to develop its core competencies and apply them around the world to create value. 3. Political Forces The influence of political forces on business is enormous. A political system that is stable, honest, efficient and dynamic, and ensures political participation of the people is the primary factor for economic development. Political forces influence government policy towards organizations and their stakeholders. Laws that favor particular business interests such as a tariff, influence organizations, customers and competitors. 4. Environmental Forces Environmental forces influence government policy toward organizations. Pressures from environmentalists, such as pressure to reduce air pollution, environment-friendly product design and packaging may affect and alter organization's relations with competitors, customers and suppliers. Globally, countries which do little to protect the environment see an influx of companies that those economic factors which have a bearing on the functioning of a business. Economic forces such as interest rates, state of the economy, level of demand for products and the prices of inputs have a dramatic effect on the way organizations operate. National differences in interest rates, exchange rates, wage levels, gross domestic product, and per capita income have a dramatic effect on the way organizations operate internationally. 6. Technological Forces Business organization is an institution through which new discoveries are converted into goods and services. Technology reaches people through business. Technological forces, such as the development of a new production technique and new information-processing equipment influence many aspects of organization's operations. If an organization manages the forces in its general and specific environments properly, the stakeholders will benefit and will give their support thus making the organization to obtain scarce resources and the organization's domain will grow. It will be able to manage its environment in a better way and will grow to greater heights. If it fails to do so then the organization's domain will shrink and it may eventually cease to exist.

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