



BUS 1370 : Principles of Management

Lesson 03 **Organisation and Its Environment**

Department of Business Administration

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Learning Outcomes

- Describe Organisational Environment and its components,
- Identify and describe different stakeholders of an Organisation, and
- Explain the moral responsibility of an Organisation.



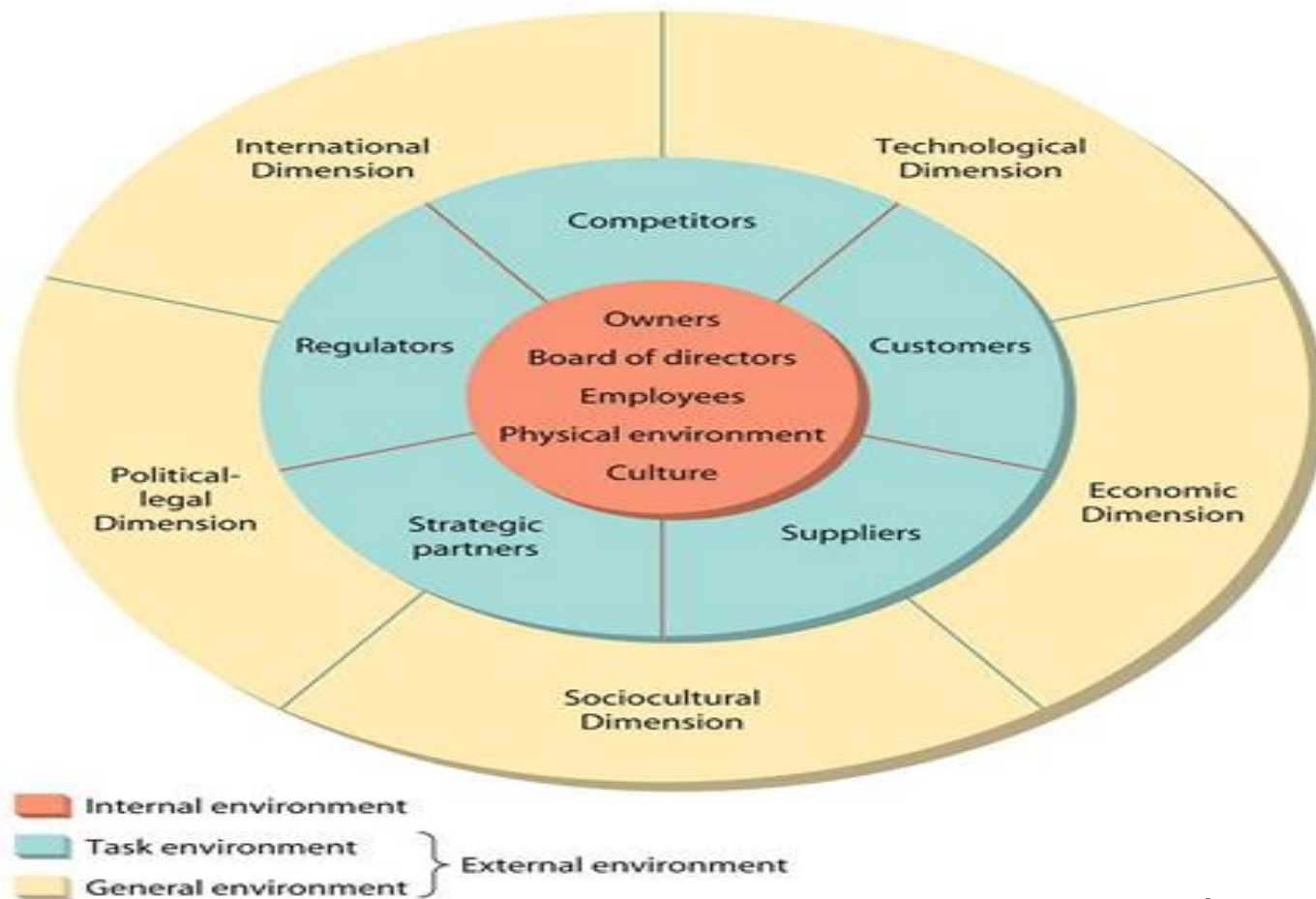
Organisational Environment

Organisational Environment is a set of forces surrounding an organisation that have the potential to affect the way it operates and its access to scarce resources.

Jones, 2007, p.56

Organisational Environment is the sum totality of all the internal and external factors and forces affecting the Organisational performance.

Classification of Organisational Environment



Source: Google Images

What Internal Environment is?

- Internal environment includes the elements within the organisation's boundaries that affect organisation's performance.



Source: Multiple Google Images

What External Environment is?

- External environment refers to factors and forces outside the organisation that affect its performance.

(Daft, 2021)

- Components of external environment;
 - Task/micro-environment
 - General/macro-environment

Micro/Task Environment

- Micro/Task Environment is closer to the Organisation and includes individuals, groups and institutions directly influencing Organisation's basic operations and performance.

(Daft, 2021)

- It generally includes competitors, suppliers, customers, labor market, financial institutions, etc.

Micro/Task Environment (Cont.)



General/Macro Environment

- General or Macro environment affects organisations indirectly.

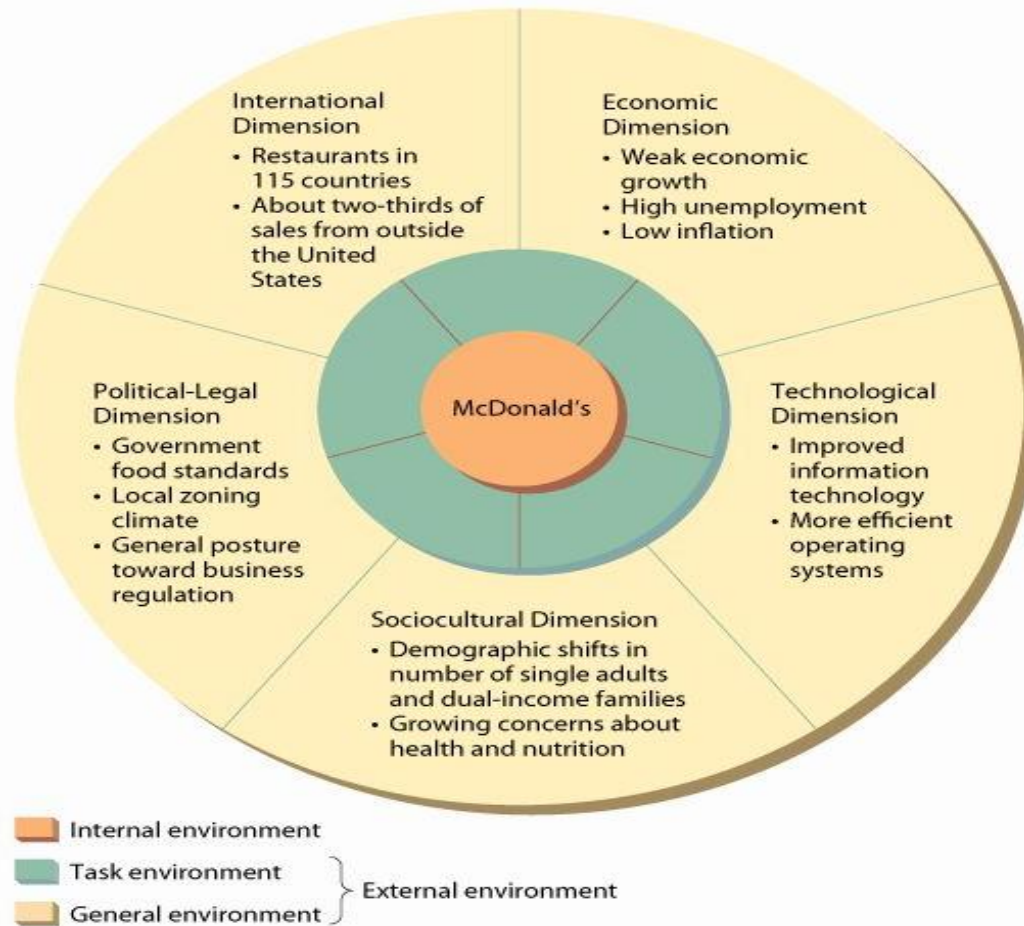
(Daft, 2021)



Daft (2021)

General/Macro Environment (Cont.)

McDonald's General Environment



Nature of Today's Business Environment



we live in a **VUCA** World



Analysis of Organisational Environment

<div>Environment</div> <div>Effect</div>	Internal	External
Favourable	S trengths	O pportunities
Unfavourable	W eaknesses	T hreats

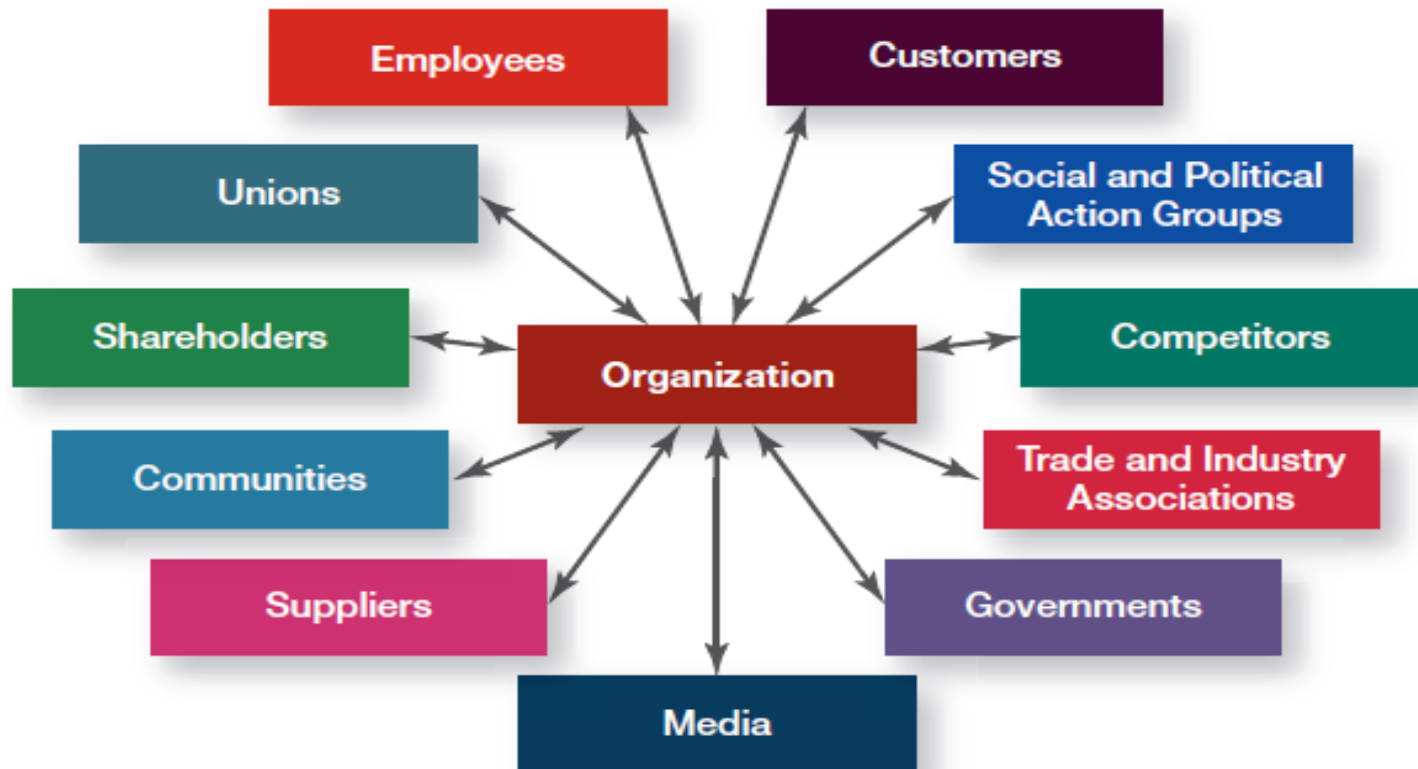
Analysis of Organisational Environment

- Jobs and employment,
- Assessing environmental uncertainty,
- Managing stakeholder relationship, & etc.



Stakeholders

Stakeholders are any constituencies in an organization's environment that are affected by that organization's decisions and actions. They have a stake in or are significantly influenced by what the organization does. *(Daft, 2021)*



Organisation and Its Social and Moral Responsibility

Questions *and* Discussion