

Unit Name: Business and Business Environment

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Introduction

Businesses are economic activities conducted to gain profit. To operate successfully and gain profit, a business has to depend on the environment surrounding it (Camillus,2018). Throughout the assignment, we will discuss different sizes of scope for businesses, business structure and environments affecting the decision-making process. We will study the main two types of the environment of business - macro and micro their positive and negative impacts over business objectives. The study will also be used in evaluating the business situation and how to make the best use of resources at hand to improve the current position.

Organizational overview

Anglian Water Group Ltd. is a privatized company operating in the UK. The company started nearly 4 decades ago and now is one of the biggest water industry in the UK. It has over 10600 managers and workers providing treatment and processing of water, domestic water supply, bottled water supply, wastewater services in the eastern part of England and other parts in the UK(Anglian Water announces £425mn investment programme. 2017).

Throughout the assignment, we will discuss the bottled and domestic water delivery service of AWG Ltd. we will analyse the scope of the business and relation of the environment of the business to its structure and decision making.

L01

Explain different types and purposes of organizations; public, private and voluntary sectors and legal structures.

An organization can be described as a particular set of people working as an organized team to achieve a common purpose. An organization can be formed for business purposes or non-profit purposes (Biswas, 2019). We can differentiate organizations on multiple bases. Here we will discuss different types of organizations in the UK that are the public and private sectors. The private sector is mainly divided into two parts, profit-making and voluntary.

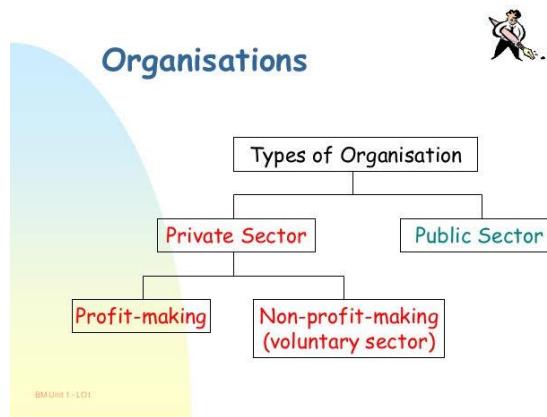


Figure: Types of organizations(Diefenbach, and Sillince, 2018).

Public organization

Public organizations refer to state-owned organizations. The organizations that are founded by the state for public service are recognized as public organizations. Sometimes the government buys existing businesses or invest in them to bring them under government policy which is also a public organization.

For instance, The Environment Agency is a public organization. It is a non-departmental public body established by the environment act in 1955 to protect and enhance the environment.

Legal structure of The Environment Agency

The environment agency is a government organization that focuses on creating a better place for people and wildlife and supporting their sustainable development. The agency has over 10600 employees and has offices distributed among 14 areas



Figure: legal structure of EA(Diefenbach, and Sillince, 2018)

The agency is focused on regulating industries and their wastes, treating contaminated land, maintaining water quality and resources among other things.

Private organization

Organizations that are not owned or operated by the government but run for profit are private organizations. Private organizations can be a partnership or a family business operated for profit. Anglian Water is an example of private organizations. It is a privatized company operating in England that supplies domestic water to the east of England.

The legal structure of Anglian Water

Anglian Water Company started its journey in 1989 and became partial privatization of the respective industry. AWG has 5 thousand employees working under the organization that supplies water and water recycling service to more than 6 million customers. Their purpose is to bring environmental and social prosperity. The company implies the safety of customer data.

Voluntary organization

Organizations that have no profit goals and founded for the benefit of the environment and society are called voluntary organizations. A voluntary organization has the sole purpose of serving society and people suffering from numerous problems (Biswas, 2019). Victim Support is a voluntary organization that is an independent charity to help people who are affected by crime and traumatizing incidents.

The legal structure of Victim Support

Victim Support is founded in 1974 to support crime victims in the UK. It is funded by police and crime commissioners along with other sources to conduct the essential services. They also collect donations from

the public through campaigns. The organization has over eleven hundred employees all over England and Wales to support victims of vicious crimes and incidents.

Explain the size and scope of a range of different types of organizations

Micro, small and medium-sized businesses are included in the category of SME business. SME's are the kinds of businesses that operate their business over a lesser area than other big-budget businesses. The three kinds of businesses are described below-

Micro business

A business can be categorized as a micro business if it has less than 10 employees and most of them are family members. Sometimes, there is only one employee of the micro-business who is also the owner. The business does not fall under micro business if the investment exceeds the range of ten million dollars.

Small business

We can call a business a small business that has more employees than a micro business that means more than 10 employees but does not exceed 50 employees. To be a small business, one more criterion is the investment limit that is not more than fifty million. There can be family members of small businesses.

Medium-sized business

Businesses that consist of at least 50 employees and have invested more than 50 million are medium-sized businesses. A medium-sized business can employ up to 20 employees and invest the topmost 250 million. Basically, multinational companies are categorized under the medium-sized company.

Every type of business has its advantages and disadvantages. Micro-businesses are easy to set up. The owner can easily found a business with less amount of money. Moreover, he can also employ others and create job opportunities for the unemployed. But the regretting fact is that micro businessmen face lots of trouble operating the business as they lack training related to the subject matter. Small businesses are crucial in creating job opportunities (Alqahtani 2020). More than 80 percent of businesses in the UK are micro and small businesses. Though the small business owners can get enough training opportunities the main lacking of this business is a limited source for financing. Medium-sized businesses have flexibility in training and other kinds of stuff but face difficulties in financial sectors.

Analyse how the structure, size and scope of different organizations link to the business objective and product and service offered by the organization.

The size and scope of an organization take a massive part in choosing business objectives or the products and services they provide. Medium-sized or multinational companies can reach a huge area of the potential

market. Thus they can easily reach potential customers. Medium-sized businesses are focused to go in the long run and to do so, the companies build good customer relationships and create customer satisfaction. Eventually, they get to increase providing products and services according to market demand. Competition is always high for medium-sized businesses. So, organizations prioritize on delivering the best to have a competitive advantage in the market (Brown, 2017).

On the other hand, micro and small businesses have smaller territory comparatively. They have a limited amount of customers so there is not that much marketing necessity. They provide according to customer needs and can be flexible to a variety of needs. SME's focus on increasing productivity and reaching a wider level of the market providing customer satisfaction.

L02

Explain the relationship between different organizational functions and how they link to organizational objectives and structure.

Anglian Water is a privatized company delivering domestic water service for the last four decades. They have been operating throughout eastern England and Wales dividing the area of service into multiple sectors. The organization has been facing multiple competitors and have come up with many new goals and objectives to have a competitive advantage in the market (Alqahtani 2020). Here we will discuss those goals concerning organizational functions such as

- Marketing
- Finance
- Human Resource Management
- Operation



Figure: Expansion of AWG Ltd(Anglian Water announces £425mn investment programme. 2017).

Marketing

Marketing is the main source of reaching to new customers and build a better connection with existing customers. To adapt with the constantly changing demand, trend, environmental issues and other factors businesses have to come up with new strategies and plannings and marketing help organizations to introduce those strategies to the market. To connect with existing customer and reach new territories, Anglian Waters conduct marketing through TV, social media, etc. They launch different programs and campaigns to build a strong relationship with the customers.

Finance

The finance part includes analysing the current situation of the financial statement and future possible opportunities. Anglian Waters with the help of financial functions analyses cost and other factors and reduces cost by eventually increasing profit. This way, they hold up the end of the owners. They also encourage investors to invest in their business by showing financial reports.

Human Resource Management

HRM is a part of an organization that works with the physical part. HRM not only hires the workers but also has the responsibility to train and accommodate them per se. HRM manages all the external and internal problems related to humans. Anglian Waters have over 5000 employees all over the UK and manage their issues through HRM

Operation

Operation function is used to carry out plans and new strategies to achieve different goals and objectives. Businesses set up plans and carry out new strategies to exist, to grow, or to expand. Anglian water carries out operation functions to run their business with effectiveness and efficiency. After the organization introduces new objectives to achieve certain goals, managers start to develop steps so that the business can reach its objective. Managers lead their subordinates and dictate them to complete the tasks. They evaluate their employees and take the necessary steps to keep their business on track (Brown, 2017).

Analyze the advantage and disadvantage of interrelationships between organizational functions and the impact that can have upon the organizational structure

Organizational structures refer to the system of how the managers or leaders operate within a business organization. There are so many organizational structures and organizations all over the world follow different ones based on their preference.

Organizational structures can be differentiated based on the size and scope of the organization. Some organization prefers bureaucratic structure where staffs follow the hierarchy in command and the higher-level managers' plan and lead the organization. Then again, there is a post-bureaucratic organization where all employees have the same designation and work side by side. Organizations can also be of other bases like parent structure where there are a few managers and they lead all other employees and gives direction. Then there are strategic business units and matrix structure focusing on how the functions of the organization can be completed. Organizational activities and functions can differ based on the organizational structure. In a bureaucracy, top-level managers make plans and set objectives and the lower-level managers and employees perform according to their direction. Post bureaucratic organization's

plannings are made with everyone's decision. So, in a bureaucratic organizational structure, there can be maintained the order of hierarchy but the wrong decision can turn the organization upside down. Then again, though there can be a delay in decision making, post-bureaucratic organizations can grow fast if everyone's participation can be ensured.

There can also be differences in the function of an organization if they are an organization of international or transnational or global. One business's functional strategy may bring the opposite result for the other.

L03

Identify the positive and negative impacts the macro environment has upon business operations, supported by specific examples.

Business is a financial activity. Not unlike financial activities, businesses can be influenced by the environments around them. Here we will discuss the positive and negative impacts of the macro environment



Figure: Macro environment factors (Camillus,2018).

- To conduct operations smoothly businesses need a swift flow of capital. But businesses often face difficulty in maintaining cash flow. Thus there comes the need for financial support from a third party. If the financial environment is supportive then there can be the availability of capital but if the environment is not supportive, then there can be trouble regarding cash flow.
- The tax structure of the respective organizational environment can also be positive or negative for business. If it is favourable it can inspire new entrepreneurs to start a business. If not, it can not only discourage the new entrepreneurs but can also discourage the existing ones(Kozlinskis and Guseva 2017).
- Smooth communication and transport system is necessary to collect raw materials as well as delivering end products and services. Not having a smooth system can hamper the productivity of a business.
- The macro-environment can also have great impacts in considering the facts like having facilities to access to the market place, socio-cultural favourable condition, favourable government policies, political stability and economic system. These factors need to be in favour of the business to grow.

In the case of Anglian Water, all these factors were favourable to the business that helped the business to grow to the point as it is now.

Applying the PESTEL model to analyze macro-environment within an organization

PESTEL analysis is a model to evaluate the macro environment of a business. The model configures the elements of macro-environment like political, economic, social conditions, technological advancement, and environmental favorability, legal position to picture a current image of whether the environment is favourable or not for the business.

Political	P
Economical	E
Social	S
Technological	T
Environmental	E
Legal	L

Figure: PASTEL model (Yüksel, 2016).

Political analysis

In PESTEL analysis political factors indicated the policies of a government that may cause a level of economic intervention. In the water business, the UK government set potential fines that enforce the bottled water businesses like Anglian water to provide a level of pure water to the customers. The government is flexible for the entrance of new business that leaves the opportunity for more competition.

Economic analysis

Economic factors include the government taxation system over the business organization. It also includes inflation rate and interest rates. Economic factors indicate that if the factors are favourable to the business, the business will grow to be a strong one. For the Anglian water company, it can be crucial to continue the growth of the company because of the recessionary trend. But there is also an advantage that is a low-interest rate that can help the company to invest in new technology and product research.

Sociological analysis

Different cultural issues and the generic approach of people toward the product, service and strategies are the main bases of sociological analysis. As people are more concerned about their health nowadays and the damaging effect of alcohol are known to all, there is an increased demand for bottled water. As people's lifestyles and choices have changed, the market share of the business has increased.

Technological analysis

The advancement of technology has a great impact on the changes in demand for the water industry. The Anglian water company has advanced in response to the demand. They have made changes in packaging that made it easier for them to attract customers (Kozlinskis and Guseva 2017).. They have also enhanced the technology used for processing water.

Environmental analysis

Like global warming, drinkable water shortage and other environmental issues have emerged the concern for the environment has increased. And the UK government has enforced a fine system to the businesses that provide un-environment friendly products. Anglian Water Company should introduce new technology to confirm environment-friendly service to continue the business.

Legal analysis

Legal factors of a business include the legal surroundings of the business organization. There has been a recent introduction in changes of law that mentions to which level chemical is allowed in waters supplied by the water industries. This factor is so crucial that it can cause the industry to shut down. Anglo water service should consider this factor as it has great consequence in course of time for the business.

After analyzing the Anglian water business with the PESTEL model it can be concluded that there are so many opportunities for the organization to tap to increase productivity and reach potential customers.

L04

Conduct internal and external analysis of specific organizations to identify strengths and weaknesses.

To conduct the operation of a business and run it effectively and efficiently, the manager has to consider both the internal and external environment of the business. The manager should always consider internal and external factors before making each decision. Internal factors of an organization include entrepreneurs, managers, workers and customers. Analyzing the internal factors of a business environment one can understand the strengths and weaknesses of the organization. Internal factors of an organization help its decision-maker to understand its core resources, capability and availability of resources to carry out a new project or opportunity.

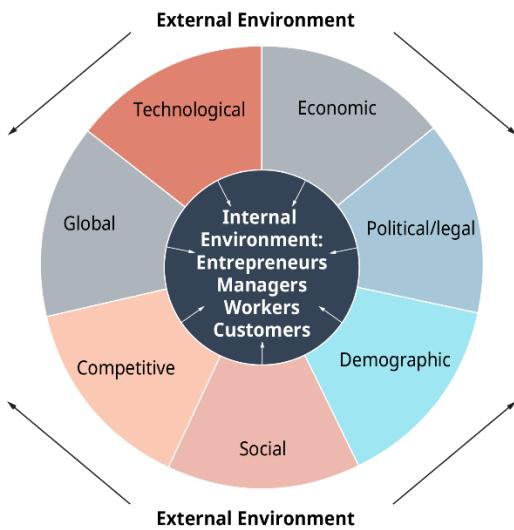


Figure: Environment of business (Yüksel, 2016).

The external environment includes political, social, economic, environmental, technological and legal factors that can affect an organization. By analyzing the external environment the manager can understand the opportunity and threat of the business.

Identifying the strength and weakness of the Anglian Water company

The Anglian water company is a domestic and bottled water delivery service spread through eastern England and Wales. As their main raw material of business is water they have plenty of resources like rivers to collect them. The business has over 5000 employees that provide enough employees to run the organization effectively.

The main weakness of Anglian water service is that the customers are not permanent. There are multiple competitive businesses in the market and if the organization cannot provide up to their mark, the most necessary will lose their customers (Terziev and Georgiev).

Explain how strengths and weaknesses interrelate with external macro factors

The strengths and weaknesses of a business depend both on external and internal factors of a business. Managers introduce new policies and strategies analyzing the macro and micro factors of the organization. Is there occurs a sudden change in the environment, it can alter the decision making of managers (Kumar, Boesso, and Michelon, 2014). Here I am going to analyze Anglian water company's strengths and weaknesses with external factors.

- **Political and legal factors:** a business depends greatly on political and legal issues. People are now more concerned about the health and any kind of disobedience of law can convert into great difficulties. Changing of laws and regulations of the government relating to the organization will enforce the change in the organization. Anglian Water is always flexible to laws and regulations and abides them accordingly.
- **Economic factors:** several economic factors can make either a positive or negative impact on an organization like interest rate or inflation rate or exchange rate in the market. They can change the economic condition of an organization if the organization is not flexible and financially viable enough. Anglian waters are strong enough and have viability financially and have sufficient financial resources to cope up with such changes.
- **Social and cultural factors:** social factors are the ones like people's changes in lifestyle, trends, ethics and others. People's current change of perception toward alcohol has increased the market for non-alcohol products. That became favourable for the Anglian Water business. Anglian Water's business always focuses on changes in the choices of customers and makes decisions considering them.
- **Technological factors:** technological factors include the advancement of technology over time. The Anglian water business is always up to date with advanced technology to provide the best services to the customers. Though they should keep good financial resources to be up-to-date.
- **Environmental factors:** the main source of Anglian Water government comes directly from nature of which there is plenty of resources. But still, the organization collects its resources from multiple rivers to amend risks of affecting the environment. They follow environmental laws and do not misuse natural resources.

SWOT analysis and justify how they influence decision making.

SWOT model analyses external and internal factors within an organization and shows a complete picture of the strengths and weaknesses the organization has. Also, the opportunities that can appear and the threats that can eliminate the business from the competition.

<u>Strengths</u>	<u>Weakness</u>
<ul style="list-style-type: none"> • Consciousness about the health and hygiene of the customers • Existing brand popularity in the market • Co-ordinated branches around the UK • Can reach to the potential customer • A large number of workforce focusing on the job • Availability of resources 	<ul style="list-style-type: none"> • Variety of substitutes • Limited range of products • Inclusion of intermediary businesses • Others can misuse empty bottles
<u>Opportunity</u>	<u>Threats</u>
<ul style="list-style-type: none"> • Products focusing on health issues • Wide area of untapped market • Use of technology to increase customer satisfaction and build a relationship • Increasing awareness of the customers • Tying up with other businesses 	<ul style="list-style-type: none"> • Numerous competitors existing in the market • Lack of variety of products and services • Regulation of government over water purification products • Not coping up with ever-changing technology.

Table: SWOT model (Terziev and Georgiev).

Managers conduct a SWOT analysis to make the decision-making process easier. The analysis helps managers to form strategic planning and helps to build the strength of the organization. They can reverse their weaknesses by analyzing. It becomes easy for managers to identify opportunities and immediately respond to them. Organizations can easily overcome the threats revolving the organization.

Conclusion

The study showed the importance of having overall knowledge over the business environment for a business to succeed. Knowledge over the relation between business structure and size of them helps the owners or the managers understand the extent of scopes exist in the environment. Moreover, the business environment also affects decision making based on territory and size. The study provided PESTEL and SWOT analysis over AWG Ltd. And exclaimed how internal and external factors of the environment help a business to grow if they are favourable to the business and also the risks if they are not (Kumar, Boesso, and Michelon, 2014).

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