

Business Environment Reflection

Organizational environment identifies the main forces from both task environment and general environment. They affect the way organizations perform and operate because they create pressure and influence management. The task environment is closer to the 'sun' and includes the sectors that conduct more daily type tasks. In task environment managers have more control therefore they can react to opportunities and threats in the market. The general environment is the outer-layer that deals more with macro oriented issues and affects organizations indirectly. General environment have less manager control because the environment is difficult to analyze.

Factors to the task environment such as customers, competitors, suppliers, governments, and unions are discussed in various business articles. The following are examples:

Customers

A business exists only because of its customers. Customers are very important because they purchase the goods and services that an organization produces. The iPhone has been a massively successful product for Apple, which many people in the world either have or desire. A China analyst best expressed it as, "people aspire to own an iPhone, but they can't afford it" (qtd. in Lococo). China Unicom Hong Kong, a telecommunications company in China, saw its business take off last year when it began pushing smartphones that cost 80 percent less than Apple's coveted device (Lococo). A company's success depends on its reaction to customers. China Unicom Hong Kong is successful because the customers react positively to the smartphones they currently make. Many Chinese people can now afford and have a smartphone that can perform most of the functions that an iPhone can do for a fraction of the price.

Competitors

Competitors are organizations that are in a similar business and that produce goods and render services that are alike to one's own organization. Competitors chase the same customers and can also take them away. In CNN Money, an article titled, "Why Netflix Can't Keep Winning" highlights that Netflix is losing its dominance over the video-streaming business to other competitors. There are many companies such as Amazon (AMZN), HBO (TWX), RedBox/Verizon (VZ), and Apple (AAPL) that are coming after them. Netflix is losing several big providers of movies and TV and paying more to the ones it lands or retains (Mitchell). HBO recently struck a deal with Universal Pictures that will make it—and its streaming service HBO Go—the exclusive outlet for those movies for the next 10 years. HBO also has similar deals with other studios including Fox (NWS) and Warner Bros (TWX) (Mitchell). Amazon struck a deal with A&E, which will give it access to programming from the A&E channel, the History Channel and Lifetime and also reached a deal with Epix, giving it access to movies from Paramount, MGM, and Lionsgate (Mitchell). RedBox/Verizon and Apple also plan to come out with their new streaming service. Netflix should therefore ensure that they maintain the cost advantage of video-streaming and continue to make deals with highly popular providers to ensure their competitive advantage.

Suppliers

A supplier is an organization that produces products for companies. They are the source of material that provides services like labor, energy, and equipment. Many companies focus on the supplier's price thus companies choose to go with companies overseas. Recently, Hewlett-Packard has directed suppliers in China to limit the use of student labor, a move that reflects rising concerns in the tech community about working conditions in overseas factories (Riley). The new rules are amongst the strictest in the industry. Suppliers will be expected to comply immediately, and will be subjected to more frequent audits (qtd in Riley). Many underage workers are recruited for internships or temporary assignments but usually the documents are forged and these workers are not permitted to leave factories of their own free will. The new rules require that all labor must be voluntary. Students employed by suppliers must be able to leave at any time, and will only be able to work for a limited term in a discipline associated with their primary area of study. The number of student workers will be limited, and all government regulations regarding legal working ages must be followed (Riley). HP's decision comes after Apple entered a partnership with Fair Labor Association last year. Several companies like HP, Apple, Intel, Microsoft, and Cisco have contracts with Foxconn, a Taiwan-based supplier that has come under fire for harsh labor conditions at its Chinese plants (Riley). Clearly HP is attempting to make a turnaround in their company. There focusing more on labor especially underage student labor. If these students are treated better there would be a higher chance they would come back to the factories and work. These changes could help with the labor shortages that they have been encountering. HP is also making the suppliers accountable if changes are not rendered. HP is trying to make a comeback and any positive spotlight is crucial for their business success.

Governments

The relationship an organization has with the government could influence business operations. In CNN Money, an article titled, "Boeing Wants To Test 787 Dreamliner In Flight" states that Boeing has asked the Federal Aviation Administration to allow test flights of the 787 Dreamliner while investigators work to uncover the source of the aircraft's battery problems (Riley). A series of test flights would allow the company's engineers to study the performance of the aircraft's lithium batteries in normal operating conditions. After onboard fires, the Federal Aviation Administration has grounded all 50 Boeing 787 Dreamliners around the world. U.S. regulators have been tight lipped about their progress in identifying the cause of the fires, but much attention is being paid to lithium ion batteries manufactured by a Japanese supplier (Riley). It is unknown when the FAA and other government agencies will allow these planes to fly again. Glitches are common when an aircraft enters service with new equipment but it is important to reduce these types of problems and take all the necessary precautions to ensure the safety of the passengers. These could very well result in fewer customer demands and unwanted legal issues.

Unions

A union is an organized association of workers joined to protect their common interests. They negotiate members' wages, benefits, and working conditions. Gov. Jerry Brown's administration will be negotiating with some of the unions that rallied to his side with millions of dollars and

helped campaign his tax plan last year. He wants to negotiate on labor agreements worth billions before most contracts of California state workers expire this summer. Numerous budget experts say that with the state's financial recovery still in its infancy, it's far too soon to lock in new expenses. And California already pays its employees significantly more than other state governments (qtd in Megerian). Many of these public workers though went without raises for several years as a result of budget gaps. At the end of this month, the Brown administration and officials from unions will begin presenting their initial bargaining offers. It is very important for Gov. Brown to deal with the demands of the unions in a proper manner because it could hurt his image and reputation. He has to come through his end of the bargain.

Factors to the general environment such as political/legal forces, technology forces, and economic forces are also discussed in various business articles. The following are examples:

Political/Legal

The New York attorney general office is investigating makers of energy drinks. PepsiCo, Monster Beverage, and Living Essentials have been subpoenaed because they are falsely advertising their energy drinks as a dietary supplement and don't fully disclose their caffeine content (Weise). This could hurt the makers of energy drinks brands. Many customers value honesty and this improper labeling can affect the maker's reputation. Consumers will begin buying a competitors brand and slow the demand of the other. These companies should be aware of laws or any changes in laws and regulations to counter threats they pose.

Technology

Technology is unlike the other factors. It continuously progresses. In Businessweek, an article titled, "The End of Flying Blind" discusses how airlines are switching from radar to new GPS systems. Many perks come with this new GPS system that will save time and money. The GPS system allows pilots to maneuver closer to other planes which mean they can take more efficient paths to their destinations (Black & Levin). With the current radar that is used planes have to stay more than 50 nautical miles apart. Also, the radar sends out a plane's location once every 4 to 12 seconds compared to the once a second that the new GPS systems. As technology continues to progress and change, companies should strategize and plan how to respond to such changes. Companies that are not prepared for the rate of change it becomes harder to handle and difficult to thrive. Whether we like or not, technology is here to stay and it is not going anywhere. Companies need to "jump on the bandwagon" in order to have long-term success.

Economic Forces

Recently, President Obama proposed to raise the federal minimum wage that working Americans earn from \$7.25 to \$9.00 an hour to diminish poverty. In addition, he wants to index the minimum wage according to inflation so it keeps up with the cost of living. Many people are skeptical because the poverty line is roughly \$23,300 for a four-person household. A full-time job paying \$9.00 an hour works out to about \$18,000 a year. Consequently, a married couple with only one person earning \$9.00 minimum wage would also have to take advantage of two tax

breaks aimed at working families (Luhby). Lawmakers for years have looked to address poverty more through tax breaks rather than cash payments but these tax breaks are usually temporary and require extensions from Congress. Increasing minimum wage can benefit the general health and well-being of a nation. It could decrease the government's burden of funding social welfare programs and minimum wage workers would spend more generating a positive impact on GDP. Lawmakers should come together and focus on the well being of the people.

The central powers of both task and general environment are recognized in organizational environment. Management and pressure are impacted by the effects of task and general environment, but in varied ways. For instance, with task environment there exist sectors which demand more day-to-day natured tasks. There are also factors such as customers, competitors, suppliers, governments, and unions which influence task environments as discussed in the articles above. In addition, superiors within a task environment have more influence and can react to prospects and pressures in the market. Finally, the general environment is the peripheral level with focuses on macro related concerns. Factors such as political/legal forces, technology forces, and economic influence general environment as highlighted above. The general environment has a more indirect effect on organizations. The environment is difficult to analyze which gives managers less pull within a general environment.

Work Cited

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