

Business Environment

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Introduction

The very modern globalised market of the competitive business world, the business organisations ought to consider the different factors of business environment for making more advanced decisions to ensure competitive advantage in the market. This particular assignment has discussed about types of organisations with their scopes and purposes along with interlinks between the functions of the different departments. The macro environment is also analysed here with the help of PESTEL whereas SWOT is used for making analysis of the micro environment factors. The organisations like Cancer Research UK and Ryanair are considered for this assignment to elucidate better information about the business environments.

LO1

P1 Various types of organisations along with their purposes

The three types of organisations are mainly public organisation, private organisation and voluntary organisations. The each kind of organisation have their distinct legal structure and purpose to be followed in course of business.

Public organisations are general entities administered and controlled by the government bodies of a country. The National health Services or NHS can be considered as a public organisation of UK as anyone can buy shares in the company with the help of the prospectus. The public organisations such as NHS focuses on providing huge employment chances in UK along with providing quality service of health and social care without any target to accomplish revenue and profit in the business. Alike other public organisations, NHS also follows the legal structure of limited liability corporation or LLC in the operational purpose (Apăvăloaie *et al.* 2014). LLC is a legal structure which allows the organisations to distribute limited liabilities among the owners and the management.

The private organisations are focused on doing business operations with respective products and services to generate satisfaction among the customers in order to get a sustainable revenue and profit margin. The private businesses are controlled by board of directors whereas the compliance with regulations of the state is mandatory. The airlines company Ryanair can be exemplified as a prominent private organisation. The purpose of the private organisations is to ensure profit generation for gaining market advantage. As a company, Ryanair has a purpose of becoming the market leader in the low cost passenger flight industry through expanding the services with improvements (Botha *et al.* 2014). The legal structure of the private organisations alike Ryanair is PLC or Public Limited Company as this particular structure allows the organisations to expand the share capital.

Voluntary organisations are binding of the contractual agreements of organisations for the purpose of social development and social welfare activities whereas the Cancer Research UK can be

considered as a major example of the voluntary organisations. This kind of organisations has a purpose of making developments associated with different social causes (Chang, 2016). The Cancer Research UK has a purpose to increase awareness about cancer among the people apart from improving the treatment facilities for the patients with the disease. The legal structure of this kind of voluntary organisations like Cancer Research UK is mainly a trust company

P2 Scope and size of different organisational types

Factors	Public	Private	Voluntary
Organisational size	The NHS like public organisations are mainly large sized with operations of larger spectrum through a complex working structure.	The size of private organisations can be anything from large to small, Ryanair is a large scale private organisation.	The voluntary organisations can be also anything from small to large. Cancer Research UK is indeed a large scale organisation.
Scope	The scope like the organisations such as NHS is to ensure capitalizing the effectiveness to ensure the process of providing quality healthcare services.	The private organisations are very much indulgent to avail scope of expansion of the airlines service business (Crane <i>et al.</i> 2016).	The ultimate scope of Cancer Research UK is to spread cancer related awareness and enhancing treatment facilities.
Vision	To provide free health services to the people of UK	To be the first choice of the customers looking for affordable airline services	To create cancer knowledge and beat cancer together
Mission	To improve the overall care service quality in the country	To provide low cost airline services to the customers	To improve the overall cancer awareness and treatment facilities
Business objectives	To provide improved quality of health care services in UK (Matten <i>et al.</i> 2016)	To establish a sustainable existence in the airlines industry of Europe	To work in collaboration with care providers to beat cancer
Organisational	Centralised	Centralised structure	Hierarchical structure

structure		of function	
Service and products	Services of health and social care	Low cost affordable flight services for passengers	Cancer awareness campaigns and cancer related helps and services
Stakeholder related information	The citizens of UK, professional care providers and healthcare academies	Customers from entire Europe, the travel agencies and the employees (Kolk, 2016)	The health care providers, cancer research entities and cancer patients

M1 Link between structure, size and scope of organisations with business objectives and offered services

The organisational size and scope is integrally connected with the objectives and services of an organisation. The strategic plan making to provide services to the customers is done based on anticipation of the size and scope of an organisational as per the standards of the industry. The relation between the organisational types and size and scope procure approaches for the accomplishment of the business objectives in relation with rendering coherent services and products. The voluntary organisations like Cancer Research UK focuses of obtaining huge fund to enhance the quality of facilities of cancer research and treatment in the country (Quinlan *et al.* 2016). The gathering of huge amount of fund is utilised in the purpose of making development of the cancer treatment facilities to achieve the objective of fighting cancer collaboratively. On the other hand, the private organisations like Ryanair uses the size and scope of market to use a strategy of low cost differentiation to accomplish business goals by attracting customers to use their services. The strategy is made with the goals like incurring efficiencies in the operations to control expenses for providing service in affordable prices.

LO2

P3 Connection between functions of an organisation with the structure and objective



Figure 1: Organisational structure of Ryanair

(Source: Ryanair.com, 2018)

The structure of Ryanair is very much centralised in order to maintain an extensive relationship with the organisational functions. Apart from that, the functions and objectives of Ryanair are very much related with the organisational structure to maintain the market operations of low cost airline services. The structural function of Ryanair provides intense support to the different functions of the departments to ensure coherent execution of the strategies of low cost differentiation to obtain competitive advantage in the market. The centralised structure of the organisation enables in directing the departmental functions to accomplish a common organisational goal (Ryanair.com, 2018).

The functions and centralised structure impose joint impact to foster a communicative brilliance in the organisations that enable Ryanair to define the units of performance with functional units of better quality of outcome assurance. The compliance with the centralised structure allows Ryanair to generate employee motivation by involving them into the process of decision making about low cost airline services. The very collaboration is also helpful to maintain a sheer bureaucratic balance and flexibility in the operations of Ryanair (Schaltegger *et al.* 2017). The organisational operations to execute the strategy of low cost airlines is provided with intense support from the centralised structure that enables ease to undertake the different related departmental functions.

M2 Advantages and disadvantages of interrelations between organisational functions and impact on structure

Advantages:

The very interrelation between the functions of Ryanair has procured many advantages as it helps in segregating the major activities with the help of the functional segments and units of employee groups. This procures sheer advantage for the company as it allows Ryanair to obtain sheer ease to

unite the workforce to control cost for accomplishing the business objective (Storey, 2016). This aspect draws another advantage to grow a very dependable level of the competence of the departments of the organisation to correlate the organisational performances for achieving the common goal. In addition to that, the internal relation is also important among the functional units to provide a clarified account of responsibilities to every stakeholder of the business to ensure the betterment of performance for Ryanair.

Disadvantage:

The internal relationship can also lead Ryanair to many disadvantages in the business as it can also impose impact on the business advantages in the market for the company. In course of transition process of the change management, it can cause hardship for Ryanair due to lack of consistencies in the services of low cost airlines. This kind of absurd business situations can create disadvantages for the companies for having an interrelated organisational functions as it also makes the process of obtaining goals harder (Wheelen *et al.* 2017). This can generate further level of disadvantage for the maintenance of a process to maintain alignment of the organisational aspects as it also enhances level of complexities to make it harder to accomplish the objectives.

Impact:

The very complex aspects in the internal relationship among the functions of Ryanair ought to be evaluated properly to anticipate the impact of the structural complexities and organisational operations. The interrelation mainly affects the organisational structure as it makes modifications in order to foster the communication and information transfer lines among the departments of Ryanair (Hunger *et al.* 2017). The negative impact also procures sheer rigidity in the centralised organisational structure to make changes to the required level.

LO3

P4 Positive and negative macro environmental impact on business

The macro environment imposes sheer impact on the business practices as any organisation should assess all the positive and negative factors of the external environment in order to improve the business in coherence with the environment.

Positive impact:

The external environment procures advantageous influences on the business as the external environment of UK allowed Ryanair in order to make improvements in the reputation of the low cost services of airlines industry due to the feasible political factors of the business. The impact of Brexit is evident in the political sphere and it eased the fair trade practices of Ryanair with a pressure to make continuous service improvements to avoid competitive challenges. The social factors of people to avail the low cost airline services is also advantage for the Ryanair to serve the customers. The

economic factors like the standard income level of the people also allow the company to have customers with purchasing ability to avail services (Kourie *et al.* 2014). These feasible factors allowed the company to make coherent strategies to serve those customers. The alteration of the economy after Brexit also helped Ryanair to obtain feasibility from the strategy of providing services with low cost airlines. The moderate law regarding taxation in UK along with environmental laws are helpful for the company to continue their strategic action of low cost airlines services.

Negative impact:

The factors of macro environment also possess some negative influences on the business of Ryanair. The impact of Brexit shed negative onus on the labour problem and employment issues in the country that caused problem for the airlines service to run the business properly (Griffin *et al.* 2016). The lack of skilled workforce and high prices of supplies after the Brexit created immense pressure on the operations of the Ryanair. This created problem for the company to maintain the strong working force in the market with wage rate as per the legal standards of the country. It always created a negative impact on the process of using the low cost strategic action of Ryanair.

M3 PESTEL use for macro organisation analysis

Political	After Brexit, the regulation related with the limitation of daily flights between EU and UK is a major influencing factor for the business whereas it caused loss of productivity and revenue for the company.
Economic	The economic recession imposed negative influence on the business strategy to generate revenue from the low cost airlines services as the fuel price is very high in the global market. The provision of development of the airlines company in the market was ceased with this situation (Ryanair.com, 2018).
Social	The disposal income of the people in the society created a plea to avail flight services and the Ryanair became benefitted of this social trend through providing low cost services to meet the demands of the customers to achieve advantage in the market.
Technological	The advancements of technology like the trend

	of use of social media is very much impactful on the business. The improved technology of aviation techniques are also important to control cost of services to maintain the strategy (Kohl, 2016).
Environmental	The factors like minimization of carbon emission is a major environment factor on the business of Ryanair.
Legal	The Brexit referendum is a legal challenge for Ryanair that led the company to reduce the number of daily flights between EU and UK (Matten <i>et al.</i> 2016).

LO4

P5 Internal and external analysis for identification of strengths and weakness

The part has dealt with the micro environmental factors of the internal business environment of Ryanair.

Strength:

The key strategy to provide affordable services with low cost differentiation is a major strength for the company in the market. On the other hand, the very development of low unit cost can be accounted as another strength for the business of Ryanair to generate profits in the business.

Weakness:

Ryanair has a prior weakness of poor management of the services that causes customer dismay whereas the seasonal factors are also negative weakness for the practices of the company (Wagner *et al.* 2017). The factor of profit generation is severely affected by the seasonal factors present in the business practices.

Opportunities:

The continuous technological advancement in aviation is a major opportunity for the company to improve business practices. On the other hand, the online ticket booking system and related computerized services are helpful for the business to grow properly.

Threats:

The fluctuation of fuel price in the global market is a major threat for the company to keep the profit margin intact with providing services to customers with low cost services. The competition in the

market is another threat that can cause problem for the company to maintain advantage in the market.

P6 Relation of strength and weakness with macro factors

The very strengths and weaknesses in the micro environment of the business are very connected with the external business environments and macro factors of Ryanair. These factors are equally important for enhancement of the operations of the company as the factors are interrelated as the externals aspects influence on the internal positive factors of the organisation. The lack of feasibility economy as a macro factor of the market directs Ryanair to make supreme quality of profit maintenance along with fulfilment of the needs of employees in the internal environment. The macro environment technological factors are also related with the improvement of the internal strengths to provide better service to the customers. As per the opinion of Snyman *et al.* (2014), the ultimate strength of the company is the strategy of low cost differentiation that is procured to align with the social macro environment trend of the people to avail airlines services in affordable cost. This social factor of the macro environment leads to provide affordable services of airlines to determine internal strengths to provide a low cost services to meet with the demand of the customers for obtaining advantage.

M4 SWOT application for analysing the influences on decision making process

The internal SWOT analysis can be a major factor for the determination of the internal weakness and strengths of a company along with the external threats and opportunities of the company. This can be helpful for the companies to help in the decision making process in larger spectrum as it can also help the procurement of cohesive decisions for improve the quality of the organisational operations. This can also be helpful to enhance the awareness of the management for fulfilling the organisational potentials for making coherent decisions to achieve the objectives of the business (Carr *et al.* 2016). The system of decision making needs proper knowledge about the strengths and weaknesses of the organisation to avoid any provision of futility in future for lack of ability to execute the plans. Hence, the proper information about the internal capacity of an organisation is required to make integrated strategic decisions to ensure developments. The effectiveness of SWOT analysis to get information about internal business environment is evident for the decision makers to make coherent strategies as per the provided information. It is helpful to provide quality support to the decision making process for ensuring the effectiveness of the decisions as per the abilities of an organisation. The analysis of the micro environment helps an organisation to get a succinct overview of the internal capacities to determine the scopes of that organisation to deal with the external factors of business environment with making proper business decisions.

Conclusion

The assignment has provided with detailed description of the three types of organisation along with their respective purposes and legal structure in the business. Apart from that, the very role of the interrelation between the size, scope and structure of business organisation is also elucidated in the assignment based on the organisations like Ryanair, Cancer Research UK and NHS. In addition to that, this particular assignment has provided insight of the environmental analysis of Ryanair with considering the macro and micro environmental factors along with their importance in the process of organisational decision making for fostering growth and development of competitive advantage.

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