**Strand**: Office Administration
**Sub strand**: Office Roles and Functions
**Content Learning Outcome**: At the end of this unit students should be able to:
- ✓ Define what is an Business Environment
- ✓ Define organization chart
- ✓ Explain the management structure

## Business Firm Or Organisation

Is an economic unit which is engaged in the production or distribution, or both the production and distribution of goods and services for the purpose of earning profits.
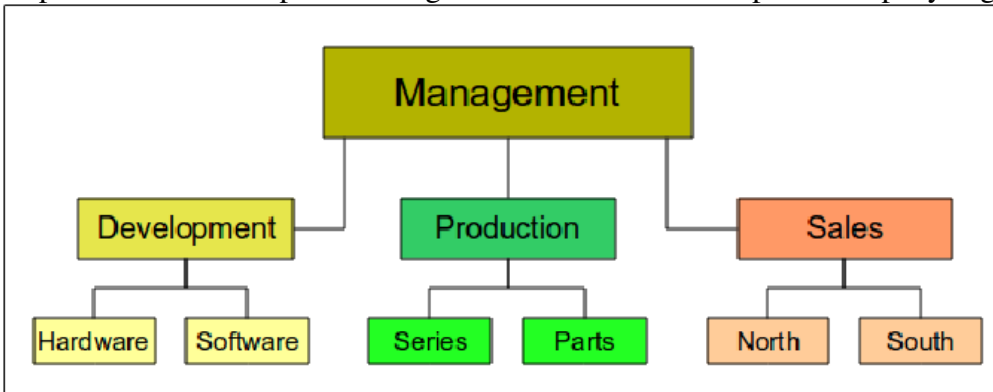
**What is Business Environment?**-It is a relationship between a business action and its environment. Environment is a surrounding of a business by which business gets influenced directly or indirectly. Factors includes political, economic, social and technological.
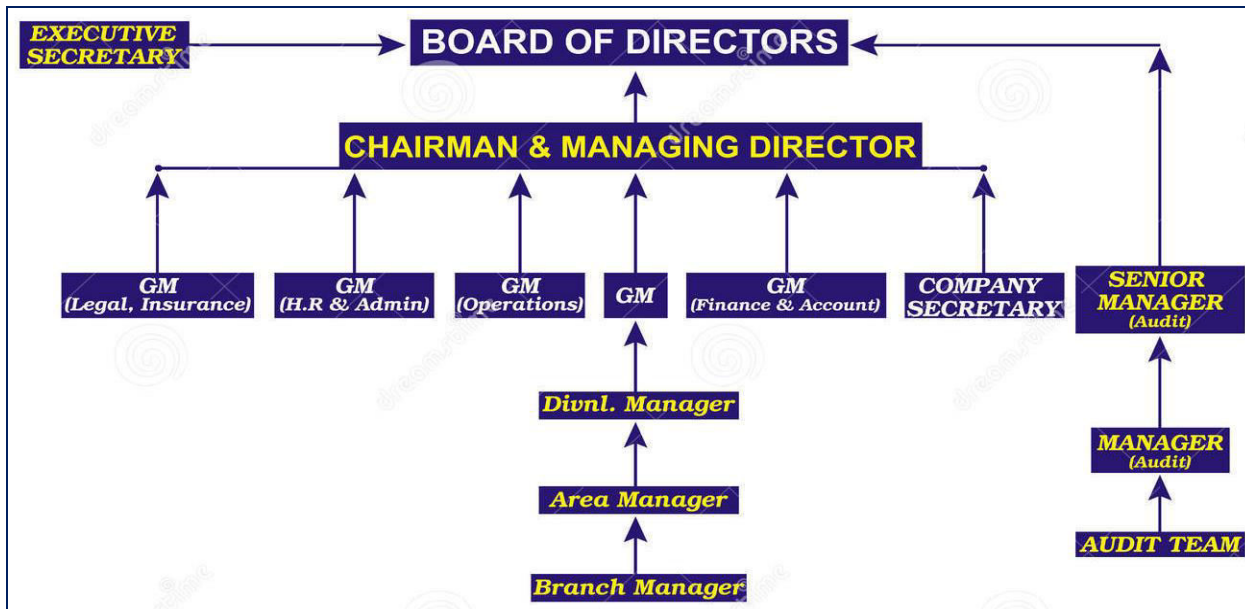
## Organisation Chart

It includes the chain of command, from top management to middle management and departmental operation. It shows the title and positions of whoever is responsible for which department and to whom they are responsible. An example of an organization chart of a computer company is given below:



**Management structure**-Management structure refers to the organization of the hierarchy of authority, which defines accountability and communication channels within an organization and with its external environment.

| Management level | Members/Workers | Types of Responsibility |
|---|---|---|
| Top management | Chairperson, managing director, general manager, each specialize in finance, production and marketing | Make decision on company goals, and policy |
| Middle management | Managers who manage other managers and supervisors | develop departmental goals and policies in line with organizational goals |
| Operating management | Managers, Supervisors | Put management plans into action and are the link between higher level of management, office and other workers. This where all the operation are carried out by people who have to perform them |
| Departmental Operations | Managers of each department | It forms the base of the whole organization. |

## Line Of Authority

Line of Authority (command) – The hierarchical structure of the organization is shown by:

Lines of Authority on the organization Chart

Name and the position of the person for each department to whom a worker reports to:

## Three types of Authority (command)

i) Line of Organization – Authority flows vertically down the line from Top management level to operational level (Top down).

Responsibility flows vertically up the line from operational level to Top management level (Bottom, Up).

It allows managers and supervisors to control workers below them.

ii) Line and staff organization – Line managers are responsible for key areas.

This manager's use staff specialist to assist them in specific ways e.g accounts managers may use the skills of the personnel department in selecting a new staff member.

iii) Functional Organization – All managers have authority over a pool of workers or Human resource Management.

## Activity Questions

1. Name **four** factors that directly or indirectly influence an Organization?
2. What is the function of Organisation Chart in an Organization?
3. What is the role of operational management level in an Organization?

THE END

**Strand**: Office Administration
**Sub strand**: Office Roles and Functions
**Content Learning Outcome**: At the end of this unit students should be able to:
- Define what is a Business Environment
- Explain the features of Business Environment

## BUSINESS ENVIRONMENT
## BUSINESS FIRM

- ✓ Is an economic unit which is engaged in the production or distribution, or both the production and distribution of goods and services for the purpose of earning profits.

### BUSINESS ENVIRONMENT

- ✓ Is a relationship between a business action and its environment?
- ✓ Environment is a surrounding of a business by which business gets influenced directly or indirectly.
- ✓ Factors includes political, economic, social and technological.

**Features of business environment**

1**. All the external forces**:

- ✓ Business environment includes all the forces, institutions and factors which directly or indirectly affect the business organizations.

2**. Specific and general forces:**

- ✓ Business environment includes specific forces such as investors, customers, competitors and suppliers.
- ✓ Non-human or general forces are social, legal, technological, political, etc. Which affect the business indirectly?
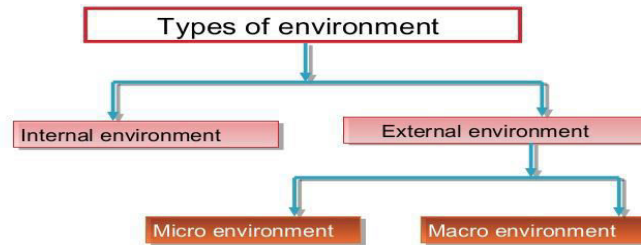
3. **Dynamic:**

- ✓ Business environment is highly flexible and keep changing. It is not static or rigid that is why it is essential to monitor and scan the business environment continuously.

4. **Uncertainty:**

- ✓ It is very difficult to predict the changes of business environment. As environment is changing very fast for example in IT, fashion industry , frequent and fast changes are taking place.

**Types of business environment**



**Internal Business Environment**-This includes the business itself – the organization that is in business operation.
- ▪ It comprises the owner, structure, how it is run, its entities, its finance, its workers, its equipment, buildings, policies, procedures etc.
- ▪ The internal environment has a direct impact on the business.
- ▪ Internal factors which are generally control by the company include its personnel, physical facilities, and organization and fictional means, like marketing, to suit the environment.

**Activity**
1. Name two types of business environment.
2. What is Internal Business Environment?
3. Give an example of internal factor which is controlled by the company.

**Sangam SKM College - Nadi**
**Lesson Notes - Week 3**
**Year 10**
**Office Technology**

**Strand**: Office Administration
**Sub strand**: Office Roles and Functions
**Content Learning Outcome**: At the end of this unit students should be able to:
- Differentiate the two types of Environment, Internal and External Business Environment

**Main function**
The manufacture of specific goods or the supply of specific services.

**Structure of internal business (Organization Structure)**

- ✓ An organization is a planned arrangement of operations. To achieve the smooth flowing operation of everyday tasks, preparation is required.
- ✓ All employees are doing what they are qualified and trained to do in order to achieve their own goals and of the business.

A. **Value system**
The value system of the founders and those at the helm of affairs has important bearing on the choice of business, the mission and the objectives of the organization, business policies and practices.

B. **Mission, Vision and Objective**

- ✓ **Vision** means the ability to think about the future with imagination and wisdom. Vision is an important factor in achieving the objectives of the organization.
- ✓ The **mission** is the medium through which objectives are achieved.

C. **Management Structure and Nature**

- ✓ The structure of the organization also influences the business decisions.
- ✓ The organizational structure like the composition board of directors influences the decision of business as they are internal factors.
- ✓ The structure and style of organization may

**External Business Environment**
- ✓ It refers to the environment that has an indirect influence on the business. The factors are uncontrollable by the business.
There are two types of external environment
  1. **Micro environment**
**The micro environment** is also known as the task environment and operating environment because the micro environmental forces have direct bearing on the operation of the firm.

**Micro environment forces**
**Suppliers**
An important force in the micro environment of a company is the suppliers, ie, those who supply the inputs like raw materials and components to the company.
**Customer**
The major task of a business is to create and sustain customers. A business exists only because of its customers. Marketing Intermediaries include middleman such as agents and merchants that help the company find customers or close sales with them.
**Finances**
The finances are also important factors of internal environment, which includes money and other sources of income.
**Public**
Public can be said as any group that has an actual or potential interest in or on an organizations ability to achieve its interest. Public include media and citizens.
**Activity**
  1. Differentiate between Internal business environment and external business environment?

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| | |
|---|---|
| delay in decision making or some other helps in making quick decision. | 2. What is the difference between Vision and mission?<br>3. What is another name for micro environment? |