

THE ECONOMIC ENVIRONMENTAL INFLUENCE ON THE ORGANIZATION DEVELOPMENT

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Abstract: Each organization, regardless of the activity it performs, operates in its specific environment. In this environment, there are other organizations, persons, with whom the organization comes in contact, and with whom it makes various transactions. The economic aspects of its environment influence the organization, as well as the technological, cultural, ethical ones. Although the environment in which it operates is full of uncertainties, transformations, however, organizations must, in order to achieve their goals for which they were created, transform these uncertainties into certainties by planning their work, developing strategies, creating different organizational structures, etc.

The paper presents theoretical aspects regarding the environment of the enterprise, with all its components: economic, social, cultural etc., and presents a case study, a Romanian SME adapting to the environment in which it operates, managing to survive and develop, by using all aspects of its environment, but especially the economic ones.

Keywords: organization environment, economic environment, uncertainty, strategy, adaptation, development

1. INTRODUCTION

The Romanian economy is in a continuous process of restructuring, in order to make more efficient the use of internal resources and to increase its attractiveness for both internal private investors and foreign investors¹.

The environment in which each organization operates includes all events (including those from around the world) that influence in any way the activity or results obtained by the organization². The environment represents all the factors that can influence the organization's activity. These factors may be internal or external to the organization.

The business environment of the organization may favor or disadvantage the obtaining of competitive advantages by the enterprise³. The evolution of the modern enterprise today depends on its interaction with the environment in which it operates. The modern enterprise is seen as an open system.⁴

¹ Institutul Național de Statistică - Starea economică și socială a României 2015 și 2016 http://www.insse.ro/cms/files/Publicatii_2018/04.Starea_economica_si_sociala_a_Romaniei/Starea_economica_si_sociala_a_Romaniei_2018.pdf

² Pfeffer, J., Salancik, G. R. - The external control of organizations. A resource dependence perspective, Stanford University Press, Stanford, California, 2003 https://books.google.ro/books?id=iZv79yE--_AC&pg=PA61&lpg=PA61&dq=Pfeffer,+J+THE+EXTERNAL+CONTROLOF+ORGANISATIONS&source=b1&ots=VqqlQG3twQ&sig=xMgLeK4YjllIKPcLtQ713O6a3Fs4&hl=ro&sa=X&ved=2ahUKEwjDgpLq19PeAhUJ18AKHTGwDNQ4ChDoATACegQIBhAB#v=onepage&q=Pfeffer%20%20J%20THE%20EXTERNAL%20CONTROLOF%20ORGANISATIONS&f=false

³ Zahiu, L., Nastase, M. - Economia întreprinderii, cursuri în format digital, accesat în data de 15.11.2018, <http://www.biblioteca-digitala.ase.ro/biblioteca/carte2.asp?id=147&idb=>

⁴ Nicolescu, O., Verboncu, I. - Fundamentele managementului organizațional, cursuri în format digital, accesat în data de 14.11.2018 <http://www.biblioteca-digitala.ase.ro/biblioteca/carte2.asp?id=60>

Organizations created to achieve well-established goals, continually confronted with uncertainties, environmental pressures in which they exist and work ⁵.

Businesses need to know the major changes in their environment ⁶.

The evolution of the perception of entrepreneurs on the economic environment in Romania during 2010-2017 presented in Figure no. 1.

SMEs that feel that the business environment is not much favorable for businesses have higher shares in SMEs over 15 years old, South West companies, microenterprises, transport organizations⁷.

The economic difficulties most often faced by small and medium-sized firms, coming from both the external and internal economic environment, are:

- bureaucracy (reported in 61.41% of SMEs);
- excessive taxation (54.74%);
- corruption (45.16%);

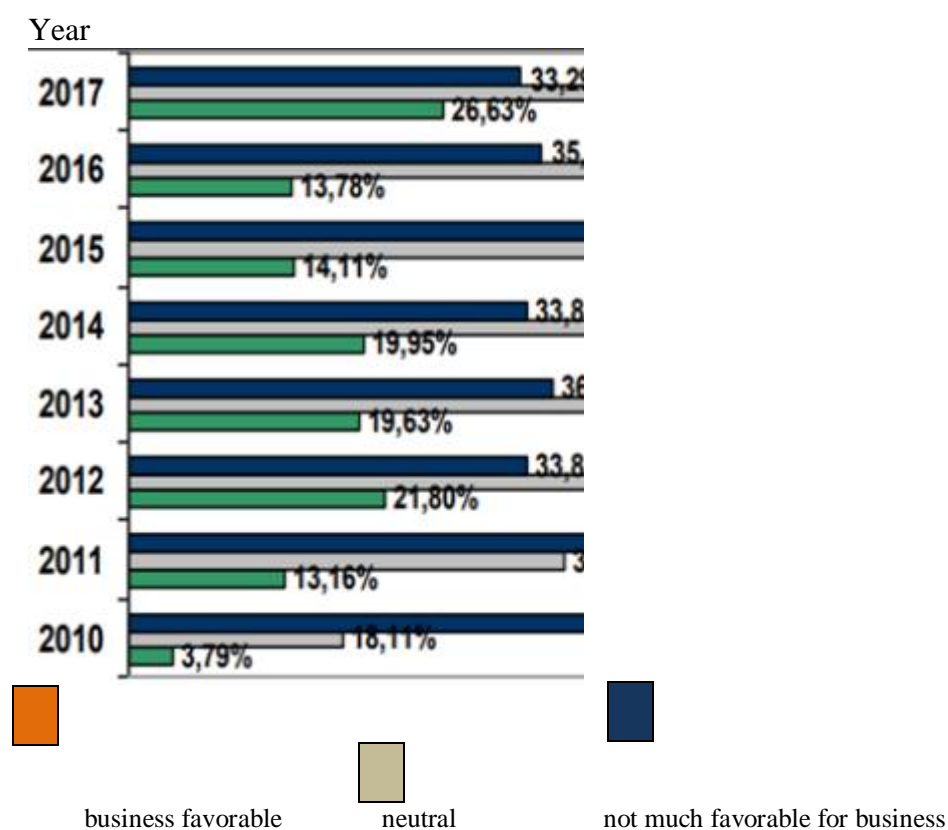


Fig. no. 1 Evolution of entrepreneurs' perception of the economic environment in Romania in the period 2010-2017

Source: Carta Albă a IMM-urilor din România 2017

⁵ Pugh, D. S., Hickson, D. J. - Managementul organizațiilor – Editura Codecs, București

⁶ Drucker, P. F. – Management. Tasks, Responsibilities, Practices, TRUMAN TALLEY BOOKS / E.P. DUTTON / New York,
<http://markethinkzone.com/wp-content/uploads/2013/06/Management-Tasks-Responsibilities-Practices-by-Peter-Drucker.pdf>

⁷ Nicolescu, O. (coordonator)– Carta Albă a IMM-urilor din România 2016,
http://www.aippimm.ro/files/articles_files/57/6521/carta-alba-a-imm-urilor-din-romania-2016.pdf

- excessive controls (44.98%);
- unfair competition (40.33%);
- decrease in domestic demand (36.31%);
- hiring, training and maintaining staff (26.37%);
- increasing human resource spending (25.54%);
- inflation (21.90%);
- the competition of imported products (19.71%);
- delays in collecting invoices from private companies (19.62%);
- poor infrastructure quality (18.16%);
- high credit costs (15.24%);
- relative instability of the national currency (13.14%)⁸.

2. THE ENVIRONMENT OF THE ORGANIZATION

Every organization influenced and influential the environment in which it operates. The success of any business consists in its ability to adapt to the environment in which it operates. The environment of the organization includes the external environment and the internal environment.

The external environment of the organization has a component that indirectly influences the organization. It includes the social-cultural environment (that means the traditions, values, local customs, what consumes and how people consume in the area where the organization is located). It includes end the technological environment (that means technologies, techniques, the degree of robotics, the development of communications, the computerization of the activities of the organizations in the area). It includes and the international environment (events occurring internationally with impact on the area or the organization, especially during the current period, the political environment (the government's decisions on economic, social, educational, etc.) influence the environment through official laws and regulations.

The component of the organization's external environment, that directly influences the organization, includes:

- suppliers of raw materials and materials of the organization;
- consumers of products and services offered on the market by the organization;
- competitors (organizations producing goods and services that are similar);
- governmental decision - on the legal framework in which the organization operates);
- unions (that promoting the interests of whole employees).

The internal environment of the organization is an ensemble of *objectives* to meet with a specific *human resource* available to the organization, in a certain *organizational structure*, where *tasks fulfilled* for each employee, on any *hierarchical level*, having the *necessary technology*.

3. THE ECONOMIC ENVIRONMENTAL INFLUENCE ON THE ORGANIZATION. CASE STUDY SC ILIANA SRL

SC ILIANA SRL is a Romanian SME in the Region of Oltenia, more precisely in the Gorj County. SC ILIANA SRL is specialized in the production of laminated wood products: plywood, panel, veneer, chipboard etc. The enterprise is a medium-sized enterprise with 150

⁸ Nicolescu, O (coordonator)– Carta Albă a IMM-urilor din România 2016, http://www.aippimm.ro/files/articles_files/57/6521/carta-alba-a-imm-urilor-din-romania-2016.pdf

employees. Qualified staff is 50% with the following specializations: economist-engineer, economist, engineer, carpenter, electrician, mechanical locksmith, auto mechanic. SC ILIANA SRL is equipped with advanced machines used in the production of laminated wood windows and doors (numerical control centers, grinding machines, multiple circulars, etc.). The products are of the highest quality and have a great design. Most customers (over 90%) are external customers (Germany, Austria).

The economic environment in which SC ILIANA SRL operates is the one specific to South West, and which is the most favorable of the country for the development of a business, in which⁹:

- foreign investment is low;
- infrastructure is under-represented;
- the largest number of organizations facing high credit costs and heavy credit access are registered in the South West;
- in the South West region, problems caused by climate and social tensions have been more frequently reported;
- maintaining the business to the present dimensions is most often mentioned in the South West region entrepreneurs;
- organizations where the average salary remains the same as the higher the frequency among the entities in the South West;
- SMEs that have directed innovation for 21-50% have the highest shares in the North West and the smallest in the South West region;
- South West economic agents record the highest frequencies of organizations that have highlighted the high cost of R & D, the difficulty of finding partners for R & D cooperation, and the lack of medium- and long-term forecasts on the evolution of the activity sectors.

The weaknesses of the Gorj County, mentioned in the Gorj County's Sustainable Development Strategy for the period 2011-2020 are:

- the lack of jobs;
- low living standards;
- lack of investment in industry;
- population migration;
- poor agricultural infrastructure;
- improper road infrastructure.

Through the Sustainable Development Strategy of the Gorj County, for the period 2011-2020, actions foreseen which, for the year 2020, will contribute to:

- increasing the number of companies with foreign capital by 10%;
- increase to 100 of the number of employees per 1000 inhabitants;
- increasing the number of beneficiaries of awareness programs dedicated to entrepreneurship to 100,000 people;
- the number of companies / 1000 inhabitants compared to the national average to increase by 40%;
- decrease of the unemployment rate;
- development of the county infrastructure.

Yet, what does SC ILIANA SRL do today to survive and grow even in a region where the economic environment is not even favorable? With a good human resources policy, and

⁹ Nicolescu, O (coordonator)– Carta Albă a IMM-urilor din România 2016, http://www.aippimm.ro/files/articles_files/57/6521/carta-alba-a-imm-urilor-din-romania-2016.pdf idem

helped by the lack of jobs in the area, SC ILIANA SRL managed to loyalty to his best employees. SC ILIANA SRL has accessed non-reimbursable European funds with which it has expanded its production capacity. SC ILIANA SRL continued to sell products outside the country, motivated by the exchange rate. All this using a performance management based on predictability, risk taking and the use of all opportunities offered to the firm by the external environment as well as by the internal environment in which it operates.

4. CONCLUSION

The environment in which an organization operates affects its work. SC ILIANA SRL, through the applied performance management, has shown that, though sometimes the environment is not fully favorable to you, however, using all the environmental changes in your favor as a company, you can survive and even develop.

The economic environment influences the development of an enterprise, which has more opportunities to grow in a favorable economic environment. However, with a performing management, even in a less favorable economic environment, a Romanian SME, SC ILIANA SRL, continues to develop into an economic zone of the country, also in development.

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