How Organizations can overcome the Recent Complex Environmental Change in today's Economy

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How Organizations can overcome the Recent Complex Environmental Change in today's Economy

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I. Introduction

The 21st century is a fast-paced, ever-changing place, bringing with it a host of challenges not only for society, but also for the business world. In order to survive in this competitive environment, business organizations are aware that they must adapt, and adapt quickly, so that they may keep up with the constant changes. As a result, many organizations will spend countless hours in meetings, brainstorming solutions to deal with the complexity of environmental changes in the new economy. We have heretofore been throwing around words like "organizational change" and "environmental change" but what exactly are they, and what causes them? Most organization will think of downsizing, buyout, mergers, restructuring or launching new product when it comes to organizational change (Cawsey et al., 2015). However, organizational change also encompasses lesser changes like the reorganization of a department, termination of employees, installation of new technology and incentive systems, the dissolution of a product line that is not profitable and other minor changes done to improve the efficiency of the organization.

II. The Environment Factor that Cause Organization to Change

Changes in the environment are inevitable and businesses have always needed to adapt in order to remain competitive. As such, it stands to reason that environmental changes can sometimes be crucial to the wellbeing of the organization. Environmental change can be defined as a change that is caused by human influences or natural ecological processes, which we often know as climate change, which are unavoidable. However, human influences such as government and political change, changing social phenomenon, culture, an aging workforce or new technology can be manageable if companies work hard to find solutions. According to Graetz et al., 2010, in an era of global competitive markets, development of new technologies, economics of scales, environmental deterioration, and consumer confidence that is mostly invested in the brand or services, it is increasingly difficult to implement long-term organizational changes due to how swiftly the environment changes.

III. Types of Environmental Factor that Drives Organization to Change

Environmental factors influence the way organizations work, as they change in response with the new challenges brought about by the environment.

a) How Government, politics and election frauds affect organizational change

The status of a nation, whether as third-world or developed country, is dependent on the government that runs it; i.e. Vietnam is a third-world country due to rampant poverty caused by poor governance. What then are the signs of a developed country? Developed countries like Japan, America, and Dubai are often rich in minerals or possess high technological prowess, possessing advanced infrastructure as a result. This leads to additional benefits like increased trade and foreign investment as the state of local infrastructure and developments affects the likelihood of investors coming to a particular country to trade, do business or make investments. Imagine a city where the electricity and water might go out at anytime and the roads are uneven and covered in holes, would any sane investor build a factory there? In addition, a logical investor will not invest their business in a country that is not politically sound. A good Government can make a big difference towards the investment suitability of a country, as they ensure that local laws and business practices are fair towards foreign investors, and will serve to protect businesses and individuals legally, ensuring a

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sense of security when investing or bring business into the country.

According to Daegon, (2008) in late September, Newt Gingrich launched American Solution with the aim "to move government into the 21st century with the goal of becoming a leading grass-roots movement to recruit, educate and empowered citizens and politicians to transform government". To do so, they used the web to help them to spread information and to bring together people with ideas and common agendas so that they may be empowered to make changes in their country. However, grass-roots movements like these cannot come to fruition if the Government does not cooperate and change accordingly. The importance of a country's government on an organization cannot be underestimated, as a government that is inept in handling the country's welfare, for example, will cause the value of the nation's currency to decrease, causing the organization to change. When the country's currency decreases, it has a cascading effect on the economy and the society, one of which is that foreign investors will be wary about investing or opening a business here, as they fear that they might not be able to earn back the money that they invested.

In 2013, during Malaysia's 13th general election, it was reported that sudden black outs occurred in few places during the process of counting votes. Many social media users blacked out their profile pictures on Twitter and/or Facebook to protest what they described as the "death of democracy" in Malaysia (Houghton, 2013). Besides these suspiciously timed blackouts, thousands of foreign voters from Bangladesh and Indonesia were brought into various Malaysian voting centers by airplanes, buses and public transport so that they may be registered as voters and allowed to cast their votes in exchange for benefits from various quarters during the general election. When confronted, they were unable to show identity card which causes uproar by the local voters. Moreover the indelible ink used to identify a person who has already voted can be easily washed off with hand sanitizer or soapy water, when they ink was supposed to remain on the voter's finger for a few days so that voter who tries to re-vote can be turned away. According to Ibrahim (2013), over 50,000 military servicemen who voted on April 30 could have voted again during the general election as a result of the faulty ink. Compounding matters, the mainstream media is fully controlled by the Government, and the opposition party was denied equal access to mainstream media outlets. Television airtime and newspapers were also dedicated to promoting lies and misinformation regarding the opposition party without providing the chance of rebuttal (Ibrahim, 2013).

Political situations and governments can influence the business organization to change. Governments that work to improve the lifestyle of the society through encouraging development in infrastructure, education, health and also safety will lead to positive changes in organizations. The fiscal policy of a country also has a big impact on businesses. For example, an increase in government spending means more government jobs, which translates to increased consumer spending. A great deal of government spending goes through independent contractors for improvements like the building of roads, bridges and so forth. Huge amounts of money funneled into the development of rural areas or helping areas impacted by natural disasters in fact help the local economy and benefits everyone, instead of being wasted on planes for certain officials (Zachariah, 2015). It is clear then that governments play an important role not only political level, but also in the business world. Political stability and inefficient governments lead to lower foreign investments and a stagnant economy, which causes negative changes in business organizations.

b) *Social phenomenon*

Most social behavior changes over time in accordance with trends and the spirit of the age. According to Sinsinwar (2015), social phenomenon includes all behavior which influences or is influenced by organisms sufficiently alive to respond to one another. This includes influences from past generations. Niklas Luhmann, a German sociologist, opined that society is defined as a system that covers all forms of communication such as language (Sinsinwar, 2015). When social norms change it will also cause the organization to change. Examples of social phenomenon changes are changes in gender needs, gender equality, same sex marriage, transgender rights and so on. Recently, same sex marriage has been legalized in America and same sex married couples can now enjoy the same benefits and legal rights as married heterosexual couples and will be recognized on official documents such as birth and death certificates (Mclaughlin, 2015). Business organizations in America responded to this change by creating rainbow themed logos and advertising, as well as expanding job scopes in order to accommodate this category of people.

Social media has also become one of the society's norms and has been a medium for social change as well as being a social phenomenon on its own. Anything that people want to voice out, they will do it on the social networks such as Facebook or Twitter. Social media users will not hesitate to post their thoughts, opinions and reviews online for others to judge or comment. For instance, if a consumer is not satisfied with an organization's products or services, they will write up the issue on Facebook and cause a negative perception of those products or services. This can be a huge problem if these matters are not handled well and this will cause the organization to have a bad reputation. When the organization's reputation is tarnished it will be difficult to regain the trust of the

consumers. Social media enables people to search for any information on the product, for instance product materials, user ratings, organization's information and so on. Social media is becoming an important part of marketing communications; therefore, it cannot be ignored by a successful organization when setting its business strategy (Svatosova, 2012). Today the focus of a business organization is no longer the manufacturing process, but in the quality of the services provided by the organization. For example, the crashing of two Malaysia Airline planes was not handled well; the family of the victims did not receive timely updates or clear explanations on the causes of the respective crashes, which tarnished the reputation of the airline until it was almost bankrupt. Because of their tarnished reputation, consumers started to lost confidence in the company, which caused the organization to fire up to 6000 staff in order to cut losses and rebuild their brand name (Gordon, 2014).

c) Why does culture affect organizational change

Culture refers to the behavior of people who are part of an organization and the meanings that they attach to their actions. It includes the organization's values, visions, norms, working language, systems, symbols, beliefs and habits that affect the way people and groups interact with each other, with customers, and with stakeholders (Myerson, 2014). For example, the Wither, which owns the license for 7-11 in Australia, also bought the local license for the 24 remaining Starbucks cafes in Australia (Becker, 2014). The reason for the buyout is because there are products similar to Starbucks that already exists in Australia and that the "cafe culture" Starbucks was importing is not a turn-on for the local customers (Becker, 2014). For an organization to survive, the organization must actually come out with products and/or services that suit the local taste and need.

Customer based orientations is one of the main causes of organizational change. Cultures change according to the environment and every country will have different cultures, necessitating changes in the business organization. In Malaysia, a multi-cultural country where the different races possess their own unique cultures, local organizations need to come out with products that suit these different local cultures. Before entering a foreign market, the organization should understand and learn the local culture in order to produce the right product or services for their consumers' needs.

d) Aging workforce

Aging is a fact of life and research on aging and work help us understand the capacity and potential of older people has been conducted, where it is said that there is an emerging view about people maintaining ability, developing potential and, possessing continued competence in old age (Lu, 2012). The global population is increasingly made up of older adults, a prime example being Japan, whose national demographic is increasingly made up of aging people. According to new research from the National Institute of Population and Social Security Research, Japan's population will shrink by one-third by 2060, the number of people aged 65 and above will double the amount, and the Japanese workforce of people aged 15 to 65 will shrink to about half of the total population (The Associated Press, 2012). The global workforce has adapted to this continuing trend of increased elderly people by encouraging organizations and governments to extend the age of retirement so that older, skilled workers can continue to serve the organization in key jobs that would otherwise remain unfilled. (Roussin, 2015).

Another thing that organizations must adapt to and accommodate, are the differences in interests and working style being the older and the younger generation. Younger people tend to try new things and are willing take risks, while the older generation people tend to stick to traditional wisdom and the old ways of doing things. For society at large, it is believed that working older people can help boost productivity and tax revenues, enriching the pool of human resources and reducing public spending on entitlements to support early retirement (Lu, 2011). On an organizational level, training programs or team building activities bring down age barriers between the younger generation and the older generation, allowing them to warm up to each other and work together. Organizations can establish an atmosphere and culture of open communication like what the Google Company did by turning the company cafe into a place where younger employees can discuss ideas with older employees or ask the latter's advice or opinion. In today's uncertain business environment, employees tend to lose their motivation if they are not involved and kept informed of the changes going around them (Corelli, 2009).

e) New technology

Technology is a somewhat inexpensive way to improve customer service. Technology is a powerful tool in today's industry as it plays a significant role in helping organizations to increase their sales and also to remain competitive. In today's business environment, competitiveness is heavily influenced by the ability of multiple organizations in a supply chain to synchronize and integrate their business activities and processes (Jitpaibon & Sharma, 2011). The reason technology is important is mainly because it can help the organization to improve in certain areas, such as supply chain management, customer experience, inventory management, and loss prevention (Carr, 2014). Advances in technology are enabling organizations to forecast and manage their schedules more effectively. Basically, technology is one of the main facilitators of an

organization's ability to remain competitive by improving their products or services through technological advances, thus gaining customer satisfaction. In the 21st century, society lives with high tech gadgets and technology, andnew organizations that enter the market often take advantage of the lower cost of market entry afforded by the advancement in technological by effectively implementing a variety of technologies, so that they can gain a competitive advantage (Hitt et al., 2011).

f) *How Economy influences the organization*

Economy plays one of the most important roles in changing an organization. The unprecedented deterioration in the economy has resulted in a significant disruption in traditional financing sources, which makes it difficult for buyers to obtain the financing for the purchase price they desire (Su, 2009). Why is that so? This is because economy is the nature of competition faced by the organization and economy is the financial resource that gives the organization success. Often enough, when the economy is bad, the organization tends to undergo huge changes in the form of downsizings, mergers, and acquisitions in order to allow them to compete in the global competition (Shook, L., & Roth, G., 2011). Downsizings, mergers, and acquisitions are the responses from these organizations to improve the firm's financial position; however, for this action to succeed, the firm needs the full support of their employees before they can change their strategies (Szabla, 2007). For instance, the increasing number of Starbucks being shut down in America due to low profitability; resulting in as many as 12,000 people being fired as a result of the close down (Linn, 2008). When the economy is not good, the organization will choose to close down, which causes many people to become jobless. If demand is dwindling, it is difficult to generate a fair price for your business, and as a rational business owner the goal is to maximize your organization's profit, one of the ways a business owner can do this is through the restructuring of the organization's strategy in order that they may come out with the products or services that suit the current economy. When there is an economical crisis, the organization should focus on the cash flow and get their products out, while working on revising the operation of the organization in order to improve on the streamline as well as to cut unnecessary costs (Su, 2009).

IV. Discussion

The major purpose of this paper is to determine how the environment plays a role in impacting the organization to change. This finding is important because to survive in a world that is full of competition, an organization must take note and try to identify the problems and come out with the solution. The organization will imprint a positive image on the consumer if the organization takes note and strives to provide the best products and services to the consumer. Consumer relationship with the organization is important as consumers are the source of income for the organization. Without the support of consumers who buy or use the product, the organization might need to close down.

Organizations must be prepared to adapt to environmental changes such as those found in the government and politics. Infrastructural developments are the key factors for attracting foreign trade and investment, as investors are more likely to establish businesses in a country that can meet the logistic requirements of their organization with ease. A huge side benefit is that government spending to develop the nation's people and its infrastructure will increase consumer spending, thus generating a more active economy and providing employment for many people. On the other hand, poor enforcement of laws, such as that found in the fraud voting incident where foreign voters from Bangladesh, Indonesia come to Malaysia to cast their vote when they are not Malaysian citizen shows that Malaysia did not imply strict laws and regulations to protect the local citizens; could jeopardizes investments in the country as it becomes uncertain if the rights and business interests can be protected. The resulting political unrest also contributes to investors feeling unsure of the safety of their organization in the country.

Today, the social behavior of a society tends to change according to the surrounding environment. This includes the influence from past generations. Social phenomenon such can vary according to gender, as a lady's needs are different from a man's, and there has been a growing awareness for the need for gender equality. Organizations will need to come up with the right job and working environment in order to adapt to these social phenomenon changes. With today's advancement in technology, people are more active on social media and are more willing to voice out their opinions on the internet, thereby influencing the opinions of others in their network. Organizations will also need to come up with products that suit the preferences of their target audiences if the organization wants to survive in the competitive market as different people have different cultures and will, as a result, respond better to different things.

Organizations should also establish environments where the younger generation and the older generation can work together, as older people can use their past experience to improve the ideas of the more risk-seeking younger generation. Investment in new technology can help the organization improve customer service, as technology can help organizations gain feedback and improvements in prior areas of weakness. Organizations will also need to keep a pulse on changes in the economy so that they may prepare

for any challenges ahead and can make changes in their structure or strategy, as and when needed.

V. Conclusion

Environmental changes are challenging for all business organizations, as they need to revise their strategy often to adapt to the environment changes. Moreover, organizations that implement the right solution to the environment problem at hand will always be one of the strongest organizations, due to its ability to adapt to changes. This is because the organization will always manage to gain a competitive advantage, and will have a head-start on any of its competitors.

In conclusion, the environment plays an important role in shaping every business and every organization must take exceptional care in managing and adapting their strategy and planning to suit environmental changes. Therefore, business organizations must be alert when looking into these factors, in order to implement the right solution to the problem. Building a new business might be easy but maintaining a business is difficult, as it requires a great deal of effort and motivation to keep it running for a long time. Thus, company's must continue to invest time and effort into making sure they are in touch with the environment and to be equipped to adapt to it as necessary.

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