

## WEEK 3

### CHAPTER 3 : ENVIRONMENT AND DIVERSITY

#### The environment and competitive advantage

- Companies need capabilities to compete, survive and thrive.
- **Strategic capabilities** are difficult to imitate , of value to customers and better than the competition.  
Example : a unique or differentiated product or service.
- **Dynamic capabilities** enable an organisation to quickly reconfigure its resources in the face of environmental economics shocks. They can be physical ( state of the art equipment or advantageous location ) , organisational (an outstanding sales force) and human (expertise in a specialised field).
- A **competitive advantage** allows an organisation to deal with market and environmental forces better than its competitors.  
This can be through its products, pricing, customer service, cost efficiency , quality and even diversity.  
It is the ability to consistently do something of high value that your competitors cannot replicate quickly or do as well.

The general environment – comprises economical , sociocultural, political-legal , technological and natural environment conditions.

- Consists of all the background conditions in the external environment of an organisation.

#### **Economic conditions**

This includes the general state of the economy in terms of inflation, income levels, gross domestic product and unemployment and related indicators of economic health.

#### **Sociocultural conditions**

This includes the general state of prevailing social values on matters such as human rights, trends in education and related social institutions, and demographic patterns.

#### **Political–legal conditions**

This includes laws and government regulations and the general state of the prevailing philosophy and objectives of the political party or parties running the government.

#### **Technological conditions**

This includes the general state of the development and availability of technology, including scientific advancements.

#### **Natural environment conditions**

This includes the general state of nature and the conditions of the natural environment, including levels of public concern expressed through environmentalism.

The specific environment – includes the people and groups with whom an organisation interacts.

- Described in terms of **stakeholders** (are the individuals, groups and institutions directly affected by an organisation's performance).



- Important stakeholders common to the specific environment include:
  - ✓ Customers – Specific consumer or client groups, individuals and organizations that purchase the organizations goods and/or services .
  - ✓ Supplies – Specific providers of the human, information and financial resources and raw materials needed by the organization to operate.
  - ✓ Competitors – Specific organizations that offer the same or similar goods and services to the same consumer or client groups .
  - ✓ Regulators – Specific government agencies and representative, at the local, state and national levels, that enforce laws and regulations affecting the organizations operations .

**Managing diversity** – is building an inclusive work environment that allows everyone to reach their full potential .

1. **Affirmative action**- commits the organisation to hiring and advancing minority groups and women.
2. Valuing diversity/ differences – in which leadership commits the organisation to education and training programs designed to help people better understand and respect individual differences.
3. Managing diversity – in which leadership commits to changing the organisational culture to empower and include all people.

**Diversity** – describes race , gender , age and other individual differences.

Three cases for diversity :

1. The business case – reflects potential markets, discrimination costs, its good for the bottom line.
2. The social justice case – it's the right thing to do ; inequality is unfair, employers have social duty to prevent inequality in their organisations.
3. The globalisation thesis – reflect global dynamics of work, patterns of migration and competition, outsourcing : both financial rewards but also ethical and business challenges.