

## **CAUSALITY BETWEEN SUCCESSFUL WORKING AND INTERNAL AND EXTERNAL BUSINESS CLIMATE FACTORS**

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### **Abstract**

Business climate can have different influence upon business in different circumstances. Among the most important internal factors we can mention: capital available, capital technical structure, number and structure of available human resources, organizational structure etc. Among external factors those that determine the structure and functioning of the economic system can be selected, such as: system of prices, planning system, level of development of the financial system, liberalization of the external trade system, political system stability determined by legal frames, political instability, demonstrations, technical-scientific progress, education system in the country, etc. Business climate improvement presupposes a number of measures in different areas aimed at macroeconomic stability, stability of political and legal system, direct foreign investments, quality improvement, team work, participation in decision making, etc. The application of these measures by the enterprises and their management will improve business climate in Macedonian business operations.

*Key words:* business climate, internal factors, external factors, successful work

## **UZROČNE VEZE IZMEĐU USPEŠNOG RADA I INTERNIH I EKSTERNIH FAKTORA POSLOVNE KLIME**

### **Izvod**

Poslovna klima može imati različit uticaj na rad u različitim uslovima, a zavisi od internih faktora (raspoloživi kapital, njegova struktura, ljudski resursi, organizaciona struktura, itd.) i eksternih faktora (sistem cena, planiranje, razvoj finansijskog sistema, liberalizacija spoljne trgovine, stabilnost političkog sistema, politička nestabilnost, naučno-tehnički napredak, obrazovni sistem, itd.). Poboljšanje poslovne klime podrazumeva niz mera u različitim oblastima, usmerenih na makroekonomsku stabilnost, stabilnost političkog i pravnog sistema, neposredne strane investicije, poboljšanje kvaliteta, timski rad, učešće u donošenju odluka itd. Primena ovih mera može da doprinese poboljšanju poslovne klime u makedonskim preduzećima.

*Ključne reči:* poslovna klima, interni faktor, eksterni faktor, uspešni rad

## INTRODUCTION

Factors of the business climate are important in determination of the working quality of every business subject with a particular reference to its general categorization. While internal factors can be influenced directly and undergone increased control of the management of the enterprise, the external factors are often out of the reach of influence and determination. This does not completely exclude the possibility of managing them; despite the difficulties their management is accomplished through the capability of the management department to predict the changes which are expected to take place in their scope and to react in their accordance. Most of the external factors can be summarized under the term of "risk of the country" and thus can be analyzed by subjects out of the national economy regarding the eventual risks which might arise during business actions in the country. But these circumstances concerning the macro economical imbalance, the political or systematic instability are conditioning also the successful working of the domestic business subjects. An important part of the internal factors as well are conditioned by the above mentioned factors: capital available and price; potential work force available, educational structure and price; the price and the possibility to obtain or eventually import reverse means etc.

This work is concerned with the most important aspects of influence of some of the internal and external factors over the successful working, their synergetic effect with a special attention on the necessity of managing them i.e. plan, organization and control of their influence by every affected subject.

### EXTERNAL FACTORS INFLUENCE ON THE EFFECTIVENESS AND BUSINESS SUBJECTS EFFICIENCY

Among all, the external factors refer to the macro economical analysis of the economy. It is a matter of analyzes and research of the risk of the whole country, its macro economical politics and business balance or imbalance, the political stability or instability of the country, its political turbulences and democratic processes, the political system and the legal system etc. Therefore these analysis can be summarized over research on the basic fields:

- macro economical balance/imbalance of the country;
- political stability/instability of the country; and
- analysis of the system of the country (i.e. systematic risk).

*Macro economical imbalance* of the country can be indicated by numerous factors and and it is against the economical balance. It consists of the possibility or probability for financial loss of the subjects involving means of any nature in certain country. The disruption of the economical balance leads to incapable obligation settlings for the creditors. Regardless to the different macro economical concepts and their implications over the economical politics of the countries, the general macro economical balance can simply be defined as simultaneous coordination among all the markets i.e. goods and services market, the money market, labor force market. As far as the fact of the incapability is concerned the perfect balance can only be realized as theoretical category. The practice is set to minimal probability for some extremely isolated ideal conditions which cannot be accomplished in the functioning of any economy. thus can be referred to as greater or smaller distance of the theoretical balance point and the stages of the economical serial and the economical politic measures which in those conditions is desirable and possible to accomplish. Therefore the external factors belonging to this category influence over the business subjects, but not vice versa. The business subjects hardly can modify these business climate factors. What is only left is to adjust to them.

As a second component in the categorization of the external factors which determines the

successful working of the business subjects, *the political instability of the country*, above all, determines the possibility or the probability of the investors in certain country of their demand nonpayments on the base of their investing of any kind due to political instability, political conflicts, demonstrations, protests, military conflicts and other forms of political turbulences. It is a matter of risk caused by political events. In the scope of these factors four (4) subfactors can be pointed out:

- the political factors;
- economical factors (related to the politics of the country);
- trade factors (related to the politics of the country); and
- factors resulting from the sovereignty of the country.

The narrow reference to *the political factors* can be caused by the incapability for demands payment of different investment forms abroad, the reason being the incapability for demands payment by the country due to the government changes or other reasons. Or the incapability of demands payment based on the investment in economical subjects with different forms of ownership. During the valuation of these factors by the management team in the enterprises the following needs to be taken into account: the matters of difficulty of the circumstances for demand payments in certain country and the government activities in direction of improving the conditions for accomplishing the payments abroad based upon capital investing. Thence it is necessary for the commerce subjects in their analysis while capital investing to take into account not only the economical sign of the creditor, but also the measures of the country in which the investing subject is located. The difference between *the economical factors (related to the politics)* and the pure political factors is on minimum level. It refers only to economical factor possibilities causing political turbulences. It can be mentioned economical factors which are product of wrong policy or political factors that are out of the government control. One of their forms of manifestation can be inflation and devaluation which lead to more expensive goods and services. The absolute calculation of the credit for foreign countries exchanged in domestic money valuation is increased comparing to the calculation at the moment of making the credits. The economical factors can be expressed over the incapability to maintain the solvency of the economical subjects in certain areas in the economy or in concrete commerce subjects due to the following different reasons: measures of the monetary policy; price fluctuations; selective credits of the departments in economy; selective subvention; precise and strict measures for environment protection etc.

*Trade factors (related to the politics of the country)* influence over the successful working of the enterprises over the investment in certain commerce subjects in conditions when the national economy shows weak economical results regardless to its political stability and without guilt of the government structure at the moment. The reasons for these unpleasing economical results can be the lack of human resources, weak industrial base, the lack of qualified labor force etc. While the trade factors in certain economical branches can have extraordinary huge influence in these circumstances, others can have their influence evidently weaker. *Factors resulting from the sovereignty of the country* can be determined as an expansion on the concept of the risk of the country because they include the risks from all the countries involved in certain financial transaction and not just the country whose risk is appointed to and whom has determined risk. It is a relatively newer concept not established yet to the level of real value thus the multiplicative calculations unable the precise quantification which from the other side can be an advantage due to the possibility of unreal preciseness wrong representation of the real risk.

The third field of external factors analysis concerns *the analysis of the system of the country* (i.e. systematic risk). Those factors represent the possibility or probability for investor's financial loss due to the incomplete, insignificant, imprecise or inadequate legal system of the host country. Or it is a consequence of the seldom changes in the legal system of the country the capital is directed for which influences the system of economical relations in the overall economical system.

## INTERNAL FACTORS INFLUENCE ON THE EFFECTIVENESS AND BUSINESS SUBJECTS EFFICIENCY

Internal factors in the enterprise are regulation and control subject by its management team thus being easily managing. Therefore they are the key factor for effectiveness management over the efficiency. The factors available and quality is conditioned by the external factors, inevitably in terms of the possibility which the market offers, thus having the rest depending on the business subject management team. If the means available for work, the working subject as well as the labor force are analyzed as the basic factors of the business subject then the necessity of creating a positive business climate is set on the labor force. It is the main factor which coordinates the rest of the elements of the production process simultaneously having the capacity for thinking and logical reasoning. At the same time the employees in the enterprise have their own desires and needs establishing certain mutual relations (positive and creative or negative and destructive) that conditions the working effectiveness and success. Referring to this factor's immense importance follow some of the basic aspects of its influence over the working quality and the possible strategies for effect's improvement.

The creation of positive business climate starts with recognition of the expectations and demands upon the employee by the supervisor and their work; followed by the necessity of determination and use of certain motivation factors. **Positive business climate** is associated with employees entire possibility and willfulness for productivity and highest achievements in the work. In creating this positive business climate three (3) working aspects are of highest importance: the individual, the type of work and the supervisor. The supervisor is the key factor in creating a positive business climate due to the necessity of possessing knowledge and skills for disposing the different types of conflict which might arise, handling with injustice and conflicts and their final solution. The supervisor must be able of evaluation of his people in order to discover their wider social and security necessities, to develop and award their skills, to create an attractive working climate; security and stability on the working position; to represent a good example for the employees; and to establish a fair and honorable climate in the working environment.

The present management realizes and accepts further the maintenance of the life organization by the human resources, thoughts and actions. People are to be believed as a strategic, long-term perspective. Being organized into human systems with the biggest problem of analysis are the people themselves characterized by an important feature - nontransparent. Therefore people are referred to as the most nontransparent factor of the production and the overall complexity carried by every individual. Thus different motivation and supervise systems are inevitably applied at the first contact between the employees and the employer. But the practice confirms the fact of non-existence of this perfect system which will control every executive all the time. One of the critical issues while creating a positive working climate is people's working self-control and their **ethics**. The ethics is a spiritual condition of the team directed towards tasks accomplishing. As an example, Napoleon considered that 75 % of his battle success is owned to the high ethics and morality his troupes had. This is only a confirmation of the universal ethic importance for a successful leading of every battle. (market's, competitor's etc.) Ethics as team's condition can be noticed in extremes only; whether it is too high or too low. The average morality is just unnoticeable.

The creation of positive working climate is conditioned by the right determination of the basic motivator(s) of the employees. People are different and therefore the manager needs numerous different individual strategies for employee's motivation - not just one formal setting for all members of the working team. Better acquaintance with every individual requires *indirect contact*. While directly inquired of the needs and expectations the employee would feel uncomfortable. There would

be also a negative result upon revealing the real reasons for accepting the job. In this scope of direct communication the employees would utter only what they expect their supervisor wants to hear. What the supervisor and the manager need to do is to discover employees' real expectations of the working activity (for some people being money, for others pride and status etc.) and based upon that the real motivations should be used. The best way for indirect revelation of the working pleasure or displeasure is through observation of the employees in the enterprise and the way they act (towards other employees, the chief manager, or clients etc.) i.e. whether the reactions are fast or slow, clear or confusing, secure or ambiguous etc.

The working environment and the working position can often be a good environment for satisfying the social needs of the individuals by employment. Numerous people accomplish the necessity to be with other people, the need to be accepted by the others, the need of belonging somewhere. These are powerful human needs which might be also motivation for the work. Regardless to their motivation, the satisfying of these needs and necessities on the work position is as useful for the individual development, as more for the general working environment in the enterprise. People whose social needs are unpleased (unsatisfied) cannot simply fully accomplish their work tasks or even more, they can arise problems and conflicts. Another way for maintenance of the positive working climate is to enable better accomplishment and development of the potential to the employees. This activity can be expressed as *employees' "development"*, might be the most critical activity in creation and maintenance of the positive working climate. The development of the beginners can be achieved through training, encouragement, support, obtaining the necessary equipment, as well as, general releasing of the work. Thus having a practical meaning of acquiring a feeling of self-valuation, importance of their working department and a sense for goal-achievement and prosperity.

## CONCLUSION

The business climate in national economy from one side, and the acting climate in the economical subjects from the other, are complexed categories conditioned by numerous factors. Each of them have direct influence over effectiveness and efficiency of the work of the business subjects, but the most important issue which cannot be neglected is their synergetic action. Thus the macro economical factors are conditioning the inputs available and quality in the business process, such as an open systems which take influence from outer environment and influence over it. In this network of every bilateral connection over all factors, the influence is often increased by the effect of multiplication. Thus the success of every business subject work depends on the capability of the department managing all above mentioned factors. It is a complex process which simply can be presented through the following stages: identification of the factors from the exterior and interior surrounding; definition of the purpose of their action; measurement of the intensity of their action; determination of the possibilities for increasing the positive action and annulment or reducing the negative one; concrete overtake of action in coordination with the previous analysis; control of the overall process; analysis and comparativeness of the completed planned projects and recur information for the following serial of surrounding factors management.

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