

## MACROECONOMIC ANALYSIS OF MILITARY ORGANIZATIONS

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### **Abstract**

*This article contains an analysis aimed at identifying the variables and forces present in the environment in which the military organizations operate. This analysis has the role of providing us with a fuller picture of the conjuncture in which military operate and develop. The organization is influenced by the environment, but at the same time by the activity that it carries out effects outside it. Any type of activity carried by any type of organization should be proceed by an analysis to identify the main factors that can contribute positively or negatively to the achievement of the stability objectives.*

**Keywords:** macroeconomic, environment, military organisations.

**JEL classification:** M20

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### **1. Introduction**

The environment is very complex, it includes all the exogenous elements of the company of economic, technical, political, demographic, cultural, scientific, organizational, legal, sociological, educational and ecological nature that marks the setting of the objectives, obtaining its resources, adoption and application of decision to make them. (Nicolescu, O., 2007)

The organization is a basic component of the environment in which operates and consequently through the activity that it carries out influences the environment. (Popa, I., 2005) Therefore, the adaptation of the organization to the environment is not passive, but active, by the influences it exerts on the environment.

Specialists carry out various analyses of the external environment in order to cope with the often ambiguous and incomplete information in the environment and to increase the degree of understanding of the environment in general. This analyse have four pats: scanning, monitoring, prognosis, evaluation. (Hitt, I., 2010)

**Table 1: The components of the external environment analysis**

Scanning	Identifying tends and early changes in environmental conditions.
Monitoring	Detecting the significance of these trends and changes through ongoing observations.
Prognosis	Development of projections, based on anticipated results ,results following the trends and monitored changes.
Evaluation	Determining the importance of these environmental trends and changes for the strategy and manage of the analyzed organization.

Source: Hitt, Ireland și Hoskisson, 2010

The can stage involves the study of all segments of the general external environment. By scanning the companies indicate early signals of potential changes of the general external environment, as well as certain changes that are in progress. Scan most often identifies ambiguous, incomplete information not connected to each other. For this reason, the scanning stage is challenging but of critical importance for organizations, especially for those who operate in very changing environments. Therefore, the scanning activities must be associated with the organizational context, a scanning system designed for organizations with a changing environment is not suitable for companies operating in stable environments. Many companies use different software to identify events that occur in different environments and are announced in public sources. The internet also offers significant scanning opportunities.

As part of the monitoring process, the analysts follow the changes of the environment to observe if one of the trends identified by the scanning process is being implemented. A successful monitoring process refers to the ability of organizations the significance of events and trends in different environments. Effective monitoring requires the identification by the organizations of the main stakeholders, as a foundation to serve their unique needs. In the prognosis stage, the analysts develop possible projections about

what happen and how long, as a result of the changes and trends identified in the scanning and monitoring stages. Prognosis events and results are accurate as possible in real challenge. For example, analysts can predict the time frame for a new technology to appear on the market and the length time before certain personnel training procedures are needed to cope with anticipated changes in the structure of the workforce.

The objectives of the evaluation stage are to identify the implications over time and the meanings of the environmental changes and the trends that have been identified. If, after the first three stages, the analyst have become able to understand the general external environment, the intention of the evaluation is to specify its implications. Without an evaluation, the company benefits from interesting data but without competitive relevance. The specialist found that the manager's interpretation of environmental information is more important for the strategy and for making the appropriate organizational changes than their accuracy. Although the collection and organization of the information is important, the proper interpretation and intelligence to determinate whether a trend identified in the external environment is an opportunity or threat to the organization, are equally important.

## **2. Macroeconomic analysis**

On the military organizations, and especially on the culture that is formed in working with the environment, a number of external factors that shape, put their mark and shape their culture. Below are analyzes the factors of the macroeconomic and how they can act on the culture, generating a certain flexibility.

Environment scanning is a managerial process inherent to any type of organization because management strategies, decision-making processes are based on the analysis of the environment, the sector and the international context.

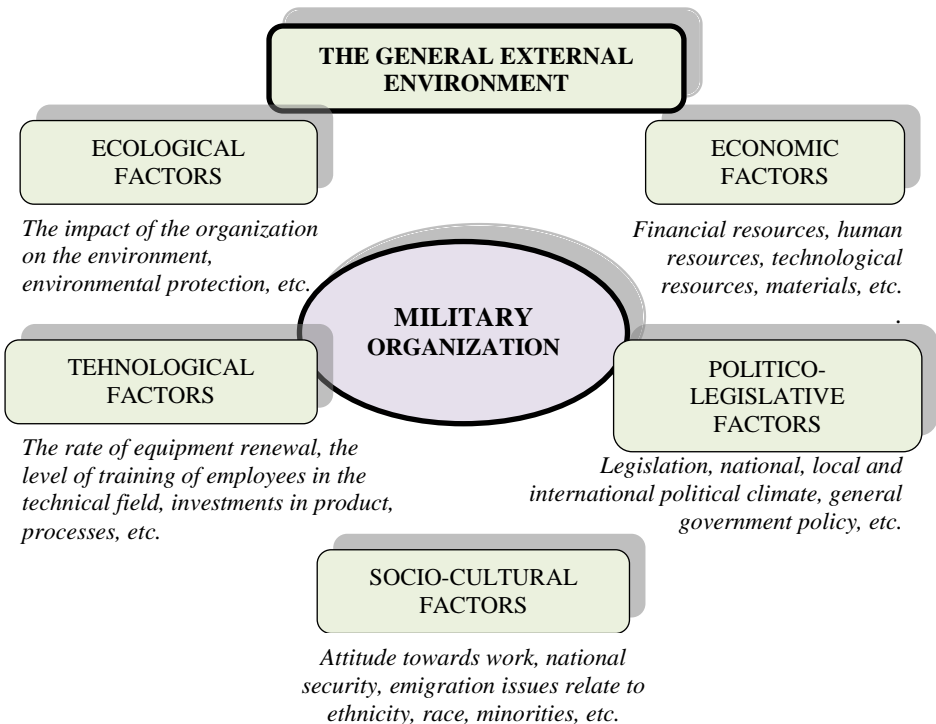
Figure no.1 highlights the influence of general external factors on the organizations in the field of security and national defense.

The influence of the economic factor, viewed from the perspective of resources, has the greatest importance in the field of national security and defense, because „the economy represents the engine that ensures the welfare of the respective state, that is prosperity and security for its own citizens”. (Băhnăreanu, C. 2009)

A strong economy provides the military organizations with the resources (financial, human, technological, material) necessary to ensure the state or military power. Other factors influencing military organizations, even if the living standards are much lower, the family disposable income. A low standard of living, a low family income are motivating factors regarding the orientation of young people towards a military career.

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**Figure 1: Environmental analysis**



Source: made by author.

Political-legislative factors, such as national security policy, national, local and international political climate, general government policy, political situation in neighboring countries and in the world influences of the great powers. An example in this regard would be the public procurement legislation, which imposed control over them by introducing the electronic public procurement system (EPPS) , a computer system of public utility, accessible through the internet at a dedicated address, used for the purpose of applying the award procedures by electronic means and for the purpose of publishing ads at national level. Another example would be human resources legislation. (regarding public sector employment, payroll, etc.).

The social-cultural factors represent the category with which they put their mark on the institutions producing changes or at least small influences on the organizational culture of the working groups. The social-cultural factors are:

- Population social structure;
- Health care;
- Education;
- Culture;
- Science;
- Mentality.

Among the socio-cultural factors with influence on the military organizations are the attitude towards work, attitude towards quality of life, social security, immigration, problems related to race, minorities, sex, age, the share of women in the workforce, education and culture level.

Cultural differences between countries and geographical areas influence the attitude and behaviour of individuals towards work institution or superiors. The cultural specificity of a country or region, city or village is important for foundation of manager's decisions and in exercising all management functions from forecasting to evaluation and control. (Macarie, C. 2004)

From the social point of view the emergence of problems such as deepening the differences between the poor and the rich, crime, drugs, alienation, tensions arise between people even through in general the quality of life is increasing. Also, emigration and immigration are phenomena that determine the change of the structure by nationalities of the population and create political and social tensions especially in the countries where there are many emigrants.

Among the technological factors that put their mark on the military organizations are the pace of equipment renewal depending on the funds allocated and the degree of innovation, level of training of employees in the technical field, investments in products, processes, level of development and quality of the infrastructure, the degree of penetration of emerging technologies, the level of public spending in the field of research.

Ecology has given rise to human concerns such as organic food, recycling paper and glass, conservation of forests and habitats, protection of the ozone layer and causes the appearance of support groups on environmental issues.

In Romania, as in most countries of the world, there are governmental structures responsible for environmental problems, which demonstrates the recognition of a public concern for these problems.

### **3. Conclusions**

This article analyses the context of the military organization, contains in other words an analyses of its external environment. From the external environment the influence of the macroeconomic environment is analysed.

Following the analysis, it can be concluded that the factors with the greatest influence on the military organization are the economic and political-legislative factors. The investments made within the military organizations necessary for their development and function in terms of their efficiency, depend to a large extent on the available financial resources. On the other hand, the way of realizing the investments of development, access and actual spending of the money are influenced by the legislation in working, an example of this regard being represented by the law of public procurement.

Social-cultural factors have also direct influence on the activity of military institutions, because one on the main resources, namely the human resources is the raw material of military activities. One of the current problems facing military structures is the deficit of military personnel. Among the causes of this problem may be: the phenomenon of emigration which, instead of stagnating, is growing even larger, low birth rate, level of education and culture, attitude towards work, etc.

The technological factors influence by the rate of renewal of the equipment according to the allocated funds, the level of training of the employees in the technical field, through these aspects being connected by the economic factors, namely by the financial resources.

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