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COE 502 ASSIGNMENT

CONCEPT OF BUSINESS AND BUSINESS ENVIRONMENT

CONCEPT OF BUSINESS

The concept of business has various definitions. It has either been viewed as an economic system in which goods and services are exchanged for monetary value, or a legal organization for that makes profit of the goods and services offered. Moreover, a business is seen as an undertaking that meets human wants and needs by providing goods and services.

Businesses are started by entrepreneurs who put in all factors of production into consideration to ensure survival of the business. The purpose of a business has to be clearly stated i.e. either profit or non-profit. They could either be legal or illegal.

There are **organic business function** which every company must perform in order to perform, survive and achieve set goals and objectives. These functions are**; production, marketing, finance and personnel**. **Managerial functions** are also required, but are different from the business functions. They are: **planning, organization, staffing, directing, coordinating, reporting and budgeting.** They can be presented by the acronym **POSDCORB.**

CONCEPT OF ENVIRONMENT

Environment basically refers to the surroundings. The business environment is the surrounding in which the business exists. The following characteristics are seen in business environments:

* Stable condition: this is a stable environment that permits standardization.
* Simple condition: the knowledge found here can be broken down to be easily comprehended.
* Dynamism: it is not a static environment.
* Complexity: the environment is not simple.
* Multifaceted: it has many sides.
* Far-reaching impact: the happenings in the environment has major impacts on the company.

The business environment is important to the entrepreneur because it determines the success of the venture, hence it must be on constant supervision.

COMPONENTS OF THE BUSINESS ENVIRONMENT

These include:

* Internal environmental factors: these can be controlled by the entrepreneur.
* Organization resources: physical and human inputs used to make outputs
* Organizational behavior: the various forces and the influences operating in the internal organization.
* Strength: capabilities that give strategic advantage.
* Weakness: limitations that are of disadvantage.
* Synergy
* Distinctive competence
* Organizational capability

SWOT ANALYSIS

SWOT analysis deals with the Strength, Weakness, Opportunities, and Threats of a business. It has both internal and external evaluation.

STRENGTH/WEAKNESS ANALYSIS: involves scanning the internal business environment to identify it’s strength and weaknesses. The following questions have to be asked by the entrepreneur to ensure this is done effectively. They are referred to as the 5s.

* Skill: what skill do the staff and organization posses?
* Strategy: is the vision and mission clearly stated?
* Staff: do you have qualified staff?
* Structure: is there an organizational structure?
* System: does the organization have a system?

OPPORTUNITIES AND THREATS: this involves scanning the external business environment to identify the opportunities and threats.

FORMS OF BUSINESS OWNERSHIP AND BUSINESS IMPLICATIONS

Selecting the form of business ownership is a landmark step in the creation of a venture. One of the many reasons businesses fail is due to inadequate legal and accounting help. There is no best form of ownership, all with unique pros and cons. The following are relevant issues to be considered by an entrepreneur during evaluation:

* Tax consideration
* Liability exposure
* Start-up and future capital requirements
* Management ability
* Business goals
* Management succession plan
* Cost of formation

FORMS OF BUSINESS OWNERSHIP

* **sole proprietorship**: owned by one individual, most common and simplest form of entrepreneurship

**advantages:**

* low capital
* privacy
* flexibility of operation
* ease to discontinue

**disadvantage:**

* limited growth
* limited personal ability
* **Partnership**: legal form of business with two or more owners. Standard partnership agreement may include:
* Name of partnership
* Purpose of business
* Location of business, etc.

 **There are 4 types of partnership**:

General Partnership, limited partnership, Master Limited Partnership (MLP)

Limited Liability Partnership(LLP). There are various types of partners such as general partner, silent partner, sleeping partner, etc.

**Advantages:**

* Easy to establish
* Flexibility
* Secrecy

**Disadvantages:**

* Unlimited liability
* Division of profit, etc.

**Limited liability company**: this is a form of business that has to do with the incorporation of two or more companies.

In this category there are three types of companies:

Limited by shares, limited by guarantee, and an unlimited company

**Advantage:**

* Has a legal entity
* Ability to attract capital

**Disadvantage:**

* No personal relationship between the customers and the owners
* Official red tapism may delay decision making

**Co-operative**: A form of business ownership which involves a collective ownership of a production, storage, transportation or marketing organisation is what is referred to as a co-operative.

**Types of Co-operative**

* Consumer/producer co-operative
* Workers co-operative
* Finance co-operatives

TEAM WORK, GROUP DYNAMIC AND ENTERPRENEURSHIP

A team is a unit of two or more people who interact and coordinate their work to accomplish a specific goal. A team could also be seen as a group of people with some common identity.

TYPOLOGY OF TEAMS

* Formal teams: there are three common types namely: vertical. Horizontal, special purpose teams.
* Self-directed teams: are designed to increase the participation of low level workers in decision making in the conduct of their jobs with the goal of improving performance. Its types are problem-solving teams and self-directed teams.

Team Building

Team building is the process of creating team features in a group in order to make them more effective. Team formation or process is made up of five stages namely:

* Forming :where members find out what the task is, what the rules are and what methods are appropriate.
* Stormy: emotional resistance to demands of task.
* Norming: open exchange of views and feelings, cooperation develops.
* Performing: emergence of solutions to problems, constructive attempts at task completion.
* Adjusting: modifications made in the light of feedbacks.

Characteristics of an Effective and Efficient Team

For a team to be effective, it must possess certain characteristics. These characteristics, where absent or deficiently present, will naturally result in poor team performance. These characteristics are:

* Shared vision or goal
* Strong team identity
* Competent team members
* Strong commitment to the team
* Clearly defined roles and responsibilities
* Mutual trust
* Small team size

THEORY OF GROUPS

A group is defined as two or more persons who are interacting with one another in such a manner that each person influences the others. A group is a collection of people who interact with one another regularly over a period of time and see themselves to be mutually dependent with respect to the attainment of one or more goals.

Advantages of group to organization

* Accomplishment of task that cannot be done individually.
* Bringing a number of talents to bear on complex and difficult task.
* Provide a vehicle for decision making that permits multiple and conflicting views to be aired and considered.

Advantages of group to individuals

* Aiding in learning about the organization and its environments
* Aiding in learning about oneself
* Provide help in gaining new skills

Factors affecting group performance and decision making in group

 • Group size

 • Group Cohesiveness

• Group Composition

• Group Norms Group Size

VISION AND ITS COMPONENTS

Vision refers to the category of intentions that are broad, all-inclusive and forward-thinking. It is the image that a business must have of its goals before it sets out to reach them.

Components of Vision can be broadly classified into two, namely:

* Core Ideology
* Envisioned future

Evaluation of vision – The following are some of the evaluation criteria:-

* Foresight
* Broadness of vision
* Uniqueness of vision
* Consensus of vision
* Practicality of vision
* Accessibility of vision

The Roles of Government and Business Regulatory Agencies In Nigeria

There are three levels of regulations in Nigeria namely:

• The Federal Legislation acts

 • The State legislation laws

 • Local Government by law

Government and Business Regulatory Agencies/Bodies The Corporate Affairs Commission

National Agency for Food and Drug Administration and Control (NAFDAC)

The Independent Corrupt Practices and Other Related Offences Commission (ICPC)

The Economic and Financial Crimes Commission (EFCC)