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C0E 502 ASSIGNMENT 2

CYBERPRENEURSHIP ASSIGNMENT.

A business is an economic system in which goods and services are exchanged for one another for money, on the basis of their perceived worth that is a legally recognized organization. The basic functions every business has to perform, in order to survive and achieve their set goals and objectives are production, marketing, finance and personnel. Businesses do not exist in isolation; they exist within an environment which is referred to as the business environment and managers have to manage the affairs of the business taking into cognizance the dynamic and complex business environment.

Environment are the surroundings, internal, intermediate and external objects, influences or circumstances under which someone or something exists. Therefore, a business environment is simply the surroundings within which a business exists. A business environment has these conditions and characteristics: Stable Condition, Simple Condition, Dynamism, Complexity, Multifaceted, Far-reaching impact.

The components of the business environment are macro-environmental forces and micro-environmental forces. It is made up of the internal and the external environment and the main macro-environmental forces found in the external environment and micro-environmental forces in the internal environment of the business.

**Internal Environmental Factors**

The internal environment of the business is made up of all those physical and socials factors within the boundaries of the business, which impart strengths or cause weaknesses of a strategic nature and are taken directly into consideration in the decision-making behavior of the business. The internal environment of the business is made up of micro-environmental factors such as: organizational goals and objectives, specific technologies utilized by component units of the organization, the size, types and quality of personnel, its administrative units, and the nature of the organization’s product/service.

**Intermediate Environmental Factors**

Intermediate determinants of entrepreneurship ideally represent issues or factors in the borderlines between strictly internal and external factors affecting entrepreneurship. Generally, they include the customers and the suppliers who are the links between the organization and the purely external environmental factors.

**External Environmental Factors**

The external environmental factors refer to those factors over which the entrepreneur has no control but have tremendous impact on the survival of the business; this is why it is also called the uncontrollable environment of the business. The major external environmental factors are:

* **Demographic factors:** It deals with the market composition in terms of sex, age, income, marital status, educational levels etc.
* **Political/Legal Factors**: this is made up of laws, government agencies and pressure groups that affect the business.
* **Natural Environment:** This deals with all the gifts of nature or natural resources of the nation that serve as input for the business.
* **Socio-Cultural Factors:** These deal with the people, their norms, values and beliefs as they affect the business.
* **Economic Factors**: These deal with the Macro level factors relating to means of production and wealth distribution.
* **Competitive Environment**: The four general types of competitive structure are monopoly, oligopoly, monopolistic competition, and perfect competition.

**SWOT Analysis.**

SWOT has to do with the objective analysis of a business’s Strengths and Weaknesses and its Opportunities and Threats (SWOT). In order to identify its strengths, weaknesses, opportunities and threats, the organization has to carry out internal and external evaluation and also opportunities/threats analysis and strengths/weaknesses analysis. The **Internal Evaluation** involves the identification of the profit contribution of each area, followed by allocation of resource, determination of risks involved, etc. **External evaluation** starts with the determination of market stranding, determination of competitors’ strengths and weaknesses, assessment of the effects of economic changes on the business, etc. **Strengths/Weaknesses Analysis** involves scanning the internal environment of the business in order to identify its strengths and weaknesses. The entrepreneur can assess the internal environment of the business by critically looking at these internal factors: Skills, Strategy, Staff, Structure, Systems and Shared Values. **Opportunities and Threats Analysis** involves scanning the external environment of the business in order to identify the Opportunities and Threats. To evaluate its opportunities, the business needs to operate a reliable Management Information System (MIS).

**Forms of Business Ownership and Legal Implications.**

Selecting a form of business ownership is an essential step in the creation of a venture. Businesses can be categorized differently, for example they can be classified as sole proprietorship, partnership, limited liability companies, cooperative societies. To stay in business, an entrepreneur may need help from someone with more expertise than he has in certain areas or may help to raise more money to expand. These are the relevant issues the entrepreneur should take into consideration in the evaluation process: Tax consideration, liability exposure, start–up and future capital requirements, etc.

**Forms of Business Ownership.**

**Sole Proprietorship**

The sole proprietorship is the simplest and most popular form of ownership. This form of business ownership is designed for a business owned and managed by one individual. They are usually small businesses unit such as repair shops, small retail outlets, etc.Some advantages of sole proprietorship are least cost of business ownership to establish, maximum incentive to succeed, flexibility of operation and easy to discontinue. Some disadvantages of proprietorshipare unlimited personal liability, limited access to capital for expansion, limited skills and abilities, few fringe benefits, limited growth.

**Partnership**

Partnership is a legal form of business with two or more owners. Partners legally share a business assets, liabilities, and profits according to the terms of a partnership agreement. There are four types of partnership, on the basis of liability of partners: General partnership, limited partnership, Master Limited Partnership and Limited Liability Partnership.Types of partners on the basis of the involvement in partnership are general partner, limited partner, silent partners, secret partners, sleeping partners, nominal partners.

The dissolution of partnerships occurs when a general partner ceases to be associated with the business and this could be because of expiration of a time period or completion of the project undertaken as delineated in the partnership agreement, expressed wish of any general partner to cease operation, expulsion of a partner under the provisions of the agreement, etc.

**Limited Liability Companies**

Each country has a body of laws that guide the for the incorporation of companies differs from one country to the other. Types of Companies are categorized as: limited by share, limited by guarantee and an unlimited company.

**Private liability Companies**

The private liability company can be formed by minimum of two persons and maximum of fifty persons excluding employees of the company both past and present.

**The public liability companies.**

This is a company where the shareholders are members of the public. Public companies are large trading concerns with minimum membership of two but no maximum. The name of a public company is expected to end with Public Limited Company (PLC).

**Co-operative**

Co-operatives allow small businesses to obtain quantity discounts on purchases, reducing costs and enabling the co-operative to pass on the savings to its members. It is a form of business ownership which involves a collective ownership of a production, storage, transportation or marketing organization. Types of Co-operative are consumer/producer co-operative, workers co-operative and finance co-operatives.

**Teams.**

A **team** is a unit of two or more people who interact and coordinate their work to accomplish a specific goal. Each of whom possesses particular aptitudes, knowledge and skills.

Types of teams.

There are two categories of teams namely:

1. **Formal teams** are basically created by the organization as part of the formal organization structure. Three common types of teams under this are: vertical, horizontal and special purpose teams.

2. **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.

Teamformation is made up of five stages namely: forming, stormy, norming, performing and adjusting. Issues in team building are cohesiveness, roles and norms, communication, goal specification, interdependent.

**Characteristics of an Effective and Efficient Team**

These include shared vision or goal, strong team identity, competent team members, strong commitment to the team, clearly defined roles and responsibilities, mutual trust, etc.

**Groups**

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. Types of Groups include: primary group, work group, formal group, informal groups, psychological groups. The **strategies in Group Development** include Forming Stage, Storming Stage, initial Integration State, total integration. **Factors affecting group performance and decision making in group** are Group size, Group Cohesiveness, Group Composition and Group Norms.

**Vision of an entrepreneur and its components**

Vision is in the realm of imagination of a favourable future. Vision refers to the category of intentions that are broad, all-inclusive and forward-thinking. There are two important components of Vision:

* Core Ideology: The core ideology can be further sub-divided into two namely: Core value and Core purpose.
* Envisioned future.

**Key elements that make a Leader with vision to succeed.**

In order for a leader with a vision to succeed, he must:

Take personal responsibility for initiating change, Create a vision and strategy for the organization, Trust and support others and Open yourself for criticism and be ready to adjust.

**Mission Statement**

Mission as the fundamental, unique purpose that sets a business apart from other firms of its type and identifies the scope of its operations in product and market terms. Mission gives specific direction and focus to the organization. An effective mission statement must have the following characteristics: It should be visible, it should be precise, it should be clear, it should be motivating, it should be distinctive, it should indicate major components of strategy.

**Organizational goals**

They represent a future state or an outcome of the effort put in now. Goals and objectives are often used interchangeably; the major difference has to do with the fact that goals are considered broader than objectives. Goals can be stated in broad terms such as marketing goals, financial goals, and production goals.

**Organizational Objectives**

Objective are a specific intended results of organization activities. An objective as the ends that state specifically how the goals shall be achieved.

**Importance of objectives**

Objectives are important for the following reasons: To provide directions for the organization, it allows the organization to relate effectively and efficiently with its environment, it aids decision making and it allows the organization to pursue its vision and mission.

**Business Regulatory/Legal Roles**

The regulatory/legal environment prescribes acceptable principles and guides in business relationship such that each party understands the requirement of the business relationship and that each party will conduct business activities in accordance with the laws of the land. The governments and their various agents serve as referees to ensure all operators comply with the rules such as:

* Controlling and monitoring of quality of product through different agencies.
* Free and fair competition among business operators.
* Controlling the disposal of hazardous waste.
* Licensing of organization for production of consumable items.

**Government and Business Regulatory Agencies/Bodies**

In order to effectively carry out these roles, government has established different agencies/bodies with the appropriate legislative backings to ensure business operations are conducted in a friendly business environment which are:

**The Corporate Affairs Commission**

Some functions of the CAC are:

* The regulation and supervision of the formation, incorporation, registration, management, and winding up of companies.
* Establishing and maintaining companies’ registry and offices in all the states of the Federation suitably and adequately equipped to discharge its formations.
* Arrange or conduct an investigation into the affairs of any company where the interests of the **shareholders** and the public so demand.

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

NAFDACwas established to see to the establishment of food beverages and cream industry as well as regulating and controlling the importation, manufacturing, distribution, sales and use of processed food, drugs, cosmetics, etc.

**The Standard Council**

Some of the functions of the council include:

* To advise government on standards, standard specifications, control and methodology.
* Designating, establishing and approving standard in respect of metrology, materials, commodities, products, processes for the certification of products in commerce and industry throughout Nigeria.

Other agencies that are involved in regulatory and supportive roles are: Governing Council of National Office of Industrial Property, Productivity Prices and Income Board, The Central Bank of Nigeria (CBN), Nigerian Stock Exchange (NSE), etc.

**Promotional/Supportive Roles of Government**

The following are typical ways by which government promotes and supports entrepreneur:

**Tax Holiday:** A tax holiday is a temporary reduction or elimination of tax; governments usually create tax holidays as incentives for business investment.

**Financial incentive:** These schemes are one form of strategic assistance an organization may be able to access from the government or agencies.

**Infrastructural development:** These are basic facilities that will enhance productivity, reduce cost if they are centrally provided by the government.

**The Objectives of government Regulation**

* To ensure the development of healthy balance between private and public ownership
* To make use of equal opportunity for cooperation
* To ensure utilization of the existing capacity and the creation of economy of scale
* To avoid the creation of natural monopolies
* To develop data base or data bank in business activity

**The strategic importance of SMEs**

They curb the monopoly of the large enterprises and offer them complementary services and absorb the fluctuation of a modern economy. SMEs will help the restructuring of large enterprises by streamlining manufacturing complexes as units with no direct relation to the primary activity.