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An Overview of the Concept of Business

The concept 'business' has been defined in different ways by various authors. Whatever is the definition of business, it should be known that a business is any undertaking that deals with the production and distribution of goods and services that satisfy human needs and wants. They are created by a special kind of labour called the entrepreneur. However, once the businesses have been created the entrepreneur has to organize all the factors of production to ensure that the business survives.

The purpose for which a business is established varies and by virtue of this we have different types of businesses. For instance, if a business is established for the purpose of making a profit, it is called a profit-making business, otherwise, it is called a not-for-profit or non-profit making business. Also, businesses could be classified as legal, when they are established in compliance with the rules of the land, government or society. Illegal businesses are those that do not follow established laws.

Legal businesses can also be referred to as wholesome businesses because they are beneficial to the society. On the other hand, unwholesome businesses are illegal businesses that are inimical to the society. For businesses to survive and achieve their set goals and objectives, they have to perform the organic business functions. Once the entrepreneur has established the business, managers have to run the business.

The Concept of Environment

The concept 'environment' literally means the surroundings, internal, intermediate and external objects, influences or circumstances under which someone or something exists. These are apart from the simple and stable environmental conditions. The business environment is simply the surroundings within which a business exists. The environment of the business exhibits the following conditions and characteristics. This is because of the interactions of the various factors that make up the business environment. This is because the business environment can be conceived as a system, specifically an open system made up of different components that interact and interrelate with one another. Hence, once there is a problem or development with one aspect/sector, it could have far-reaching impact on the other aspects/sectors. By virtue of the above characteristics, it is important for the entrepreneur to monitor the business environment constantly.

Thus, it is of fundamental importance for the entrepreneur to monitor both the key macro-environmental forces and micro-environmental forces that will affect their ability to earn profits in the market place. These macro-environmental forces and micro-environmental forces are the components of the business environment.

Why is business environment important to an entrepreneur?

Threats to the business success are equally found within the environment. It is absolutely necessary for entrepreneurs to understand the environment.

Components of the Business Environment – An overview

The internal environment of the business is made up of all those physical and social 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. While weaknesses are inherent limitations or constraints, which create strategic disadvantages, they are the internal factors that are lacking in the business. A successful entrepreneur will find ways of overcoming the weaknesses and convert them into strengths. The nature of a business' internal environment is also determined by the organizational resources, organizational behavior, strengths, weaknesses, synergistic relationships and distinctive competence.

Kazmi's views Organizational resources as the physical and human resources used as inputs in the organization to create outputs. Organizational behaviour is the manifestation of the various forces and influences operating in the internal environment of an organization. Strengths are inherent capabilities that give strategic advantage. Weaknesses are inherent limitations or constraints, which create strategic disadvantage.

External Environmental Factors

Within the external environment of the business are all the factors which provide opportunities or pose threats to it. Opportunities are favourable conditions in the business' environment, which enable it to consolidate and strengthen its position. A successful entrepreneur will grab opportunities as they emerge and avoid threats or even look for ways of converting threats into opportunities .

External evaluation starts with the determination of market standing, determination of competitors' strengths and weaknesses, assessment of the vulnerability of the business' main products to substitutes, assessment of the effects of economic changes on the business, inter firm comparisons and Stock Market Valuation in terms of an assessment of the company's vulnerability to takeover .

Strengths/Weaknesses

Analysis

This involves scanning the internal environment of the business in order to identify its strengths and weaknesses. The entrepreneur needs to evaluate the strengths and weaknesses of the business periodically.

Positive seasonal influences are an opportunity in the natural environment; opportunities in the other environment could be change in consumers taste in flavor of your product

Examples of threats in some external environmental factors can come from direct competitors, indirect competitors, consumers, substitute products or services and suppliers, customers brand switching and innovations by competitors. The entrepreneur can classify the overall attractiveness of a business once he/she has conducted a thorough opportunities and threats analysis.

An entrepreneur must evaluate the potential for legal and financial liabilities and decide the extent to which they are willing to assume personal responsibility for their companies' obligations. Otherwise, they may need to select a form of ownership that allows them to involve people who possess those needed skills or experience in the company. Business often evolves into a different form of ownership as they grow, but moving from some formats can be complex and expensive. Legislation may change and make current ownership options less attractive. In other cases, when the owner dies –so does the business.

Distribution of assets upon dissolution of the partnership

Notably, most partnerships are usually formed by professionals and those that engage in service-oriented business concerns.

Limited partnership is one in which certain partners are liable only for the amount of their investment. This is a special kind of partnership governed by partnership Act of 1907. The purpose of a limited partnership is to allow one or more individuals to provide capital on which a return is expected. In case of liquidation, the limited partners only lose the capital. They merely lend their names to the enterprise and may be liable for certain debt of the partnership. A general partner is an owner who has an unlimited liability and is active in the management of the form, a sleeping partner on the other hand do not participate in the day to day running of the business, they only share in the profit /loss of the form. Partners expect their business relationships are going to last forever. Bankruptcy of the partnership or of any general partner. Admission of a new partner resulting in the dissolution of the old partnership and establishment of a new partnership. A judicial decree that a general partner is insane or permanently incapacitated, making performance or responsibility under the partnership agreement impossible. Mounting losses that make it unpractical for the business to continue. Impropriety or improper behavior of any general partner that reflects negatively on the business. Termination on the other hand is the final act of intentionally closing the partnership as

a business. This can occur after the partners have agreed to cease operations and all affairs of the partnership have been concluded. They can take the form of private or public companies. If the promoters have met the requirements of the CAC, a certificate of incorporation or certificate of registration would be issued and immediately the company becomes an artificial person or legal entity. They are in fact the main incorporation documents. Association. Memorandum of Association takes pre-eminence prevails. Custody of the company's common seal. Advantages of Limited Liability Companies a- Limited liability of shareholders b-Ability to attract capital .Ability to continue indefinitely e. Transferable ownership f. Separation of ownership from management g. Accessibility to large capital which enhance growth. Disadvantages of limited liability companies a. Potential loss of control by the owners.

Co-operative

Some individuals dislike the notions of having owners, managers, workers and buyers as separate parties with separate goals for business organization. This is what necessitates the form of business ownership referred to as cooperatives.

Team: definition and typology

As defined by Daft , 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. Members of an effective team usually possess complementary skills, to achieve common goal.

Typology of Teams

Many types of teams can exist within an organization, whatever the type of team that an entrepreneur chooses to have in his enterprise, the goal must be to increase the work of the organization through effective and efficient actualization of the set goals of the enterprise. One of the ways to classify teams as proposed by Daft, is in terms of those created as part of the organization's formal structure and those created to increase employee participation. Formal teams are basically created by the organization as part of the formal organization structure. 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 exercises are very important in the development of teams that will work together for an extended period of time on a complex project or series of activities .

Characteristics

Results driven structure – The structure of the team should be such that it will facilitate the

achievement of set goals. Care should be taken to ensure that members have task relevant skills, knowledge and attitude that will ensure goal attainment. Large teams tend to have disagreements and differences of opinions which may impede goal attainment. That success of the team is determined, at least in part, by the success of other members.

Teams by nature, impact positively on both the output/productivity and satisfaction of members. On the other hand, teams may also create a situation in which motivation and performance are actually decreased. However, the entrepreneur must seek to explore the positive impact of teams in creating more value for his enterprise.

Potential Benefits of Teams

Since the success of teams depends on all the members, exceptional effort is thus made to ensure goal attainment. Multi-skilled employees learn the entire job that the team performs. Again, the intellectual resources of several members can result in short cuts and alternative points of view for team decision.

Potential Problems of Teams

This adjustment may be difficult for the entrepreneur who fears the loss of status when his control diminishes. In large teams, some people are likely to work less, meaning therefore, that some other members have to work more. The term 'free rider' is used to describe a member who attains benefits from team membership but does not do a proportionate share of the work .

Reference group -: is one with which a person is identified or to which he would like to belong

The in-group represents a clustering of individuals holding prevailing values in society or at least, having a dominant place in social functioning. Members, develop a preliminary sense of closeness, and want to protect the group from disintegration. Decisions made after group discussion are more risky than decisions made by the average individual prior to group discussion.

Summary for module 1 study session 5

You have learnt in this study session the definition of team as basically two or more people brought together with the aim of complimenting one another in achieving specific objectives. It implies that they have to possess complimentary skills to provide better solution. Finally, the functions of group to both the individual and organization have been highlighted.

As a learner who is taking a course in entrepreneurship, you must have expectations, dreams or mental pictures of future possibilities. This writer was once a nobody, who washed plates and swept offices, with a vision of greater future. This unit will define vision and its components, the importance of vision, ways of keeping your vision alive and many more. I am sure you are prepared to follow me to explore the roles of vision in making you a successful entrepreneur.

Vision is vital to human existence. It gives an imaginary picture of a preferred future which the leader must carefully guide the organization to reach. Vision is also a picture of your company in the future. It is your inspiration, the framework for all your strategic planning and it is also articulating your dreams and hopes for your business. Vision again is short, succinct, and inspiring statement of what the organization intends to become and achieve in the future, often stated in competitive terms.

The core ideology can be further sub-divided into two namely

It has to do with the foundation on which the business relationship both to the society and the entire stakeholders is built. It is the extent of integrity the organization is ready to maintain. If the purpose is to create an enduring financial system such organization must be seen to fulfill such purpose. Envisioned future.

- Vision is a form of non-specific guidance normally produced for an organization by its chief executive officer. Component of vision include core ideology and envision future.

Importance of Vision and key elements that make leaders with vision succeed

The distinguishing function of a leader is to develop a clear and compelling picture of the future and to secure commitment to that ideal. In addition to vision, the appropriate combinations of the following factors indicated in figure 1 below will bring about an effective organization. Since the vision cannot be realized alone there is need for trust so that none of the members of the organization work under suspicious condition. An entrepreneur must be able to subject the vision to criticism so as to amend and make the vision better.

Ways of keeping Vision alive

New members of the organization must be taught and understand the aspiration of the organization. Let the attitude of the leaders always reflect the organizational vision. The decision making process must be in line with the organization vision, so that all members of the organization are constantly aware that it is the organizational vision that is directing the activities within the organization.

Tips to making the vision a Reality and evaluation of vision

- Vision must be developed by leaders, those who have the strength and influence to establish direction and mobilize the organization members and resources.
- Empower people at all levels by articulating your vision, agree on clear goals and objectives and give them the authority they need to be entrepreneurial in finding ways of achieving their goals. Leaders must market their vision clear to the followers.
- Stay focused on the key strategic goals despite all the day-to-day distractions.
- Make the vision comprehensive and detailed so that every member of the organization can

understand his or her part in bringing the vision to reality.

Mission Statement

Mission on the other hand is what an organization is and the reason for its existence. Mission gives specific direction and focus to the organization. Thompson sees mission as the 'essential purpose of the organization, concerning particularly why it is in existence, the nature of business it is in and the customers it seeks to serve and satisfy. It should indicate how objectives are to be accomplished in terms of concrete specific targets defined for mission derived goals .

Organizational goals

Kazim defined goals as what an organization hopes to accomplish in a future period of time. They represent a future state or an outcome of the effort put in now. A broad category of financial and non-financial issues are addressed by the goals that an organization sets for itself.

Organizational Objectives

Objective is described in Olayiwola as specific intended results of organization activities. While goals may be qualitative, objectives tend to be mainly quantitative in specification, thus making objectives measurable and comparable.

It allows the organization to pursue its vision and mission

It allows resources to be effectively and efficiently allocated among competing needs.

- Objectives are the specific intended results of organization.

Government and Business Regulatory Agencies/Bodies

There are many aspects of regulatory and monitoring roles of government. 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.

The Standard Council

- To advise government on standards, standard specifications, control and methodology. The commission comprises high police ranking officers, legal practitioners with at least 10 years post-call experience, retired judge of a superior court of law, a retired public servant not below the rank of a director, a woman, a youth not less than 21 or more than 30 years of age at the time of his or her appointment and a chartered accountant.
→ With respect to the prosecution of cases, the ICPC Act provides that every prosecution for offences under it shall be deemed to be done with the consent of the Attorney-General. → The offences that can be handled by the commission are contained in the act that established it.

The roles of Corporate Affairs Commission in relation to business operations in

The investigation of all financial crimes including advance fee fraud, money laundering, counterfeiting, illegal charge transfers, futures market fraud, fraudulent encashment of negotiable instruments, computer credit card fraud, contract scam, etc. . Although a number of agencies have been established in the past to strengthen the SMEs, it is generally believed that the government needs to do more.

Discussing the various ways government promotes and supports entrepreneurship

Governments usually create tax holidays as incentives for business investment. The taxes that are most commonly reduced by national and local governments are sales taxes, company income tax etc. Tax holiday is a kind of incentive used to encourage the growth and development of business enterprises. These high-level schemes focus on projects that will achieve real productivity improvements -particularly those that will assist collaboration among firms in research, technology diffusion, business transformation and capacity building within the defined sectors e.

- Stability of system of laws and justice. 64 of 1992 was promulgated to enhance the performance of the Council by minimizing bureaucratic bottlenecks and increasing autonomy in dealing with members of the Organized Private sector. Council has a Governing Board drawn from both the Public and the private sectors.