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## **ASSIGNMENT**

### **Concept of Business and Business Environment**

#### **BUSINESS**

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. Businesses do not exist out of the 'blues'! 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 businesses to survive and achieve their set goals and objectives, they have to perform the organic business functions. These are the basic functions every business has to perform: production, marketing, finance and personnel. However, care should be taken in not confusing the organic business functions with the managerial functions. Once the entrepreneur has established the business, managers have to run the business. Management is simply getting things done through and with others.

#### **ENVIRONMENT**

The concept 'environment' literally means the surroundings, internal, intermediate and external objects, influences or circumstances under which someone or something exists. The business environment is simply the surroundings within which a business exists. The environment of the business exhibits the following conditions and characteristics. These are: complexity, dynamism, multifaceted and far-reaching impact, these are apart from the simple and stable environmental conditions.

#### **Components of the Business Environment**

The internal environmental factors refer to those factors over which the entrepreneur has control, at least in the short run; this is why it is also called the controllable environment of the business. 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. 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. The nature of a business' internal environment is also determined by the organizational resources, organizational behaviour, strengths, weaknesses, synergistic relationships and distinctive competence.

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. They also include various support systems, both private and public e.g. legal firms and public relations agencies.

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. 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.

The major external environmental factors are: Demographic factors, Political/Legal Factors, Technological Factors, Natural Environment, Socio-Cultural Factors, Economic Factors. It also includes the forces of supply and demand, buying power, willingness to spend, consumer expenditure levels, and the intensity of competitive behavior. Competitive Environment.

SWOT entails the objective analysis of a business's Strengths and Weaknesses and its Opportunities and Threats. In order to identify its strengths, weaknesses, opportunities and threats, an organization has to carry out internal and external evaluation and also opportunities/threats analysis and strengths/weaknesses analysis.

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

Selecting a form of business ownership is a landmark step in the creation of a venture. Most entrepreneurs however are not trained in the finer points of business law. Consequently, it is imperative that an entrepreneur carefully searches for the types of legal ownership and then consults an attorney, and an accountant or both to verify whether the choice addresses their specific needs.

The following are relevant issues the entrepreneur should consider in the evaluation process; Tax consideration, Liability exposure, Start-up and future capital requirements, Management ability, Business goals, Management succession plans, Cost of formation

#### Forms of Business Ownership

Whether small or large, every business fits one of three categories of legal ownership;

- sole proprietorships
- partnership
- corporations

Partners expect their business relationships are going to last forever. However, most do not. There are possibilities that problems may occur when the entrepreneur realizes he or she is not in charge of his or her own company. Even when partnerships work, there are always fears that the partners will develop different business goals. Partners may dissolve or terminate the partnership.

#### Formation of Company and Capacity of Individual

According to Section 18 of CAMA 1990, two or more persons may form and incorporate a company by complying within requirements of the act. It also specifies the category of people that can come together to form a company. Section 20 states anyone that is not qualified.

Three types of companies can be identified

- Limited by shares

- Limited by guarantee
- An unlimited company.

### **Teamwork, Group Dynamic and Entrepreneurship**

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. Each of whom possesses particular aptitudes, knowledge and skills. 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 (1997), is in terms of those created as part of the organization's formal structure (formal team) and those created to increase employee participation (self-directed teams or self regulatory teams).

Team building, as earlier noted, 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, stormy, adjusting, norming, performing, roles and norms, cohesiveness, communication, goal specification, interdependent.

For a team to be effective, it must possess certain characteristics. These characteristics includes; shared vision or goal, strong team identity, competent team members, strong commitment to the team, clearly defined roles and responsibilities, mutual trust etc.

### **Group**

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. There are various kinds of groups; primary group, work group, formal group, Informal group, psychological group etc.

Factors affecting group performance and decision making in group includes, Group size, Group Cohesiveness, Group Composition, Group Norms.

### **The Roles of Vision, Mission and Objectives In Entrepreneurship Development**

Vision is in the realm of imagination of a favourable future. Vision is best described by the visioner. A form of non- specific guidance normally produced for an organization by its CEO (Haggins & Vineze). 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.

### **Components of vision**

This can be broadly classified into two, namely:

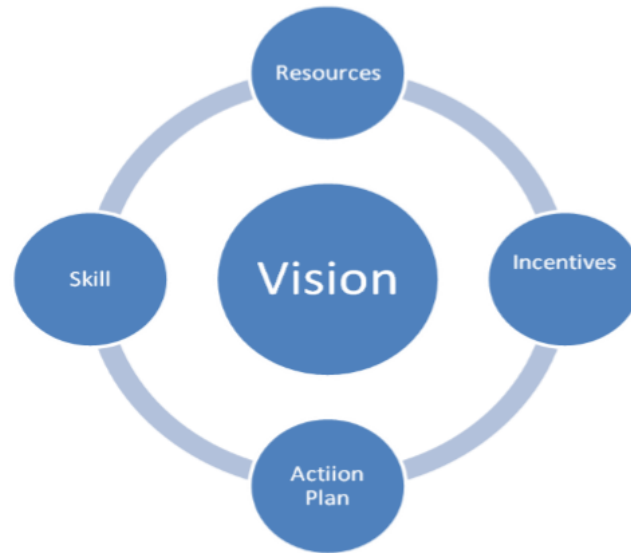
- Core Ideology
- Envisioned future

**Core Ideology:** It is what the organization stands for, the very purpose for which the organization is created. The core ideology can be further sub-divided into two namely:

- a) **Core value** 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.

- b) **Core purpose:** the reason for the organization's existence, a clear description of the activities of the organization. Any organization or individual that misses its purpose is not fit to live; the core purpose must be seen to be achieved

**Envisioned future:** It is creative, looking to a future of greatness; it keeps the organization as well as individual motivated even if the founders are no longer in existence.



**Figure 1:** Processes of a developing vision.

Take away vision = Organization confusion

Take away skills = Organization anxiety

Take away incentives = organization gradual change

Take away resources = Organization frustration

Take away action plan = false starts

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

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

### **Visioning Process and way of keeping vision alive**

- Initiate and provide constant vigilance.
- Set high goals but be realistic.

- Seek significant early involvement by other members of the organization.
- Encourage widespread review and comments.
- Demonstrate commitment, follow through.
- Maintain harmony of sub-units.

### **Ways of keeping Vision alive**

- Honour and live the vision as the organization's constitution.
- Encourage new members' understanding and commitment through early introduction.
- Make it constantly visible.
- Review the vision periodically.

**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

### **Mission Statement**

Mission gives specific direction and focus to the organization. Thompson (1997) sees mission as the essential purpose of the organization, concerning particularly why it is in existence, the nature of business (es) it is in and the customers it seeks to serve and satisfy.

In defining the mission statement, the organization must take into account five key elements namely:

- History of the organization
- The current performance of the organization
- The environment where it operates
- The resources available
- Distinctive competences

### **Characteristics of Mission Statement**

- 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
- It should indicate how objectives are to be accomplished

### **Objectives**

Objectives are the specific intended results of organization. When objectives are clearly stated, they provide clear direction, aid decision making, allow organization to pursue its vision and mission, provide effective ways of allocating resources and enable organization to relate effectively with its environment

#### **Characteristics of good objectives.**

- Clear and understandable by all the stakeholders
- It should be concise, specific and direct
- It must be measurable in quantitative or qualitative terms
- It must have a time horizon which must be clearly stated within which objective must be accomplished
- It must be challenging and attainable
- There must be harmony among different objective
- Prioritizing of objectives where resources available are inadequate to pursue multiple objectives at the same time

#### **The Roles of Government and Business Regulatory Agencies In Nigeria**

In every society, social and business activities are guided by certain laid down principles. Such principles emphasis acceptable manners of conduct among the community members.

There are three levels of regulations in Nigeria namely:

- The Federal Legislation acts
- The State legislation laws
- Local Government by laws

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**

Some of the agencies and their functions include:

- The Corporate Affairs Commission
- National Agency for Food and Drug Administration and Control (NAFDAC)
- The Standard Council
- The Independent Corrupt Practices and Other Related Offences Commission (ICPC)
- The Economic and Financial Crimes Commission (EFCC)

#### **Promotional/Supportive Roles of Government**

Without mincing words, in defining the role of government supporting entrepreneurship and SMEs, it is obvious that apart from designing a comprehensive entrepreneurship and SMEs strategy, the development of national SME support institutions and networks is one of the key conditions for success.

The following are typical ways by which government promotes and supports entrepreneur Discuss the various ways government promotes and supports entrepreneurship:

- Tax Holiday
- Financial incentive
- Infrastructural development
- Subsidies
- Credit facilities through government financial agencies.

### **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 promote a more equitable distribution of income and a wider ownership of business enterprises within and among nationals
- To develop data base or data bank in business activity
- To raise revenue for purpose of financing other social, economic and political objective defined by the government
- To promote general pattern of distribution
- To raise the living standards of Nigerians
- To regulate by-laws and taxation with a view to equating the private and social costs.

### **Strategic importance of SMEs**

SMEs in the private non-primary (i.e. non-farming) sector of the Community; the private sector and in particular SMEs form the backbone of a market economy and for the transition economies in the long-term might provide most of the employment (as is the case in the EU countries). A World Bank sector policy paper shows that their labour intensity is from 4-10 times higher for small enterprises; Support for SMEs will help the restructuring of large enterprises by streamlining manufacturing complexes as units with no direct relation to the primary activity. And through this process the efficiency of the remaining enterprise might be increased as well; They curb the monopoly of the large enterprises and offer them complementary services and absorb the fluctuation of a modern economy.