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**Concept of Business and Business Environment**

The concept ‘business’ has been defined in different ways by various authors. It has been viewed as an economic system in which goods and services are exchanged for one another for money, on the basis of their perceived worth.

Business is any undertaking that deals with the production and distribution of goods and services that satisfy human needs and wants. 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..

**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.

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:

**Stable Condition**: This environment is highly predictable, thus permitting a great deal of standardization (work process, skills and output) to take place within the organization. Simple Condition.

**Dynamism**: The business environment is not static. It is dynamic and as such changes continuously.

**Far-reaching impact**: The happenings in the business environment can have enormous impact on the organization. It could have the ripple effect.

**Components of the Business Environment**

Scholars have classified the business environment using various basis or criteria. This notwithstanding, it should be noted that the business environment is made up of the internal and the external environment and the main macro-environmental forces/factors found in the external environment and micro-environmental forces in the internal environment of the business. These are discussed briefly in succeeding sections.

**Internal Environmental Factors**: 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.

**Organizational behavior** 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. Synergy is an idea that the whole is greater than the sum of its parts.

**Intermediate Environmental Factors**

Intermediate determinants of entrepreneurship ideally represent issues or factors in the borderlines between strictly internal and external factors affecting entrepreneurship.

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

**The National Directorate of Employment (NDE):** This was established by the Federal Government of Nigeria in November, 1986. It was designed to work out strategies for dealing with mass unemployment in the country especially among the school leavers and college graduates. The mandate given to NDE is executed within the framework of four core programmes.

NDE executes its programmes by providing financial support and training and development for existing entrepreneurs and new entrants into entrepreneurship Some Financial Support Systems and Technical and Technological Related Support Systems: These include:

* Rural Agro-Industrial Development Council (RMRDC) etc.

These were established to provide technical and technology related support for Nigerian entrepreneurs. These support systems as intermediate factor have closer links with the entrepreneurs to facilitate their operations in various ways.

**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, Political/Legal Factors, Technological Factors, Natural Environment, Socio-Cultural Factors, Economic Factors, Competitive Environment etc.

**An Overview of SWOT Analysis**

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.

**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. To do this effectively the entrepreneur needs to ask him/herself and answer questions pertaining to the 5s in terms of their strengths and weaknesses by developing questionnaires to ask questions pertaining to major internal environmental factors such as:

**Skills:** What skills do the organizational members possess?

**Strategy:** Does your business have a clear vision and mission?

Are your business objectives/goals derived from its mission?

Does your business have plans?

**Staff:** Does the business have qualified staff for the relevant positions?

Are the staff rightly placed?

**Structure:** Does the business have an organizational structure or organogram?

What type of organization structure does your business adopt?

**Systems:** Does your organization have a system?

What kind of systems (e.g. MIS, Accounting, Quality Control, and Inventory) does your business have in place?

If the answers to these questions are positive/or the factors are present, then you record them as strengths and if the answers are negative/ the factors are absent, then you record them as weaknesses.

**Opportunities and Threats Analysis**

This involves scanning the external environment of the business in order to identify the Opportunities and Threats. The entrepreneur can assess the external environment of the business by critically looking at the opportunities and threats emanating from changes in the major external environmental factors.

**Forms of Business Ownership and Legal Implications**

**Consideration for the choice of the form of Business organization**

You have to appreciate the fact that there are various forms of business organizations that exist in the environment. Business activities are undertaken to improve the financial and the material welfare of the participants. expensive, time consuming, and complicated. The following are relevant issues the entrepreneur should consider in the evaluation process:

**Tax consideration:** In a graduated tax rates, the government’s (that is Local, State and Federal) constant modification of the tax code, and the year-to-year fluctuations in a company’s income require an entrepreneur to calculate the firm’s tax liability under each ownership option every year.

**Liability exposure:** Certain forms of ownership offer business owners greater protection from personal liability due to financial problems, faulty products, and a loss of other difficulties.

**Start–up and future capital requirements:** The form of ownership can affect an entrepreneur’s ability to raise start-up capital.

**Management ability:** Entrepreneurs must assess their own ability to successfully manage their own companies.

**Forms of Business Ownership**

Whether small or large, every business fits one of three categories of legal ownership, sole proprietorships, partnership, and corporations

**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. Sole proprietorship is the easiest kind of business for you to explore in your quest for an interesting career.

**Advantages of proprietorship**

1. Least cost of business ownership to establish
2. Minimum or no special legal restriction

**Disadvantages of proprietorship**

1. Unlimited personal liability
2. Limited access to capital for expansion

**Partnership**

Another option for organizing a business is to form a partnership. A 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.

**Types of Partnership**

There are four types of partnership

1. General partnership
2. Limited partnership
3. Master Limited Partnership (MLP)
4. Limited Liability Partnership (LLP)

**Advantages of Partnership**

* Easy to establish
* More financial resources
* Shared management and pooled /complementary skills and knowledge
* Division of profits

**Disadvantages of Partnership**

* Unlimited liability
* Division of profits
* Disagreement among partners especially with regard to authority and control

**Limited Liability Companies**

The incorporation of companies differs from one country to the other. Each country has a body of laws that guide the registration and operations of companies.

**Types of Companies**

* Limited by shares
* Limited by guarantee
* 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 company** is a company where the shareholders are members of the public. The shares are generally freely transferable. Public companies are large trading concerns with minimum membership of two but no maximum.

**Advantages of Limited Liability Companies**

a. It has a legal entity;

b. Limited liability of shareholders

c. Ability to attract capital

**Disadvantages of limited liability companies**

a. When company becomes very large, there is no personal relationship between the customers and the owners;

b. Official red tapism may delay decision making;

c. Chain of command becomes long which lead to communication breakdown.

**Co-operative**

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

**Types of Co-operative**

Consumer/producer co-operative

Workers co-operative

Finance co-operatives

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

Vision evokes pictures in the mind; it suggests a future orientation. Vision is vital to human existence.

Vision is in the realm of imagination of a favorable future. Vision is best described by the visionary.

**Components of vision**

Components of Vision can be broadly classified into two, namely: Core Ideology, Envisioned future

**Core ideology** is described as enduring character of an organization-i.e. a consistent identity that transcends product or market life cycle, technological breakthroughs and the likes.

**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

**Mission Statement**

We have said that vision is a mental picture of a preferred future; it is essentially futuristic, and forward-looking view of what an organization intends to become. Mission on the other hand is what an organization is and the reason for its existence. A meaningful mission must specifically state the fundamental and unique reason for its being and how it is different from other corporate organizations.

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 and
* Distinctive competences

**Characteristics of Mission Statement**

Kazim identified seven characteristics of effective mission statement as follows:

**It should be visible:** A mission should always aim high but it should not be an impossible statement. It should be realistic and achievable.

**It should be precise:** mission statement should not be too narrow to restrict organization activities and it should not be too broad to make it meaningless giving no direction.

**It should be clear:** Mission statement should be clearly stated to the extent that it can lead the organization into definite action.

**It should be motivating:** Mission statement must be motivating to the employees and society. It must delight the stakeholders to enable it achieve the embodiments of the statements.

**It should be distinctive:** Mission statement should be unique to each organization and differentiate it from similar organizations.

**It should indicate major components of strategy**: which are long-range, decisions, plans, mission, goals, objectives, options, resources allocation, resource utilization, process and advantages improvement

**It should indicate how objectives are to be accomplished**