**NAME:** Manasseh D avid

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COMPUTER ENGINERING

**An Overview of the Concept of Business**

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 (BusinessDictionary.com, 2010). A business
is also conceived as a legally recognized organization. It is also referred to as: enterprise, business enterprise, commercial enterprise, company, firm, profession or trade operated for the purpose of earning a profit by providing goods or services, or both to consumers, businesses and governmental entities (Sullivan and Sheffrin, 2003; AllBusiness.com., 2010).

**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

Simple Condition: This environment is one where knowledge can be broken down into
Dynamism: The business environment is not static. It is dynamic and as such changes continuously.
Complexity: The business environment is not simple; it is complex by virtue of the various

Multifaceted:

**Components of the Business Environment — An overview**

Scholars have classified the business environment using various basis or criteria.

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/factors/ in the internal

environment of the business.

-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. 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.

-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. 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)

- some financial support system

-technical and technological related support system.

- 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. Within the external environment of the business are all the factors which provide opportunities or pose threats to it.

Opportunities are favorable conditions in the business' environment, which enable it to consolidate and strengthen its position. They are the likely benefits to the business resulting from changes in the external environment while threats are unfavorable conditions in the business' environment, which create a risk for, or cause damage to the business

**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. The Internal Evaluation starts with: The identification of the profit contribution of each area, followed by allocation of resource, determination of risks involved, variety reduction, realistic allocation of costs and the assessment of company resources. External evaluation starts with the determination of market stranding, 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,

comparisons and Stock Market Valuation in terms of an assessment of the

vulnerability to takeover (Dixon-Ogbechi, 2003).

 **Strengths/Weaknesses Analysis**

This involves scanning the internal environment of the business in order to

inter firr compan identify strengths and weaknesses. The entrepreneur needs to evaluate the strengths an weaknesses of the business periodically. Also, the entrepreneur can assess the interm environment of the business by critically looking at the internal factors in terms of the 5s

namely: Skills, Strategy, Staff, Structure, Systems and Shared Values (Dibb, Simkin, Pride,

Ferrell, 1991; Aluko, Odugbesan, Gbadamosi & Osuagwu, 1998; Business-Plan, 2010). To d

this effectively the entrepreneur needs to ask him/herself and answer questions pertainin

to the 5s (five 's') in terms of their strengths and weaknesses by developing questionnaire

to ask questions pertaining to major internal environmental factors such as:

Skills: What skills do the organizational members possess?

What are the distinctive competencies of the organization?

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

Are your business objectives/goals derived from its mission?

Does your business have plans?

Do you follow the laid down plans of the business as scheduled?

 **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. For instance opportunities in the technological environment could be availability of advanced technology, developments in Information Technology like the advent of the GSM; opportunities in the Political/LegaI environment could be favorable government policies, tax holidays; opportunity in the Demographic environment could be great market demand; opportunities in the Economic environment could be growing export market increased consumer spending and growing industry.

**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. The sole proprietor is the only owner and ultimate decision maker for the business. The sole proprietorship has no legal distinction between the sole proprietor status as an individual and his or her status as a business owner. The simplicity and ease of formation makes the sole proprietorship the most popular form of ownership in Nigeria.

One approach when naming a business is to visualize the company's target customer. What are they like? What are their ages, gender, lifestyles and location? What makes our company competitive or unique to those customers? Although sole proprietorships are common in a variety of industries, they are concentrated primarily among small businesses unit such as repair shops, small retail outlets, and service providers, for example, such as painters, plumbers, and barbing saloon.

Advantages of proprietorship: Following are the advantages of proprietorship

-Least cost of business ownership to establish

-Minimum or no special legal restriction

-Ownership of all profit

 Disadvantages of proprietorship: Following are the disadvantages proprietorship

-Unlimited personal liability

-Limited access to capital for expansion

-Limited skills and abilities

-Feelings of isolation /overwhelming time commitment

-Few fringe benefits

-Limited growth

-Lack of continuity for the business that has a limited life span.

 **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. The law does not require a written partnership agreement, also known as the articles of partnership, but it is wise to work with an attorney to develop an agreement that documents the status, rights and responsibilities of each partner. The partnership agreement is a document that states all of the terms of operating the partnership for the protection of each partner involved.

Types of Partnership: There are four types of partnership, on the basis of liability of partners

(1) General partnership: This is a partnership in which all owners share in operating the

business and in assuming liability for the business' debts.

(2) Limited partnership: This is a partnership with one or more general partners and

one or more limited partners. 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.

(3) Master Limited Partnership (MLP): This is a newer form of partnership which looks

much like a corporation in that it acts like a corporation and is traded on the stock

exchanges like a corporation but it is taxed like a partnership and thus avoids the corporate

income tax.

(4) Limited Liability Partnership (LLP): LLP limited partners risk losing their personal

assets to only their own acts and omissions of people under their supervision. This newer

type of partnership was created to limit the disadvantage of unlimited liability.

Advantages of Partnership: The following are the advantages of Partnership

-Easy to establish

-More financial resources

-Shared management and pooled /complementary skills and knowledge

-Division of profits

-Minimum governmental regulation/limited legal restrictions

-Flexibility

-Freedom from double taxation

-Secrecy

Longer survival

Disadvantages of Partnership: The following are the disadvantages of Partnership

-Unlimited liability

-Division of profits

-Disagreement among partners especially with regard to authority and control

-Difficult to terminate because partners are bound by the law of agency

**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. In Nigeria, the Companies and Allied Matter Act (CAMA) of 1990 is the major law that guides formation and registration of companies in Nigeria.

Types of Companies: three types of companies can be identified

Limited by shares

Limited by guarantee

An unlimited company.

A company is said to be limited by shares, if the liability of its members limited by the

memorandum to the amount, if any unpaid on the shares respectively held by them.

A company is said to be limited by guarantee if the memorandum to such amount as the

members may respectively thereby undertake to contribute to the assets of the company in

the event of its being wound up.

A company is said to be unlimited when the members do not have any limit on the liability

of its members.

Advantages of Limited Liability Companies

-It has a legal entity;

-Limited liability of shareholders

-Ability to attract capital

-Ability to continue indefinitely

-Transferable ownership

-Separation of ownership from management

-The death of a shareholder does not mean the end of the company;

-Accessibility to large capital which enhance growth.

Disadvantages of limited liability companies

-When company becomes very large, there is no personal relationship between the

customers and the owners;

-Official red tapism may delay decision making; Chain of command becomes long which lead to communication breakdown.

-Cost and time involved in the incorporation process

 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.Some individuals dislike the notions of having owners, managers, workers and buyers as separate parties with separate goals for business organisation. They envision a situation whereby people will co-operate with one another as an association and share the wealth more evenly. This is what necessitates the form of business ownership referred to as cooperatives.

Types of Co-operative

Consumer/producer co-operative

Workers co-operative

Finance co-operatives

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.

-Components of vision

Components of Vision according to Collins & Porras, (1996) 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. 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:

Core value i.e. core tenet of the organization, guiding principles, what the organization stands for. It is a state of belief that is very difficult or impossible to change. 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. 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. If the purpose is to create an enduring financial system such organization must be seen to fulfill such purpose.

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.

 Key elements that make a Leader with vision to succeed;

Take personal responsibility for initiating change: The entrepreneur must take personal responsibility to initiate the necessary change. People resist change; most people see the negative effect of the change, but as an entrepreneur, one must stay focused and take charge. Create a vision and strategy for the organization.

An entrepreneur is the creator of its vision; it is usually first conceived within, and then expressed in writing, the realization of which requires appropriate strategies to be put in place for its implementation.

Trust and support others: The entrepreneur cannot realize his vision without others. It is therefore necessary to ensure that the entrepreneur communicate his/her vision in a very clear and unambiguous way to elicit the support of others. 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.

Open yourself for criticism and be ready to adjust. An entrepreneur must be able to subject the vision to criticism so as to amend and make the vision better. Humility to adjust where

necessary is important.