

Q. 1: Short questions: 15

i. What is meant by Exim policy?

Exim policy – Export and Import Policy that intends to lower the import and increase the export of a country/nation.

ii. Identify the types of non-economic environment in the following cases:

- (a) Demand for new clothes increases during festive session. – Social Environment
- (b) Computer has outdated typewriter. – Technological Environment
- (c) Sugar factories are being set up where sugarcane is grown abundantly. – Natural Environment
- (d) Availability of skilled labour in a particular region. – Demographic Environment

iii. How does demographic environment of business influence the business activities?

Demographic environment hugely impact business activities. Rapidly changing customer needs affect the business. Change in taste, size and composition of population (age, gender, and ethnicity) and skills availability can affect business activities.

iv. Describe the importance of business environment for a business firm.

The business environment is a key factor to strengthening a business. Business environment is able to see opportunities as well as threats and allows for the business firm to meet the obstacles successfully. It also identifies the areas for growth, alongside identifying the strengths and weaknesses of the firm. Business environment aids in image building with the drive for continuous improvement as far as knowledge and skills is concerned. These allows a business firm to analyze and make changes to their strategy to be able to compete with competitors.

v. Explain the social responsibility of business towards different groups.

The business primarily has a social responsibility towards the owners. They invested their money and should be provided with their return of investment. Second, towards the Employees, for without the employees, the business will not run. They should be given a fair salary depending on the nature of work and that is within the rate depending on the industry. Also, bonuses and benefits should be provided accordingly. Third is the responsibility towards the consumers, they should be given a good quality product/service with a reasonable price. Consumers should also be able to give feedback about the product/service provided to them.

Q.2. Legal environment is one of the essential areas to concentrate on while starting or working on any business. Discuss

Business analysts/personnel should be aware of the government policies, laws and regulations of their own country/country where they operate. It is also important to operate in accordance to international laws and regulations.

Case study

William Simpson opened a news agency as a sole trader in 1998 with the help of his wife. He had previously worked for a super market but wanted a new challenge. It cost him £7000 to set up but he was left to work long hours when his wife fell ill. He employed an assistant manager but the shop began to lose money.

1. Using examples from the case study or from your own knowledge , explain the meaning of ;
A) limited liability company – In this example, the Assistant manager has limited liability for the losses of the shop.

b) partnership – Although William Simpson is a sole trader, his wife helping him with the business makes them partners. They both have the same goal.

2. Describe the advantages of being a sole trader

The business is run by one person. He can take credit for the achievements and has the sole right to the profit. Sole trader can make decisions on his own. He can also hire someone to work for him.

3. Point out the reasons why a third of sole traders cease trading within their first year of trading?
Being a sole trader means that there is only one person responsible for every aspect of the business, including debts. Sole traders are responsible for any loss the business makes. It must also be difficult for a sole trader to go on vacations as he please.