Assessment 1 **Total marks: 30**

Q. 1: Short questions**:** 15

i. What is meant by Exim policy?

Exim Policy is also known as the export and import policy. This policy is made to control the level of investment of foreign countries in that nation. The above mention policy aim to increase export and decrease import that would help in the nation it's growth and economic prosperity.

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(b) Computer has outdated typewriter.

Technology Environment

(c) Sugar factories are being set up where sugarcane is grown abundantly.

National 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 refers to the size, density, distribution of and growth rate of the population. For example, in a community where there is a high dense of population like town and cities, and the main staple of the people is Rice, therefore there is a high demand of Rice in town and cities compared to rural areas where population are low.

Applying the principle of demand and supply. In some Urban highly develop country with less population, like US and Canada, there is a demand where they want to expand their business to different states and provinces, however, they couldn't make the expansion of their business firms due to lack of manpower. In this case, it hinders the growth of their business firm.

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

Business Environment has two factors Internal and External environment. It is very important because it will largely affect the growth, business earning, gains, profit and fall of a business firm.

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

Business firms has social responsibility towards Shareholders and Owners, employees, Consumers government and community.

A. Social Responsibility towards shareholders and owners, these are the people who invested their money in the business, therefore they should be given their fair return of investment.
B. Social Responsibility towards Employees, these are the workers of the business and therefore they should be given their duly wages and benefits like (paid leaves, bonuses and retirement

fees). They are also entitled to have a good and safety working environment (Safety personal equipment should also be provided).

C. Social Responsibility towards Consumer. A business firm must supply the demand of the community with best quality goods and services at reasonable price. Customers complaints and grievances should be handled properly.
D. Social responsibility towards Government. Business unit should adhere and follow the guidelines set up by the government. It should also conduct business in lawful manner.
E. Social Responsibility to community. Business firms should work base on the general welfare of the community. It should participate in the programmes towards community development and progress of its society.

Q.2. Legal environment is one of the essential areas to concentrate on while starting or working on any business. Discuss (7)

The Legal Environment depends on the legal system of the country where business firm is located. Legal Environment varies from country to country. All business enterprises must obey laws without a choice. Legal rules and regulation form the ways businesses are created and on how they will work, progress and liable to. Some countries have strict rules and some are not. It is important to work on the legal environment that is in favour of your business firm.

Starting a business could be troubled or easy for entrepreneurs as per registrations laws of the country. It is also essential to keep in mind the contracts that the business entered. It must be ethical, fair to all parties involved and terms of business contract, it must be in writing and signed by all parties.

Case study (8)

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 – it can be partnership (2 member or more with the same goal) or corporations – one business partner or owner of the business is not held liable for the mess or troubled made by the other business partner. This also mean that the other partner has the direct dealings with the business. LLC Companies follow different rules which varies from country to country. All the business partner has a restricted accountability towards the business gains and failures.

B) partnership – Comprises of 2 or more person or organization which share the same goals. This could be temporary or permanent. It depends on the goals that you want to achieve. It is done to make it easier to reached their goal by sharing and helping one another.

2. Describe the advantages of being a sole trader

Sole trader means – a single person is runs and owns the business. Disadvantages with this ownership is that only one person will bear all the losses, failure and debts. When Business fails, the owner will also be the sole accountable for all the business dealings. In William Simpson case, he was also be left with long working hours than his workers.

3. Point out the reasons why a third of sole traders cease trading within their first year of trading?

There are so many reasons for end a business, in the case above.

1. The business started to lose money. You can never start a business or run a business without financial capital. Money is essential to run the business as it has operation expenses every day.
2. Political Environment – it depends on what news they are providing to the public. If the community is in favour and the government and you are giving negative news about it. Most likely, people might not buy your news and this could lead to poor sales.
3. Technological Environment – It depends on how they sell their news. Previous years, people are reading prints to get the news but now a day, they are reading news through their mobile phones, so it you are still printing newspapers and no demand for it, there might be an oversupply and low or no demand at all.
4. Social Environment – William should study the people's choice as it affects the preference of the consumers. The news that William sell might not relevant to its costumer's.
5. Social Responsibility towards customers – The news that they are trading might be sold at a luxury price that people cannot afford.
6. Lastly, Business ethics of the owner and its worker – you should work in right standard human behaviour, that is accepted by the society. This third sole trader might be dishonest, his taking some money of the news agency for his personal interest, that's might be the reason why the agency started losing some money.