The Business Environment Assessment 1 Unit 1 Nedas Gadliauskas

Q. 1:

i. What is meant by Exim policy?
This is a foreign trade policy that sets principles that keep
imports and exports in check.

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(b) Computer has outdated typewriter.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 development

(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?

- The demographic environment influences demand for various goods and services, it influences these activities because of the mass in type of population that increases its demand for a certain necessity, these will depend on the populations size and area wether it be rural or not.

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

-The business environment will determine many factors of the company such as wether or not the company succeeds in sustainment and development in its financial terms. The business environment will also shape the company as a whole, it will decide the companies change over time and even its purpose.

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

-The companies success will be based on its social status, this is because the companies general appearance to the public could be the deciding factor for if they purchase their goods and services or not. Its reason for social success will also benefit things such as the environment, it will keep taxes payed and other legal factors in consideration; these will raise interest and high regards for the company by its market as it can control it to a certain extent.

Q.2.

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

-The legal environment, evidently an external and uncontrollable factor within business, when kept in high regard the company can use it not to its advantage but to keep in line with it to maintain the reason for the laws implementation, this could involve safety factors, financial factors, environmental factors or even to abide by import and export countries terms to maintain trust within the industry which allows the business to run smoothly and as conditioned as possible, it is also beneficial for a company if it is kept within law guidelines for it will run properly according to political and social views possibly increasing its market.

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 - a company that does not hold its own responsibility financially, this applies to its debts and their capital they have invested this is usually controlled by partnership or because it is a sole proprietor.

b) partnership - This is something that links the company to another based on either ones need for resources and services, based on ownership or even just financially.

2. Describe the advantages of being a sole trader
Sole traders operate as the individual owner of a business allowing them to hold control over the profits after tax, they are the leader which allows them to make choices for the company based on their own opinion. All of this gives the company a simple structure that is usually cheap to start up and easy to maintain whilst giving them freedom to
shut it down or change it if need be.

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

- As of the companies owner holding all responsibility for their financial situation things can be hard to maintain such as the employment of high level employees and the legal terms between assets. There are also lots of limitations that make sole trading difficult financially such as the high tax and the fact that the capital is limited making profit hard
to increase or even sustain.