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Entrepreneurship

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Business Management

Entrepreneurship

The business environment is highly dynamic and various factors can affect the operations of a company. These factors will be categorized into two categories i.e., internal factors and external factors. an organization needs to understand the importance of studying these factors to develop effective management and operational structure. It will be difficult for business organizations to cope with the changes in the business environment if they are not conducting a regular review of internal and external factors affecting the operations. Internal factors are primarily associated with the internal resources available within the organization (Sammur-Bonnici and Galea, 2014). On the other hand, external factors are associated with the industry and business environment in which a company is operating. These factors cannot be effectively predicted by organizations. For example, events like the covid-19 pandemic cannot be predicted in advance. Contingency plans can be prepared by businesses in case of any major event that can affect their operations. The main objective of this essay will be to conduct a Pest analysis for the business organizations operating in the United Kingdom. Pest analysis will help in conducting a review of the macro environment in the United Kingdom.

This analysis will include a review of four major factors that can affect the operations of an organization i.e., political, economic, social, and technological factors. The United Kingdom consists of four major countries i.e., England, Wales, Scotland, and Northern Ireland. The UK is considered to be one of the strongest alliances all across the globe. Political factors are primarily associated with the policies and regulations developed by the government is in charge of the country. political factors are dependent on the nature and general policies of the government towards business organizations in the country. Every political party is in favour of developing small-scale business organizations including start-ups in the United Kingdom. The government believes that start-ups and small-scale business organizations are the backbones of an economy. It means that government is in favour of providing support to small-scale businesses. This is because small-scale business organizations help in generating revenue as well as jobs for people in the country.

It is important to consider the current scenario in the political analysis of the country. it can be said that the primary focus of every government in the current scenario is to

recover from the covid-19 pandemic. Their primary focus is to create a sustainable healthcare industry for the country so that this type of you went so they will have a minimum impact on their health care system in the future. In addition to that, the majority of business industries have faced significant financial losses. Government policies are being created to support small-scale businesses so that they recover from financial losses and contribute to the economy.

Economic factors are associated with the current economy of the country. Various factors can affect the economy of a country in which a particular organization is operating. For example, the covid-19 pandemic has affected the economy of the United Kingdom significantly over the period. Lockdowns were initiated by the government as a precaution to stop the spread of the covid-19 pandemic (De Lyon and Dhingra, 2021). This has created a dip in the demand for products and services all across the globe including the United Kingdom. A significant number of business organizations were not able to keep up with their direct and indirect cost of operation. They have to close down their business operations due to the lockdown and aftermath of the covid-19 pandemic. Currently, the economy of the United Kingdom is in the recovery stage. The spread of the covid-19 pandemic including the omicron variant has reduced significantly in the last 6 months. Business organizations are getting to their normal business situation over the period.

One of the positive factors that are identified during the time of the covid-19 pandemic is growth in the IT industry. The majority of business organizations were using information technology to communicate and operate their business operations. Video calls and other modes of IT communication were being used by businesses to communicate daily so that they can continue their day-to-day operations (Hanushek and Woessmann, 2020). This has given a boost to the IT industry as a significant number of start-ups in the field of IT are opened by entrepreneurs.

Significant losses were being reported by businesses that were interacting directly with the consumer through a physical location including the retail sector. The overall unemployment rate in the United Kingdom has also increased during the time of the covid-19 pandemic which has resulted in decreased demand for products and services. The

majority of business Industries have been affected negatively due to the covid-19 pandemic excluding the health care industry and IT industry.

Social factors are associated with characteristics of the target market of the population that is considered to be consumers. Currently, it is estimated that the population of the United Kingdom is 68.5 million. Income, age, location, social class, etc. of the population are some of the social factors that can have a significant impact on the ability of an organization to generate revenue. for example, the population of the United Kingdom will be positively affecting all the business organizations as growth in population will create new target consumers for the businesses. two major social factors that will affect the operations of every industry including the start-up industry in the current business scenario are unemployment and purchasing power of consumers (Verschuur, Koks and Hall, 2021). It can be said that both of these factors affect business organizations negatively.

The unemployment rate in the United Kingdom is at its worst in the last 30 years. this is because two business organizations are terminating Their employees as they are not able to cope with the expenses. Businesses are focused on maintaining their break-even point but the demand for product and services are decreasing significantly. They can only maintain this break-even point by reducing their cost of operation and the cost of human resources is considered to be significant in any business. The unemployment rate is increasing which means that the income of people is also decreasing over the period. People are using their savings to deal with their daily expenditures. It means that purchasing power of the consumer has decreased significantly due to the covid-19 pandemic (Nicola et.al, 2020). It will be a negative factor for all the business organizations low purchasing power will harm the demand of products and services in the market.

Technological factors are the factors associated with an investment in technology by a particular business organization. It also includes the technology advancements in a country in which a particular organization is operating. The United Kingdom is a developed country with sufficient financial resources to invest in technology. Rules and regulations associated with the import and export of technology are also factors that are required to be considered in the technical analysis.

The overall analysis of the United Kingdom indicates that companies operating in the country will not have any problem developing or importing technology. Considering the covid-19 pandemic it can be said that the majority of business organizations are seeking to maintain their break-even point. Currently, companies are not considering a heavy investment in technology it can be very costly for their business operations. It will increase their selling prices which will harm demand for their product and services in the market. On the other hand, it can also be analysed that investment in Information Technology has been increasing over the period. this is because business organizations are replacing the physical workplace with the virtual workplace. This structure of business organizations has helped them to reduce operational costs by cutting down the indirect cost of operation such as rent and electricity.

Entrepreneurship can be the process of discovering new ways of combining resources. The main objective of an entrepreneur is to identify the resources that will be helpful for them to convert their business idea into actual business operations. It can be said that entrepreneurship is not inherent to skill as it is required to be developed over some time (Parker, 2018). Certain skill sets are required to be developed by an entrepreneur to become successful and create their business ideas.

Business management skills are considered to be the most essential skill that should be possessed by an entrepreneur. A person should be able to run a business and ensure that a created plan can be created for long-term and short-term goals and objectives. An entrepreneur is required to cover different departments for day-to-day management. Such an entrepreneur doesn't have to have expertise in each of the departments but he or she should have basic knowledge about operations in every department. Otherwise, such an entrepreneur will not be able to maintain an eye on the functionality of each department.

Communication and verbal skills are also very essential to maintain a business operation. A business organization is a combination of different business activity that is moving in a particular direction. It becomes essential for the business organization to understand that lack of communication in business operations can result in a significant negative impact on operations. For example, if a company is not able to communicate its long-term goals and objective to each department then there is a possibility of a negative impact on day-

to-day operations. The ability of the entrepreneur to ensure that every member of the company is aware of the goals and objectives of the company. The importance of data in listening by the current business environment is increasing significantly (Kuratko, 2016). The success and failure of any business organization are dependent on the flow of data in the company. Entrepreneurs should ensure that proper communication channels have been established in the company for maintaining the flow of data from one department to another department.

Profit in any business organization is directly proportional to the risk-taking scale of an entrepreneur. The risk-averse nature of any entrepreneur will create limitations for the company to grow at a larger scale. The Internet needs to take a calculated risk at every point in time. This is because a company can generate a high level of revenue only if it can take calculated risks. For example, the growth of any company is dependent on its business expansion in different areas. Businesses like Tesla have become successful and popular on an international level as they diversify in different operations over the period.

An entrepreneur should also possess the quality of networking among peers and other business organizations. Collaborative relationships in business operation can be very safe for business organizations with limited financial resources. collaborative relationships are established by businesses by identifying other business organizations that cause resources that their company lacks (Burns, 2016). combination of resources by two business organizations will create synergy benefits. Both of the business organizations will be able to increase their profit margins without any additional expenditure on acquiring additional resources. this type of business venture can be entered only if it has the quality of networking among other business organizations operating on similar verticals.

An entrepreneur should be able to think about every business situation from a critical point of view. An entrepreneur should also be able to think creatively at any point in time. Various business problems will be faced by induction on daily basis. It is essential for an interview not to ensure that he or she can deal with such problems creatively and avoid any major impact on the overall operations of the company. Innovation has become very

essential in current business organizations as customers prefer to use the services of business organizations that are providing a better customer experience. This is one of the primary reasons the use of information technology has become very common in a current business environment. Entrepreneurs should have expertise in the field of implementing and using information technology in day-to-day operations (Greene, 2020). Businesses that are operating on traditional Business models are becoming outdated.

An entrepreneur should have the capability of understanding financial statements and know about managing the finances of the company. For example, the internet should be able to conduct trend analysis of financial statements so that a trend can be identified and plans can be developed.

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