

Research paper on legal social and economic environments of business

[Business](#), [Marketing](#)



Legal, Social, and Economic environments of Business

For success in implementing a business idea, the right investment decisions need to be made at the start, since these forms the backbone for the company to start. The person with a business idea must identify the best channel that will be used to ensure that the most benefits are achieved, as well as help him to get financial support. In many cases, an investor may not have enough funds and technical expertise to run a business, but may require that the person collaborate with other knowledgeable people and financial assistance institutions (Gitman & McDaniel, 2008).

In this case, the person seems to be interested in working to invent, but lacks the necessary skills that would be required to manufacture in such a colossal scale and mount a long term marketing campaign. As the inventor and potential investor, he lacks the finances required, and may not successfully secure funding from the financial institutions due to lack of collateral (Griffin & Ebert, 2002). The market is flooded with a similar product but what this person aims to achieve is to introduce a product that will outdo all them and eventually gain market dominance. Although he is an inventor, he has no idea on how he can embark on the manufacturing process.

However, he seems to have an idea on how the product will achieve success, as well as the possible ways in which market growth will be sustained. The market situation is growing slowly, at just two percent, hence it would be expected that it would take some time before sales pick up (Bangs & Henricks, 2005).

Starting the venture as a sole proprietor has the advantage in that he will have full control of the business, and it will be flexible to operate. However,

the management and financial skills are a setback, and he will need to pay for these skills. The funding may be a challenge as well as marketing, since institution may be willing to risk a lot of money into an idea without concrete evidence that the business will succeed. Sole proprietorship would however, give him the freedom to work on what he is proficient at and also develop his skills (Miller & Cross, 2011).

For a partnership firm, there will be the advantage of many people who can come together to pool resources together. Partnership can help to provide funds and many other skills required to run and manage the business. This kind of venture requires a lot of input in terms of resources and labour, which partnership can provide. Although there is a challenge of starting from scratch and lacking a sense of security, the business can grow well if the partners will work together to hire or provide skills, management and to contribute for the running of the manufacturing plant. However, it will also take away the freedom of making independent decisions and having the full control of the business process (Kaplan & Warren, 2009).

A corporation has several advantages based on the might of resources and all other factors. This would be the most suited form of a business to engage in such an extensive marketing campaign required for such a device. It would be in a position to survive the long period before market picks up, as well as the slow growth rate (Stephenson & Rich, 2008). The financial and management skills would be available from the management of the corporation, since there would be less dependency on the inventor to make crucial decisions. However, a corporation would strip him off many rights and the sense of ownership, as many of there would be many investors and a

solid management team (Clifford & Warner, 2008).

From the above discussion, the most appropriate method would be through a partnership, since it would help him to overcome the shortcomings of working alone, while at the same time giving the inventor a form of freedom to actively participate in the running of the business.

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