

# Components of business environment in lithuania essay sample



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Business environment has a lot of internal and external components that directly influence how enterprises operate on the market. These components create opportunities for the businesses as well as challenges for its forward development. The Lithuanian business is not in the vacuum; it is dynamic and depends on the dynamic external factors, some of which are competitiveness, demographics and legal system.

Competitiveness is the external component of business environment which influences the operations of businesses in Lithuania. The first competition law in Lithuania appeared exactly after the establishment of sovereignty in 1992. Later, according to the new requirements of international organizations and Lithuanian implementations of the law, changes were added to the Competition Law step by step, article by article. The responsibility for the competition law is taken by the authorized officers of Competition Council, who are empowered to check whatever is needed for making sure that the Competitive law is not broken: land documents, activities, information stored in computers, written and verbal statements; also if it is needed the external experts can be involved in the process of regulation.

Sanctions for breach of Law on Competition are pretty high; the fine can become from LTL 1, 000 to LTL 100, 000 (Competition Law). Such regulations and sanctions sound good for the protection of businesses, but unfortunately, they are more theoretical than practical. The unfair competition creates the big obstacle for the Lithuanian businesses. It includes the using of identical or even similar name or trade mark, low quality, not truthful information, spreading the secret information of

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competitors and breaking of the copyright laws (Competition Law). The simple example is the Lithuanian “ Audimas”, the company with the similar name and products to “ Adidas” company; moreover, if for example, in Klaipeda, it is able to see the separated stores of “ Audimas”, there is no possibility to find any “ Adidas” stores.

The obstacle of competitiveness law lies deeper than just in the breaking of the law. As in the example of “ Audimas”, the violation of the law is visible for everyone; even children know that this is the copy of the popular brand. The issue is that somebody protects this copied brand if it is still to be on the market. The problem can be connected with corruption issue existed in Lithuania. The obstacle of unprotected competitive law depends on the efficient work of Competition council; it means that the law will be broken until something will not be changed inside this committee. If Lithuania can't solve this obstacle by its own, then the European committee should be involved. The next external component of business environment that has an influence on the operations of enterprises in Lithuania is legal system. The Lithuanian legal system is influenced by the legal system of European Union and its organizations. It includes not only the laws connected to the opening or closing the business, but also the employment laws and health legislation. The problem of legislation is that it always has both positive and negative sides as it creates benefits for some people, but loses for others. The example of such legislation can be the new European campaign, concentrated on the antidiscrimination of women on the workplace.

Viviane Reding, UE justice commissioner became the initiator of the “ women on the board pledge for Europe”. This is the project where the all enterprises  
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around Europe should make women as 50% of their management team. Currently the campaign is voluntarily, but as Viviane Reding wants to send the “ clear message to corporate Europe: women mean business”, she promises for the corporations that if it will not be done voluntarily, she will make it obligated with legislation system (Women on the Board). Firstly, the gender equality sounds good from one side, but what about another side? Not every industry can be ruled by the women; it is the natural fact that men are stronger and women are weaker physically; this separation was created by nature and also has to be considered. Secondly, such active position of feminization of Europe can cause the discrimination of men in the business world; the words of Viviane Reding sound very powerful and feministic. Thirdly and actually the most significantly, such obligations can create conflict with representatives of the East world and Muslim countries who have their businesses located in Lithuania or any other European country. It is necessary not to solve, but to avoid such possible legal obstacles. The people who create such laws should look at the situation from the different perspectives. Trying to solve the problem of women discrimination on the workplace, it is important to not provoke other discriminations or to not violate the values of other religions. The laws connected to the social factor, should be more accurate with words and statements. The other external component of business environment which influences the operations of businesses in Lithuania is demographics. Every company which wants to create the productive strategy for own business should pay attention to the demographical situation in the country. It would be illogically for the school books firm to open the store in the village where the number of school

students is fifty or even less or to open the store of children clothes in the area where the average age of the population is over fifty years old. The demographic of Lithuania creates many opportunities and obstacles for the businesses, depending on the industry in which it operates. Talking about the strong examples connected to Lithuanian demographics and business, let's compare the birth and death rate inside the country.

The birth rate is less than the death rate; that means that if to choose the profitable industry and the only interest is to earn money when it is more logical to open the funeral company than the private children garden in Lithuania. There are also more opportunities for the businesses in Lithuania which are producing women clothes than men clothes as the women population is bigger. Also the several private polish schools can be opened as the Polish ethnicity is the next after Lithuanian one and includes more than 6% of the whole population (Lithuania Demographics). The urban population is bigger than the village one that means that there is no sense to go the village to open the business. The pharmacy company can produce and sell more pills for the mild in Klaipeda region as the population living near the seaside is sicker with such illnesses as allergy and asthma than in the other regions of Lithuania.

On the other hand, the same opportunities are the obstacles for the organizations operating in the opposite areas. For them it is easier to change the location than, for example, to change the growth of birth rate or ethnicity of the country. The demography factor gives a lot of opportunities for business if to study and use it wisely and carefully. In addition, government can use the demographic factor to stimulate any business sector which

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should be developed through the stimulation of any demographic factor.

Every of the external factors mentioned above are important for the dynamics of business environment. If all them, legal system, demographics and competitiveness would work positively for the 100%, and then it already would be the half of success for the local businesses.

## References

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