

ASSIGNMENT No. 01

Fundamentals of Business (463) BA/B.Com

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Q. 1 What is capitalism? How it encourages people to do become entrepreneurs? Explain the benefits of capitalism over socialism (20)

Formal and informal economies by discussing the differences between capitalism, socialism, and the underground economy. Key characteristics, advantages, and disadvantages of these economies will be covered.

Formal and Informal Economies

'Economy' is defined in this lesson as the wealth and resources of a region in terms of the production and consumption of goods and services. There are two types of economies: formal and informal. Formal economies consist of those driven by the market or government, while informal economies exist without formalized policies or regulations.

This lesson will discuss formal economy systems in terms of capitalism and socialism and the underground economy, which is considered an informal economy. We will cover the key characteristics, advantages, and disadvantages of these types of economies.

Capitalism vs. Socialism

Formal economies operate within limits of established and monitored policies and regulations. Capitalism and socialism are formal economies.

The major differences between capitalism and socialism revolve around the role of the government and equality of economics. Capitalism affords economic freedom, consumer choice, and economic growth. Socialism, which is an economy controlled by the state and planned by a central planning authority, provides for a greater social welfare and decreases business fluctuations.

Capitalist Economy: Key Characteristics

Capitalism is characterized in the following ways:

- It is a market-based economy made up of buyers (people) and sellers (private or corporate-owned companies).
- The goods and services that are produced are intended to make a profit, and this profit is reinvested into the economy.
- The government should not interfere in the economies of the free market, meaning, the market determines investments, production, distribution and decisions, and government interference is only allowed when making and enforcing rules or policies governing the conduct of business.
- There is a need for continual production and purchase for a capitalistic economy to operate efficiently.
- Capitalists believe that government does not use economic resources as efficiently as private enterprise.

The U.S. is considered to be a capitalist economy, along with most of the modern world; however, economists are quick to point out that almost every society has a socialist aspect or program within it.

Capitalism: Advantages and Disadvantages

The advantages of capitalism include:

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- Consumer choice - Individuals choose what to consume, and this choice leads to more competition and better products and services.
- Efficiency of economics - Goods and services produced based on demand create incentives to cut costs and avoid waste.
- Economic growth and expansion (which is possible in the capitalist economy system) - This increases the gross national product and leads to improved living standards.

The disadvantages of capitalism include:

- A chance of a monopoly of power - Firms with monopoly power (when a specific person or enterprise is the only supplier of a particular commodity) can abuse their position by charging higher prices.
- Inequality - A capitalist society is based on the right to pass wealth down to future generations. If a small group of people hold all the wealth and that wealth continues to be passed down to the same groups of people, inequality and social division occur.
- Recession and unemployment - An economy based on the market of consumers and producers is invariably going to experience growth and decline.

Socialist Economy: Key Characteristics

Socialism is characterized in the following ways:

- The means of production are owned by public enterprises or cooperatives (the state), and individuals are compensated based on the principle of individual contribution.
- There is equal opportunity for all. Large-scale industries are cooperative efforts, and thus, the returns from these industries must be returned to and benefit society as a whole.
- Economic activity and production are planned by the central planning authority and based on human consumption needs and economic demands.
- Socialists believe economic inequality is bad for society, and the government is responsible for reducing it via programs that benefit the poor.

For example, in the U.S., we have Medicare, social security benefits, and social nutrition assistance programs that are considered socialist in nature.

Economic system in Pakistan

After several experiments in economic restructuring, Pakistan currently operates a mixed economy in which state-owned enterprises account for a large portion of gross domestic product (GDP). The country has experimented with several economic models during its existence. At first, Pakistan's economy was largely based on private enterprise, but significant sectors of it were nationalized beginning in the early 1970s, including financial services, manufacturing, and transportation. Further changes were made in the 1980s, under the military government of Zia ul-Haq. Specifically, an "Islamic" economy was introduced, which outlawed practices forbidden by Shari'ah (Muslim law)—e.g., charging interest on loans (ribā)—and mandated such traditional religious practices as the payment of zakāt (tithe) and 'ushr (land tax). Though portions of the Islamic economy have remained in place, the state began in the 1990s to privatize—in whole or in part—large sectors of the nationalized economy.

The economy, which was primarily agricultural at the time of independence, has become considerably diversified. Agriculture, now no longer the largest sector, contributes roughly one-fifth of GDP, while manufacturing provides about one-sixth. Trade and services, which combined constitute the largest component of the economy, have grown considerably. In terms of the structure of its economy, Pakistan resembles the middle-income countries of East and Southeast Asia more than the poorer countries of the Indian subcontinent. Economic performance compares favourably with that of many other developing countries; Pakistan has maintained a sustained and fairly steady annual growth rate since independence.

At the same time, there has been a relentless increase in population, so, despite real growth in the economy, output per capita has risen only slowly. This slow growth in per capita income has not coincided with a high incidence of absolute poverty, however, which has been considerably smaller in Pakistan than in other South Asian countries. Nonetheless, a significant proportion of the population lives below the poverty line, and the relative prosperity of the industrialized regions around Karachi and Lahore contrasts sharply with the poverty of the Punjab's barani areas, the semiarid Balochistan, Khyber Pakhtunkhwa, and the Federally Administered Tribal Areas.

Q. 2 Differentiate between public and private limited companies. Discuss the benefits of forming a company over a partnership firm. (20)

Introduction to Companies

In the realm of business organization structures, companies are one of the most prevalent forms. They bring together a group of individuals to carry out commercial operations with the objective of generating profit. Companies, unlike sole proprietorships or partnerships, can take on distinct legal and operational forms, most notably public limited companies and private limited companies. Each type has its own characteristics, advantages, and regulatory frameworks, which set the stage for significant differences in operations, financing, and governance.

Defining Public Companies

Public limited companies (PLCs) are organizations whose shares can be publicly traded on stock exchanges. This public trading means that anyone can purchase shares, giving the company access to a large pool of capital from a vast number of investors. PLCs are required to meet stringent regulatory requirements, including disclosure of financial information, governance structures, and operational practices as mandated by regulatory bodies in their respective jurisdictions. This transparency is meant to protect the interests of the public and maintain investor confidence.

Characteristics of Public Companies

Several key characteristics define public limited companies. First, they can issue shares to the public, which allows for raising substantial amounts of capital without the limitations that private placements may impose. Second, the ownership of a public company is fluid, as shares can be bought and sold by any individual or institution. Third, public companies typically have a larger scale of operations, which may lead to economies of scale. Additionally, these companies often have more complex governance structures, as they are required to have boards of directors and hold annual general meetings where shareholders can exert their voting rights.

Defining Private Companies

In contrast, private limited companies (Ltd) do not allow shares to be traded publicly. Ownership is restricted to a specific group of individuals or entities, often family members or close associates. This exclusivity in shareholding means that private companies have a more stable ownership structure, which can lead to long-term strategic planning without the pressures of the stock market. Private companies are also governed by less stringent regulatory requirements compared to their public counterparts, making them more flexible in terms of operations and decision-making.

Characteristics of Private Companies

Private limited companies possess distinct characteristics that differentiate them from public companies. One major feature is that they cannot offer shares to the general public; ownership is typically limited to a certain number of shareholders, often not exceeding a predetermined threshold. This structure allows private companies to maintain tighter control over their business decisions. Additionally, private companies are not required to disclose as much financial information as public companies, providing them with greater confidentiality regarding their operations. This advantage can be crucial for companies that wish to keep strategic decisions and financial performance private.

Comparing Ownership Structures

The ownership structures of public and private companies represent one of the most significant differences between the two forms. In public companies, ownership is widely distributed among the

shareholders, which can include institutional investors, hedge funds, and everyday individuals. This broad ownership can lead to complications in decision-making, as stakeholders may have diverse interests and expectations. Conversely, private companies tend to have a concentrated ownership structure, leading to quicker decision-making processes since fewer parties are involved in governance. This concentrated ownership can foster a stronger alignment of interest between owners and management.

Raising Capital in Public Companies

One of the most significant advantages of public limited companies is their ability to raise capital. By issuing shares to the public, these companies can tap into vast pools of investment capital without incurring debt obligations. The capital raised through public offerings enables companies to finance large projects, expand operations, or consolidate market positions effectively. This influx of capital can spur growth and innovation, making public companies attractive to investors seeking growth opportunities.

Raising Capital in Private Companies

On the other hand, private limited companies face limitations in raising capital. Traditional methods for financing, such as bank loans or private equity investments, are commonly used. These firms might have to rely on personal investments from owners or seek venture capital funding, which may come with more stringent terms. However, private companies benefit from reduced scrutiny regarding their financial performance, often allowing them to pursue growth strategies without the immediate pressure of stock market reactions.

Accountability and Governance in Public Companies

Public companies are subject to rigorous accountability and governance standards due to the large number of stakeholders involved. They must comply with regulations set by securities commissions and stock exchanges, which often require regular financial disclosures and adherence to corporate governance codes. This high level of scrutiny fosters a culture of accountability and responsibility, contributing to greater public trust. However, it can also lead to bureaucracy as management balances regulatory requirements with operational needs.

Accountability and Governance in Private Companies

In contrast, private companies operate under a more lenient governance framework. Although they must still adhere to general corporate laws, they enjoy greater flexibility in their governance structures. This can empower owners and management to make decisions swiftly without the need for formal shareholder approval. However, the lack of external pressure can also lead to complacency or less rigorous accountability practices, which may pose challenges in governance over time.

Financial Reporting Obligations in Public Companies

Public companies are required to follow strict financial reporting standards and must disclose their financial statements to the public and regulatory authorities. These disclosures include quarterly and annual reports, audited accounts, and comprehensive analyses of their financial performance and risks. The transparency provided by these reports is essential for protecting investor interests, but it can also create pressure on management to focus on short-term performance rather than long-term strategic objectives.

Financial Reporting Obligations in Private Companies

In contrast, private companies experience less onerous reporting requirements. While they must prepare financial statements for taxation and regulatory purposes, they do not need to disclose financial information publicly. This confidentiality allows private companies to maintain competitive advantages and concentrate on long-term strategic goals without worrying about market reactions. However, it also means that stakeholders may have less insight into the company's actual financial health.

Cost of Capital Dynamics in Public Companies

Public limited companies generally enjoy lower costs of capital than their private counterparts. The public nature of their share issuance often results in a more extensive investor base, leading to better stock valuations. Access to public markets permits these companies to increase equity without incurring high levels of debt, thereby balancing their capital structure and enhancing financial stability. Moreover, the liquidity associated with public shares tends to attract more investors, which can lead to a lower overall risk profile.

Cost of Capital Dynamics in Private Companies

Private limited companies often face higher costs of capital due to their limited access to public funding sources. Raising funds through private equity or debt can involve higher interest rates and the dilution of ownership, as they often come with stricter conditions. Moreover, the lack of liquidity in private companies can lead to a more cautious stance from investors, which may not only increase the cost of capital but also restrict growth opportunities. This can limit their ability to compete with public companies for large projects or market expansion.

Regulatory Environment for Public Companies

The regulatory environment for public limited companies is complex and highly structured. Regulatory bodies impose comprehensive regulations regarding corporate governance, reporting, and market practices to promote fair trading and protect investors. Companies must maintain compliance with these regulations, often involving significant internal compliance and legal resources. Failure to adhere to these requirements can lead to fines, penalties, and reputational damage, presenting a significant administrative burden.

Regulatory Environment for Private Companies

In contrast, the regulatory environment for private limited companies is generally less complex and burdensome. They are subject to fewer regulations regarding disclosures and governance structures, which can provide significant operational flexibility. While private companies must still adhere to fundamental corporate laws and tax regulations, they can focus resources on core business activities rather than regulatory compliance. This reduced regulatory burden can be particularly advantageous for small to medium-sized enterprises looking to grow without the constraints faced by their public counterparts.

Liability Considerations in Public Companies

Liability considerations also differ significantly between public and private companies. Public limited companies face the scrutiny of a vast array of stakeholders, which can lead to heightened legal exposure. Shareholders can file lawsuits in cases of perceived mismanagement or failure to disclose relevant information, potentially leading to costly legal battles and settlements. The visibility and transparency associated with public companies can expose them to critical reputational risks, necessitating robust risk management strategies.

Liability Considerations in Private Companies

Conversely, private limited companies enjoy limited liability protections similar to public companies but often face less external scrutiny. Owners are typically protected from losing personal assets beyond their investment in the company, mitigating financial risk. However, the relative obscurity can lead to complacency in risk management practices. While the legal exposure may be lower, private companies are not immune to risks that arise from operational missteps or internal governance failures.

Conclusion: Choosing Between Companies and Partnership Firms

When weighing the benefits of forming a company over a partnership firm, various factors come into play. Companies provide limited liability protection, separating personal assets from business liabilities. They offer greater opportunities for raising capital, have established governance structures, and are often seen as more credible entities by financial institutions and investors. Partnerships, while easier to establish, may expose partners to unlimited liability, making them less appealing for high-stakes operations. Ultimately, the choice between forming a company or a partnership necessitates careful consideration of the business's growth aspirations, risk appetite, and operational needs.

Q. 3 Keeping in view the existing financial system of Pakistan, what are the various sources from where businesses can obtain funds for their expansion plans? (20)

There are many strategic analysis tools that a firm can use, but some are more common. The most used detailed analysis of the environment is the PESTLE analysis. This is a bird's eye view of the business conduct. Managers and strategy builders use this analysis to find where their market currently. It also helps foresee where the organization will be in the future.

PESTLE analysis consists of various factors that affect the business environment. Each letter in the acronym signifies a set of factors. These factors can affect every industry directly or indirectly. The letters in PESTLE, also called PESTEL, denote the following things:

- Political factors
- Economic factors
- Social factors
- Technological factors
- Legal factors
- Environmental factor

The Political Environment

The political environment is a key component of the business environment that dictates greatly on the success of your home business. What happens in the politics of your country as well as that of other countries influences a lot your home business. Usually, the term political environment is used to refer to the nature of the political situation in the country where you are doing business or where you intend to do business. How aware are you of the political aspects that affect your home business? The businesses have to pay attention to those political aspects that have an effect on your business, it's therefore important for you to understand the political environment in which you are operating because it can present political risks to your business. For instance, your business is subject to political risks if a war erupts in any country where you do business. Likewise, changes in government policies may either affect you positively or negatively. The prevailing political environment in any country directly affects the economic environment or performance.

The political environment can impact business organizations in many ways. It could add a risk factor and lead to a major loss. You should understand that the political factors have the power to change results. It can also affect government policies at local to federal level. Companies should be ready to deal with the local and international outcomes of politics.

Changes in the government policy make up the political factors. The change can be economic, legal or social. It could also be a mix of these factors.

Increase or decrease in tax could be an example of a political element. Your government might increase taxes for some companies and lower it for others. The decision will have a direct effect on your businesses. So, you must always stay up-to-date with such political factors. Government interventions like shifts in interest rate can have an effect on the demand patterns of company.

What aspects of the political environment should be considered while doing a business?

1. Stability of Government

It's important to know how stable the national government is and how stable it's likely to be in future depending on prevailing political circumstances. Political instability makes it very difficult to do business. An abrupt change in a political regime may make businessmen lose their property and hard earned money. If you are operating business in such a country, the risk of losing business is high.

2. International Relations

How does your government relate with other governments? Does your home government maintain good relations with other foreign governments? For instance, for people who run online home businesses, there are countries where it's pretty difficult for one to set up an online payment system just because services provided by, say, PayPal or Clickbank are not available in those countries. This makes it difficult to sell your products or services online. A good political environment makes it possible to establish good relations with other foreign governments, which in turn creates directly or indirectly an attractive environment for new investors.

1. Government Bureaucracy

The political environment in which you do business may be slow to facilitate opening or conducting businesses in the country. Long processes may be required for investors or entrepreneurs, whereby they are subjected to fill in so many forms that actually discourage some of the potential entrepreneurs.

It is essential to always follow closely the political environment in which you operate so that you can know what to do to guard yourself against any eventualities that may result from any changes in the politics of the countries where you do business. Political changes can also create great opportunities for you as a business person and such chances can come your way if you keep yourself knowledgeable about the political climate in which you do business.

4. Governmental Environment

Government actions affect the operations of a company or business. These actions may be on local, regional, national or international level. Business owners and managers pay close attention to the political environment to gauge how government actions will affect their company.

In the present business environment governments have the power to change and make laws, having a major role and influence on the business environment. There are three levels of government; federal, state and local.

The federal government has power over such areas as; company law, income tax, trade etc. State government has power over pollution, price controls, state courts etc. and local government has power over rates, building approvals and zoning. Through zoning the local government can decide where businesses are located, or how many similar businesses should be built in a particular area.

The power of the government can have direct or indirect influences on the business environment, encouraging or forcing businesses to comply. The federal government has the greatest effect over the macroeconomic business environment through the making of policies. The government has a number of economic objectives. They aim to have consistent economic growth, low rates of inflation, a sound international trading situation and low unemployment. To meet these

Objectives the government must place policies such as fiscal, monetary, trade and income policies. Fiscal policy is the deliberate action of the government to change its levels of income and expenditure, through the annual budget. By budgeting for a deficit or surplus, the government will contract or expand the economy. e.g. If the government needed to cut unemployment they would budget for a deficit so more money is injected and less money is taken from the economy by less taxes and higher expenditure raising employment.

Monetary policy can also raise the level of economic activity. It controls the availability of money by influencing the level of interest rates. Lowering interest rates encourages people to spend and borrow while higher interest rates encourage people to save and not borrow.

Economic Factors

Economic factors involve all the determinants of the economy and its state. These are factors that can conclude the direction in which the economy might move. So, businesses analyze this factor based on the environment. It helps to set up strategies in line with changes.

Access to Credit

One factor to consider is access to finance or credit. While enough owners' equity is an important source of capital, credit is often a more viable source of funds for expansion and further investment. Different studies and surveys show that access to credit is one of the biggest problems faced by small and medium businesses. Because many startup businesses do not have substantial fixed assets, they cannot afford to take out loans due to lack of collateral. To assure access to credit, businesses should maintain sound finance and invest in assets that can be collateralized. Low interest rates, low cost and ease of obtaining credit, and availability of credit institutions are some of the favorable conditions for startups in terms of access to finance.

Technological factors

Technology is advancing continuously. The advancement is greatly influencing businesses. Performing environmental analysis on these factors will help you stay up to date with the changes. Technology alters every minute. This is why companies must stay connected all the time. Firms should integrate when needed. Technological factors will help you know how the consumers react to various trends. Firms can use these factors for their benefit:

- New discoveries
- Rate of technological obsolescence
- Rate of technological advances
- Innovative technological platforms

Legal factors

Legislative changes take place from time to time. Many of these changes affect the business environment. If a regulatory body sets up a regulation for industries, for example, that law would impact industries and business in that economy. So, businesses should also analyze the legal developments in respective environments.

I have mentioned some legal factors you need to be aware of:

- Product regulations
- Employment regulations
- Competitive regulations
- Patent infringements
- Health and safety regulations

Environmental factors

The location influences business trades. Changes in climatic changes can affect the trade. The consumer reactions to particular offering can also be an issue. This most often affects agri-businesses. Some environmental factors you can study are:

- Geographical location
- The climate and weather
- Waste disposal laws
- Energy consumption regulation
- People's attitude towards the environment

There are many external factors other than the ones mentioned above. None of these factors are independent. They rely on each other.

If you are wondering how you can conduct environmental analysis, here are 5 simple steps you could follow:

1. Understand all the environmental factors before moving to the next step.
2. Collect all the relevant information.
3. Identify the opportunities for your organization.
4. Recognize the threats your company faces.
5. The final step is to take action.

It is true that industry factors have an impact on the company performance. Environmental analysis is essential to determine what role certain factors play in your business. PEST or PESTLE analysis allows businesses to take a look at the external factors. Many organizations use these tools to project the growth of their company effectively.

The analyses provide a good look at factors like revenue, profitability, and corporate success. If you want to take the right decisions for your firm, employ environmental analysis. The analysis you should conduct depends on the nature of your company.

Q. 4 Every business requires strong management. What is business management? Explain the function of planning and organizing in detail. (20)

Since many business school admissions officers encourage applicants to "write less, say more," it is important to communicate your background and career ambitions in a concise and clear way. The essay gives admissions officers an opportunity to learn who you are, where you're going, what you have done and why their school is right for you. Use this small space to give the admissions officers a deeper sense of who you are by answering the prompt with brevity.

Developing a good management team is a critical component of running a successful organization. Managers not only supervise employees but must make important decisions that directly affect the company. Employers desiring to hire managers must understand the qualities that make up good management. Understanding these characteristics allows companies to make good hiring decisions and helps managers understand what is required of them.

Appreciation of Employees

Companies with good management teams understand the importance of respecting and appreciating their employees. Appreciation can come in many forms, such as saying thank you, monetary bonuses, paid-time off and other valuable rewards. When managers appreciate their employees, it results in a boost in employee morale. Satisfied employees value their jobs, are rarely absent from work and perform their duties with enthusiasm. Completing employee evaluations and rewarding employees based on their performances is another way management can show their appreciation.

Provide Necessary Resources

Good management provides employees with the resources necessary to accomplish their tasks. Employees can suffer from a lack of motivation when they are asked to complete duties and meet goals without receiving the proper resources. Companies with good management properly train their employees in the latest technology, ethical issues and teamwork. Good organizational management believes in equipping their employees with the necessary skills and knowledge needed to grow and maintain success for the business.

Knowledge

Management must possess the necessary knowledge to effectively compete in their industry. Knowledge managers possess comes from the ability to learn relevant information. Therefore, managers must stay current on issues regarding their industry and organization. Managers must also know how to effectively deal with conflict stemming from employees and other managers.

Listens and Makes Good Decisions

Managers should take time to listen to their employees. At times, management is willing to listen to the suggestions of valuable employees, but can brush off employee complaints. Effective managers understand the importance of listening to its employees. One reason is that it causes employees to feel as if their opinion is valued. Another reason is that management can consider employee suggestions, concerns and complaints when making decisions. The decisions made within an organization should benefit the company and its employees.

Lead Employees and Delegate Tasks

Good management knows how to develop employees by focusing on their strengths. In most cases, employees need to hear what they are doing right instead of constantly hearing what they are doing wrong or their weak areas. Also, an organization with good managers employs professionals who know how to delegate tasks to subordinates. Successful organizations utilize teams and individual contributions. A manager that delegates duties to employees shows that workers are perceived as responsible and capable of fulfilling duties. Delegation also allows managers to focus on more pressing issues that require a greater expertise than what employees possess.

Function of planning and organizing

Though distinct in meaning, planning and organizing are two concepts that complement each other. Many organizational experts agree that you simply cannot have one without the other. As a manager, it is important to understand the relationship between planning and organizing, then implement both concepts into your regular management routine.

Planning

Planning for a business is a three-step process. You first perform research on the issue at hand. For instance, if you're trying to establish a promotional plan, research the target market. Then you set S.M.A.R.T. (specific, measurable, achievable, relevant and timed) goals based on that research. Finally, you establish action steps for achieving each of the goals you've set.

Organizing

Organizing for a business is the process of arranging tasks or resources so that you can perform or use them optimally. Proper organizing facilitates an efficient work environment and increases the chance that employees achieve their goals at work.

Relationship Between the Two

Because of the nature of business planning, the ability to effectively organize is of the utmost importance. Each step of the planning process is simplified when organized properly. For instance, organizing your research tasks helps you come to reasonable conclusions more quickly. When establishing goals, organize them in order of importance and also classify them as either short- or long-term objectives. Your final plan of action must also have a logical order in order to be effective.

Different Levels

Planning and organizing for a business occurs on three different levels. On the operational level you make plans regarding the day-to-day operations of the business. When starting up a business or starting a new business initiative (such as a new product), create a general business plan to outline the required steps. Upper management is responsible for establishing a strategic plan, which outlines a long-term strategy and direction for the company. In all cases, the responsible party must develop and implement the plan in an organized manner to ensure its success.

Q. 5 Without marketing, a business will not be able to make sufficient profits. What is the marketing mix? Explain its elements. (20)

Marketing Strategies

An organization's strategy combines all of its marketing goals into one comprehensive plan. A good

marketing strategy should be drawn from market research and focus on the product mix in order to achieve the maximum profit and sustain the business.

Marketing strategy is a process that can allow an organization to concentrate its limited resources on the greatest opportunities to increase sales and achieve a sustainable competitive advantage. A marketing strategy should be centered around the key concept that customer

Strategy formulation is the process of determining appropriate courses of action for achieving organizational objectives and thereby accomplishing organizational purpose.

Strategic formulation is a combination of three main processes which are as follows:

- ❖ Performing a situation analysis, self-evaluation and competitor analysis: both internal and external; both micro-environmental and macro-environmental.
- ❖ Concurrent with this assessment, objectives are set. These objectives should be parallel to a time-line; some are in the short-term and others on the long-term. This involves crafting vision statements (long term view of a possible future), mission statements (the role that the organization gives itself in society), overall corporate objectives (both financial and strategic), strategic business unit objectives (both financial and strategic), and tactical objectives.
- ❖ These objectives should, in the light of the situation analysis, suggest a strategic plan. The plan provides the details of how to achieve these objectives.

Formulating Effective Marketing Strategies

Talent and skill is important in the world of business. So is knowledge.

These are the things that power the entrepreneur. However, you have to realize that these are not enough in order to achieve success. These things are important, but without direction, these are practically useless.

You need a plan in order to succeed in business. You need effective marketing strategies in order to put these factors into good use. You need effective marketing strategies in order to give these factors the direction they need to help you achieve success.

Formulating effective marketing strategies will help you conserve your resources and make efficient use of them. So what are the elements of effective marketing strategies?

1) Clear goal: You need to know exactly what you want to achieve. In planning a clear goal, you will also be planning a clear way to achieve it. In order to get from point A to point B, you need to have a clear idea where point B is. You need to concentrate your resources on achieving your goals the easiest way possible. By setting goals, you will be paving the way towards achieving that goal.

2) Resources: As said before, you need to make efficient use of whatever resources you have. This means making sure that those resources are used to their maximum potential. You need to make sure that nothing gets wasted in the achievement of your goal.

Every dollar spent and every effort made must have a purpose. Every resource spent must bring you one step closer to your desired goal. You must always keep in mind that resources are limited. You need to try and use those resources in the best way possible. Your resources are your strengths. You should use your strengths in order to break down all barriers in front of you. Once you gain sight of your goal, you should make sure that your strength is directed towards that goal..

3) Negatives: Anticipating threats and taking account of weaknesses is a natural part of effective marketing strategies. When you take your positives into account, you should also think about the negatives. You need to make sure that you have an accurate sight of your situation. Overconfidence and pride is the most oft downfall of entrepreneurs. You need to think of the various events that could upset your journey to success. Considering the negatives will help you strengthen yourself and will help you adapt your strategy accordingly.

4) Methods: You need to know how to get from point A to point B. You need to see what methods you can use to carry you to the throne of success. You need to make sure that every method at your

disposal is used. Remember, however, that might is not always right. Make sure that your means do not have to be justified by the ends. Intent is the best judge of what is ethical and what is not. Do not sight of yourself when you are eyeing your goal. An important part of effective marketing strategies is never forgetting your integrity.

These are just some of the elements of effective marketing strategies. You need to realize, however, that the most important part lies within you. What, for you, makes an effective marketing strategy? It is this individuality that acts as the key to formulating a strategy.

The Basic Functions of Marketing Manager

The main focus of a marketing managers or officers is on the practical application plus management of an organization's marketing operations. In small companies, the marketing manager is in control of the organization's entire marketing activities, and thus handles formulating, directing and coordinating activities so as to sway customers to prefer the organization's products over those of the competitors. Marketing managers or officers are focused mainly on the practical application and management of an organization's marketing operations. For marketing managers to be efficient and effective in performing their functions, they should have excellent communication and analytical skills. In small organizations, the marketing manager is in charge of the organization's entire marketing activities and therefore handles formulating, directing and coordinating marketing activities so as to influence customers to choose the organization's products over those of competitors.

Conducting Market Research

Marketing managers carry out market research to gain a clear understanding of what an organization's customers really want. Marketing research enables these managers to identify new market opportunities, helping the organization create a market niche for its products or services. Market research also involves studying the organization's competitors so as to develop superior products and employ efficient marketing techniques. Companies conduct market research using questionnaires, face-to-face interviews or analyzing the buying habits of consumers.

Developing the Marketing Strategy

Marketing managers are responsible for developing marketing strategies for their organizations. These strategies outline clearly how an organization will promote its products and services to its target market with an aim of increasing its sales volumes and maintaining a competitive edge over its competitors.

Customer Relationship Management

The marketing manager performs the function of championing customer relationship management in the organization. The marketing manager collects this information from the organization's customer database to help create a customer satisfaction survey. Marketing managers then share this information with other employees to ensure they offer excellent customer service to their clients in order to build lasting relationships.

Employee Management

Marketing managers are in charge of the marketing department and therefore are responsible for employees within their department. They assign duties and set targets for departmental staff. It is also the function of marketing managers to perform periodic performance evaluations of the staff working for them.

Identifying New Business Opportunities

Marketing managers analyze market trends with an aim of identifying unexploited or new markets for the organization's products and services. Through studying the purchasing patterns of consumers, they can identify the peak and off-peak demand periods for their products. By employing sales forecasting.