

# The Impact of the Business Environment in Developing an Enterprise - Case Study: Furniture Manufacturing Tefik Canga Design

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## Abstract

The enterprise is an organization that reconciles the workforce, real capital, techniques, information and knowledge to produce and service. The enterprise cannot control or have any impact on the environment that it's surrounded by, only to adjust to it. Despite that, enterprises can be specialized in a special market segment, yet it will be subject to competitive pressure. Furniture Manufacturing Tefik Canga Design has taken over the use of natural and unnatural resources to promote the development and growth, or to solve financial and operational problems. With this research, we propose a growth model of a manufacturing enterprise in relation to the business environment. Implementation of the case is described and the profitability and productivity performance is analyzed using five years of historical data product. Therefore, by this study is expected to achieve results, that will improve the input-output relationship in order to increase the firm's productivity, increase the value of employees and create opportunities for development in order to cut production costs.

**Key Words:** Impact of environment, External environment, Internal environment, Cost of product and The production process of the product

## 1. Introduction

Firms exist because they generate economies in production and distribution, provide great benefits for entrepreneurs, workers and other resources owners. Theory of the firm emphasizes that the main purpose or objective of the firm is to maximize wealth or firm value. In this way it is appropriate to know how consumers make choices about different products and services they need to buy. Therefore, it is possible to predict the future through available information, the costs and the available skills of managers who deal with this work. It is important to examine which early environmental influences have been important in the past, what changes should be made in the future, and the impact on our firm and the competitors operating in the same industry. Modern theories see the organization as an open system that takes resources and sells products and services in the surrounding environment, adapting and responding to the opportunities and threats offered by this environment. The objectives of a firm generally include a specified level of profit, the rate of return on investment, the pace of market penetration, level of inventory, rates, etc. The environment influences an organization in many ways, its understanding is of crucial importance. Environment may be broadly categorized into two types:

External Environment includes all the factors outside the organization which provide opportunities or threats to the organization. It may be social, cultural, political, economical, market, technological environment.

Internal Environment is the environment in which an organization exists. It refers to all the factors within an organization which impart strengths or cause weaknesses of a strategic nature.

They can come from within the entity that commits, by any external organization participating in the project, or from both. These factors may have positive or negative impact on the project, and some of these factors can give rise to the obstacles for the project. In other words, the operations of the firm must be measured in order to be able to apply the principles of economic theory procedure, the latter, increased global competition and technological change have forced managers at the business to be in constant readiness. Although factors coming from the external environment are difficult to enter the control of the management of the enterprise, they should be studied.

## **2. Characteristics of business**

The main characteristics of a business are:

1. **Exchange of Goods and Services:** A business is an economic activity which is concerned with exchanging goods and services to satisfy human desires.
2. **Profit motive:** The prime consideration in any business is to earn profit which represents a fair return on capital employed and reasonable reward for the risk taken.
3. **Continuity in Dealings:** One single transaction does not constitute business. The term business refers to series of dealings in regular sequence.
4. **Entrepreneurship and Risk:** Business operates in a rapidly changing internal and external environment. This makes managerial decision-making a difficult task, the slightest error in currently foreseeing these changes may expose it to risk.
5. **Creation and Utility:** In order to make things more useful for a society, their utility is enhanced by the efforts of businessmen. From the economic point of view, utility is created in various ways, like the utility of place, form, time.
6. **Customer Satisfaction:** The aim of business is profit earning but it is not possible without customer`s satisfaction. Hence businessmen should make goods and services according to the taste of consumers.
7. **Innovation and Research:** Businessmen have to encourage innovations and research in their respective fields of activities. They have to be alert and cautious about the activities of rival organizations.
8. **Human Activity:** A business is a human activity because human resource alone is able to utilize available physical resources of a business like material, money, machinery.
9. **Business is a Social Activity:** A business cannot be done without society. It gets raw material, manpower, capital and other resources from a society.
10. **A business is both Science and Art:** It is science because just like science, it has systematic principles based on experiments, which establish cause and effect relationship.

11. Wide Scope: The scope of a business is very large. It includes not only production but also distribution, transportation, banking, insurance, storage, communication, advertising, packaging, research and development etc.

### **3. Internal Environment**

Internal environment includes internal factors of the business which can be controlled by business. It refers to environment within the organization. It includes the business objectives, managerial policies, different departments relationship; brand image and corporate image, physical resources including infrastructure available for the business, vision and thinking of top management, research and development activities of organization, working conditions in the organization, morale and commitment of human resource etc. The components of internal environment are usually within the control of business. The responsibility of studying changes in internal environment lies with the managers, directors, top officials. If directors of any business have broad vision and creative thinking, then they can foresee the changes that are going to occur in the environment and can frame appropriate policies well in time. Marketing activities, including research and development activities, are also part of internal environment. If the company is good at research and marketing activities, it can take an edge over competitors and get larger market share. The most important of all the factors constituting internal environment is the human asset the organization has acquired over time. The attitudes, skill sets and expertise, commitment and morale of a firm's work force count enormously for the success or otherwise of a firm<sup>1</sup>.

### **4. External Environment**

Firms cannot directly control the general environments segments. Accordingly, what a company seeks to do is recognize trends in each segment of the general environment and then predict each trend's effect on it<sup>2</sup>. External Environment includes factors outside the firm which can provide opportunities or pose as threats to the firm. The success of a

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<sup>1</sup> Fernando A.C, (2011), "*Business Environment*", New Delhi, 7<sup>th</sup> Edition.

<sup>2</sup> Hitt et al. (2014), "*Strategic Management: Concepts and Cases; Competitives and Globalization*, Canada, 11<sup>th</sup> Edition.

business enterprise depends to a great extent on its awareness about its surroundings, environment and adaptability to changes in the environment.

The external environment of a business can be divided into micro- and macro-environment.

The micro-environment includes the general public, customers, suppliers of input, workers along with trade unions, market intermediaries, competitors and the public whose decisions and actions have a direct impact on the functioning of a company.

#### **4.1. Micro /Operating Environment**

The forces which are close to the company and affect its ability to work constitute micro environment. It includes suppliers, customers, market intermediaries, competitors and public.

According to Philip Kotler, "The micro environment consists of factors in the company's immediate environment which affect the performance of the business unit. These include suppliers, marketing intermediaries, competitors, customers and the public".

According to Hill and Jones: "The micro environment of a company consist of elements that directly affect the company such as competitors, customers and suppliers.

##### **4.1.1. Suppliers**

Businesses need various inputs to operate, for example capital from financial institutions, raw materials, services and labor. To operate effectively the business needs to obtain these inputs at the right time, quantity, quality and price. It should be remembered that businesses are also suppliers of goods and services to other business and there should be a healthy relationship between the suppliers who provide inputs and the business that buys them<sup>3</sup>.

Every business enterprise requires a number of suppliers, who supply raw materials and components to the company. The following points should be kept in mind regarding suppliers:

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<sup>3</sup> Nieuwenhuizen C., (2007), "Business Management for Entrepreneurs", Cape Town South Africa.

1. Reliability: If our supplier is reliable, our business will run smoothly. If our supplier is not reliable, we may have to maintain high inventories which will increase our cost.
2. Multiple Supplier: It is very risky to depend on a single supplier because a strike, lockout or other problem with that supplier will seriously affect the company.

#### **4.1.2. Customers**

The customer is the central point of any business. The success of a business organization depends upon identifying customers, their needs, tastes, linking etc. and enhancing the level of customer-satisfaction. Customers may be of different types:

- a. Wholesale customers
- b. Retail customers
- c. Industrial customers
- d. Government and other institutions
- e. Foreign customers

For different types of customers, business units will have to design different types of products. So that different classes of customers can be attracted towards company`s products. Different customers have different levels of income, tastes and preferences. A person with higher level of income will buy costly product and the person with low level of income will buy cheap product. So it is a must that the business firm makes products according to the demands of customers.

It should identify the differences in customer characteristics and segment to the demands of customers<sup>4</sup>.

#### **4.1.3. Market Intermediaries**

Market Intermediaries include the following:

1. Middlemen: It includes wholesalers, retailers, departmental stores etc.
2. Marketing Agencies: It includes advertising agencies, consultancy firms, media firms, market research firm etc.
3. Financial Intermediaries: It includes banks, insurance companies, financial institutions, money markets, capital markets etc.

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<sup>4</sup> Mukesh et al. *"Business Environment"*, (2009-10), New Delhi, 2<sup>rd</sup> Edition.

4. Physical Intermediaries: It includes warehouse, transport agencies etc.

#### **4.1.4. Competitors**

Business has to adjust its various activities according to actions and reactions of competitors.

Competitor means other business units which are marketing or producing similar products or a very close substitute of our product.

The business unit should also identify the weaknesses of its competitors, and use such weaknesses of competitors to strengthen its own business. Globalization is further promoting competition, and it is creating threat to the domestic industrial units.

The following are the important elements of a competitive environment:

1. Seller and buyer agree to transact at a particular price of a product.
2. Nature of the commodity is known to both parties.
3. Price of the product is determined under conditions of the market.
4. Competition depends on the increase in buyers and sellers.
5. If there is an increase in number of buyers, the price will increase and it is treated as seller`s market.
6. If there is an increase in number of sellers, the price will decrease, it is treated as buyer`s market.
7. Free communication between the buyers and sellers.
8. Size of the market is not restricted, it may be a certain city, a region, a country or even the entire world.
9. Product is homogenous in case of perfect competition, and the product may be differentiated in case of other markets<sup>5</sup>.

#### **4.1.5. Public**

“Public is any group that has actual or potential interest in the business. To achieve this interest, it has its impact on the business.

Examples of public are:

1. Media public: It includes all newspapers, magazines, journals which may publish favorable or adverse remarks about company.
2. Local Public: refers to people living in the area where business unit is set up. Actions of local public on this issue have forced some

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<sup>5</sup> Sekhar S., (2010), *“Business Policy and Strategic Management”*, India.

companies to suspend operations or to install pollution control equipments.

3. Financial Public: It includes banks, investors, stakeholders etc. They influence the company's ability to obtain funds.
4. Government Public: It includes Government departments and agencies. Marketers, often consult with the lawyer and experts on the issues of product safety, truth in advertisement and other matters<sup>6</sup>.

#### **4.2. Macro Environment/General Environment**

Macro Environment means general environment of business. The growth and survival of a business depends upon its adaptability to macro environmental factors which include economic environment, political environment, socio-cultural environment, technological environment, natural environment, international environment, demographic environment.

According to Philip Kotler, "Macro Environment includes forces that create opportunities and pose threat to the business units. It includes economic, demographic, natural, technological, political and cultural environment".

According to Hill and Jones: "The macro environment consists of the broader economic,

social, political, legal, demographic and technological setting within which the industry and the business units are placed".

##### **4.2.1. Economic Environment**

Economic environment of a business is very complex in nature. It is very dynamic.

It keeps on changing with change in government policies, change in political situations etc. It mainly has three elements. These are economic conditions, economic policies and economic system.

These are as follows:

1. Economic conditions of the economy affect the business: Economic conditions include: income level, distribution of income, demand and supply trends and various phases of trade cycles.

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<sup>6</sup> Jain A., (2009-10), "Principles of Marketing", New Delhi.

2. Economic policies: These policies establish relationship between business and government. The effect of these policies may be favorable or unfavorable. Important economic policies are as follows:
  - (a) Monetary Policy
  - (b) Fiscal Policy
  - (c) Export-Import Policy
  - (d) Foreign Investment Policy
  - (e) Industrial Policy
  - (f) Industrial Licensing Policy.
3. Economic System: In different countries, different economic systems prevail.

The economic system of a country may be:

1. Capitalism: Such economy is dominated by private sector. Here, private sector has much important role in economic activities.
2. Socialism: Such economies are state owned economies. Government plays major role in economic development of such economies.
3. Mixed Economy: In such economies both private and public sector co-exist.  
Nowadays, there is a shift from socialism to capitalism and that is also taking place in the economy.
4. Other Economy Factors: Economic environment also includes infrastructure facilities like roads, railways, other transport facilities, power, communication etc.

It also includes banks, insurance companies, money markets, capital markets etc.

The nature of an economic system relies on the agencies which are permitted to own and put to use the productive resources, extent of individual's initiatives offered to employees and the process of price determination.

#### **4.2.2. Political Environment**

A stable and dynamic political environment is indispensable for business growth. Political environment mainly includes the following components:

- a. Political ideology of Government
- b. Political stability in the country

- c. Relation of our nation with countries
- d. Defense and military policy
- e. Welfare activities of Government
- f. Centre State relationship
- g. Thinking of opposition parties toward business.

Political ideology of Government refers to the political thinking, approach and vision of Government towards various economic and social activities of the country. Laws and regulations covering all aspects of business are enacted by the government.

The government is responsible for providing the rules of game, which make the business system function smoothly and which help maintain competition or if monopolies develop, to regulate them by government intervention. A political system which is stable, honest, efficient, dynamic and which ensures political participation of the people and assures personal security to the citizens, is a primary factor for economic development. Relations of a government with other countries also affects business. If a country enjoys cordial and friendly relations with other nations, then that has a favorable effect on foreign trade. If the government allocates a very large amount for defense budget, it will adversely affect the business and economy, as the government may impose more taxes, withdraw incentives and spend less on economic infrastructure.

#### **4.2.3. Technological Environment**

Technology is a systematic application of scientific or other organized knowledge to practical tasks. Technology is the most dramatic force shaping the destiny of people all over the world. Some of the technological inventions are wonders, some are horrors and some have mixed reactions. The benefits of technology are numerous, affecting living standards, more free time and intellectual potential alternative products and services. The impact of technology on the environment of the organization has considerable influence in the process of establishing management. Technological changes bring about changes in products, services, lifestyles and living conditions<sup>7</sup>. Technological adaptations may create incentives for

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<sup>7</sup> Kume V, (2010), "*Strategic Management; theory, concept, cases*", Tiranë.

manufacturing new products for the improvement of existing products or production of marketing techniques<sup>8</sup>.

#### **4.2.4. Socio-Cultural Environment**

Socio-cultural environment refers to influence exercised by certain social and cultural factors which are beyond the control of business units. Such factors include: attitude of people to work, family system, caste system, religion, education, marriage, habits and preferences, languages, urbanization, customs and traditions, value system, business ethics, social trends, social responsibility of business etc. Family system has started changing from joint family system to nuclear and small family. It has led to increase in demand of consumer durables. With the spread of education, family traditions and customs are changing. This has led to the growth of women-entrepreneurship and role of women in society. Religion also has considerable effect on business. The social environment greatly influences the nature of consumer demand, the consumer decision-making etc. The success of a business entity significantly depends on its social relevance. Therefore, it is important for the entrepreneur or the strategic planner of a business organization to be familiar with the prevalent and emerging social trends and concerns<sup>9</sup>.

#### **4.2.5. Natural Environment**

It includes geographical and ecological factors such as natural resources, weather and climatic conditions, part facilities, topographical factors such as soil, land forms, sea, rivers, rainfall; environmental pollution, etc.

The business enterprise must keep in mind geographical factors, pollution factors and government enactments in this regard. In brief it includes:

- a. Size of population and population growth
- b. Age composition
- c. Sex composition
- d. Education level
- e. Family size and structure
- f. Economic satisfaction of population
- g. Urban-rural population.

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<sup>8</sup> Kuke I, Pula J and Krasniqi K, (2006), "*Management and Deployment*", Pristina.

<sup>9</sup> Ghuman K., (2010), "*Management: Concepts, Practice&Cases*", New Delhi.

#### 4.2.6. International Environment

International environment is very important for certain types of business. It is particularly important for industries directly depending on imports or exports. A recession in foreign market or protection policy by foreign nations may create difficulties for industries depending on exports.

With the free flow of foreign technology, foreign investment and increase in foreign trade, the significance of study of international environment has further increased. In short, following factors of international environment affect business:

- a. Globalization
- b. Oil price hike
- c. International Agreement and Declarations
- d. International terrorism
- e. Cultural exchange.

#### 5. Case study: Furniture Manufacturing " Tefik Canga Design"

Tefik Canga Design is Oxa Group chair furniture company, specializing in solid wood chair and table manufacturing for residential and commercial market.

Furniture manufacturing Tefik Canga, is the biggest furniture manufacturer in Kosovo, which was founded in 1947, by few craftsmen from Ferizaj.

The factory at that time was small but with huge potential in this industry, therefore constant growth resulted in 1600 workers in 1980. After the destruction of Yugoslavia in the 90's, the factory began to degrade with the lack of investments and fired all Albanian workers in that year. After the war in '99 the factory returned around 350 workers and started production in few units until 2006, when it was privatized by OXA Group, and was re-named Tefik Canga Design, which again remains a leader in furniture manufacturing in Kosovo.

Expanding of units happened as follows:

- January 2007- restart of division for chairs and tables production
- March 2008- started cutting and drying of wood
- January 2009- Production of bedrooms called DIVANI.
- February 2010- started contract manufacturing called TEDES
- June 2011- started production of bedrooms called DECO.

In near future, the company plans to expand production in other profiles and to reach a number of 400 workers by 2014. Manufacture products which Tefik Canga Design produce are: Chairs, Armchairs, Dining Tables, Stools, Bar Chairs, Hotel Furniture, Contract Chairs, Contract Furniture.

Tefik Canga is a leading furniture manufacturer with five plants, including solid wood chair plant, sofa bed and sectionals plant, bedroom and flat pack furniture plant, contract furniture plant, leather sofa and sectionals plant. With exports in European Union and the region, Tefik Canga has grown its customer portfolio with quality and respect <sup>10</sup>.

### **5.1. The production process of the product**

1. Initial stages of planning: The firm has received product designs and quality characteristics of the consumer, to draft a proposal for the method of production and the overall schedule, and based on this information, to calculate and give a rough estimate of the cost. The enterprise has decided to put in place all resources ranging from raw materials, capital, labor and financial resources to achieve the production of the product effectively.
2. Product development stage: After establishing project feasibility, definite product specifications are defined in more detail, working in the design and manufacture to the end, and selecting and obtaining the necessary processing machinery.
3. Evaluation of the product production: Based on product designs and quality specifications received from the consumer, as well as product specifications and product production plans set out in the Product Development Stage, the firm produces one prototype. Then it works with the consumer to determine if the product meets the required quality standards. The firm repeats the process of product development and product evaluation until it reaches the required quality standards.
4. Commercial production of one prototype: Based on the design and layout of the proposed production at commercial stage, the firm decides to build a production line and produce one commercial prototype. He collaborates with the consumer to determine if the product meets the required standards of quality commercial

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<sup>10</sup> Tefic Canga Design. Available from: [www.teficcangadesign.com](http://www.teficcangadesign.com)

manufacturing line. The firm reiterates its product development process in a commercial large-scale, until it meets the consumer's desires.

5. Commercial production: When all the preparations are completed, commercial production starts.

Even at this stage, modifications and improvements have been made on the production line, and the firm's engineers are constantly trying to improve their performance. The entire team actively collaborates to make high quality products.

6. Inspection, shipment, delivery (launch): Finished products are closely inspected manually and by machines to make sure there are no defects or flaws. Only those products that pass inspection are delivered to the consumer, carefully packed to prevent contamination or damage.

### **6.1. Indirect costs during product manufacturing process**

Table 1 presents the calculation of cost overheads during the production process of a product. The average wages of workers are 230 euro. At the first column of the long lines are presented wages of workers who are caused as a manufactured product costs in the long term, while short lines are presented salaries of worker as manufactured product costs in the short term. With a set of factory space and a certain amount of equipment, production process will eventually become less efficient and workers' productivity will start to fall. In the event that the firm increases production of the product then it will manage to minimize production costs that will provide the level of production.

**Table 1:** Indirect cost of producing of product

| Department            | Long lines | Short lines | Sandpaper | Fitting | Painting | Tapestry | Tables  | Packing | Maintenance | Administration | Total    |
|-----------------------|------------|-------------|-----------|---------|----------|----------|---------|---------|-------------|----------------|----------|
| Wages of workers      | 2731.61    | 1425.3      | 1107.29   | 792.36  | 1905.25  | 4391     | 2412.43 | 929.92  | 1766.19     | 6619           | 24080.36 |
| Indirect costs        |            |             |           |         |          |          |         |         |             | 10979          | 10979    |
| Adm. costs            |            |             |           |         |          |          |         |         |             | 259.7          | 259.7    |
| Sale costs            |            |             |           |         |          |          |         |         |             | 76.9           | 76.9     |
| Repair and keeping    |            |             |           |         |          |          |         |         |             | 251.2          | 251.2    |
| Banking services      |            |             |           |         |          |          |         |         |             | 22             | 22       |
| Insurance costs       |            |             |           |         |          |          |         |         |             | 5.96           | 5.96     |
| Transport             |            |             |           |         |          |          |         |         |             | 150            | 150      |
| Repair of cars        |            |             |           |         |          |          |         |         |             | 87.5           | 87.5     |
| Pension contributions |            |             |           |         |          |          |         |         |             | 917.1          | 917.1    |
| Fuels                 |            |             |           |         |          |          |         |         |             | 502.7          | 502.7    |
| Professional services |            |             |           |         |          |          |         |         |             | 67             | 67       |
| Other costs           |            |             |           |         |          |          |         |         |             | 68.3           | 68.3     |
| Total                 |            |             |           |         |          |          |         |         |             |                | 37467.72 |

**Source:** Furniture Manufacturing "Tefik Canga Design", Production Department.

### 5.3. The total cost of the product

We have shown through table 2, the cost of products produced during the period 2009-2013.

On the table we presented the product 's cost dividing in the direct cost of which is fix and does not depend on the production, as well as indirect cost which depends on the amount of production, which varies from 4-8 Euros per unit. calculating all expenses. Business management set the price basing on these indicators to come up with a price which shall not only cover the expenses of the product but also will create incomes for the company.

**Table 2:** The cost of production of the product

| Period | Quantity produced | Indirect cost per unit | Direct cost per unit | Total cost of the product | Sale price |
|--------|-------------------|------------------------|----------------------|---------------------------|------------|
| 2009   | 378               | 5.843                  | 10.67                | 16.513                    | 18         |
| 2010   | 828               | 5.843                  | 10.67                | 16.513                    | 18         |
| 2011   | 3183              | 5.843                  | 10.67                | 16.513                    | 18         |
| 2012   | 5430              | 5.843                  | 10.67                | 16.513                    | 18         |
| 2013   | 324               | 5.843                  | 10.67                | 16.513                    | 18         |

**Source:** Furniture Manufacturing "Tefik Canga Design", Department of Production.

#### 5.4. Realization of sales

As we notice, more product sales are oriented toward selling products to commercial business. It is so, precisely because the demand to buy these products is higher in businesses that deal with the sale of the firm. One of the most important decisions of managers is precisely determining the price of the product. Given that the firm aims to maximize profits it has decided to set product prices in line with market realities and economic environment within the enterprise that operates as well as the interaction of supply and demand for the product enterprise.

To influence the selling price of the product the enterprise has chosen to notify consumers through advertisements of product features. On the other hand, through this mixture the manager reaches the decision on constant sales price, thereby maintaining its competitive position in the market.

**Table 3:** Realization of sales

| Realization of product sales during the period 2009-2013 |            |           |        |           |           |           |
|--|------------|-----------|--------|-----------|-----------|-----------|
|  | Production |           | Retail |           | Wholesale |           |
| Years  | Sales      | Inventory | Sales  | Inventory | Sales     | Inventory |
| 2009   | 378        |           | 32     |           | 328       |           |
| 2010   | 828        |           | 75     |           | 753       |           |
| 2011   | 3183       |           | 289    |           | 2894      |           |
| 2012   | 5430       |           | 493    |           | 4937      |           |
| 2013   | 324        |           | 28     |           | 282       |           |

**Source:** Furniture Manufacturing "Tefik Canga Design", Department of Sale.

### 5.5. Revenue realized during the period 2009-2013

There is a trend of growth in revenues from sales of products in the period from 2009 to 2013 and occurs during the life cycle of this product, from launch until the decline, which is shown in tabular form.

On the other hand, cutting the price of the product has been consistently productive enough to sell all the products with the production price which is set at the beginning.

This enables the enterprise to reallocate productive resources and allows it to utilize the existence of economic profits of the enterprise.

One of the most important managers decisions taken is exactly to determine the price of the product, concerning the company aims to maximize profits, it has decided to set the price of the product with the reality of the market and enterprise economic environment. The enterprise has set a constant price of the product's selling, saving in this way its competitive position in the market.

First year is an introductory period of the product on the market and sales volume is small because it is a stage where the client is informed with the product.

In the second year the buyers of these products are better informed and are aware of the attributes contained in the product and we see an increase in sales.

In the years 2011 and 2012 the enterprise reaches not only to cover costs but also creates significant revenues from product sales, while in the fifth year of the product's life, sales are falling as a result of changes in consumers' tastes and needs.

In the last year we have a decrease in product sales since customers are fed up.

Therefore one should think for an innovative product in order to continue to keep the pace of sales.

**Table 4:** Presentation of revenues in tabular form during the 2009-2013 period

| Period | Quantity produced | Price Sale | Revenues from sale |
|--------|-------------------|------------|--------------------|
| 2009   | 378               | 18         | 6804               |
| 2010   | 828               | 18         | 14904              |
| 2011   | 3183              | 18         | 57294              |
| 2012   | 5430              | 18         | 97740              |
| 2013   | 324               | 18         | 5832               |

**Source:** Furniture Manufacturing "Tefik Canga Design", Department of Sale.

## 6. Conclusions and Recommendations

An unstable economy and unfavorable policies may reflect negatively on the activity of manufacturing enterprises, especially in a country in transition.

Manufacturing enterprises are influenced not only by internal factors such as finance, marketing, operations that determine the direction of the firm, but obstacles arise during the journey which operate outside the firm and may be a risk for the firm but at the same time can be opportunities for the firm to realize its objectives.

Prediction of external factors on the activity of the enterprise is not an easy process.

For the mere fact that there may be an increase in sales during the economic boom, creating higher income than during the economic fall, implies that these changes in the economy may also cause changes within the enterprise.

The uncertainty of the external environment is as complex as dynamic.

Environmental changes facing business today are:

1. Inability to control energy sources and use of energy as a political and economical weapon.
2. Increase of the role of technology in production, causing the reduction of product life cycle.
3. Increasing demands in terms of social responsibility in areas such as environmental protection and enhancement of quality of life.
4. The government's role in the enterprise activity.
5. Adjusting government policies for exporting products abroad.

Enterprise makes considerable efforts to develop new models of products.

The main issue requiring institutional attention are as follow:

1. Creating a safe environment by improving physical infrastructure, electricity and water which for manufacturing enterprises are the main sources of product manufacturing process that can cause loss or profit for the company.
2. The abolition of customs duties and value added tax (VAT) on raw materials and production technology imported from other countries.
3. Reducing the interest rate for manufacturing enterprises based on the fact that nearly 60% of funding sources are used by commercial loans.
4. Prevention of unfair and illegal competition.

Enterprises not only exercise their activities according to the policies within it, they are destined to satisfy the requirements of their customers in accordance with the business environment.

From this study, we believe that implementation of these recommendations will positively affect the growth of the number of manufacturing enterprises, that will contribute to economic growth, reducing unemployment and improving the social welfare of citizens.

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