

# Study on different organization types business essay



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A Sole Trader business exists amongst other businesses in a society. A Sole Trader is a person that owns and controls his/her own business, therefore profits earned from the business goes to the owner of the business. Sole Trader business also includes business like cosmetics, hairdressing and nails, plumbing and photographers. Sole trader business are cheap and easy to setup also it's private. Sole traders are their own owners so they don't any separate legal existence. Unlimited liability is when the owners of a sole trader business have to pay their debts with the money they've earned. The purpose of a sole trader is to provide services or sell/produce products.

### **Advantages:**

Can choose hours of work

Can make your own decisions

All the profit made is yours

Can claim expenses and certain costs against income tax

### **Disadvantages:**

Can't have a sickness pay

Can't have a set holiday pay

Time consuming accounting is done in your own free time

Continuity of work

<http://www.bbc.co.uk/schools/gcsebitesize/business/aims/partnershipsrev1.shtml>

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<http://www.answers.com/>

## **Partnership**

A Partnership is another type of business organization in a society which involves a planned agreement or relationship between two or more people. If two or more people decide to open a business together, a contract called deed of partnership is normally drawn up. This states the type of partnership it is, how much assets each person has contributed, and how profits and losses will be shared. Typical examples of experts who may go into partnership together are doctors, dentists and solicitors. They can benefit from shared expertise, but like the sole trader, have unlimited liability. A partnership can also have a sleeping partner this person invest the business but does not have dealings in the day to day running of the enterprise. The purpose of a Partnership is to make a profit and to provide services or sell/produce products.

### **Advantages:**

Partnerships are relatively easy to establish. One of them could have the skill to raise funds

The profits that the business makes flow directly through the partners' personal tax returns

You can share out the responsibilities between the partners. This means that no single person is responsible for running all of the business.

Partnerships provide moral support and will allow for more creative brainstorming

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## **Disadvantages:**

Partners may have different visions or goals for the business

There may be unequal commitment in terms of time and finances

There may also be personal disputes

Each partner may also be liable for debts incurred, decisions made, and actions taken by the other partner or partners

At some time, there most certainly will be disagreements in management plans, operational procedures, and future vision for the business

You may encounter difficulty in attracting investors

[http://www. bbc. co. uk/schools/gcsebitesize/business/aims/partnershipsrev2. shtml](http://www.bbc.co.uk/schools/gcsebitesize/business/aims/partnershipsrev2.shtml)

[http://www. answers. com/](http://www.answers.com/)

## **Charity**

**A charity is an organization that allows one group to help another group, whether it's people, animals or nature. Many of the best-known charities were set up by people who felt passionate about a cause that they believed was wrong or preventable. A charity is a particular type of voluntary organization – one that takes a distinctive legal form and has a special tax status. Charities can be organized in a number of different ways – they can be an unincorporated association, a trust or a company limited by guarantee. Examples of charities are Christian Aid, British Red Cross and Greenpeace. The purpose of a Charity is to help provide resources for a particular cause.**

### **Advantages:**

They don't normally have to pay income/ corporation tax, capital gains tax, stamp duty, and gifts to charities are free of inheritance tax

They don't have to pay no more than 20% of normal business rates on the buildings they use and occupy to further their purpose

They can get special VAT treatment in some circumstances

They can formally represent and help to meet the needs of the community

Charities are often able to raise funds from the public, grant making trusts and local government more easily than non charitable bodies

### **Disadvantages:**

Charities must obey with charities legislation

Charity trustees may not generally benefit personally, whether through receipt of a salary or of profits or otherwise

Personal responsibility of charity trustees for misuse of funds

Charities must produce an annual report and annual return

[http://news.bbc.co.](http://news.bbc.co.uk/cbbcnews/hi/newsid_4710000/newsid_4710300/4710352.stm)

[uk/cbbcnews/hi/newsid\\_4710000/newsid\\_4710300/4710352.stm](http://news.bbc.co.uk/cbbcnews/hi/newsid_4710000/newsid_4710300/4710352.stm)

[http://www.drlwilson.com/articles/what\\_is\\_charity.htm](http://www.drlwilson.com/articles/what_is_charity.htm)

<http://www.answers.com/>

## **Voluntary Organizations**

**A Voluntary Organization is any organization that uses the human resources of volunteers for achieving its main purpose. Voluntary Organization is a ‘not-for-profit’ organization because they use their income to help those in need. Voluntary Organizations are provided in areas such as environmental, global development and community care. Examples of voluntary organizations are Scouts, National Trust and Girl Guides. The purpose of a Voluntary Organization is to provide a service to those in need.**

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## **Ltd (Private Limited Company)**

**A private limited company is a company that is organized to give its owners limited liability. The company exists in their own rights; this means the finances from the company are separate from the personal finances of their owners. The owners of the company each own part of the business this makes the owners shareholders of the company. Private limited companies are usually family concerns or were firstly so. This type of organization is often chosen when a sole trader wants to expand and retain control of a company. Ltd companies are seen as firm projects by banks and customers. The companies are run by directors and shareholders. Examples of Ltd companies are Virgin and Clarks. The purpose of an Ltd is to maximise profit and to expand the company.**

### **Advantages:**

The company has a legal existence separate from management and its members

The company's name is protected

Approved company income plots usually provide better benefits than those paid under contracts with the self-employed and those in non-pensionable employment

### **Disadvantages:**

They have to pay Corporation tax on top of any existing taxes

Wanted benefit from economies of scale

Lack of capital due to no share issue to the general public

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## **Franchises**

**This type of business starts by using the name of a popular/well known organization. A franchise is an agreement or license between two parties which gives a person or group of people (the franchisee) the rights to market a product or service using the trademark of another business (the franchisor). The Franchisor gives the Franchisee help and support to run their business. Examples are KFC and Prontoprint. The purpose of Franchise is to make a profit by using the name of a well known business and its resources.**

### **Advantages:**

Training and help on how to run or open the is provided

Risks associated with the business are smaller than most other businesses

You don't need to have experience to open or run the business

The finance is easily reachable and it's at affordable rates

The business is a proven concept and is already set up

The supplies needed are available at discount prices



## **Disadvantages:**

You have to work long hours

The franchisor has control over the franchisee and will want and need high standards

Franchisors usually want franchisees to follow their operations manual to a tee in order to ensure reliability

The franchisor might go out of business

All profits are shared with the franchisor

Other franchisees could give the brand a bad reputation

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## **PLC (Public Limited Company)**

**Public Limited Company (PLC) is a type of business which is permitted to offer its shares to the public. All public limited companies names end in ' plc'. PLC companies must have at least two shareholders, two directors and a trained secretary. A Public limited Company is different from a Private Limited company because its shares can be bought and sold by the public. Directors are paid to run the company and may or may not own shares of the company. To be a PLC £50K share capital is needed. The purpose of PLC is to generate enough money to expand and evolve into an enterprise.**

### **Advantages:**

Large plc's may find it easier to borrow from banks

Shares can be advertised

Benefit from economies of scale

Cheaper borrowing and bulk purchasing

Shares can be sold through the stock exchange

### **Disadvantages:**

Risk of takeover by rival companies who have bought shares in the company(E. g. Kraft trying to take over Cadbury chocolate)

Going public can be expensive

Some plc's can grow so large that they may become difficult to

manage effectively

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<http://www.businesslink.gov.uk/bdotg/action/detail?type=RESOURCES&itemId=1073789599>

<http://www.answers.com/>

## **Co-operatives**

**Co-operatives are a number of individuals or businesses work together to achieve a usual point. The business is jointly owned and run by the workers. All profits made from the business are shared and the owners make combined decisions about how the business should run. Self-help, self-responsibility, democracy, equality and solidarity are the values that Cooperatives are based on. The purpose of the Co-operatives is to serve their members in a prudent and effective manner and to help them generate an income and possibly profits.**

### **Advantages:**

Usually more stable , caring and responsible employers

Can give job satisfaction and variety

Encourages strong work commitments

More responsible to customers and the community within the business

### **Disadvantages:**

There could be conflict between members

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Longer decision-making process

Extensive record keeping necessary

Employment benefits often can't match those offered by other business types

Less reason to invest additional capital

They can limit your choice of outside finance

Participation of members required for success

[http://kribhco.net/english/what\\_coop.htm](http://kribhco.net/english/what_coop.htm)

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## **Public Sector**

Public Sector is a part of the public which is controlled by the government. The Public Sector is owned by the state and provides many services free of charge and other at or below a price. The purpose of a public Sector is to provide a quality service to the community. The aim of the Public Sector is to improve service condition and to operate within budget. The Public Sector includes the government departments, local councils, NHS hospitals and state schools. Examples of Public Sector Organization are London Underground, Police and National Health Service. The purpose of a Public Sector is to provide goods and/or service and to provide value for money.

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### **Advantages:**

The job security is very tight, it's difficult to get fired

Generous benefits

More relaxed atmosphere

### **Disadvantages:**

Fewer positions available

Lower pay

Less flexibility

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[http://whatis.techtarget.com/definition/0,,sid9\\_gci1154572,00.html#](http://whatis.techtarget.com/definition/0,,sid9_gci1154572,00.html#)

<http://www.answers.com/>