

Business organisations in the private sector

[Economics](#)



Within the UK economy all businesses fall into one of three sectors. *

Voluntary - This is sector where non-profit making organisations operate. The aim of businesses within this sector is not to make a profit but to carry out charitable objectives. An example of a business within this sector is the RSPCA who provide shelter and new homes for animals. * **Private Sector** - The businesses operating within the private sector of our economy are owned by private individuals and shareholders.

Business within this sector is market driven, where companies seek to maximise profit by acting in response to changes in the demand of consumers. * **Public Sector** - The public sector of the UK economy is where you will find the public, government and local authority funded business. An example of a public sector business is the publicly funded BBC who provide television and radio broadcasts to the nation. The owner of a sole trader business is the individual who owns and operates the business.

Although there may be additional staff the owner is the only person who benefits from the businesses financial success or bears the responsibility of failure. The formation of a sole trader business is the simplest formation of all. The law does not differentiate between the business and the owner therefore, the owner has unlimited liability. This means that the owner himself is liable to lose everything he has if the business incurs such debts. If insufficient funds to clear the debt can be raised the individual will be made bankrupt.

A sole-trader business can operate in both the primary and secondary sectors of the economy. An example within the primary sector is a farmer who owns

and runs a farm or a fisherman that owns his own boat and sells his catch. Within the secondary sector a sole trader may be a mechanic or anybody who's business deals with the manufacture of a product. The organisation and control of a sole trader business is ultimately the responsibility of the business owner.

However it is likely that a sole trader will want to outsource certain aspects of the financial side to external provides. This may be appointing an accountant to provide bookkeeping and tax advice. The primary objective of a sole trader is to survive. In order to achieve this objective the business will aim to provide profit by increasing sales and keep production cost to a minimum. An example of this is a farmer purchasing machinery that will enable him to achieve a higher level of output and work more time efficiently. Build a strong costumer base.