

Exploring business activity flashcard



**ASSIGN
BUSTER**

This investigation will contrast the different types of organisation; it will help develop your mind to the wide range of organisations that are available.

I have chosen one private sector business, which is a type of business that is owned by an individual, group of people or shareholders. However companies owned by shareholders are often run by directors or managers who make decisions and control the business. Shareholders are people who fund the business and for their risk they can receive a reward such as a dividend paid out which is from the company's profit. I have also chosen one voluntary sector business also known as 'not-for-profit', which is a type of business that is created, organised and run by volunteers, and all the profit is given to the charity, the good cause or for the funding of the organisation such as the NHS, which is in the public sector. The government owns public sector businesses such as the DVLA.

Audi is a strong business within the private sector; it is a strong contender in the competitive automotive industry. They are a German company with many years of experience who produces luxury cars. They are also part of the very successful Volkswagen group. Audi have a well-known logo, which are four overlapping rings. Audi's market strategy is used in video games and in Hollywood blockbusters such as I robot and transformers. Oxfam will be the main focus of my investigation in regards to the voluntary business sector.

Oxfam is an organisation working in more than 100 countries to find solutions to poverty and justice. The marketing strategy that they have adopted is a world wide campaign that can be seen through media mediums

such as the TV, where the public are shown clips of starved and unhealthy children showing us the reality of other more unfortunate individuals who are trying to survive in under developed countries. Oxfam are continuously expanding their retail outlets, they currently have approximately 15, 000 shops worldwide, where they sell donated items from the public. There are three types of business activities. The type of business that only serves the local community such as your local corner shop is known as a local business, which is the smallest type of business activity. Another type of business activity is known as a National business.

National businesses trade all over the country with their major branches in the main cities and towns, this type of business can also be Internet based. An example of this business would be the well-known supermarket Tesco where we can drive to the nearest store or order our groceries online. The biggest type of business activity is international and global businesses.

These types of businesses operate in more than two countries and mainly all around the world. An example of a global business is Audi as I will go into more depth in the next section. Audi is in the private sector; it is a global and international business as it has dealers all over the UK and the rest of the world.

Audi is classed as a global business as it operates in more than two countries. Oxfam is in the voluntary sector; they are also a global and international business, with offices and shops all around the world mainly in the UK, United States of America and parts of Europe. However the volunteers primarily work in third world countries giving education and health to people who need it funded from the profit made in the shops. The

next step of this investigation is knowing about sectors of the business.

There are three main types of sectors in business with sub sectors.

The first sector is the primary sectors, which are businesses that extract raw products from nature such as oil refinery, fisherman, and farmers. The next sector is the secondary sector where businesses transform the raw products into finished and part finished goods such as BP who get raw oil and turn in into petrol and diesel. The third and final main sector is the tertiary sector where businesses provide services to people such as call centres, banks and car mechanics. There are also sub sectors such as manufacturing where the business manufactures the raw products; this sector is part of the secondary sector.

Another sub sector is retailing where businesses sell goods in small quantities, this sector are shops based in the tertiary sector. Audi is in the tertiary, secondary and manufacturing sector as it manufactures the quality parts needed such as the engine and body parts to compile the car. The cars are then put through the manufacturing stage where controlled robotic arms assemble and paint the car. Human workers then paint and weld where the robots cannot reach. They then transport the cars to the dealers. Then sales team then use their persuasive skills to sell the product (cars) to the public and businesses.

The purpose of this business is to make profit. Profit is the difference between revenue (money coming in) and costs paid out, such as fixed costs (rent). Profit could be used to increase growth of the company or higher development of their products for example increasing the amount of

branches. Audi's products are sold to individuals, businesses and the government. The amounts of cars produced are in response to demand.

The higher the demand the higher the profit as Audi can increase the price but this can be risky. In contrast Oxfam is in the tertiary, retailing sector as they sell donated products to raise money to create solutions for poverty and starvation. The volunteers work at the branches all around the world. The purpose of the businesses is to fund the charity and to pay for fixed costs such as rent and utility bills for the branches.

Products are sold for profit, at cost and below cost. Products may be sold at cost or at below cost to raise interest into Oxfam or to create some income.