

# [Advantages of sole trader ship business essay](https://assignbuster.com/advantages-of-sole-trader-ship-business-essay/)

This assignment is based on understanding and evaluating the strategic goals and objectives along with evaluation of stakeholder’s objectives and by identifying and explaining various responsibilities of the Glaxo Smith Kline (GSK). In order to analyzed the strategic goals of the GSK it has been identified and explained the mission, vision and objectives as well as core purpose of the GSK and values.

Hence stakeholder’s objectives has been explain by taking three stakeholders of the GSK (shareholders, employees and customers) into consideration as well as the extent which company tries to achieve this objectives. Beside responsibilities of the GSK has been evaluated through understanding the various strategies they implemented to meet those responsibilities. Responsibilities consist of management responsibilities, ethics of business, social and environment responsibilities.

However, the assignment also has addressed the economic system of the country which GSK operates by assessing the effect of various policies.

Introduction

GlaxoSmithKline (GSK) is leading research based pharmaceutical company in United Kingdom. Operates in more than 100 countries and employed around 100, 000 peoples. Glaxo SmithKline was founded in 2000, by emerging of two giant pharmaceutical, GlaxoWellcome and Beecham SmithKline. Early 1990’s Glaxo and Beecham were two individual pharmacists who were doing business in UK. Glaxo start pharmaceutical business in year 1715 and Smith Kline start he’s business year 1830.

The company has two main divisions, pharmaceuticals and consumer healthcare. Glaxo SmithKline has been ranked 64th place in the survey conducted by Forbes Magazine.

(www. gsk. com/about/company) (docstoc. com/docs/15102099/GlaxoSmithKline-company-profile) (gsk-china. com/english/html/aboutus/gsk-.)

## Task 01

## 1. 1Different Types of organization

Organizations are set up in specific ways to accomplish different goals, and the structure of organization can help or hinder its progress towards accomplishing these goals. Organization large or small can achieve higher sales and other profits by properly needs with the structure that they use to operate.

Organizations can be categorized in to Private and public sectors:

Sole traders, partnerships, joint ventures, limited cooperation’s, Co-operations, clubs and societies are found in Private Sectors. In public sectors it found Govt. department, Gov. Cooperation’s and government companies.

## Sole Trader Ship

A person who carries his/her own business or person who is responsible for entire organization is called Sole trader ship.

## Advantages of sole trader ship

- Person has ability to enjoy the profits singly

- Registration is not compulsory

- Business can be closed at any time as the wish of owner

- Person has ability to take decisions

-Easy to start business

## Disadvantages of Sole Trader Ship

-Unlimited liability

- Absence of perpetual succession

-Lack of management skills.

- Inability to take correct decisions

## Partnership

Partnership is a relation that existing between two or more persons who joins to carry on a trade or business. Partnerships are highly adaptable in form and vary in complexity. In partnership each person shares directly in the organization’s profits and shares control of the business operation. Partnership can be minimum 2 and maximum 20 partners.

## 1. 2Stake holders and their Responsibilities

Stake Holders are group of people who is interest in business or industry. There are two types of stake holders internal and external. At some point they can be both.

## Internal Stakeholders

People who are already committed to serving your organization as board members, staff volunteers, and or/or donors. Internal Stakeholders Include:

- Owners

- Share Holders

- Staff and employees

- Managers

## External Stakeholders

External Shareholders People who have relation with organization. External Shareholders Include:

-Customers

-Suppliers

-Government

-Community

## The responsibility of stake holders

Employees- are the most important people in the organization. By hard work of employees the company’s achieve their objectives.

Shareholders- in some large company ‘ shareholders buy shares in company.

Managers- are the people who appointed by board of directors. They are responsible for day to day operation. They are authorized make the decisions inside the company.

Owners-are the people who own the company. Owner has the responsibility to look after the operations that happen in organization.

Customers- customers are people who buying products organization or company. Firm always committed to give the better and professional service to their customers. If they fail to give the service they provide to their customers they will face loss of profits.

Suppliers-are the people who product the good and they provide it to firms. Organization should have good communication and relation with their suppliers.

## 1. 3Company Mission

Improve the quality of human life by enabling people to do more, feel better and live longer.

## 1. 4Company Vision

“ We want to become indisputable leader in our company”

## 1. 5Company’s Aim

Glaxo Smithkline (GSK) is striving to develop new partnerships and approach different mindset that is more innovative, opened minded, flexible and consultative.

## 1. 6Company’s Goal

GSK goals includes develop new innovative new medicine safely and efficiency. Employee health and safety initiatives focus on the factors that enable employees to perform at the highest level by sustaining energy and engagement and drive towards zero harm in the workplace.

(GSK Annual Report 2011)

## 1. 7Company’s Value

Values of GSK are pivotal to the way they operate and their employees are people with high integrity who make good, honest decisions with patients in mind.

## 1. 8Company’s Market Share

GSK Market Share prices in the USA ended at about the same point as they started the year, but there were falls in Europe. GlaxoSmithKline has a share of around 5% of the world€™s pharmaceutical market.

## 1. 9Company’s Growth

In the recent years GSK has developed their pharmaceutical Business and make available medicine to treat range of serious and chronic diseases. There Operating profit fell 6%, reflecting the loss of sales of pandemic products. In previous years Pharmaceutical Products Sales grew to 8% to £1. 7billion. (GSK Annual Report 2011)

## Task 02

## 1. 1Different Types of Economic System

Four types of economic system are;

Markets Economy System- Is the process how is country produce their products and how they distribute into market and control by people of the country. The three questions ask in marketing is what to produce? To whom producing? How to produce? Example= USA is a country where market Economy System is adopted.

Mixed Economy System- is the economies where most of decisions are made by individuals but governments also play some roles. Sri Lanka is a mixed economy country.

Traditional Economy System-is the economy based on how community or people use to trade within their local communities, by direct trade and exchanging one good to each other. In mixed economy most of the resources are inherited. In most of African countries they are following these.

Command Economic System-the government control the economy and they make decisions and influence the firm or organization. In the command economic system government regulate the prices and other things which are in firms. Cuba is a good example of command economic system followed.

## Fiscal Policy

Fiscal Policy is the country’s government policy which government influences the country’s economy and monitors that how the economy of country going on by adjusting taxes or public resources. In fiscal policy government take all the decisions. The main tools of fiscal policy include taxation and expenditure

## Monetary Policy

Monetary policy is the action that government influence economies of country by maintain money policies and interest rates. Monetary policy is conducted by central bank of country. Central bank increases the increase rate and availability of money. Open market operation, discount rate and reserve requirement are three main tools of monetary policy.

## 1. 2How Fiscal and monetary policy affect

When government increase tax obviously the government income will rises up, By increasing tax GSK will have to pay more for taxes, so the profits they get will be decreases, because the tax increasing amount attributable to equity (e. g.: Dividends come down ) & also theRetained Earnings of the company decreases, because of the reinvestment abilities goes down. Eventually GSK’ competitiveness decrease. Because of this consumer’s demand will be low and the people living standard will be low at some point their employee’s income will also be low. But in another way when the government decreases the tax and increase spending then consumers demand will be high and the company’s profit will increase definitely. By increasing tax rates to products and when government cut prices of pharmaceuticals item then the GSK faces challenge in their business.

## Task 03

## 1. 1 Four Types of Market Modules

## Market Modules

## Characteristics

## Monopoly

## Oligopoly

## Perfect Competition

## Duopoly

## Profit-maximiser

## Faces market demand curve

## One product

## No close substitutes

## Price-maker

## Few Sellers

## High Entry Barriers

## Economic profit possible in long run

## Profit maximiser

## Identical product

## Very small share of the market

## Price-taker

## Industry dominated by two large firms

## Possibility of price leader emerging – rival will follow price leaders pricing decisions

## High barriers to entry

## 1. 2 Marketing Condition

GSK is a company which is operating in the pharmaceutical industry. After going through the annual report I identified that GSK is a monopolistically competitive company since there are many competitors in the pharmaceutical industry. Such competitors include major companies like Johnson & Johnson, Eli Lilly.

## 1. 3 Market Demand and Market Supply

Market Demand and Market Supply Gsk is an inelastic demand. its inelastic because whenever the medicine price change also people will demand for that in the percentage change in quantity demanded is less than the percentage change in the price. Medicine is the thing that everyone needs. Wheneveranyone is sick they need drugs or medicine to survive. Even if the price of medicine or lifesaving drugs price go record high also people will demand it obviously at this point demand will be in same. if medicine price change also there will be no effect in supply.

## 1. 4 Level of Innovation, Technology and Recognition

GSK is acompany that always introduces new products to market. In every year they launch 15 types of new products to market. By innovating these products help them to get market for their products. GSK innovation brings lot benefits to our society. In the last 18 years, overall survivor rates for cancer in the UK have increased by 22%. This shows that most of peoples in society are staying alive. Children’s with malaria has been protected from the vaccines which launched by GSK. This means that there innovative has been widely recognized among the peoples.

GSK use lot of new technologies in there working environment. They use computer system to store all their Information’s. Recently GSK has introduced new compensation system to their sales representatives. As well as they has introduce and currently using new type of external engine, which helps them to discover and opens new areas of science’s also use Nova Min- a technology which helps to repair the harmed in teeth.

GSK was name 100 best companies in US Companies in year 2004. in the same year GSK won communication relate award. Brands have been the best recognized brand amongst UKpharmaceutical industry. Therefore they earning the trust and confidence of consumers.

## Task 04

## 1. 1Face problem of international trade

In the international trade, when the country’s economic is well working then GSK get a chance to expand their business and deliver more products to international market. When they introduce new pharmaceutical products which available to consumers in international trade they gain their respective in the market, and companies get a chance to bond relation with the countries, that they supply their products or service. They gain more employees because of their products in market and they get a chance to get more and better employees with good skills and personality. Because of international trade company also gets chance to get more suppliers who are willing to distribute their items to other countries. Also get a chance to develop their operation in internationally at quicker than they operate business in local firms.

In another hand when we look at the disadvantages’ of international trade include, increasing Costs , GSK has to increase their operating expense before they start the business in foreign countries, including new buildings and they have spent more money to get additional staff and to get new transport for the firms. When GSK is entering international trade they need documents like registering their company in other country, they face difficulties because most of countries they need all detail about the company if the company is foreign and government have some restriction rules, because of this company have to wait for more time until prepare these documents.

## 1. 2 Barriers and Opportunities’ UK business Faced

The barriers that UK business faces in emerging markets includes, lack of skilled human resources, culture barriers, language barriers, lack of new institution to promote new technologies and new more things.

Lack of skilled human resources- it is very difficult to find experience peoples in emerging markets. Human Resource need to evaluate their recruitment and developed to bring the skilled employees to meet their demand.

Language Barriers- being able to talk in local language make your customers to make mutual confidence. If the peoples or GSK staffs is not able to talk in local language, then the company can hire a translator And they can giving training or encourage employees to learn local language is also one way . by knowing local language will help company to promote their products easily through local market , like advertise also.

In another hand the opportunities that UK business face in Emerging Market include, trade opportunities’ free trade and middle class. Trade opportunities-in emerging markets countries economy will be growing highly continuously so there are many possibilities of to expand businesses and trade opportunities to UK business. As because of this can open more new branches. Growth of middle class-emerging market is the place that emerging for middle class. Created of new jobs, middle class family get a chance to move out from poverty and get a chance to live a better life. As result of this Country’s economy will increase definitely and the percentage of poor people will be less.

## 1. 3 European Union (EU) Current Situation Effect on UK Businesses

Uprising of euro crisis, UK’s economy has been going down neutral. Since the economy situation of United Kingdom is in a decline, companies have to face difficulties. As Decline of economy the small business and medium business has bankrupted in recent years. In addition, most public sectors have been under pressure to cut the spending and were therefore less willing to appoint new staff and lack of finance sector. Thus, unemployment rate decrease as the result of crisis. Some business like car manufacture fell average low in September which was linked with economy crisis. Because of this car manufactures loss their jobs and obviously it affects’ to the suppliers. As look at last year UK’s largest shares FTSE 100 fell by 9% wiping over 50billions of UK’s largest companies.

## Conclusion

This study shows that company strategic goals and objectives are vital for the organization and its stakeholders to direct the organizations to the target it want reach. Each of them is reflected with each other showing the integration. Thus, from the study it is identifies that GSK have clear identical strategic goals and specifies objectives in order to reach its goals and to achieve its stakeholders as well as community objectives.

Beside, stakeholders’ objectives are very identical for the GSK to exist in the business environment that it operates.