

**Discuss what organisations are and why do they exist. Explaining how they tend to change over time.**

In this essay I will discuss on what organisations are and why exist and I will explain on how they tend to change over time.

“An organization is a group of individuals who work together toward common goals. An organization can be for-profit, such as Microsoft, or not-for-profit such as a public university.”

The private sector is controlled by groups of individuals where the aim is to make profit, where the government has no control.

A Sole Trader is in the private sector, sole trader is the most common business in the UK, e.g. plumbers, builders. A Sole Trader is owned and controlled by one person. A Sole Trader financial ability is retained and personal and benefits financially from success. A sole trader has unlimited liability where its personal belonging is at risk. A sole trader has control of decisions in the competitive market where rapid management skills can be operated. The benefits of a Sole Trader is that personal barrier is built with the customers where word of mouth can be formed.

A Partnership is owned by 2 or more people (2 – 20) where the owners run and control the organisation.

A partnership is can be easily formed due to partners input of finance, however its similar to the Sole Trader where as the partners are financed by their own retained earning and personal borrowing.

Partnerships has unlimited liability. The benefit of a partnership is that the income can increase future of growth, and additional skills and ideas inputted into the organisation. A partnership means that profit has to be divided between partners where problems could be formed.

A public limited company is owned by shareholders. A Public limited company is financed by the use of its floated shares traded in the stock market by the general public.

A PLC can easily raise finance by the use of the shares, and can attract easily credit because of the size of the business and its shares. However PLC have to inform its shareholders about its financial performance, which is a negative because other competitors can take advantage.

“A private limited company is owned by shareholders where they both run and controlled by directors, which are elected, by shareholders”

A Private Limited Company has to put personal assets as security. Private Limited Company shares are not sold to the public without an invitation.

The ltd companies contribute to the economy in many ways, private sectors increases jobs, which is beneficial because it allows customers to have more disposal income to spend and allows more tax to be sent to the government.

If inflation is low, it attracts the customers to buy more and further investment can be taken place. E.g. Asda petrol station in Birmingham.

“The public sector is that part of economic and administrative life that deals with the delivery of goods and services by and for the government” were they contribute to the community by services and protection.

Examples of public sector services are fire, water services, education, and etc.

A non-profit sector is another organisation, which is created by individuals, and made to pursue the government objectives. E.g. charities.

The non-profit sector contributes to the economy very well because it allows other individual to join and unite to help others. E.g. the tsunami appeal.

The public sector exist because to provide a quality service to the community which enables them to be happy and healthy. The private sector exist because to maximise their profit and to expand. Moreover the non – profit sector is there to help the people in need.

Holder and Stoughton defines “The business cycle as a sequence of changes in the level of demand for their products”

The business cycle has many interval stages were business will go through. The organisation will be in a recovery stage were the economic growth is low were businesses are unsure on taking any risk of investment,

The business recovery stage turns into the Boom stage, variety features are implemented like increase of sales, products, inflation and etc. this stage is in a rapid stage were growth can be overheated.

If this stage is overheated employment is high, which will lead to pay rise, then supply constraints will take, place E.g. Boeing an aircraft company.

The growth of the business will fall into Recession, were complaints, falling demand, rising unemployment and low levels of investment will form.

The recession stage will go into a recovery stage again were everything will be unsure and any future investments will have to be paused.

The Boom stage will take into place were sales will increase and etc. the boom stage then fall into the slump stage were the rising interest cost discontinue growth of the business.

Organisation survive and grow by accurate forecasting and planning were as they forecast what and how they going to do it and it shows financial plans so banks can give out loans

They can also survive by getting advice and business support form organisations were they can follow and take tips from others.

Organisation’s survive and grow in the economy by diversification. Diversification is when the business brings out a new product into a new market, which is new to them. E.g. Mars diversified into the ice cream and drink sector were there were successful. Were growth and survival has taken place.

Carter McNamara said, “in our comparison of organizations and programs to people, we note that, as people continue to mature, they begin to understand more about the world and themselves”. On that note it clearly shows on how small businesses grow to larger companies.

Organisation changes over time because it allows them to adapt to the competitive market.

The principal reason for restructuring because it allow's to achieve its objectives. Change is often needed when a business reaches a new stage in its lifestyle. Ref web

Organisations change over time, due to technology. Technology allows busnises to meet their demands qucikly. Employees contracts are terminated due to technology. All mojor companies are using technology beacsuse its saves time, money complaints.

Businesses like Nike are clever they know what to change regarding their products. Nike has employed an army of young employees so they can have thier opinions and keep up to date in american youth.

If there an unanticipated change within the business, the business may will have to expand, were management can be efficient.