

Business ownership

An organisation is a decision-making unit that sets out to achieve particular business objectives. A business organisation will produce a product or service that it sells to a market.

There are many different types of organisations and organisational structures depending on what they are trying to achieve. The shape and structure of the organisation is often influenced by the environment in which it operates. This is made up of the actions of competitors as well as economic, social, technological and legal influences.

There are two main types of organisation that we can group businesses into: For profit organisations and Not-for-profit organisations.

For profit organisations:

These organisations seek to make profits as well as other wider business objectives. They are part of the private sector, where the businesses are controlled by private owners rather than the government. For profit organisations include Manchester United Football Club, Kellogg's, BIC, Gillette, and Nissan as well as smaller sole trader and partnership based businesses. The larger companies are accountable to shareholders and other stakeholders and each year will produce an annual report setting out their results and how they are responding to a changing business environment.

Not-for-profit organisations:

These are not focused on profit making but set out to achieve other objectives. Many not-for-profit organisations are charities who seek to raise revenue from donations and other sources to create a surplus which can be used to support their aims. Others are set up to support industry and receive Government support. Examples of such businesses include: ACAS (The Advisory, Conciliation, and Arbitration Service) which sets out to create better employee relations in this country, and The Office of Fair Trading which works to create a competitive environment.

An important sub-group within this section is Public Sector organisations. These are ones owned and controlled by the Government for the benefit of society. These are not seeking to make a profit but to provide services to the UK public which would not otherwise be supplied in sufficient quantities, could not be supplied at a profit, or it is in the national interest to keep the service under Government control.

Examples include the BBC, the education system, the armed forces and the National Health Service. This sector has become smaller in the past 25 years as the Government has privatised industries such as coal, gas, electricity, railways and telecoms.