

Unit 226 : Understand employer organisations

TYPES OF ORGANISATION



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Private – organisations that exist to make a profit, eg retailers, and are owned by shareholders, which may number from one to thousands. Companies whose shares may be bought by the public are identified by the letters plc after the name.

Public – organisations funded by public money (ie taxes), which include hospitals, schools, etc.

Non-profitmaking (the community and voluntary sector) – charitable organisations such as Oxfam.



PRIVATE SECTOR ORGANISATIONS

Purpose

- To make a profit for its shareholders.

Source of finance

- Profits from sales; shareholder investment.

Method of finance

- Increasing sales and lowering operating costs

Destination of profits/surplus

- Pays shareholders' dividend and then invested into the business with a view to making more money.

Example organisations

- Marks & Spencer, British Airways, BUPA.



TYPES OF PRIVATE SECTOR ORGANISATION

- sole trader
- partnerships
- private limited company
- public limited companies.



PUBLIC SECTOR ORGANISATIONS

Purpose

- To provide a good value service to the public.

Source of finance

- Public taxation.

Method of finance

- Meeting targets within a budget.

Destination of profits/surplus

- Goes back to central government.

Example organisations

- NHS, government departments, state schools.



TYPES OF PUBLIC SECTOR ORGANISATIONS

- NHS Health organisations – hospitals, doctors' surgeries, clinics
- state education organisations – schools, colleges
- local authorities (councils), eg London Borough of Ealing
- government departments, eg Department for Health
- executive agencies that operate as separate organisations, eg The Met Office and HM Land Registry are both executive agencies within the Department of Business, Innovation and Skills (BIS)
- non-ministerial departments, eg the Foods Standards Agency
- non-Departmental Public Bodies (NDPB) – quangos – eg The Health and Safety Executive.



VOLUNTARY SECTOR ORGANISATIONS

Purpose

- To provide free services for those in need.

Source of finance

- Donations.

Method of finance

- Appeals, fund-raising activities, charity shops.

Destination of profits/surplus

- Spent on supporting the organisation's main aim.

Example organisations

- Greenpeace, Save the Children, RSPCA.



FACTORS AFFECTING THE WAY ORGANISATIONS OPERATE

Within the sectors, the way organisations operate will differ greatly depending on their

- purpose
- size
- customers.

