

UNIT 2 Nature and functions of organisations and institutions in an economy or economies studied

Recommended Prior Knowledge This Unit can be studied without any prior knowledge but it does build on two areas covered in Unit 1. The section on the functions of commercial and central banks follows on from the section in Unit 1 which dealt with the need for exchange and the functions and types of money. Also, the section on business organisations in the public and private sectors will link in well with the discussion of market, planned and mixed economies in Unit 1. Students will hopefully also have some basic idea of different business organisations, recognising that they could range from sole proprietors up to very large multi-nationals. They are also likely to have some idea of the world of banking and possibly some idea of the role of trade unions in an economy.

Context As already indicated, this Unit builds on some of the economic ideas covered in Unit 1. It will also link with some of the ideas covered in later Units. For example, the section on trade unions will link with the discussion of wages in Unit 4, the section on private sector organisations will link with the private firm as producer and employer in Unit 5 and the sections on public sector organisations and the functions of central banks will link with the role of government in an economy in Unit 6.

Outline The Unit starts by describing the types of business organisation in both the public and private sectors and then considers the effects of changes in the structure of business organisations. It then deals with the role of trade unions in an economy and finishes with an examination of the functions of central banks, commercial banks and stock exchanges.

	Learning Outcomes	Suggested Teaching Activities	Online Resources	Other Resources
2 a	Students should be able to describe the type of business organisation in the public and private sectors: sole proprietors, partnerships, private companies, public companies, multi-nationals, co-operatives and public corporations.	A good place to start would be to get the students thinking and talking about the variety of business organisations which exist in an economy and how they might differ. Two important distinctions would be between the private and public sector and between large and small organisations. Each student should then research a particular business organisation and report back to the group on their findings; the teacher will need to ensure that there is at least one example of each of the different types. One particular issue might be appropriate for an assignment or a debate: the advantages and disadvantages of multi-nationals. This area has become quite controversial and students might like to	URL – http://www.bbc.co.uk/schools/bitesize/business/aims/limitedcompaniesrev1.shtml URL – http://www.bbc.co.uk/schools/bitesize/business/aims/limitedcompaniesrev2.shtml URL – http://www.bbc.co.uk/schools/bitesize/business/aims/limitedcompaniesrev3.shtml URL – http://www.bbc.co.uk/schools/bitesize/business/aims/partn	Anderton, Units 40-43, pages 102-111 Harrison and Nutter, Chapter 11, pages 107-118 Moynihan and Titley, Chapter 5, pages 82-109 Paisley and Quillfeldt, Part 6, Units 6.2 and 6.3, pages 142-155

		<p>focus on particular multi-nationals. It would be useful for students to choose one and go on their website; the Online Resources gives the example of the Kellogg Company. The Companies Online website gives information on many American companies; students need to try and find a similar site for their own countries and regions. All of the resources have good coverage of the advantages and disadvantages of the different types of business organisation. The coverage in Moynihan and Titley is particularly thorough. The study points and check points in Anderton will help students to improve their understanding of the topic (pages 102-111). Harrison and Nutter have answers to two useful questions on this part of the syllabus (pages 114-117).</p>	<p>ershipsrev2.shtml URL – http://www.bbc.co.uk/schools/bitesize/business/aims/partnershipsrev3.shtml</p> <p>URL – http://www.bbc.co.uk/schools/bitesize/business/aims/publicsectorrev2.shtml</p> <p>URL – http://www.bbc.co.uk/schools/bitesize/business/aims/publicsectorrev3.shtml</p> <p>URL – http://www.bbc.co.uk/schools/bitesize/business/aims/sizeandorganisationsrev2.shtml</p> <p>URL – http://www.kelloggsconsumer.care.co.uk</p> <p>URL – http://www.companiesonline.com</p>	
b	<p>Students should be able to describe and evaluate the effects of changes in the structure of business organisations.</p>	<p>This part of the syllabus follows on from the previous part; once students have proved that they can describe the different types of business organisation, they now need to show that they can describe and evaluate any changes in that structure. They need to think why a sole proprietor might decide to transform a business into a partnership or why a private limited company might wish to become a public limited company. They</p>	<p>URL – http://www.schoolcool.co.uk/quicklearn Privatisation: The definitions</p> <p>URL – http://www.schoolcool.co.uk/quicklearn Privatisation: The advantages of privatisation</p> <p>URL – http://www.s-</p>	<p>As above</p>

		<p>should try and find an example of such a business and examine why the change took place and whether it had been a success. A useful change in structure to investigate would be from a public corporation to a privatised company. Students could research one particular example of such a change and evaluate its effects.</p> <p>The s-cool website has some information on British Telecom and the gas, electricity and water industries. Anderton is particularly helpful in this area (pages 110-111) and has a useful question on the possible privatisation of the Post Office in the UK. Moynihan and Titley (pages 108-109) have an article on the privatisation of the National Air Traffic Service in the UK, followed by some questions. These examples focus on the UK; students need to try and find examples in their own countries and regions.</p>	<p>cool.co.uk/quicklearn Privatisation: The disadvantages of privatisation</p> <p>URL – http://www.s-cool.co.uk/quicklearn Privatised utilities: British Telecom</p> <p>URL – http://www.s-cool.co.uk/quicklearn Privatised utilities: Gas</p> <p>URL – http://www.s-cool.co.uk/quicklearn Privatised utilities: Electricity</p> <p>URL – http://www.s-cool.co.uk/quicklearn Privatised utilities: Water</p>	
c	Students should be able to describe trade unions and their role in an economy	<p>Many students will have some idea of what a trade union is. They could start by asking any friends and family if they are in a trade union and, if so, discover their reasons for being in one. They could then choose a particular trade union, perhaps one in their own country and research that one; this would be appropriate for an assignment and they could then report back to the class. Most trade unions are likely to have their own website.</p> <p>The resources all cover the characteristics of trade unions and discuss their relative advantages and disadvantages. Moynihan and Titley have a useful section on how trade unions can influence wages (page</p>	<p>URL – http://tutor2u.net/economics/content/topics/labourmarket/fairness_at_work.htm</p> <p>URL – http://www.s-cool.co.uk/quicklearn Labour Markets: Trade Unions</p>	<p>Anderton, Units 26 and 27, pages 68-73</p> <p>Harrison and Nutter, Chapter 10, pages 99-101</p> <p>Moynihan and Titley, Chapter 11, pages 244-247</p> <p>Paisley and Quillfeldt, Part 2, Unit 2.3, pages 43-53</p>

		<p>245). Anderton is also thorough with some interesting study points and check points (pages 68-71); he also has some relevant data response questions on trade unions (page 73). Harrison and Nutter have a helpful answer to a question on this topic (page 100).</p> <p>The focus of the work on trade unions should be on their role in the economy and the topic could be ended by an assignment and/or debate on this, contrasting the potential advantages with the possible disadvantages.</p>		
d	<p>Students should be able to describe the functions of central banks, stock exchanges and commercial banks.</p>	<p>Most students will probably have some familiarity with the work of commercial banks and so this would be the best place to start the topic. They could start by having a discussion of what functions are performed by banks. Each student could be asked to get some information about a commercial bank, either in the form of a pamphlet or booklet or through obtaining information from the internet, and then to analyse the various functions that are performed. The websites of four of the largest banks are included in the Online Resources. It might be possible for the teacher to arrange a visit to a bank or to get someone from a bank to talk to the students at school.</p> <p>All of the resources provide information on the functions of commercial banks. Anderton has some particularly useful questions, such as the study points in Unit 50 (page 126). Paisley and Quillfeldt are very thorough on this topic (pages 66-69). Students will probably be less familiar with the operation of a central bank. They need</p>	<p>URL – http://www.tutor2u.net/economics/content/topics/monetarypolicy/boe.htm</p> <p>URL – http://www.tutor2u.net/economics/content/topics/monetarypolicy/independent_boe.htm</p> <p>URL – http://www.bankofengland.co.uk</p> <p>URL – http://www.londonstockexchange.com</p> <p>URL – http://www.proshare.org</p> <p>URL – http://www.proshare.innovation.gov.uk</p>	<p>Anderton, Units 50-51, pages 126-131</p> <p>Anderton, Unit 68, pages 170-171</p> <p>Anderton, Unit 79, pages 196-197</p> <p>Harrison and Nutter, Chapter 15, pages 158-170</p> <p>Harrison and Nutter, Chapter 16, pages 182-183</p> <p>Moynihan and Titley, Chapter 6, pages 122-127</p> <p>Moynihan and Titley, Chapter 19, pages 410-418</p> <p>Paisley and Quillfeldt, Part 3, Unit 3.3, pages 66-73</p> <p>Paisley and Quillfeldt, Part 6,</p>

		<p>to find out information about the central bank in their own country and the role it plays in the economy; each central bank will usually have its own website (the one for the Bank of England is included in the Online Resources) and this can be a very useful source of information. Most central banks publish an annual report and this can also be very helpful.</p> <p>Each of the resources cover the topic and usually link it with the role of the government which is the focus of Unit 6, such as Moynihan and Titley (pages 334-337 and 416-417).</p> <p>Students are also likely to be less familiar with the role of the stock exchange in the economy. They need to find out information about the stock exchange which operates in their country; as with the central bank, the country`s stock exchange is likely to have a website which will provide them with useful information. (the London Stock Exchange is included in the Online Resources). They could also bring in a newspaper which covered financial news and examine the trends over a number of days and weeks, both in relation to the shares of particular companies and in terms of specific indices, such as the FTSE 100 or the Dow Jones. If students wanted to take their interest further in this part of the syllabus, there are a number of online share competitions which they might enjoy taking part in; one of these is the Proshare Student Investor competition, and the website for this is included in the Online Resources.</p> <p>All of the resources cover this topic;</p>	<p>URL – http://www.barclays.co.uk</p> <p>URL – http://www.lloydstsb.com</p> <p>URL – http://natwest.co.uk</p> <p>URL – http://www.ukpersonal.hsbc.co.uk</p>	<p>Unit 6.4, pages 157-162</p>
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		Moynihan and Titley (pages 122-127) and Paisley and Quillfeldt (pages 157-159) are both very thorough.		
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