**Eco summary chapter 3 starting your own business**

**Section 1. Starting your own business.**

In the Netherlands most people are employees in a company. However, some people prefer to work in their own company.

3 advantages of running your own business:

1. You can make high profits
2. You can make your own decisions
3. More flexibility between work and life

3 disadvantages of running your own business:

1. You can go bankrupt and lose all the money that you've invested
2. You have to be prepared to work long hours. You have limited or no time for holidays
3. You're not receiving a steady income, sometimes hardly any income at all

Because of the economic crisis a business was not as popular in 2012 as it was in 2011.

To calculate the percentage of change in the number of formations you need to:

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x 100AAAAAAAAAAAAAAAAAAAAassd

Oldaaaaaaaaaaaaaaaaaaaaaaaaaaaaaaaaaaaaaaaaa

If you want to start up a business you have to:

1. Register at the Chamber of Commerce
2. apply for a VAT number
3. Open a business bank account

The Chamber of Commerce provides information about:

1. Permits
2. Legislation
3. The value added tax
4. How to create a business plan

A self-employed person without employees is called a freelancer. Better known as ZZP-er.

**Remember from chapter 1 § 1:**

*An entrepreneur knows how to combine the production factors nature, labour and capital to*

*create a product or a service in such a way that he or she can make a profit.*

*The tax and customs administration have three criteria for self-employed persons without*

*employees to be an entrepreneur.*

*\* You must make a profit.*

*\* You must be independent and have multiple customers.*

*\* You must run business risks, such as the risk of customers not paying.*

*If an entrepreneur meets all these criteria he or she is entitled to special tax benefits*

*(= belastingvoordelen).A tax relief (= belastingvrijstelling) lowers the taxable profit of the entrepreneur. The profit that the entrepreneur has made, is the income that he has earned.*

**Section 2. The form of the enterprise.**

There are 4 types of enterprises:

1. The sole trader

Only 1 person, the owner is in charge.

1. The general partnership

More than 1 owner, each of the owners is personally liable for the complete debts of the enterprise.

1. A public limited company

The value of the company is divided into shares. If you own 1 or more shares you are partly owner of the company.

1. A limited company

The value of the company is divided into shares. If you 1 or more shares you are partly owner of the company.

Disadvantages sole trader:

-If you are a sole trader and you go bankrupt, the owner will have to pay the remaining debts out of his private assets.

-it's also difficult for sole traders to attract credits from banks.

Advantages sole trader

-The advantage of being a sole trader is that you the only one who is in charge, so decisions can be taken quickly.

-And all the profits go to the owner.

Disadvantages of general partnership:

-If the company goes bankrupt, the owners will have to pay the remaining debts out of their private assets.

-If one owner has not enough private assets, the other owners have to pay his debts too.

Advantages of general partnership:

-The owners can consult each other about difficult decisions.

-It's easier for the company to borrow more money from the bank.

Disadvantages and advantages of a public limited company:

-If the company goes bankrupt, the owners can only lose the money they have paid for their shares. So their private assets are safe.

-The shares can be sold to anyone.

-The company can attract money for investment by creating and selling new shares.

Disadvantages and advantages of a limited company:

-If the company goes bankrupt, the owners can only lose the money they have paid for their shares. So their private assets are safe.

-The shares cannot be sold to just anyone.

-The company can attract money for investment by creating and selling new shares.

**Section 3. Managing an organisation.**

In an organisation people work together to achieve certain goals. A school is a non-commercial organisation because they are not aiming at making a profit.

But a supermarket is a commercial organisation, because a group of people are working together buying all kinds of goods and trying to sell them at a higher price with the aim of making a profit.

An association is a non commercial organisation with member and a goal:

* Members pay a membership fee and they choose a board.

A foundation is a non commercial organisation with a goal but without members:

* The board of the foundation tries to achieve that goal.
* The foundation usually gets its money from donations and subsidies.

Managers have 5 key tasks:

**1.** They set the objectives of the organisation.

* Turnover should have increased with 50% within 3 years now.

**2.** They plan how these objectives should be realised

* To set smaller objectives that should be achieved in the right order at the right time.

**3.** They organise.

* You need well trained personnel and enough capital to invest

**4.** They manage.

* Giving instructions to employees, motivating employees and helping employees to carry out these instructions.

**5.** They check.

* Monitoring to ensure the employees are carrying out their activities and objectives are achieved in time.

An organisational chart gives an overview of the way a company is organised.

In a line organisation each employee has 1 boss above them in the hierarchy.

A boss gives orders to his or her subordinates, a subordinate is only responsible to 1 boss.

An advantage is that the tasks and responsibilities are very clear.

In a line-staff organisation 1 or more staff departments are added to the line organisation.

In a staff department specialists or experts support and advise the management.

An advantage is that a boss can make use of the specialist knowledge of his or her staff.