



***Institut de Formation à Distance***

**ONLINE ENGLISH COURSES    ESP   ECOMA**

**LICENCE 2**

# Presentation of trainers

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# ● CHAPTER 5

# BUSINESS ORGANIZATIONS



# Pre-Requisite & General Objective

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**Pre-requisite:** Should have completed the L1 English Course

**General Objective:** This course aims at providing students with the necessary skills to express themselves in English, through conversations by understanding business organizations' environment.

# Specific Objective

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At the end of this course, students should be able to talk about business organizations (types & forms).



# Introduction

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The term business organization describes how businesses are structured and how their structure helps them meet their goals. In general, businesses are designed to focus on either generating profit or improving society. When a business focuses on generating profits, it is known as a for-profit organization. When an organization focuses on improving the social good through the arts, education, health care, or some other area, it is known as a nonprofit (or not-for-profit) organization and is not typically referred to as a business.



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# **I) Types of Business Organizations**



# 1- Service Business:

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A service type of business provides intangible products (products with no physical form). Service type firms offer professional skills, expertise, advice, and other similar products.

As examples of service businesses we can have: salons, repair shops, schools, banks, accounting firms, and law firms.





## 2- Merchandising Business :

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This type of business buys products at wholesale price and sells the same at retail price. They are known as "buy and sell" businesses. They make profit by selling the products at prices higher than their purchase costs.

A merchandising business sells a product without changing its form. Examples: grocery stores, convenience stores, distributors, and other resellers.



### 3- Manufacturing Business:

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Unlike a merchandising business, a manufacturing business buys products with the intention of using them as materials in making a new product. Thus, there is a transformation of the products purchased.

A manufacturing business combines raw materials, labor, and factory overhead in its production process. The manufactured goods will then be sold to customers.



# **II- FORMS OF BUSINESS ORGANIZATIONS**



# 1- Sole Proprietorship:

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A sole proprietorship is a business owned by only one person. It is easy to set-up and is the least costly among all forms of ownership.

The owner faces *unlimited liability*; meaning, the creditors of the business may go after the personal assets of the owner if the business cannot pay them.

The sole proprietorship form is usually adopted by small business entities.



## 2- Partnership:

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It is a business owned by two or more persons who contribute resources into the entity. The partners divide the profits of the business among themselves.

In general partnerships, all partners have unlimited liability. In limited partnerships, creditors cannot go after the personal assets of the limited partners.



# 3- Corporation:

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A corporation is a business organization that has a separate legal personality from its owners. Ownership in a stock corporation is represented by shares of stock.

The owners (stockholders) enjoy limited liability but have limited involvement in the company's operations. The board of directors, an elected group from the stockholders, controls the activities of the corporation.



# Exercise

Complete the sentences below with the missing expressions. Choose between the following: *corporation, employees, limited, shareholders, enterprise, premises, offices, involved, sector, retailing, merge, bookkeeping, vice presidents, trade union*

- 1) Several companies are \_\_\_\_\_ in the development.
- 2) Ltd stands for \_\_\_\_\_ company.
- 3) Mining and farming are part of the primary \_\_\_\_\_.
- 4) Shops and supermarkets are part of the \_\_\_\_\_ industry.
- 5) Our economy depends on private \_\_\_\_\_ to combine capital and opportunities for investment.
- 6) A private company can have one owner or thousands of \_\_\_\_\_, owning the firm.
- 7) The two firms want to \_\_\_\_\_ to form a larger one and be stronger.
- 8) We are moving because our business \_\_\_\_\_ are too small.



# Exercise (continuation)

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- 9) The \_\_\_\_\_ department looks after the company's figures.
- 10) In many countries of the world today, particularly in large firms, employees can join a \_\_\_\_\_.
- 11) The \_\_\_\_\_ around the world are becoming more and more similar and one looks much like the other.
- 12) In America a large firm is called a \_\_\_\_\_.
- 13) In American companies directors are called \_\_\_\_\_.
- 14) The atmosphere of the workplace can influence the effectiveness of a company's \_\_\_\_\_.

