

Organizations 2

A Self-employed people and partnerships

Oscar is a **freelance** graphic designer – a **freelancer**. He likes the freedom of working for himself. To use the official term, he's a **sole trader**.

People such as designers and journalists are freelancers, whereas builders and plumbers are normally referred to as being **self-employed**.

Jane and Miranda are architects who have set up their own architecture **partnership**. A lot of professional people like lawyers, accountants, and so on work in partnerships. They are **partners** – there are no shareholders in the organization apart from the two of them.

Note

Sole owner and **sole proprietor** are both used in BrE and AmE. **Sole trader** is not used in the US.

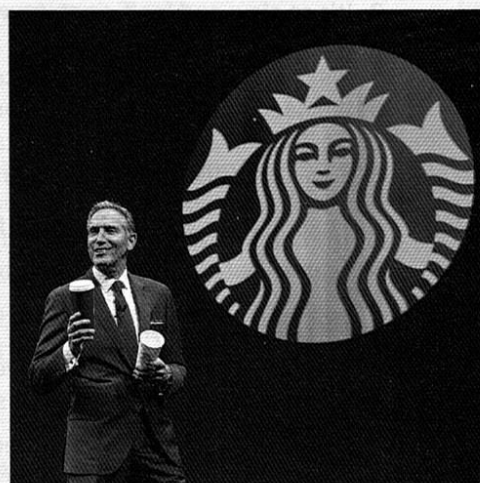
B Limited liability

Jane and her partners have **limited liability**: if the partnership **goes bankrupt** – runs out of money – the people to whom the partnership owes money can take the company's **assets** to pay the debts, but they can't take personal assets such as the partners' houses or cars. It's a **limited liability partnership (LLP)**.

Jon Robertson is managing director and main shareholder of a small electronics company in Scotland called Advanced Components **Ltd**. 'Ltd' means **limited company**, with limited liability.

Howard Schultz is president of Starbucks **Inc**. 'Inc' stands for **Incorporated**. This shows that it is a **corporation** – used especially in the US for companies with limited liability, and also used in the UK in the names of some big companies.

Some British companies include **PLC** as part of their name. This means that the company is a **public limited company**, and its shares are bought and sold on the stock exchange.



Howard Schultz

C Mutuals

Some companies like certain **life insurance companies** are **mutuals**. People buying insurance with the company are its **members** and there are no shareholders. Profits are theoretically owned by the members.

In Britain, there are mutuals called **building societies**, which lend money to people who want to buy a house. But a lot of building societies are changing into public limited companies with shareholders: many have **demutualized** in a process of **demutualization**.

D Non-profit organizations

Organizations with 'social' aims such as helping those who are sick or poor, or encouraging artistic activity, are **non-profit organizations** (BrE) or **not-for-profit organizations** (AmE). They are also called **charities** and form the **voluntary sector**: they rely heavily on **volunteers** – unpaid workers. For example, a charity like Médecins sans Frontières is managed by paid professionals, and together they put a lot of effort into **fundraising** activities. These activities encourage people to give or **donate** money, clothes, food or time to help the organization. These **donations** are essential for the organization to do its work.

Exercises

2.1 Look at the words in A and B opposite. Which type of organization is each of these?

- 1 A group of engineers who work together to provide consultancy and design services. There are no outside shareholders.
- 2 A large British engineering company with 30,000 employees. Its shares are bought and sold on the stock market.
- 3 An American engineering company with outside shareholders.
- 4 An engineer who works by herself by providing consultancy. She works from home and visits clients in their offices. (3 possibilities)
- 5 An independent British engineering company with 20 employees. It was founded by three engineers, who are shareholders and directors of the company. There are five other shareholders who do not work for the company.

2.2 Complete this newspaper article with expressions from C opposite.

NEWSONLINE

Home News World Business Food Technology Science

Angry scenes as members reject (1)

There were angry scenes at the Suffolk (2) 's annual meeting as the society's (3) rejected by two to one a recommendation from its board that the society be (4) Members had travelled from all over the country to attend the meeting in London. The Suffolk's chief executive, Mr Andrew Davies, said, 'This is a sad day for the Suffolk. We need to (5) to bring the society forward into the 21st century. Our own resources are not enough and we need capital from outside shareholders.' Gwen Armstrong, who has saved with the Suffolk for 32 years, said, 'Keeping (6) status is a great victory. Profits should stay with us and not go to outside shareholders.'

Comment Like

2.3 Match the sentence beginnings (1–5) with the correct endings (a–e). The sentences all contain expressions from D opposite.

- | | | |
|---|--------------------------|---|
| 1 British people donate around £4 a week each on average to charities | <input type="checkbox"/> | a with loss-making companies! |
| 2 She organized fundraising | <input type="checkbox"/> | b and many volunteer to give their skills too. |
| 3 Voluntary sector employees earn five to ten per cent | <input type="checkbox"/> | c parties for the charity. |
| 4 Non-profit organizations are not to be confused | <input type="checkbox"/> | d when they are helping people in their own social class. |
| 5 Research shows that volunteers give the best service | <input type="checkbox"/> | e less than they would in the private sector. |

Over to you

Which non-profit organizations are well-known in your country? What do they do? How do they raise money?