

LECTURE 4: BUSINESS ORGANISATION

4.1 INTRODUCTION

We live in a pluralistic society made up of organization units, where people combine their efforts to achieve goals that no individual could possibly achieve alone. Organizations come in a variety of sizes and types such as the family, church, government, economic interest groups, political organizations, mutual help organizations and business organizations. These organizations serve a wide variety of functions and they are important for all of us because we frequently associate with them. For instance we typically earn our livelihoods as organizational members and they are building blocks upon which society is constructed. **An organization can be defined as a system, having an established and conscious planning, in which people work and deal with one another in a coordinated and cooperative manner for the accomplishment of a recognized goal(s).** This chapter is going to focus on the business organization. First a background of the business organization is given, followed by the factors that influence choice of a business organization, legal forms of business and lastly a brief discussion on some models of business association.

4.1.1 The Business Organization

Originally, producers were engaged in subsistence production. However, after the period of industrialization, specialization came into existence, such that one had to produce enough for him/herself and sell the excess. There was a risk in undertaking some economic/business ventures and those who took the risk were paid a premium or profit. Consequently the concept of entrepreneurship and

business organization evolved to the extent that currently the business organization has become the most important organization. Government, which was once important, depends on the business to exist through taxes. Most economies have shifted from socialist/command to capitalist economies, implying the private sector has taken an upper hand in driving the economy and development of communities through employment creation, income generation and poverty alleviation.

A business organization is a group of people (shareholders, managers, workers) forming a structure with rules and authority; pursuing predetermined objectives and using economic resources (land, labor, capital, entrepreneurship, time, information) to satisfy economic wants for which people are prepared to sacrifice their resources. Business organizations exist or are organized mainly for economic reasons. For any organization to continue in business it must achieve its goals and the most apparent and important goal is profit. This is because profit is the only measure of the validity of business decisions and any business that does not make profit in the long run cannot survive and grow. Notwithstanding the importance of the profit objective, it should be noted that the primary objective of a business is to create a customer through whom profits are made. This implies that the future of any business lies in the hands of customers; for without a customer there are no sales.

4.1.2 Factors influencing choice of business organization

The choice of the type of business organization depends on the circumstances and objectives of the firm. When deciding which form of organization is best, the

owner(s) must analyze several factors; some of which include: the cost of organizing, ease of formation, Capital needed to carry on the agribusiness, how much capital needed does the owner(s) have available, ease of acquisition of additional capital for the agribusiness, available tax liabilities and options, extent of personal involvement by the owner or owners in the management and control of the agribusiness, stability, continuity and transfer of ownership, desirability to keep the affairs of the agribusiness secret, risk and liability that should be assumed by the owner or owners, the type of business; where will it be conducted and the owners' objectives and philosophies for the agribusiness (Erickson et al., 2009) These factors and how they influence the choice decision will be discussed in detail in the following section.

4.2 LEGAL FORMS OF BUSINESSES

It is a legal requirement that before a business starts operating it has to register with the appropriate institution for instance the Patents and Companies Registration Agency (PACRA). Apart from giving your business under taking a legal status, it grants you the exclusive right to personally use your company and business name; the right to enter with confidence into the competitive business arena having a business /corporate identity; enables you to enjoy the pride of being an honest citizen and affords you an opportunity to contribute to national development for example through payment of taxes. There are four basic forms a business can take: sole proprietorship, partnerships, corporation and co-operatives. Each form of organization has advantages and disadvantages and these must be weighed carefully because each form tends to fit some situation better than others.

4.2.1 Sole Proprietorship

This is the oldest, simplest and most common structure; involving one person as the principal operator of the business. Proprietorships generally tend to be small businesses; however when a business reaches a certain size, other forms of business organization usually become more attractive.

4.2.1.1 Advantages

- ✓ *Ease of formation*: least complicated as there are few legal and tax requirements.
- ✓ *Easy to dissolve*: by sale or inheritance of assets of the business organization;
- ✓ *Activities and flexibility* are unlimited except by personal wishes of proprietor;
- ✓ *Taxation*: income is taxed as proprietor's personal income thus it is free from business tax;
- ✓ *Confidentiality*: Information on operations and profits are known by proprietor and generally not known by the public. Legally they are not required to audit their accounts nor publicly disclose their records;
- ✓ *Control of the business rests with one individual*; therefore it is relatively easy to make decisions and there is no scope for disagreements between owners;

- ✓ *Retention of profit:* all profits belong to the owner and this is a strong incentive for the sole proprietor to succeed; and
- ✓ **Personal relationships:** the smallness of the business facilitates a sole proprietor's maintenance of a closer and more personal contact with both his/her employees and customers. He/she is known personally to the customers and is aware of their private problems. So there often exists intimacy between management, workers and customers, which is not easy to foster in a large concern. This personal knowledge of the customers and their financial standing makes it easy for the proprietor to meet their wishes and be prudent in granting of credit.

4.2.1.2 Disadvantages

- *Ease of raising funds* is limited to owner's personal resources or ability to borrow. However, since the mortality rate is relatively greater for sole proprietorships, banks are not willing to extend credit to them. Besides, small firms do not benefit from economies of scale as a result at a certain level; the costs of production may be high. Hence it is relatively difficult for such firms to grow into large-scale enterprises;
- *Unlimited liability for personal assets:* the owner's personal liability for all debts and liabilities of the business extends even to the owner's personal estate;
- *Taxation:* While freedom from business taxes is generally an advantage, it may be a disadvantage. This is because business profit in a proprietorship is considered as personal income to the owner, whereby a high business profit may throw the owner into a higher tax bracket. This may not be the case for example in a corporation that pays corporate tax. This is

especially disadvantageous if extensive funds are needed for the growth and expansion of the business.

- *Limited management skills*: potential benefits of specialization in business management are usually inaccessible to the typical small scale proprietorship. Proprietorships may experience difficulty in employing highly skilled employees because the majority of highly trained and motivated employees would want to participate financially in the business for which they work. They may also feel uneasy about the fact that their future depends on the health and viability of a single person. Consequently, as the business grows the owner may find herself/himself wearing too many hats which results in the business suffering;
- *Status*: there could be possible status problems perceived by third parties; and
- *Lacks stability and continuity* because it depends so heavily on one person. Death or disability of the owner in effect ends the business.

4.2.2 Partnerships

A Partnership is a business formed for profits by two or more co-owners, where the rights and duties of the partnership are regulated by laws of the state and bounded by a legal agreement entered into by the co-owners. Each partner customarily contributes economic assets to the enterprise in form of money, skill and labor. The legalities required to set up a partnership are minimal, however, it is advisable to have a formal partnership agreement drawn up by a solicitor (if possible one who is familiar with problems of partnerships). Such an agreement should specify the following:

- Details of the partners, and the name and nature of the business they carry on;
- Duration of the partnership, date of commencement and any anticipated termination date;
- Capital contributed by partners and agreement on interest payable to partners for money introduced;
- Calculation and division of profits: this needs to be specified particularly where partners contribute unequally;
- Rights and obligations of individual partners such as management and control of the business. This is most needed where partners put in unequal amounts of time in the partnership. Where there is a sleeping partner, management partners may need to guard against future interference and provide for their own salaries before profits are divided;
- Changes brought about by death, retirement and joining of new partners;
- How the ending can be dealt with if the partnership is dissolved; and
- Participation of family members as employees of the business

4.2.2.1 Types of Partnerships

There are basically two types of partnerships. These include **general partnerships** and **limited liability partnerships**.

General Partnerships

This is the most common type of partnership. Each individual partner, regardless of the percentage of capital contributed, has rights and liabilities. A general

partner has the authority to act as an agent for the partnership, and each general partner may bind the partnership to fulfill any business deal he/she makes. In addition, a general partner normally participates in the management and operation of the business. Each partner is liable for all partnership debts, and may share profits in equal proportion with all partners. If misfortune befalls the partnership, all liabilities are shared equally among partners for as long as sufficient personal resources exist. However, in the case where one partner's resources are exhausted, remaining parties continue to be liable for the remaining debt. General partners may contract among themselves to delegate certain responsibilities to each other or to divide business revenues or costs according to a chosen criterion, for instance, the funds invested or job responsibility.

Limited Partnerships

All partnerships are required by law to have at least one partner who is responsible for the operation and activities of the business, but it is possible for the other partners to partake in the business on a limited basis. This type of partnership permits individuals to contribute money or ownership capital without incurring the full legal liability of a general partner. A limited partner's liability is generally limited to the amount that the individual has personally invested in the business.

4.2.2.2 Advantages of Partnership

- ✓ *Easy and inexpensive to form* compared to a corporation. However, it is advisable that a good solicitor is engaged to draw up the partnership agreement;
- ✓ *Confidentiality*: The business affairs of a partnership are confined to the partnership and the partnership accounts are legally not required to be audited. This element of secrecy is one of the prime reasons why many people choose to do business as partners;
- ✓ *Partners are a team*: where each team member shares in the responsibility and profits. As a result partners are more likely to be motivated than employees of sole proprietorship or corporation;
- ✓ *Taxation*: partners as individuals pay taxes only on the income generated from their share of profits, hence tax expense is minimized through the distribution of profits;
- ✓ *Control or management of business decisions and policies*: is concentrated among the partners. The partnership combines the wealth, knowledge, skills and talents of different partners and generally partners split the responsibilities of the business. That is if one heads the sales section another will head the operations and this can be done either on a formal or informal basis;
- ✓ *Transfer of ownership*: partners may sell their interest in the business to others if the remaining partners agree;
- ✓ *Graduation to a limited company*: A partnership can be relatively easily transformed into a limited company at a later stage compared to a sole proprietorship.

4.2.2.3 Disadvantages of Partnership

- *Liability*: partners are personally liable for the debts of the partners even if caused by actions of other partners;
- *Continuity and stability*: From strictly a legal point of view whenever a partner leaves, the partnership is dissolved and a new one must be formed. However, if the means for establishing the value of the partner's share and the process for transfer and acceptance of new partners has been firmly established in the written partnership agreement, the transition can be reasonably smooth;
- *Conflicts*: disputes between partners can be very damaging. Hence, a high degree of mutual trust is required;
- *Control and management* of partnership are vested equally in the general partners, therefore a serious mistake by one partner can affect all the partners seriously;
- *Activities and flexibility*: are limited by the partnership agreement and partner wishes;
- *Ease of raising funds* is limited to partner's resources and ability to borrow; and
- *Transfer of ownership*: is by mutual agreement of partners. Therefore, sale of partnership interest may be difficult making the investment illiquid. This is the case for example when remaining partners are unwilling to buy the shares of the business that belongs to a partner who retires or wants to relocate to another city. To avoid such difficulties, the partnership agreement should include some procedure for buying out a partner.

4.2.3 Corporations

A corporation is defined as a legal entity or structure created under the authority of a state's laws, consisting of a person or group of persons who become shareholders. The entity's existence is considered separate and distinct from that of its members, which means that corporations are capable of owning property, employing people, making contracts, suing and being sued. The number of shares issued is unlimited. The shares are issued to each stockholder according to the level of investment.

Corporations are basically in two forms: local and foreign companies. The local companies can be basically be categorized in two: the public limited company and private limited company.

1. Public limited company – has share capital and has no limit on the number of shareholders- It can invite the public to subscribe for its shares, usually through the stock exchange. It ends with the letters PLC. In case it winds up and its assets are not sufficient to cover its liabilities, the liability of the shareholders is limited to the amount left unpaid of their shares Examples of public limited companies include: Zambeef, Zambia National Breweries and Zambia Sugar. It has a minimum authorized share capital
2. Private limited company can be categorized in three forms:
 - a) Private company limited by shares: Like public limited company, it has share capital and is mainly for profit. It is not allowed to invite the public to subscribe for its shares .N: B these are largely family

businesses. It cannot have more than fifty (50) shareholders and the name should end with the word Limited.

- b) **Unlimited liability companies:** Have share capital i.e. amount agreed to be raised from subscribers divided into shares of a given amount. Also generally for profit making purposes. May be allowed to have more than fifty (50) shareholders. However, the liability of shareholders is unlimited.
 - c) **Companies Limited by Guarantee:** Should not carry on business for the purpose of making profit for its members or anyone concerned in its promotion. Has no share capital. Members guarantee a specified amount – this is not paid upfront. Amount guaranteed is only paid when Company is wound up.
3. Foreign companies: This is a branch of a company incorporated outside Zambia which is registered in Zambia. A foreign company must at all times have at least one and not more than nine (9) individuals called 'local directors', empowered and authorized to conduct and manage all the affairs, properties, business and other operations of the company in Zambia. At least one local director of the company must be resident in Zambia, and if the company has more than two local directors, more than half of them should be resident in Zambia.

4.2.3.1 Advantages

- ✓ *Legal Entity:* treated as a legal person with all rights, duties and responsibilities of a legal person Therefore, the shareholders are not personally liable for the debts of the organization. Liability of owners is limited to the amount invested in corporation stock;

- ✓ *Continuity*: is indefinite, it can operate through the lives of several generations of investors. Death, withdrawal, or retirement of its shareholders has little effect on the life of the corporation. In other words, if one or more of its owners die or sell their shares, the company will continue to exist.
- ✓ *Transferability of ownership and interest*: is easier and usually a stockholder can sell shares of stock to any one for any price that the buyer is willing to pay. An individual owner may also transfer individual equity to heirs or to others much more easily. If you decide to cease operations, you may appoint a liquidator to sell the company's assets and then take the steps needed to close your business. Another way to end a corporation's legal life is to file for bankruptcy.
- ✓ A potential benefit of forming a corporation is that you're more likely to *attract top talent and establish credibility with suppliers, partners, customers and employees*. This type of business also finds it easier to increase brand awareness and build customer loyalty. Think of popular brands like Coca-Cola, Zamboni, and Parmalat etc. All of them are corporations. Sure, your brand won't become popular overnight, but you'll have more opportunities to promote it and raise funds needed to expand your operations and reach your target market.
- ✓ *Ease of raising fund*: is relatively easy through widening of ownership by reaching out to investors, selling stock or applying for business loans.
- ✓ *Status*: possibly higher perceived status.
- ✓ Regardless of what type of corporation you choose to form, you'll enjoy various benefits. First of all, this legal entity offers liability protection for its

owners. Secondly, tax on corporate profits is lower compared to personal income tax.

- ✓ Furthermore, it's easier to secure funding as a corporation than as a sole proprietorship or LLC. You can reach out to investors, sell stock, apply for business loans and deduct the cost of benefits provided to your employees.
- ✓ One of the most appealing advantages of a corporation is that it can live beyond the lifespan of its owners. If one or more of its owners die or sell their shares, the company will continue to exist.
- ✓ Additionally, its ownership can be transferred. If you decide to cease operations, you may appoint a liquidator to sell the company's assets and then take the steps needed to close your business. Another way to end a corporation's legal life is to file for bankruptcy.
- ✓ Regardless of what type of corporation you choose to form, you'll enjoy various benefits. First of all, this legal entity offers liability protection for its owners. Secondly, tax on corporate profits is lower compared to personal income tax.

4.2.3.2 Disadvantages

- *Double taxation*: the company pays tax on the profit it has earned and thereafter stockholders pay income tax on the dividends that they receive;
- *High establishment and administration costs*: it is more time consuming and expensive to set up. The costs of taxes, documentation (which must be extremely comprehensive), and operation of the corporate can be significantly higher than the costs for other forms of organization. For example the auditing and accounting costs are high; for this reason the

corporate form should be evaluated carefully before it is adopted by an agribusiness owner;

- *Lack of secrecy*: because reports must be made to stockholders and the public; and they may be required to disclose whenever a stock offering is made to prospective purchasers. Especially public limited companies are more available for public scrutiny.
- *Decision making* may be relatively slower than in sole proprietorship or partnership because of the bureaucracy involved.

4.2.4 Cooperatives

It is difficult to determine the origin of cooperatives. There are traces of cooperative like organizations in ancient Egypt as early as 3000 B.C. There are vestiges of cooperative ideas in Greek, Roman and Chinese cultures. In Middle Ages cooperative ideas developed in form of “guilds”, which united workers in an effort to meet common needs. The first farmers’ cooperatives are reported to be those of Swiss dairy farmers, who made cheese as early as the thirteenth century. Many people recognize the first formal cooperatives of modern times to be the Rochdale Society of Equitable Pioneers in England in 1844. The original twenty- eight members of this early cooperative joined in an effort to purchase supplies for their business. Although theirs was not the first cooperative in history, their formal principles have served as a model for the development of great many modern cooperatives.

It was until the early 1900s that the cooperatives really began to grow. The increasing recognition that farmers could significantly improve their economic

condition through cooperatives generated much legislation that encouraged the growth and development of farm cooperatives. Not only was there a sharp increase in the number of local cooperatives during this period, but many established cooperatives were reorganized and consolidated into larger units as well. Regional cooperatives were formed to support the activities of local cooperatives. The formation of national cooperative organizations supported and increasingly favored social and political climate for cooperatives.

A cooperative can be defined as an autonomous association of persons united voluntarily to meet their common economic, social and cultural needs and aspirations through a jointly owned and democratically controlled enterprise.

There are seven cooperative principles adopted by the International Cooperative Alliance (ICA) in 1995 that countries world over have agreed to uphold. Co-operatives principles are guidelines by which co-operatives put their values into practice and form the basis for conducting co-operative business. They include:

- **Voluntary and Open Membership:** Co-operatives are voluntary organizations, open to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination.
- **Democratic Member Control:** Co-operatives are democratic organizations controlled by their members, who actively participate in setting their policies and making decisions. Men and women serving as elected representatives are accountable to the membership. In primary cooperatives, members have equal voting rights (one member, one vote) and co-operatives at higher levels are organized in a democratic manner.

Members in a cooperative have equal voting rights regardless of the number of paid up shares. To maintain democracy it is advisable that a uniform number of shares are open for purchase to all members in a co-operative.

- **Member Economic Participation:** members contribute equitably to and democratically control the capital of their co-operative. At least part of that capital is usually the common property of the co-operative. Members usually receive limited compensation, if any, on capital subscribed as a condition of membership. Members allocate surplus for any or all of the following purposes: developing their co-operative, setting up reserves, patronage benefits in proportion to their transactions with the co-operative and supporting other activities approved by the general meeting.
- **Autonomy and Independence:** Co-operatives are autonomous, self-help, organizations controlled by their members. If they enter into agreements with other organizations, including governments, or raise capital from external sources, they do so on terms that ensure democratic control by their members and maintain their co-operative autonomy. However, autonomy does not mean the co-operative is above the law, as explained above they are subject to government laws and regulations as provided in the Co-operatives Act or any other legislation.
- **Education, Training and Information:** Co-operatives provide education and training for their members, elected representatives, managers and employees so they can contribute effectively to the development of their co-operatives. They inform the public, particularly young people and opinion leaders about the importance and benefits of co-operation.

- **Cooperation among Cooperatives:** Co-operatives serve their members most effectively and strengthen the co-operative movement by working together through local, national, regional and international structures.
- **Concern for the Community:** Co-operatives work for the sustainable development of their communities through policies approved by their members. They should not be involved in activities that harm the welfare of the community and are prohibited by law.

4.2.4.1. Role of Cooperatives

- Cooperatives are an important cornerstone in the socio economic development of the country. They are viewed as a strategic means for enhancing income generation, employment creation and community development, which will lead to alleviating hunger, poverty, unemployment and income disparities in the country;
- Cooperatives in Zambia act as a vehicle for the implementation of government rural development policies and strategies. This includes agricultural development, empowerment of small-scale farmers, agricultural credit delivery systems, input supply and crop marketing and to some extent post harvest management. They appear well suited to economic, social and institutional needs of development in the rural economy;
- Cooperatives can provide the mechanism to organize and mobilize people for self help action in providing the services they require as a farming and rural community.

4.2.4.2 Objectives of Agricultural Cooperatives

The general purpose for which the society is established is to promote agricultural activities of its members by: -

- Raising funds by issuing shares, receiving deposits, overdrafts, organizing and managing loans and credit schemes to promote agricultural production amongst its members;
- Engaging in agricultural farming activities of any kind: livestock, fish farming and crop production;
- Sorting, grading, storing, transporting and selling agricultural produce on behalf of its members;
- Processing or handling any agricultural products on behalf of its members;
- Dealing in or selling agricultural requisites and consumer goods as long as this is in the interest of members;
- Provision of agricultural related training, extension and;
- Hiring out services to agricultural related institutions/ individuals for the benefit of its members.

4.2.4.3 Structure of Agricultural Cooperatives

There are two principal forms of cooperative organization; **primary** and **secondary**. The basic unit in the cooperative is the primary cooperative. **A primary cooperative is one in which the shareholders are individuals; each of them having an equal share in its control. A secondary cooperative is one in which other cooperatives are the members.** Its chief obligation is the provision of services to member cooperatives. The co-operative unions are then affiliated to

an apex organization at a national level which could be a co-operative federation. As a result, and in accordance with the general cooperative practice, each lower level in the cooperative structure owns the next higher level through affiliation and shareholding.

4.2.4.4 Advantages

- ✓ Continuity: the cooperative's lifespan is dependent on a lot of people, thus if one member dies or pulls away the cooperative will still survive;
- ✓ It is easier to raise capital;
- ✓ Cooperatives are better positioned to reduce the poverty levels; and meet the economic, social and institutional needs of development in the rural economy.
- ✓ Co-operatives benefit from larger business volume, operating efficiencies and professional management of Apex organizations. Economies of scale enjoyed by co-operatives enable farmers to purchase supplies at volume discounts, and receive profits from value-added processing; and credit unions pool their resources together and are able to transfer surplus savings to credit unions in lower income areas.
- ✓ Substantial tax advantages
- ✓ Co-operatives teach people how to resolve problems democratically and empower individuals by giving them chance to participate in decisions, which impact them.
- ✓ Co-operatives teach new skills, from adult literacy to business operations.

4.2.4.5. Disadvantages

- Cooperation among members may be difficult to achieve
- Slow in organizing and getting started
- Members fail to recognize their ownership responsibilities
- In some countries cooperatives are dependent on the government, hence are prone to abuse and;
- Cooperatives may not afford hiring skilled personnel since their capital base is low.

Case Study 1: Nyabyumba United Farmers' Organization

The Nyabyumba farmers group of Kabale district, Uganda, was formed in 1998, with 40 members. The group, supported by an NGO Africare, focused on producing improved potatoes from clean seed provided by the National Agricultural Research Organization (NARO). In 2000, the Nyabyumba group formed a farmer field school (FFS) to improve their technical skills on potato production and increase yields. In 2003, equipped with the necessary skills for producing high quality and quantity of potatoes, the group decided to increase their commercial sales and requested support from Africare, NARO, PRAPACE (Regional Potato and Sweet Potato Improvement Network in Eastern and Central Africa), and CIAT.

Through this consortium of partners, Nyabyumba Farmers' Group received training in Identifying and analyzing markets opportunities and developing a viable business plan for the potato enterprise. From the market study the group identified "Nandos", a fast food restaurant based in Kampala and the local wholesale markets in Kampala. The group has set up a series of committees to manage, plan and execute their production and marketing process. To maintain a constant supply the farmers have set up a staggered planting system to ensure that there are up to 50 tons of potatoes available each month.

To increase the competitiveness of production the group has conducted research supported by NARO to determine the most suitable nutrient levels of NPK fertilizer and time of dehauling potato plants that produces big tuber size, with higher organic content, firm skin and higher yields as required by buyer. The farmers group has expanded to a membership of 120 members, 80 of whom are women. They have supplied 190 metric tonnes of potatoes to Nandos, bringing their income to UGX 60,000,000 or approximately US\$ 33,000

Source: Ferris and Kaganzi, 2005.

Study Questions

1. Explain the importance to an agribusiness of choosing the best organization form for conducting business.
2. Discuss the factors that influence the choice of the best form of business organization suitable for an agribusiness. Use Sole proprietorship and Corporations as examples, and in the process contrast the two forms of business organization
3. A limited company is significantly different from a sole proprietor or partnership in several significant respects.
 - a) What are these?
 - b) What advantages and disadvantages do these differences pose to the agribusiness owner?
4. You and two of your friends want to start a business under partnership organization.
 - i) Carefully outline some of the considerations of setting up a partnership
 - ii) What are some of the specific issues that need to be addressed in your written partnership agreement?
5. What is the difference between a limited partnership and a general partnership?
6. List nine forms of business organizations that are recognized in your jurisdiction (Zambia).

7. Provide a definition of each of the preceding business organizations.
8. Identify and *define* four types of corporations.

5. What are the advantages and disadvantages to agribusiness owners of forming partnerships?
6. List the advantages and disadvantages a cooperative agribusiness has over non cooperative agribusiness.

7. Highlight the main differences between cooperatives and corporations

8. Give reasons as why you have to register your business before it starts operating?

9. Define the term *limited liability*.

10. What does it mean for a business to offer its participants “limited liability”? Why limited liability is considered advantageous?

11. What are the document(s) that must be prepared to form a corporation?

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