

8 forms of small business ownership essay sample

[Business](#), [Company](#)



* Sole Proprietorship

A sole proprietorship is a business owned and operated by single person. The big numbers of businesses owned by sole proprietors indicate the popularity of this ownership type. This is so because of certain advantages unique to sole proprietor.

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Advantages

1. ease and cost of formation
2. secrecy
3. distribution and use of profits
4. control of the business
5. government regulation
6. taxation
7. closing the business

Disadvantages

1. the owner's possible lack of the ability and experience
2. the difficulty in attracting and keeping quality employees
3. the difficulty in raising capital
4. the limited life of the firm
5. the unlimited liability of the proprietor

* Partnership

A partnership is a legal association of two or more persons as co-owners of an unincorporated business.

Advantages

- 1.
2. ease of formation
3. pooling of knowledge & skills
4. more funds available
5. ability to attract and retain employees
6. tax advantages

Disadvantages

- 1.
2. unlimited liability
3. limited life
4. potential conflict between partners
5. difficulty in dissolving the business

Types of Partnerships

1. General Partnership – is an association of two or more persons, each with unlimited liability, who are actively involved in the business.
2. Limited Partnership – is an arrangement in which the liability of one or more partners is limited to the amount of assets they invested in the business.

* Corporation

A corporation is “ a legally chartered enterprise with most of the legal rights a person, including the right to conduct business, to own and sell property, to borrow money, and to sue or be sued.” The corporate form of business is the third ownership option left to the small businessman. Owners of

corporations are called stockholders. They are issued certificates of ownership called stocks. Some of these stocks are openly traded in the country's stock exchange.

Advantages

1. limited liability
2. ease of expansion
3. ease of transferring ownership
4. relatively long life
5. greater ability to hire specialized management

Disadvantages

1. more expensive and complicated to organize
2. double taxation
3. more extensive government restrictions and reporting requirements
4. employees lack the personal identification with and commitment to corporate goals than those for sole proprietorships and partnerships.