

Business organization

Business



A joint stock company is a company financed by capital received from stockholders that obtain transferable shares in exchange for their investment (Thefreedictionary, 2012). One of the advantages of this form of business formation is that it allows companies to quickly raise capital. The reason that joint stock companies can raise capital easier than other forms of businesses is due to the ability to have multiple investors and because of the liquidity of shares. A limited liability company (LLC) is a type of business ownership combining several features of corporations and partnership structures, but is neither a corporation nor a partnership (Zahorsky, 2012). One of the benefits of an LLC is the limited liability characteristic of a corporation. Another benefit is that the LLC can negotiate in its own terms how the profits are distributed among the owners. Limited liability companies do not endure double taxation like corporations.

A partnership is an agreement between two or more people in which the members contribute capital, knowledge, time, and resources towards a business venture. One of the best attributes of partnerships is that the business has multiple owners that can contribute in different manners towards the organization. Partnerships are often used in professions such as law, medical practices, and business consultants. A fourth type of business arrangement is sole proprietorship. A sole proprietorship is a business that is owned by only one person. These types of businesses are often small and on many occasions there is no separation between ownership and management since the owner has the dual function. The majority of businesses in the United States are sole proprietorship.

References

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