

# [Small businesses with large corporations essay sample](https://assignbuster.com/small-businesses-with-large-corporations-essay-sample/)

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In comparing small businesses with corporations, the aspects of both types of businesses must be taken into direct consideration. By definition, a small business may be regarded as a business with a small number of employees. The legal definition of “ small” often varies by country and industry, but is generally under 100 employees. These businesses are normally privately owned corporations, partnerships, or sole proprietorships. Corporations can be defined as an organization of people legally bound together by a charter to conduct some type of business.

There similarities between small business organizations and larger corporations can be compared in four different ways. Both are separate, legal entities that are created by some kind of state filing, both offer the same limited liability protection and the owners are typically not personally responsible for the debts and liabilities of the business, both entities have very few ownership restrictions because the owners are not required to be United States residents and the number of owners is without limitation. The owners are not required to be individuals but can be other corporations, partnerships, and certain trusts. Finally, a fourth comparison between the two would be that the ownership can be divided into several classes.

Limited liability, offered by both, is liability that is limited to a partner or investor’s investment. Shareholders in a corporation cannot lose more money than the value of their shares if the corporation runs into debt, as they are not personally responsible for the corporation’s obligations. The same is true for partners in a limited liability partnership and the limited partners in a limited partnership. This is in contrast to sole proprietorships and general partnerships, in which the owner or partners are each liable for business debts.

Building trust with new customers can be a difficult task for a new and establishing business. Some organizations offer small business certification, which certifies the quality of the services and goods you produce and can encourage new and larger customers. These services may require a few hours of work, but a certification may reassure potential customers. However, the most effective way to earn trust is through customer referrals. here are advantages and disadvantages to both a small business and a corporation, but in the end it all comes down to which business is better fit to survive and succeed in the real world.