

Basic Types of Business Ownership

PROPRIETORSHIP

A business organization with one owner

- ◆ *The most common form of business in the U.S.*
- ◆ *Owner is free to decide how to run the business*
- ◆ *Profits go to owner alone*
- ◆ *Owner is solely responsible for paying debts.*

PARTNERSHIP

A business organization in which two or more people share ownership

- ◆ *Risks and benefits are shared by more than one person*
- ◆ *There is a possibility of serious differences between partners*

CORPORATION

A business organization that is authorized by law to act as a legal entity regardless of the number of owners.

- ◆ *Ownership and profits are shared by more than one person (stockholder)*
- ◆ *Business can raised large amounts of money by selling stock*
- ◆ *Owner (stockholders) liability is limited to the amount of money invested*