**Characteristics of Business Organizations**

Use your book, notes and prior knowledge to classify each characteristic listed below as an advantage or disadvantage for the different forms of business.

* First decide what business the characteristic belongs with and
* Second decide if it is an advantage or disadvantage.
* Some of the characteristics may be used for more than one business organization

1. “Owner” can always be the boss and manage all affairs

2. Can continue operations indefinitely (business has a long life)

3. Funding (capitalization) limited by amount of personal savings and ability to borrow

4. Pays lower taxes

5. Lack of opportunities for employees since they are generally small in size

6. Easy business to start up

7. Limited liability for the owner(s)

8. Ownership can be easily transferred through sale or transfer of stock

9. Often requires a lawyer to formally set up the business

10. Unlimited liability for the owner(s)

11. People can buy and sell their shares of ownership without the business ending

12. Only one person/entity receives profit

13. The death of the owner can result in termination of the business

14. Profits shared

15. Double taxation

16. Can grow to be very large

17. Owner(s) can quickly react to business problems

18. Must pay a special tax on the profits

19. Specialized management is often separate from ownership

20. Does not have to pay corporate income tax

21. Combines funds of more than one person for a start-up or expansion

22. Easy to raise capital by selling stocks or bonds

23. Relatively low government regulations

24. Relatively high government regulations

25. Potential for conflict between owners