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**COMPUTER ENG**

**ASSIGNMENT SUMMARY**

There are various forms of business organizations that exist in the environment.

Therefore, business is a profit-seeking enterprise established for the purpose of creating goods and services that meet the needs of mankind. Business plays a major role in the lives of every individual. They are undertaken to improve the financial and the material welfare of the participants.

Selecting a form of business ownership is the origin of a venture. Most entrepreneurs however are not trained in the finer points of business law.). One of the main reasons small businesses fail is that they do not seek legal and accounting help at the beginning. It was stated that one of the key to success in starting a new business is to understand how to get the resources you need. To stay in business, an entrepreneur may need help from someone with more expertise than he/she has, or may help to raise more money to expand. How your business is structured can make a difference in your success as an entrepreneur along the way.

There is no single best form of business ownership. Each form has its own unique set of advantages and disadvantages. The key to choosing the optimum form of ownership is the ability to understand the characteristics of each business entity and how they affect an entrepreneur’s business and personal circumstances. The following are issues the entrepreneur should consider in the evaluation process:

* **Tax consideration**: The government’s constant modification of the tax code, and the year-to-year fluctuations in a company’s income require an entrepreneur to calculate the firm’s tax liability.
* **Liability exposure**: An entrepreneur must evaluate the potential for legal and financial liabilities and decide the extent to which they are willing to assume personal responsibility for their companies’ obligations.
* **Start–up and future capital requirements**: As a business grows, capital requirements increase, and some forms of ownership make it easier to attract outside financing therefore the form of ownership can affect an entrepreneur’s ability to raise start-up capital
* **Management ability**: Entrepreneurs must assess their ability to successfully manage their own companies
* **Management succession plans**: Entrepreneurs, in selecting a form of business ownership, must look ahead to the day when they will pass their companies on to the next generation or to a buyer. Some forms of business ownership better facilitate this transition. In other cases, when the owner dies –so does the business.
* **Cost of formation**: Entrepreneurs must weigh the benefits and the costs of the form they choose to create business ownership.
* **Business goals**

Forms of Business Ownership Whether small or large, every business fits one of three categories of legal ownership, sole proprietorships, partnership, and corporations.

**Sole Proprietorship**:

Sole proprietorship is the simplest and most popular form of ownership. This form of business ownership is designed for a business owned and managed by one individual. Sole proprietorship is the easiest kind of business for you to explore in your quest for an interesting career. The sole proprietor is the only owner and ultimate decision maker for the business. The simplicity and ease of formation makes the sole proprietorship the most popular form of ownership in Nigeria Although sole proprietorships are common in a variety of industries, they are concentrated primarily among small businesses unit such as repair shops, small retail outlets, and service providers, for example, such as painters, plumbers, and barbing saloon.

**Advantages of proprietorship**

* Least cost of business ownership to establish
* Minimum or no special legal restriction
* No special taxes since business income and proprietors’ income are taxed as one.
* Maximum incentive to succeed
* Privacy
* Ownership of all profit

**Disadvantages of proprietorship**

* Unlimited personal liability
* Limited access to capital for expansion
* Limited skills and abilities
* Limited growth
* Lack of continuity for the business that has a limited life span.

**Partnership**

Partnership is a legal form of business with two or more owners. They legally share business assets, liabilities, and profits according to the terms of a partnership agreement. The law does not require a written partnership agreement, also known as the articles of partnership, but it is wise to work with an attorney to develop an agreement that documents the status, rights and responsibilities of each partner. A partnership agreement can include any legal terms the partner’s desire such as:

1. Name of the partnership
2. Purpose of the business
3. Location of the business
4. Duration of the partnership
5. Names of the partners and their legal addresses
6. Contributions of each partner to the business, at the creation of the partnership and later.
7. Agreement on how the profits or losses will be distributed.
8. Agreement on salaries or drawing rights against people for each partner.
9. Procedure for expansion through the addition of new partners.
10. Distribution of the partnership asset to the partners

A Partnership can be regarded as an improvement on sole proprietorship form of business organization, the minimum number of people that can form a partnership is two, while the maximum is twenty, with the exception of partnerships comprising professionals; for example, lawyers, accountants, doctors, to mention just a few.

**Types of Partnership**

1. General partnership: This is a partnership in which all owners share in operating the business and in assuming liability for the business’ debts.
2. Limited partnership: This is a partnership with one or more general partners and one or more limited partners. Limited partnership is one in which certain partners are liable only for the amount of their investment.
3. Master Limited Partnership (MLP): This is a newer form of partnership which looks much like a corporation in that it acts like a corporation and is traded on the stock exchanges like a corporation.
4. Limited Liability Partnership (LLP): LLP limited partners risk losing their personal assets to only their own acts and omissions of people under their supervision. This type of partnership was created to limit the disadvantage of unlimited liability.

**The following types of partners are organized:**

1. General partner: A general partner is an owner (partner) who has unlimited liability and is active in managing the firm.
2. Limited partner: A limited partner is an owner who invests money in the business but does not have any management responsibility or liability for losses beyond the investment.
3. Silent partners: These are partners who are known by the public as owners of the business, but they may take no active role in marketing the business.
4. Secret partners: These are partners who take active role in the management of the company but they are unknown to the outsiders as partners.
5. Sleeping partners: These are also known as dormant partners; they are neither known as partners by the public nor do they participate in managing the company. They only share from the profit /loss of the business to the tune of capital contributed.

**Advantages of Partnership**

* Easy to establish
* More financial resources
* Shared management and pooled /complementary skills and knowledge
* Division of profits
* Minimum governmental regulation/limited legal restrictions

**Disadvantages of Partnership**

* Unlimited liability  Division of profits
* Disagreement among partners especially with regard to authority and control
* Difficult to terminate because partners are bound by the law of agency
* Restrictions on transfer of ownership

Limited Liability Companies The incorporation of companies differs from one country to the other. Each country has a body of laws that guide the registration and operations of companies.

**Types of Companies:** Three types of companies can be identified

* Limited by shares
* Limited by guarantee
* An unlimited company.

A company is said to be limited by shares, if the liability of its members limited by the memorandum to the amount, if any unpaid on the shares respectively held by them.

A company is said to be limited by guarantee if the memorandum to such amount as the members may respectively thereby undertake to contribute to the assets of the company in the event of its being wound up.

A company is said to be unlimited when the members do not have any limit on the liability of its members.

**Advantages of Limited Liability Companies**

* + It has a legal entity
  + Limited liability of shareholders
  + Ability to attract capital
  + Transferable ownership

**Disadvantages of limited liability companies**

* + When company becomes very large, there is no personal relationship between the customers and the owners
  + Chain of command becomes long which lead to communication breakdown. d. Cost and time involved in the incorporation process
  + Double taxation
  + Extensive legal requirement and restrictions

Co-operative A form of business ownership which involves a collective ownership of a production, storage, transportation or marketing organisation is what is referred to as a co-operative. Some individuals dislike the notions of having owners, managers, workers and buyers as separate parties with separate goals for business organisation. They envision a situation whereby people will co-operate with one another as an association and share the wealth more evenly.

**Types of Co-operative**

* Consumer/producer co-operative
* Workers co-operative
* Finance co-operatives

**Vision**

Vision evokes pictures in the mind; it suggests a future orientation. Vision is in the realm of imagination of a favourable future. Vision is best described by the envisioned, It gives an imaginary picture of a preferred future which the leader must carefully guide the organization to reach. Vision is also a picture of your company in the future. It is your inspiration, the framework for all your strategic planning and it is also articulating your dreams and hopes for your business. Vision again is short, succinct, and inspiring statement of what the organization intends to become and achieve in the future, often stated in competitive terms. Vision refers to the category of intentions that are broad, all-inclusive and forward-thinking. It is the image that a business must have of its goals before it sets out to reach them. It describes aspirations for the future, without specifying the means that will be used to achieve these desired needs.

**Components of vision**

**Core Ideology Envisioned future**: This is described as enduring character of an organization-i.e. a consistent identity that transcends product or market life cycle, technological breakthroughs and the likes. It is what the organization stands for, the very purpose for which the organization is created. The core ideology can be further sub-divided into two namely: Core value i.e. core tenet of the organization, guiding principles, what the organization stands for. It is a state of belief that is very difficult or impossible to change. It has to do with the foundation on which the business relationship both to the society and the entire stakeholders is built. It is the extent of integrity the organization is ready to maintain.

**Core purpose**: the reason for the organization’s existence, a clear description of the activities of the organization. Any organization or individual that misses its purpose is not fit to live; the core purpose must be seen to be achieved. If the purpose is to create an enduring financial system, such organization must be seen to fulfill such purpose.

**Key elements that makes a Leader with vision to succeed:**

**Take personal responsibility for initiating change**: The entrepreneur must take personal responsibility to initiate the necessary change. People resist change; most people see the negative effect of the change, but as an entrepreneur, one must stay focused and take charge. Create a vision and strategy for the organization. An entrepreneur is the creator of its vision; it is usually first conceived within, and then expressed in writing, the realization of which requires appropriate strategies to be put in place for its implementation.

**Trust and support others**: The entrepreneur cannot realize his vision without others. It is therefore necessary to ensure that the entrepreneur communicate his/her vision in a very clear and unambiguous way to elicit the support of others. Since the vision cannot be realized alone there is need for trust so that none of the members of the organization work under suspicious condition. An entrepreneur must be able to subject the vision to criticism so as to amend and make the vision better. Humility to adjust where necessary is important.

**Characteristics of Mission Statement**

* It should be visible: A mission should always aim high but it should not be an impossible statement.
* It should be realistic and achievable.
* It should be precise: mission statement should not be too narrow to restrict organization activities and it should not be too broad to make it meaningless giving no direction.
* It should be clear: Mission statement should be clearly stated to the extent that it can lead the organization into definite action.
* It should be motivating: Mission statement must be motivating to the employees and society. It must delight the stakeholders to enable it achieve the embodiments of the statements.
* It should be distinctive: Mission statement should be unique to each organization and differentiate it from similar organizations.