**Forms of Business Organization Quiz**

**Directions: For each characteristic, write the letter in the blank for the correct form of ownership. (1.5 points each)**

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| 1. Sole proprietorship 2. Partnership 3. Corporation | 1. \_\_\_\_\_\_\_ Difficult and costly to start 2. \_\_\_\_\_\_\_ Easiest form to start and most common form of business. 3. \_\_\_\_\_\_\_ Unlimited legal and financial responsibility is shared. 4. \_\_\_\_\_\_\_Requires an agreement to start 5. \_\_\_\_\_\_\_Requires a charter filed with the government to start 6. \_\_\_\_\_\_\_ Owner keeps all of the profits 7. \_\_\_\_\_\_\_ Double taxation 8. \_\_\_\_\_\_\_ Businesses must name a board of directors 9. \_\_\_\_\_\_\_Time commitment, responsibilities, and profits/losses are shared. 10. \_\_\_\_\_\_\_ Owner responsible for all debts and funding can be difficult to obtain 11. \_\_\_\_\_\_\_ Owners are called shareholders 12. \_\_\_\_\_\_\_ Must publish annual reports 13. \_\_\_\_\_\_\_Conflicts between owners can be a common problem. 14. \_\_\_\_\_\_\_\_ Limited liability 15. \_\_\_\_\_\_\_\_No fringe benefits provided to owners 16. \_\_\_\_\_\_\_ Owner makes all decisions 17. \_\_\_\_\_\_\_ Requires no paperwork other than business licenses/permits to start 18. \_\_\_\_\_\_\_Owners and managers are generally separate 19. \_\_\_\_\_\_\_ If one partner leaves, the business can still exist 20. \_\_\_\_\_\_\_Sole control over all business function |

**Directions: Answer each question in complete sentences. (3 points each)**

1. What is the difference in a sole proprietorship and partnership?
2. Explain the relationship between a franchisor and a franchisee.
3. What are some factors that might encourage a business owner to shift from one form of ownership to another form of ownership?
4. Why would someone choose to start a franchise business?
5. Why do you believe that there are so many sole proprietorships in America?
6. Of the different forms of business ownership we have discussed in class, which form of ownership would you want to use if you started a business? Why did you choose this form? Use at least two of the words written on the dry erase board in your answer. **(This question worth 5 points)**