Read about the following forms of business organizations and respond to questions that follow.

1. sole proprietorship

2. Partnership

3. Companies

4. public corporations

5. parastatal bodies

6. co-operative societies.

1. Explain the various forms of EACH of the given SIX business organizations.

2. Explain the formation EACH of the SIX forms of business organizations

3. Explain the procedure of the formation of EACH of the given SIX business organizations

4. Discuss the advantages and disadvantages of EACH of the given SIX business organizations.

5. Identify the types of EACH of the SIX forms of business organizations

**Sole Proprietorship:**

A sole proprietorship is a business owned and operated by a single individual. This individual assumes all responsibilities, including management, profits, and liabilities.

**Formation:** It is the simplest form of business organization and can be established informally without any formal legal procedures. The owner may need to register the business name, obtain necessary licenses, and comply with local regulations.

**Advantages**

- Easy to set up and dissolve.

- Full control and decision-making authority for the owner.

- Direct connection between owner and customers.

**Disadvantages**

- Limited access to capital and resources.

- Personal liability for business debts.

- Limited opportunities for growth and expansion.

**Types**: Sole proprietorships do not have different types. They are typically categorized based on the industry or service they are involved in.

**Partnership**

A partnership is a business structure owned and operated by two or more individuals who share profits, responsibilities, and liabilities.

**Formation:** Partnerships are typically formed through a written agreement that outlines the roles, responsibilities, profit-sharing arrangements, and decision-making processes among the partners. It is advisable to consult legal counsel when forming a partnership.

**Advantages**

- Access to a wider pool of skills, knowledge, and resources.

- Shared responsibilities and decision-making.

- Potential for increased capital and financial resources.

**Disadvantages**

- Shared profits and decision-making may lead to conflicts.

- Partners are jointly and severally liable for the debts of the partnership.

- Limited life span, as it is dependent on the mutual agreement of partners.

**Types:** Partnerships can be categorized into general partnerships (where all partners have equal responsibilities and liabilities) and limited partnerships (where some partners have limited liability and others have unlimited liability).

**Companies**

A company is a legal entity separate from its owners (shareholders) that can own property, enter into contracts, and conduct business in its own name. It can be either private or public.

**Formation:** To form a company, individuals need to file incorporation documents with the relevant government authority, such as articles of incorporation. They also need to issue shares to the initial shareholders.

**Advantages**

- Limited liability for shareholders, meaning their personal assets are protected.

- Access to a larger pool of capital through the sale of shares.

- Perpetual existence, not dependent on the lifespan of individual shareholders.

**Disadvantages**

- More complex and costly to set up compared to other forms.

- More regulatory compliance requirements.

- Shareholders may have limited control over day-to-day operations.

**Types:** Companies can be further classified into public companies (whose shares are publicly traded on stock exchanges) and private companies (shares are held by a limited number of individuals and not publicly traded).

**Public Corporations**

Public corporations, also known as publicly traded companies, are companies whose shares are available for purchase by the general public on stock exchanges. They are subject to extensive regulations and are required to disclose financial information to the public.

**Formation:** Public corporations begin as private companies that choose to go public through an Initial Public Offering (IPO). This involves issuing shares to the public for the first time.

**Advantages**

- Access to a large pool of capital from public investors.

- Increased liquidity for shareholders due to the ability to buy and sell shares on the stock market.

- Enhanced visibility and credibility in the market.

**Disadvantages**

- Stringent regulatory requirements and reporting obligations.

- Loss of control for the original owners due to the influence of a large number of shareholders.

- Vulnerability to market fluctuations and shareholder sentiments.

**Types:** Public corporations can operate in various industries such as technology, finance, healthcare, and more.

**Parastatal Bodies**

Parastatal bodies are government-owned corporations or agencies that operate in various industries, often in strategic sectors like utilities, transportation, or infrastructure. They serve the interests of the government and the public.

Formation: Parastatal bodies are established by government authorities through legislation or executive orders. They are typically funded by the government and operate under specific regulatory frameworks.

**Advantages**

- Serve public interest and fulfill strategic government objectives.

- Provide essential services that might be unprofitable for private companies.

- Can contribute to economic development and infrastructure projects.

**-Disadvantages**

- May face political influence and interference.

- Potential inefficiencies due to bureaucratic processes.

- Limited profit-making potential compared to private enterprises.

**Types:** Parastatal bodies can include entities like national railways, electricity boards, and water supply corporations.

**Co-operative Societies:**

Co-operative societies are associations of individuals or entities who come together voluntarily to address common economic, social, and cultural needs. Members jointly own and operate the co-operative.

**Formation:** Co-operative societies are formed by a group of individuals who share a common interest or goal. They typically register with relevant government authorities and establish bylaws governing their operations.

**Advantages**

- Member-centric focus with shared benefits and responsibilities.

- Democratic decision-making process among members.

- Potential for collective bargaining power in purchasing or selling.

**Disadvantages**

- Limited access to external capital and resources.

- Potential for conflicts among members over decision-making and resource allocation.

- Challenges in scalability and growth compared to larger corporate entities.

**Types:** Co-operative societies can take various forms, including agricultural co-operatives, consumer co-operatives, housing co-operatives, and more, depending on the specific purpose they serve.