Unit 5: What type of business ownership?

Content Area: **Business Education**
Course(s): **Entrepreneurship**
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Transfer

Entrepreneurs need to understand the advantages and disadvantages of all types of business legal forms so that they can choose the one that best suits their needs.

Enduring Understandings

Entrepreneurs need to understand the advantages and disadvantages of all types of business legal forms so that they can choose the one that best suits their needs.

The owners of sole proprietorships and partnerships have unlimited liability.

In a corporation, the owners of the business are protected from liability for the actions of the company.

Essential Questions

Why do entrepreneurs need legal protection?

How does the selection of a legal form affect the liability of a business owner?

Content

Vocabulary

Sole proprietorship

Liability protection

Unlimited liability

Partnership

General partner

Limited partner

Corporation

C-corporation

Shareholders

Limited liability

Subchapter S corporation

Nonprofit corporation

Limited liability company (LLC)

Learning Objectives

Discuss the sole proprietorship legal form.

Identify the advantages and disadvantages of the sole proprietorship legal form.

Explain the partnership legal form.

Identify the advantages and disadvantages of the partnership legal form.

Explain how the corporate form gives owners more protection from liability.

Determine the advantages and disadvantages of a C-corporation.

Standards

CRP.K-12.CRP1.1	Career-ready individuals understand the obligations and responsibilities of being a member of a community, and they demonstrate this understanding every day through their interactions with others. They are conscientious of the impacts of their decisions on others and the environment around them. They think about the near-term and long-term consequences of their actions and seek to act in ways that contribute to the betterment of their teams, families, community and workplace. They are reliable and consistent in going beyond the minimum expectation and in participating in activities that serve the greater good.
CRP.K-12.CRP2.1	Career-ready individuals readily access and use the knowledge and skills acquired through experience and education to be more productive. They make connections between abstract concepts with real-world applications, and they make correct insights about when it is appropriate to apply the use of an academic skill in a workplace situation.
CRP.K-12.CRP3.1	Career-ready individuals understand the relationship between personal health, workplace performance and personal well-being; they act on that understanding to regularly practice healthy diet, exercise and mental health activities. Career-ready individuals also take regular action to contribute to their personal financial well-being, understanding that personal financial security provides the peace of mind required to contribute more fully to their own career success.
PFL.9.1.12.A	Income and Careers
PFL.9.1.12.A.6	Summarize the financial risks and benefits of entrepreneurship as a career choice.
PFL.9.1.12.B.1	Prioritize financial decisions by systematically considering alternatives and possible consequences.