**FUNDAMENTALS OF ABM1 | Forms of Business Organizations**
**Philippine Normal University (PNU)**
**Understanding of the various forms of business organizations.**

## Sole/Single Proprietorship

A form of business is owned by one person; the simplest, and the most common form of business organization. It is not separate from the owner. The business and the owner are inseparable.

### Advantages of sole/single proprietorship

• The owner keeps all the profits.
• The owner makes all the decisions.
• It is easy to form and operate.

### Disadvantages of sole/single proprietorship

• The life of the business is limited to the life of the owner. Once the owner dies, the business will cease to operate under the name of the proprietor.
• The amount of capital is limited only by the wealth of the proprietor.



## Concept of Partnership

A form of business owned by two or more persons. The details of the arrangement between the partners are outlined in a written document called articles of partnership. Profits are divided among partners based on their agreed sharing. The owner is called a partner.

### Advantages of a Partnership

• Higher capital because two or more persons will contribute to the common fund.
• It is easy to operate like a sole/single proprietorship

### Disadvantages of a Partnership

• The profits are divided among the partners.
• A partner can be held liable for the acts of the other partners.
• In a lawsuit, the personal properties of the partners can be held beyond their contributions and may be used to answer for any liability of the partnership.