**Thread:**

Partnership

**Post:**

[Partnership](https://bb.snhu.edu/webapps/discussionboard/do/message?action=list_messages&forum_id=_1046318_1&nav=discussion_board_entry&conf_id=_189990_1&course_id=_105489_1&message_id=_36757771_1)

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Partnership

            A settlement on the type of business entity to establish is instrumental to every person who wants to start a business. A correct choice of the corporate entity assists in optimizing the chances of operational and financial success (Crane & Matten, 2016). This paper attempts to analyze a business case scenario by first identifying and addressing the pros and cons of each business entity type. Next, it recommends a particular business entity for Arcadia sports. Further, it determines the business entity type under which Jeb and Job would be individually liable for Jane’s damages. Finally, it analyzes the capability of Jeb’s personal creditors to confiscate Arcadia Sports assets.

**Business Entity Types; Advantages and Disadvantages**

            The main types of business entities include sole proprietorship, limited partnership, general partnership, C corporations, and limited liability companies (Crane & Matten, 2016).

The main advantages of sole proprietorship encompass; easy to establish and maintain, fewer documents at the start and the owner gets all the profit. The disadvantages include: the proprietor is liable for any loss; raising capital is limited to the master (Crane & Matten, 2016). The merits of partnership include improved management, a broad pool of knowledge and fundamentally easy to establish. The demerits include; the general partner entirely liable for secured debts (Crane & Matten, 2016).

**Business Entity for Arcadia Sports**

            The case scenario description places Arcadia Sports the position of a Limited Partnership (LP) form of business entity. LP business consists of at least a single general partner and at least one limited partner. Arguably, in Arcadia Sports, Josh is a general partner while Jeb is a limited partner. Josh is concerned with the daily management of business while Jeb is responsible for the provision of capital.

**Business Entity Liable for Jane’s Damages**

            Under the LP, Josh assumes personal liability in the event Jane decides to sue Acadia Sports because limited partners are not individually responsible. Jeb would be forced to offset the business debts with individual assets. Unfortunately, Jeb can quickly lose monetary investment in the firm. In the event Josh and Jeb would have established a general partnership, they would have faced liability for the damages from rafting excursion of whitewater.

            For the case of sole proprietorship, the owner of the business is liable for all consequences of their operations (Crane & Matten, 2016).

**Ability to Seize Assets**

            Based on the situation and facts available, the property of Jeb is free from seizure by the creditors in all the business ownership forms available.

**Conclusion**

Summarily, it is notable that the business entity is ideally chosen based on the agreement the partners and size of the firm. In this case, Josh and Jeb are suitable operating a limited partnership due to the accords at the inception of the business. Business liabilities and compensation are, to some extent, dependent on the type of business entity.

References

Crane, A., & Matten, D. (2016). *Business ethics: Managing corporate citizenship and sustainability in the age of globalization*. Oxford University Press.