

36 Lecture - MGT101

Important Subjective

1. **What is the difference between a corporation and a partnership?**

Answer: A corporation is a legal entity that is separate from its owners, while a partnership is a business owned by two or more people who share the profits and losses.

2. **What is limited liability, and why is it important for businesses?**

Answer: Limited liability is a legal protection that shields a business owner's personal assets from the debts and obligations of the business. This protection is important because it reduces the financial risk to the owner.

3. **What is the role of a board of directors in a corporation?**

Answer: The board of directors is responsible for making major decisions on behalf of the corporation, setting strategic goals, hiring top executives, and overseeing the financial performance of the company.

4. **What is a sole proprietorship, and what are its advantages and disadvantages?**

Answer: A sole proprietorship is a business owned and operated by a single individual. Its advantages include ease of setup, complete control over the business, and minimal government regulation. Disadvantages include unlimited personal liability for business debts and obligations, and difficulty raising capital.

5. **What are the different types of financing available to businesses?**

Answer: The main types of financing available to businesses include debt financing, equity financing, crowdfunding, and venture capital.

6. **What is a mission statement, and why is it important for businesses to have one?**

Answer: A mission statement is a concise statement that defines a company's purpose and goals. It is important because it provides direction and clarity to employees and stakeholders, and helps to differentiate the company from its competitors.

7. **What is a competitive advantage, and how can companies develop one?**

Answer: A competitive advantage is a unique advantage that allows a company to outperform its competitors. Companies can develop a competitive advantage through factors such as innovation, cost leadership, or differentiation.

8. **What is corporate social responsibility, and why is it important for businesses to engage in it?**

Answer: Corporate social responsibility (CSR) refers to a company's commitment to behaving ethically and contributing to social and environmental causes. It is important for businesses to engage in CSR because it can improve brand image, attract customers and employees, and increase long-term profitability.

9. **What are the different types of business structures that a company can take, and what are their advantages and disadvantages?**

Answer: The main types of business structures include sole proprietorships, partnerships, corporations, and limited liability companies. Each structure has unique advantages and

disadvantages in terms of liability protection, tax treatment, management structure, and ease of formation.

10. **What is the role of a CEO, and what skills and qualities are important for someone in this position?**

Answer: The CEO is the top executive in a company, responsible for setting the strategic direction and managing the overall operations. Important skills and qualities for a CEO include leadership, strategic thinking, communication, financial acumen, and vision.