Sole traders, Partnerships, and Franchises

Entrepreneurs

They are people that start up a business and are the owners of the business

They have to be:
1. **Innovators**- They make business out of this idea. But eventually people will try to copy the idea
2. **Risk takers**- They risk losing money they put into the business if it fails and if it succeeds they will be successful
3. **Decision makers**- They make decisions on how to raise finance, product design, recruitment, etc
4. **Organisers**- They are responsible for organising other factors of production.

Unincorporated and Incorporated businesses

Unincorporated businesses

- Sole traders and partnerships are unincorporated businesses
- These are businesses where there is no legal difference between the business and the owner. Everything is carried out in the name of the owner(s)
- These businesses are usually small and owned by one or a group of people

Incorporated businesses-Limited companies

- These businesses have a separate legal identity from that of its owners.
- The business and owners are treated as two different entities
- Businesses can sue, be sued.
- The owners are shareholders

Sole trader

- It is a business owned by one person
- Have unlimited liability

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<thead>
<tr>
<th>Advantages</th>
<th>Disadvantages</th>
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<tbody>
<tr>
<td>All profit made is kept by the owner</td>
<td>Unlimited liability</td>
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<td>Independence-complete control</td>
<td>Long hours and hard work</td>
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<td>Simple to set up with no legal requirements</td>
<td>Too small to exploit economies of scale</td>
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<td>Can offer personal services since they are small</td>
<td>No continuity- Business dies with owner</td>
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<td>Enjoys tax advantages as a small business</td>
<td>Access to a variety of financial sources are limited</td>
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