

Sole traders, Partnerships, and Franchises

Unlimited liability- If the business fails, the sole trader will lose more money than was originally invested. Assets/personal wealth has to be used to pay off the debts

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

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