

Expansion Constraints: Growth and expansion may be restricted to the capability and resources of the sole trader. This might further not be easily scalable, except when there are further supports or investments.

Business Continuity: The business could be at risk regarding continuity in some event falling on the illness, retirement, or inability of the sole trader anymore to run it. It also lacks proper structure as far as handing over the business to others is concerned.

Partnership

A partnership is an association of people who come together to run an organization with the intention of earning profit. The partners put in resources, in the form of capital, skills, and labor, and share the profits and losses according to mutually agreed terms.

Advantages of Partnerships

Management and Decision-Making: The sharing of management and decision-making functions among the partners may lead to a better division of labor, resulting in more balanced and effective management.