

SUBJECT- BUSINESS ORGANISATION

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CHARACTERISTICS OF SOLE PROPRIETORSHIP BUSINESS

The characteristics of sole proprietorship include various points to define the features of sole business. The points are:-

1. Ownership of Business,
2. Management,
3. Source of Capital Funds,
4. Liability,
5. No sharing of Profit & Loss,
6. Stability,
7. Single Man Control,
8. Provide Employment Opportunities,
9. Minimum Legal Aspects on Formalities,

1. Ownership of Business:-

It is the first characteristic of sole proprietorship and in this type of business enterprise, there is an individual who manages and controls his business. That sole trader has both the authority and responsibility (i.e., ownership) of his business so that he manages the assets and liabilities of his

business and as well as increases the growth of business also.

Because of the ownership, if he gets a profit from the business then the whole profits are received by the sole proprietor.

Similarly, if there is a loss in business, then that loss has to bear it. The examples of sole proprietorship are - medical stores, Grocery stores, Telecom shops, vegetable stores, Food corners, chemist shops, Stationery stores, and so on.

2. Management:-

It is the second characteristic of sole proprietorship and it means an owner of the sole trader business is also known as manager and controller of his business.

Through proper management, he manages all things, resources (human and material resources), business activities and he also takes better decisions for managing the challenges and opportunities for the purpose of creating the better environment.

In simple words, management is such a process that we can assemble, manage, control all the business and other related things.

3. Source of Capital Funds:-

It indicates the way of acquisition of funds i.e., where will the capital come from? The answer is come from his personal savings, from friends and families, and from financial institutions.