

Advantages of a sole proprietorship business essay



According to Investor words . com, macro environment is the external elements that exist outside of a companys control that can significantly impact its performance and ability to compete in its marketplace. Examples of macro environment elements are the economy, government policy-making, technology, social conditions, and nature. For companies with a global foot-print, their exposure to macro environment elements is magnified.

In other hand, according to Business Dictionary, macro environment is The major external and uncontrollable factors that influence an organization’s decision making, and affect its performance and strategies. These factors include the economic factors; demographics; legal, political, and social conditions; technological changes; and forces. Specific examples of macro environment influences include competitors, changes in interest rates, changes in cultural tastes, disastrous weather, or government regulations.

Body

A business and its forces in its micro environment operate in larger macro environment of forces that shape opportunities and pose threats to the business. It refers the major external and uncontrollable factors that influence an organization’s decision making, and affect its performance and strategies. These factors are

Economic Factors

The most important external economic influence on a business is the level of competitiveness in its market. This factor determines how much profit a company can make. Other factors, like consumer demand, tax rates and

interest rates, affect businesses by determining how much people are willing to pay for their products and how much of the resultant revenue must be given to the government.

Social Factors

Social factors determine what a business can and cannot do. Businesses that engage in racist marketing campaigns or abuse their employees may be subjected to boycotts, divestment campaigns, and other devastating forms of social backlash. Thus, social mores determine the informal rules that businesses must play by.

Legal Factors

Laws determine the formal rules that businesses have to play by. Business laws deal with competition: for example, no monopolies; employment: minimum wage; and taxation; among other things. Businesses that form illegal monopolies, for example, may be subjected to lawsuits and broken up into smaller businesses. Because the penalties for corporate malfeasance are so severe, most businesses take the law very serious.

Political Factors

Political issues occasionally come to influence the activities of the business community. Corporations often spend many billions of dollars lobbying to influence political decision makers for this reason. Businesses may get involved in politics, for example, when their international operations come under fire from human rights groups, or when a high-profile politician recommends an increase in corporate taxes.

Environmental Factors

Environmental factors have profound effects on the way businesses operate. The availability of natural resources in a given area determines whether resource companies could profit from operating there. The presence of pollution determines whether it is safe for businesses to put employees in a certain area. Environmental laws regulate the extent to which businesses themselves are able to pollute.

Conclusion

Macro is large and environment is world. Macro environment is large number of force which operates. Macro environment is very important to the economy factors because the level strongly wanting to be more successful than other people. Social factors is what to make something develop in a particular way or be of a particular type in business. When we involve in macro environment, we should follow the law of . Don't try in legal factor as well.

Politics issue is happening or done from time to time to make business more interesting. Last but no list, environmental factors is showing great knowledge or understanding the way make business operate.

Introduction

Sole Proprietorship

A sole proprietorship is the simplest and most common structure chosen to start a business. It is an unincorporated business owned and run by one individual with no distinction between the business and you, the owner. You

are entitled to all profits and are responsible for all your business's debts, losses and liabilities.

Partnership

A partnership is a single business where two or more people share ownership. Each partner contributes to all aspects of the business, including money, property, labour or skill. In return, each partner shares in the profits and losses of the business. Because partnerships entail more than one person in the decision-making process, it's important to discuss a wide variety of issues up front and develop a legal partnership agreement. This agreement should document how future business decisions will be made, including how the partners will divide profits, resolve disputes, change ownership (bring in new partners or buy out current partners) and how to dissolve the partnership. Although partnership agreements are not legally required, they are strongly recommended and it is considered extremely risky to operate without one.

Body

Sole Proprietorship

Forming a Sole Proprietorship

You do not have to take any formal action to form a sole proprietorship. As long as you are the only owner, this status automatically comes from your business activities. In fact, you may already own one without knowing it. If you are a freelance writer, for example, you are a sole proprietor. But like all businesses, you need to obtain the necessary licenses and permits.

Regulations vary by industry, state and locality. Use the Licensing & Permits

tool to find a listing of federal, state and local permits, licenses and registrations you'll need to run a business. If you choose to operate under a name different than your own, you will most likely have to file a fictitious name (also known as an assumed name, trade name, or DBA name, short for "doing business as"). You must choose an original name; it cannot already be claimed by another business.

Advantages of a Sole Proprietorship

Easy and inexpensive to form: A sole proprietorship is the simplest and least expensive business structure to establish. Costs are minimal, with legal costs limited to obtaining the necessary license or permits.

Complete control. Because you are the sole owner of the business, you have complete control over all decisions. You aren't required to consult with anyone else when you need to make decisions or want to make changes.

Easy tax preparation. Your business is not taxed separately, so it's easy to fulfil the tax reporting requirements for a sole proprietorship. The tax rates are also the lowest of the business structures.

Partnership

Types of Partnerships

There are three general types of partnership arrangements:

General Partnerships assume that profits, liability and management duties are divided equally among partners. If you opt for an unequal distribution, the percentages assigned to each partner must be documented in the partnership agreement.

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Limited Partnerships (also known as a partnership with limited liability) are more complex than general partnerships. Limited partnerships allow partners to have limited liability as well as limited input with management decisions. These limits depend on the extent of each partner's investment percentage. Limited partnerships are attractive to investors of short-term projects.

Joint Ventures act as general partnership, but for only a limited period of time or for a single project. Partners in a joint venture can be recognized as an ongoing partnership if they continue the venture, but they must file as such.

Advantages of a Partnership

Easy and Inexpensive. Partnerships are generally an inexpensive and easily formed business structure. The majority of time spent starting a partnership often focuses on developing the partnership agreement.

Shared Financial Commitment. In a partnership, each partner is equally invested in the success of the business. Partnerships have the advantage of pooling resources to obtain capital. This could be beneficial in terms of securing credit, or by simply doubling your seed money.

Complementary Skills. A good partnership should reap the benefits of being able to utilize the strengths, resources and expertise of each partner.

Partnership Incentives for Employees. Partnerships have an employment advantage over other entities if they offer employees the opportunity to become a partner. Partnership incentives often attract highly motivated and qualified employees.

Conclusion

Choosing a sole proprietorship to start your business is a relatively simple process. In fact, you elect this business set up by default if you prefer not to go through a more formal set up with an LLC or corporation. A sole proprietorship has no formal paperwork requirements unless you have to file for state or local business registration or professional licensing.

The fact that a sole proprietorship is the simplest way to go into business has great appeal for many entrepreneurs. If you want to start a small one-man repair shop, writing business or lawn care service, the thought of going through tedious paperwork filing and keeping up with documentation requirements may not seem appealing. By opting for a sole proprietor setup, you simply start your company, promote it, do the work, and collect the money.