

Characteristics of Businesses

First decide what business type(s) the characteristic belongs

Second decide if it is an **advantage or disadvantage** and why

Note: Some of the characteristics may be used for more than one business organization and may appear as both advantages and disadvantages for the same type

1. Owner can always be the boss and manage all affairs and earn profits
2. Can continue operations indefinitely (business has a long life)
3. Funding (capitalization) limited by amount of personal savings and ability to borrow
4. Personal liability high for the owner(s)
5. People can buy and sell their shares of ownership without the business ending
6. Tax on profits separate from individual tax on income
7. Owner(s) can quickly react to business problems
8. Board and shareholders may make decision with little direct knowledge of business
9. Combines funds of more than one person for a start-up or expansion
10. Easy to raise capital by selling stocks or bonds
11. Subjected to more government regulations
12. Easy legally to start up
13. Combine different talents to make business more efficient
14. More risk taking encouraged by limited liability