

The different types of Entrepreneurs

There are several different forms of business enterprises:

A sole trader's business is run by one person who is responsible for various important tasks of the business such as debts. In other words, the sole trader must pay the debts of his/hers business if its funds are not sufficient.

The trading partnership can be explained as an enterprise that consists of at least two co-owners. These co-owners have unlimited shared, several and personal responsibility. This means that both co-owners are responsible for the commitments of the business such as debts and agreements made. As a result, if the company's funds are not sufficient to cover the debts one of the two partners can be forced to pay all the debts of the company. Importantly, the partners should be advised on signing a written partnership agreement in order to decide on who is responsible for paying the debts if the company's funds are insufficient. Moreover, such agreement is likely to cover issues including: division of labour, sharing of profits and how to solve other procedures such as what would happen if one co-owner decides to exit the partnership.

A limited company can be explained as a business enterprise defined by a clear distinction between the company and the owners. Notably, a limited company can take many forms of ownership such as solely ownership or a partnership between many persons and/ or enterprises. The owners are not personally responsible for the company's commitment, which means that their financial risk is limited to the capital invested.

An economic association (also called an "incorporated association") consists of at least three members. The aim of the activity is to safeguard the members' economic interests through economic operations. Also, the members are expected to take an active part in the business by contributing their knowledge and work. Here, owners are faced with a minimal financial risk and they are only entitled to loose their membership.

If you want further information visit: Nutek's home page on www.nutek.se. Other important facts can be found under Nutek's Entrepreneur's Guide – *Företagarguiden*. The aim of this website is to provide useful information to people who are running an enterprise or who are interested in setting up a new company alone or together with other investors. Hence, the Guide provides information and tools for starting and developing a company.