

Study Guide Score. . . 33 Name _____

Deduct. Date _____ Class _____

Your Score. _____



CHAPTER 6

Business Structures

STUDY GUIDE

PART I

Directions: Indicate whether each statement below is correct or incorrect by placing a check mark on the line under *true* or *false* at the right.

	TRUE	FALSE	For Scoring
1. The size and nature of a business and the responsibilities of the owners are key factors in choosing the best type of business ownership and organization.	_____	_____	1. _____
2. You must own more than one share of stock in order to be one of the owners of the corporation.	_____	_____	2. _____
3. A sole proprietor issues stock certificates to represent part ownership in the business.	_____	_____	3. _____
4. The part of corporate profits each stockholder receives is called a dividend.	_____	_____	4. _____
5. Articles of partnership should not state the manner in which profits and losses are to be shared by the owners.	_____	_____	5. _____
6. A corporation elects a board of directors to make major decisions for the business.	_____	_____	6. _____
7. Most consumers' cooperatives sell to nonmembers as well as to members.	_____	_____	7. _____
8. The franchise agreement states the duties and rights of the operator of the franchise and of the parent company.	_____	_____	8. _____
9. The organizing process can result in an organization chart being drawn up.	_____	_____	9. _____
10. Effective leaders have to prod workers to perform their jobs.	_____	_____	10. _____

PART II

Directions: The activities of managers can be classified into five functions. In Column 3 below, write the letter of the function in Column 1 that is described in Column 2.

COLUMN 1	COLUMN 2	COLUMN 3	For Scoring
A. Planning	1. interviewing applicants for a job	_____	1. _____
B. Organizing	2. checking quality of toasters on an assembly line	_____	2. _____
C. Staffing	3. thinking about where the firm should be in five years	_____	3. _____
D. Leading	4. listing tasks to be performed on the job	_____	4. _____
E. Controlling	5. assigning jobs to workers	_____	5. _____
	6. deciding what percentage of sales increase the firm should aim for	_____	6. _____
	7. conducting a performance appraisal interview with an employee	_____	7. _____

- 8. directing the work of people so that work is done right and on time _____
- 9. comparing the current year's profit with the goal that was set _____
- 10. using good human relations and communication skills _____

8.	_____
9.	_____
10.	_____

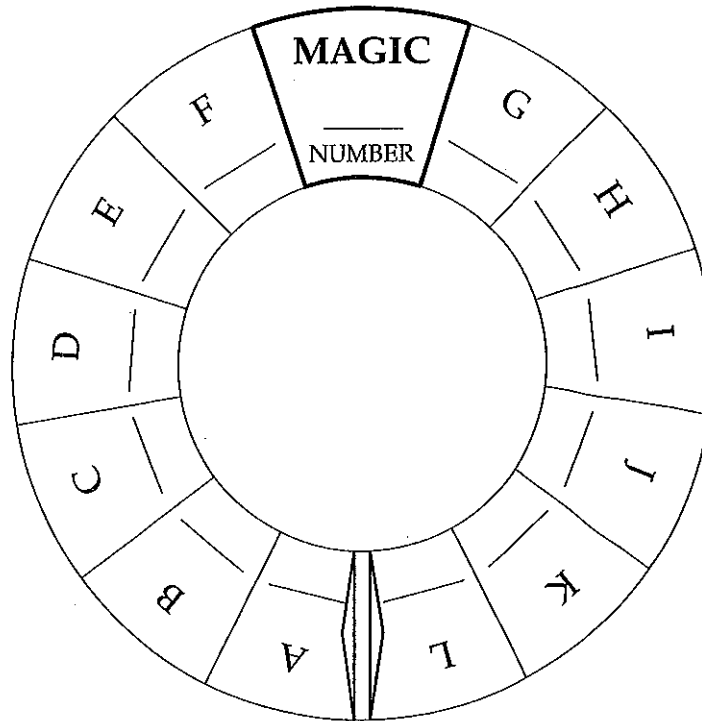
PART III

Directions: Below is a list of twelve terms used in Chapter 6. Each term has a value shown by the number beside it. To find the magic number (answer) for the puzzle below, follow these instructions:

- Read each definition.
- Select the term that defines it.
- Find the space on the "Wheel of Magic Numbers" that matches the definition.
- Write the number (or value) of the definition in that space.
- Add all of the numbers on the right side of the wheel.
- Add all of the numbers on the left side of the wheel.
- If you have matched each term with its definition and entered the correct number, your two totals will be the same—that is, they will match the number shown in the "Magic Number" space.

- 1. municipal corporation
- 2. cooperative
- 3. corporation
- 4. dividend
- 5. stockholder or shareholder
- 6. franchise
- A. A written agreement made by partners in forming their business.
- B. A group of people elected by stockholders to guide a corporation.
- C. A person who owns stock in a corporation.
- D. An incorporated town or city.
- E. An organization of consumers who buy goods and services together.
- F. The part of the profits of a corporation that each stockholder receives.
- G. The parent company that grants permission to a person or group to sell its products or services.
- H. A business that is owned by the members it serves and is managed in their interest.
- I. A business owned by one person.
- J. A business made up of a number of owners but authorized by law to act as a single person.
- K. A written contract granting permission to sell someone else's product or service in a prescribed manner, over a certain period of time, and in a specified area.
- L. A document, generally issued by a state government, giving permission to start a corporation.

- 7. franchisor
- 8. consumers' cooperative
- 9. articles of partnership
- 10. certificate of incorporation
- 11. sole proprietorship
- 12. board of directors



ACTIVITIES

Applying Math Skills

Judy Barnes, Toni Delano, and Jake Nusbaum formed a corporation with a beginning investment of \$300,000.

1. How many shares of stock with a value of \$25 would have to be sold to provide this amount? _____
2. How many shares could Judy buy for \$160,000? _____
3. How much would Toni have to pay for 500 shares? _____
4. If Jake bought the remaining shares, how many would he own? _____

Applying Information

A franchise is a contract to sell certain goods or services within a given area, for a specified period of time, and in a prescribed manner. In a recent year there were more than 499,000 franchise businesses operating in the United States. The most familiar type of franchise is a business owned by an individual who operates it as part of a national chain of businesses. When you buy your favorite fast-food hamburger or soft ice cream, you are probably buying from one of these franchises.

In the column on the left list at least five different types of franchised businesses in your community from which you make purchases. Then indicate the products or services the franchises provide in the column on the right. The first item is given as an example.

NAME OF BUSINESS	PRODUCT OR SERVICE
0. <u>Example: Holiday Inn, Super 8</u>	0. <u>motels, restaurants</u>
1. _____	1. _____
2. _____	2. _____
3. _____	3. _____
4. _____	4. _____
5. _____	5. _____

Applying Critical Thinking Skills

Listed below are some characteristics of the way businesses are organized or conduct their affairs. Place a check mark in the column that identifies the type of business to which the characteristic belongs. Some may apply to more than one type of business.

Characteristics	Sole Proprietorship	Partnership	Corporation	Cooperative	Franchise
1. The owner is the boss and makes all of the decisions.	_____	_____	_____	_____	_____
2. Owner(s) cannot start business unless approved by the state.	_____	_____	_____	_____	_____
3. May be owned by thousands of different people.	_____	_____	_____	_____	_____
4. Owner or owners receive all of the profits and are responsible for debts of other owners.	_____	_____	_____	_____	_____
5. One of the owners may be personally responsible for debts of other owners.	_____	_____	_____	_____	_____
6. Considered the best type for raising large amounts of capital.	_____	_____	_____	_____	_____
7. Profits distributed in the form of dividends according to the number of shares owned.	_____	_____	_____	_____	_____
8. The business is managed by a board of directors.	_____	_____	_____	_____	_____
9. The parent company often advertises for all of the operators throughout the country.	_____	_____	_____	_____	_____
10. Pays an annual refund to members only.	_____	_____	_____	_____	_____
11. Each owner has one vote for each share of stock.	_____	_____	_____	_____	_____
12. Organized to buy things for members as well as to sell goods and services to members.	_____	_____	_____	_____	_____
13. Each owner has only one vote regardless of number of shares she or he owns.	_____	_____	_____	_____	_____
14. The owners are not liable for the firm's debts.	_____	_____	_____	_____	_____
15. The operator pays a percentage of sales or a set fee to a parent company.	_____	_____	_____	_____	_____

Name _____

Analyzing Information

The following coded message has been prepared using a "Leap Frog" code. (The name of this code is a clue to solving it.) A statement about shareholders is found in the message. After solving the code, write out the message on the lines below. There are no spaces between the words in the coded message, and there is no punctuation.

XABBYOMUSTETTHYIMRBTVYDPEESRWCQEANVTNOMFPSOHMAJRLECHDOWLQDAEFRJSMH
BOVLCDXTSHDEFIHRKSLTPOOCLKYCJEMRDTCIVFBIGCFARTEEWSSTQHZEBOMLHPEORISD
HFAHVKEETSHQEAIWRCSXHZADRGENSEMOLFPSOTIOBCMKFHGEBLMDOBUYRBTRYOFKCESRX
SAIQNESDTCRXEBENTLNDARMTEB
