

Section 4: Quiz

Other Organizations



A. Key Terms

Match the descriptions in Column I with the terms in Column II. Write the letter of the correct answer in the blank provided.

Column I

- ___ 1. a retail outlet owned and operated by its members
- ___ 2. a nonprofit organization that promotes the interests of a particular industry
- ___ 3. a semi-independent business that pays fees to a parent company for exclusive rights to do business in a certain area
- ___ 4. organizations such as museums, the Red Cross, and churches that promote a benefit to society
- ___ 5. an agricultural marketing organization that helps members sell their products

Column II

- a. business franchise
- b. consumer cooperative
- c. nonprofit organization
- d. trade association
- e. producer cooperative

B. Main Ideas

Write the letter of the correct ending in the blank provided.

- ___ 6. An organization that attempts to improve the image and working conditions of people in a particular occupation is a
 - a. service corporation.
 - c. closely held corporation.
 - b. professional organization.
 - d. limited partnership.
- ___ 7. The share of earnings that a business owner pays for the right to be part of a certain business are
 - a. special rights fees.
 - c. proprietor's rights.
 - b. fringe benefits.
 - d. royalties.
- ___ 8. The function of a retail or purchasing cooperative business or "co-op" is to
 - a. obtain lower prices for members.
 - b. work to improve the image and working conditions of members.
 - c. save income taxes for members.
 - d. sell the goods or services produced by members.
- ___ 9. All of the following are disadvantages of a franchise business except
 - a. the high fees a franchiser charges.
 - b. the strict operating standards of a franchise.
 - c. the parent company's guidance on running the business.
 - d. the purchasing rules about buying certain goods.
- ___ 10. A common factor in all nonprofit businesses is that they
 - a. perform charitable acts.
 - c. have no capital.
 - b. are national in scope.
 - d. pay no income tax.



Economic Detective

Midland Welcomes Your Business!

CHAPTER 8

Problem

Ms. Feechur, a recent college graduate with a minor in economics, is a new reporter for the *Daily Midlander*, the only newspaper in the small city of Midland. Her first assignment is to research and write a series of articles on the existing business organizations in Midland. One purpose of the articles is to prove that Midland is a business-friendly community. Use what you have learned in Chapter 8 to help you discover what kinds of business organizations Ms. Feechur finds.



Investigation 1

Ms. Feechur introduces her series with an article on the *Daily Midlander* itself, which everyone agrees keeps residents well informed on local, national, and international matters. Sarah Snews, eldest sister in the Snews Corporation, which owns and publishes the paper, seems especially pleased. While interviewing Sarah, Ms. Feechur senses that the Snews family is considering selling stock on the open market in the near future. Sarah even hints that the Snews Corporation is investigating the possibility of combining its business interests with the paper mill that supplies the *Daily Midlander* with newsprint.

- (a) What form of business organization owns the *Daily Midlander*? _____

(b) What form does Ms. Feechur think the ownership of the newspaper might become? _____
- (a) What possibility of a merger does Ms. Feechur observe? _____

(b) What kind of merger would it be? _____



Investigation 2

Ms. Feechur focuses on Midland's largest business organizations next. On her visit to Kurrly Kan Corporation, she learns the firm is planning to expand and will soon issue bonds. Kurrly Kan has decided to take the expansion route rather than accept an offer to merge with Geo Industries, which operates a TV network, a construction company, a lumber enterprise, and an auto parts distribution concern. Ms. Feechur makes sure her article mentions that Kurrly Kan actively supports Midland's Chamber of Commerce and its Manufacturers' League.

- What pending investment opportunity does Ms. Feechur uncover? _____
- What trade association appears in Ms. Feechur's report? _____
- (a) What conglomerate could Ms. Feechur include in her article? _____

(b) What business association? _____



Investigation 3

To conclude her series, Ms. Feechur visits small businesses on Main Street. She eats breakfast at Eggs 'n Stuff, where she finds owner Jane Skillett mailing a royalty check to parent headquarters in Central City. She calls at Three Doctors, a medical center started by Doctors Sooth, Kure, and Kumfort. Ms. Feechur's last stop is a small candle shop, where the owner is eagerly opening a letter she has been expecting from the local government.

- (a) Which small business is most likely a limited partnership? _____

(b) A business franchise? _____
- Which business has probably recently applied for a business license? _____

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