

BUSINESS ORGANIZATIONS

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WHY?

The freedom to start and own a business is what distinguishes capitalism from other economic systems. Business organizations answer the economic questions WHAT and HOW for our economy, whether they are controlled by one or many people. They have a direct effect on all people because nearly everyone derives their livelihood, whether from work or investments, from some sort of business organization.

Outcomes: Students will

- A. comprehend the structure of different business organizations and explain the advantages and disadvantages of each (4.2.2)
- B. analyze business situations to determine what type of organization would best suit a particular need (4.2.2)
- C. comprehend the structure and operation of a corporation (4.2.2)
- D. acquire knowledge of the purpose of stocks, stock markets and the process of stock trading, and apply it to the selection and trading of stocks in a mock stock market game. (2.1.5)

Resources

- A. text
 - 1. Chapter 21, p. 274-284
 - 2. Chapter 22, p. 285-295
 - 3. Chapter 23, p. 296-309

Outline

- I. business organizations
 - A. sole proprietorship
 - 1. definition
 - 2. advantages
 - 3. disadvantages
 - B. partnership
 - 1. definition
 - 2. advantages
 - 3. disadvantages
 - C. corporation
 - 1. definition
 - 2. advantages
 - 3. disadvantages
 - 4. structure
 - a) How a Corporation Works
 - b) Types of Corporations
 - c) Running a Corporation
- II. Owning a Corporation: Buying and Selling Stocks and Bonds

- A. how corporations obtain funds: securities
 - 1. stocks
 - 2. bonds
- B. basics of investing
 - 1. how the stock market works
 - 2. how to buy and sell stocks for profit

Vocabulary

board of directors	Dow Jones Industrial Average	proprietor
bull/bear market	entrepreneur	proxy
capital	expenses	S corporation
capital gain	investment bank	securities
CEO	investor	Securities & Exchange Commission (SEC)
charter	limited funds	share of stock
closed corporation	limited/unlimited life	small business
common stock	mutual fund	sole proprietorship
contract	NASDAQ	speculator
corporate bond	NYSE	stock certificate
corporate income tax	officers	stock exchange
corporation	open corporation	stockbroker
day trader	partnership	stockholder
depreciation	portfolio	unlimited/limited liability
dividend	preferred stock	
double taxation	profits	