**Chapter 8**

**Multiple Choice**

*Identify the letter of the choice that best completes the statement or answers the question.*

\_\_\_\_ 1. Which of the following is an advantage of a sole proprietorship?

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| --- | --- |
| a. | No one is responsible if it fails. |
| b. | It is the least-regulated form of business organization. |
| c. | It is an easy way to make a lot of money. |
| d. | It is easy to get financing to start one. |

\_\_\_\_ 2. What percentage of businesses are sole proprietorships?

|  |  |  |  |
| --- | --- | --- | --- |
| a. | 25 percent | c. | 60 percent |
| b. | 40 percent | d. | 75 percent |

\_\_\_\_ 3. If a general partnership fails, who is responsible for the debts?

|  |  |
| --- | --- |
| a. | anyone who works for the partnership |
| b. | all of the partners |
| c. | only the most senior general partner |
| d. | no one |

\_\_\_\_ 4. A joining of two or more businesses that are involved in different stages of producing the same good or service is called which of the following?

|  |  |  |  |
| --- | --- | --- | --- |
| a. | vertical merger | c. | cooperative |
| b. | horizontal merger | d. | conglomeration |

\_\_\_\_ 5. What is the major difference between a corporation and other kinds of businesses?

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| --- | --- |
| a. | A corporation is much larger than other kinds of businesses. |
| b. | A corporation is not responsible for its debts if it fails. |
| c. | A corporation has a separate entity apart from that of the owners and workers. |
| d. | A corporation has officers who are responsible for the business. |

\_\_\_\_ 6. What are royalties?

|  |  |
| --- | --- |
| a. | fees paid to law firms and accountants |
| b. | a percentage of a franchise’s earnings paid to the parent company |
| c. | fees paid to celebrities for using their names |
| d. | a percentage of profits paid to the government |

\_\_\_\_ 7. Which of the following is a disadvantage of a sole proprietorship?

|  |  |  |  |
| --- | --- | --- | --- |
| a. | lack of permanence | c. | legal constraints |
| b. | high taxes | d. | difficult to start up |

\_\_\_\_ 8. What are the money and other valuables that belong to a corporation or partnership called?

|  |  |  |  |
| --- | --- | --- | --- |
| a. | liabilities | c. | ownership |
| b. | assets | d. | liens |

\_\_\_\_ 9. What are organizations that are in the business of benefiting society and operate like a business called?

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| --- | --- | --- | --- |
| a. | trade associations | c. | producer cooperatives |
| b. | nonprofit organizations | d. | limited partnerships |

\_\_\_\_ 10. The family-owned Italian restaurant in your neighborhood is probably an example of a

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| --- | --- | --- | --- |
| a. | multinational corporation. | c. | consumer cooperative. |
| b. | franchise. | d. | general partnership. |

\_\_\_\_ 11. In a publicly held corporation

|  |  |
| --- | --- |
| a. | stockholders rarely trade their stocks. |
| b. | a large number of stockholders can buy and sell stock. |
| c. | stocks are not usually traded at stock exchanges. |
| d. | family members are excluded from holding stock. |

\_\_\_\_ 12. Good Wireless and Better Wireless merge to form Best Wireless. The federal government watches this merger carefully for evidence of a

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| --- | --- | --- | --- |
| a. | horizontal merger. | c. | monopoly. |
| b. | conglomerate. | d. | vertical merger. |

\_\_\_\_ 13. Your running shoes were designed in the United States but assembled in Asia by a company called RunnerPro. RunnerPro is a

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| --- | --- | --- | --- |
| a. | general partnership. | c. | multinational corporation. |
| b. | trade association. | d. | producer cooperative. |

\_\_\_\_ 14. Your family’s house needs a new roof. In order to find out which roofers are reliable and charge fair prices, your family should call your local

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| --- | --- | --- | --- |
| a. | business franchise. | c. | Better Business Bureau. |
| b. | service cooperative. | d. | labor union. |

\_\_\_\_ 15. Your uncle owns a convenience store that has branches nationwide. His store is an example of a

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| --- | --- | --- | --- |
| a. | business franchise. | c. | multinational. |
| b. | professional organization. | d. | consumer cooperative. |

\_\_\_\_ 16. Ellen started a catering business, but soon decided that catering was too stressful for her. She could close her business relatively easily and return to school because the business was a

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| --- | --- | --- | --- |
| a. | producer cooperative. | c. | sole proprietorship. |
| b. | general partnership. | d. | closely held corporation. |

\_\_\_\_ 17. Corporations are defined as “entities” because they

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| --- | --- |
| a. | sell about 90 percent of the products sold in the United States. |
| b. | require a certificate of corporation. |
| c. | may merge in various ways. |
| d. | have a legal identity separate from those of their owners. |

\_\_\_\_ 18. You own a successful bicycle repair business. You are considering incorporating in order to

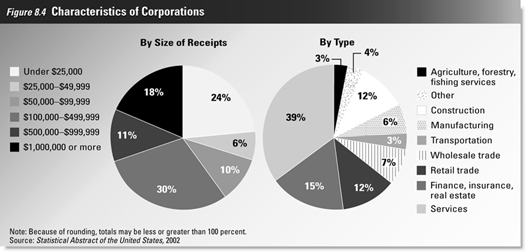
|  |  |
| --- | --- |
| a. | avoid double taxation. |
| b. | raise money more easily. |
| c. | avoid government regulations. |
| d. | acquire greater control in managing the business. |

\_\_\_\_ 19. You are part-owner of NewBrands corporation because you

|  |  |
| --- | --- |
| a. | own the company’s stock. |
| b. | have created a corporate charter for the company. |
| c. | have purchased company bonds. |
| d. | attend the company’s annual meetings. |

\_\_\_\_ 20. Every day on your way to basketball practice you wave to Mr. Martin, who owns the neighborhood flower stand. Mr. Martin’s store is probably a

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| --- | --- | --- | --- |
| a. | limited partnership. | c. | small corporation. |
| b. | sole proprietorship. | d. | parent company. |

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21. According to Figure 8.4, what percentage of all U.S. corporations are devoted to either retail or wholesale trade?

22. According to Figure 8.4, what size corporation represents about 30 percent of all U.S. corporations?

23. According to Figure 8.4, what percentage of U.S. corporations are construction companies?

24. According to Figure 8.4, what size corporations are the most common in the United States?

25. According to Figure 8.4, what percentage of U.S. corporations are in the transportation business?

26. According to Figure 8.4, what percentage of U.S. corporations are in the finance, insurance, real estate, and services industries?

**Test 16th unit 3**

You and your group will design a Keynote presentation complete with examples and or images that portrays one of the following types of businesses.

I. Sole Proprietorship

II.Partenership

III. Corporations,

IV. Mergers and Multinationals

V. Franchise

VI.Cooperative and Non Profits

**Each presentation will include general characteristics, types, advantages and disadvantages and statement based on your findings whether or not you would choose this form of business for your selves (Why or Why not)**