Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Chapter 5 Study Guide**

**Part 1 – True or False**

*Indicate whether each statement is True or False by writing a T for True and an F for False in the space provided.*

1. \_\_\_\_\_\_ Nonprofit corporations do not pay corporate income taxes.
2. \_\_\_\_\_\_ An S-corporation is a corporation involved in the service industry.
3. \_\_\_\_\_\_ In a matrix organization structure, work is arranged around business functions.
4. \_\_\_\_\_\_ The largest number of U.S. businesses employee over 100 people.
5. \_\_\_\_\_\_ All investors in a general partnership have full liability for the debts of the business.

**Part 2 – Fill in the Blank**

*In the space provided, write the word or words that best describes each statement below.*

1. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ The large number of people born between 1945 and 1964.
2. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Businesses involved in selling goods produced by others.
3. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ The number of people assigned to a specific work task or manager.
4. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ A business organized by two or more other businesses for a limited time.
5. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Someone who has no contract for long-term employment.
6. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ A business owned by members and managed in their interest.
7. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ The form of ownership that gives on person sole control over all business decisions.
8. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ The people who make the major policy and financial decisions in a corporation.
9. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ A special form of business organization that combines advantages of a corporation and a partnership.
10. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_The obligation to complete specific work.

**Part 3 – Organizational Structures**

*In the space provided, write an F for Functional and an M for Matrix to indicate which organizational structure is best described by each statement.*

1. \_\_\_\_\_\_ All people with jobs related to a specific function work together.
2. \_\_\_\_\_\_ People work with others who have the same skills.
3. \_\_\_\_\_\_ Assignments may be temporary or long-term.
4. \_\_\_\_\_\_ People often have little interaction with people in other parts of the business.
5. \_\_\_\_\_\_ Wrok is structures around specific projects, products, or customer groups.
6. \_\_\_\_\_\_ People with varied backgrounds work together to serve the customer.
7. \_\_\_\_\_\_ Work is arranged within main business functions such as production and marketing.

**Part 4 – Forms of Business**

*Listed below are some statements about the three major forms of business ownership. Place a check mark in the column that identifies the form of business ownership described by each statement. Some statements may apply to more than one type of business ownership.*

 **Sole**

 **Characteristics Proprietorship Partnership Corporation**

1. Owned and controlled by two or more people. \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_
2. A written agreement defines ownership. \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_
3. Owned and run by one person. \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_
4. Shareholders have a voice in business decisions. \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_
5. No protection for personal assets. \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_
6. Managed by a board of directors. \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_
7. Usually must be dissolved if an owner leaves. \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_
8. The easiest form of business to start and run. \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_
9. Protects the liability of owners. \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_
10. Business income is taxed as personal income. \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_
11. Two or more people can invest in the business. \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_
12. Must create bylaws or operating procedures. \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_
13. Does not even require a business name. \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_
14. The majority of U.S. businesses. \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_
15. Must register the business name and the names
of all owners. \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_