

## CHAPTER



# Business in the Free Enterprise

## Part 1: Content Review

### Matching

Write the letter of the correct term for each definition on the line provided.

#### Terms

- |                                |                   |
|--------------------------------|-------------------|
| A. not-for-profit organization | F. proprietorship |
| B. producer                    | G. stock          |
| C. wholesaler                  | H. dividend       |
| D. retailer                    | I. cooperative    |
| E. business market             | J. partnership    |

- \_\_\_\_\_ 1. A business that buys large quantities of products directly from producers and sells the products in smaller quantities to retailers.
- \_\_\_\_\_ 2. An association of two or more persons who co-own a business with the objective of earning a profit.
- \_\_\_\_\_ 3. A market that consists of customers who buy products for use in a business.
- \_\_\_\_\_ 4. A business that is owned and operated by those using its services.
- \_\_\_\_\_ 5. A business that buys products from wholesalers or directly from producers, and sells them to consumers to make a profit.
- \_\_\_\_\_ 6. A share of ownership in a corporation.
- \_\_\_\_\_ 7. An organization that exists to serve some public purpose.
- \_\_\_\_\_ 8. A business that is owned and often operated by a single individual.
- \_\_\_\_\_ 9. A business that creates goods and services.
- \_\_\_\_\_ 10. A portion of a corporation's earnings distributed to stockholders.

# Multiple Choice

Place the letter of the correct answer to each question on the line provided.

- \_\_\_\_\_ 1. Which of the following is an example of an intermediary?  
A. Auto manufacturer  
B. Auto parts manufacturer  
C. New car dealership  
D. Auto repair shop
- \_\_\_\_\_ 2. \_\_\_\_\_ is a numeric system to classify businesses and collect economic statistics.  
A. B2B  
B. NAICS  
C. LLC  
D. B2C
- \_\_\_\_\_ 3. Which is *not* an example of a not-for-profit organization?  
A. United Way  
B. American Cancer Society  
C. Microsoft  
D. American Red Cross
- \_\_\_\_\_ 4. An accounting firm that prepares taxes for an advertising agency operates in the \_\_\_\_\_ market.  
A. business-to-consumer  
B. consumer-to-business  
C. business-to-business  
D. consumer-to-consumer
- \_\_\_\_\_ 5. Which of the following is a business that is owned and operated by a single individual?  
A. Partnership  
B. Proprietorship  
C. Corporation  
D. Cooperative
- \_\_\_\_\_ 6. The two common types of partnerships are \_\_\_\_\_.  
A. general and unlimited  
B. general and cooperative  
C. general and limited  
D. limited and unlimited
- \_\_\_\_\_ 7. Which is *not* an advantage of a partnership form of ownership?  
A. Limited liability  
B. Easy to start  
C. Combined financial resources  
D. Simple tax structure

Name \_\_\_\_\_

- \_\_\_\_\_ 8. Which is a form of business ownership provides limited liability to its owners, but is taxed as a partnership?
- A. S Corporation
  - B. Cooperative
  - C. Green business
  - D. Limited partnership
- \_\_\_\_\_ 9. A major advantage of forming a corporation is \_\_\_\_\_.
- A. profit
  - B. limited life
  - C. management
  - D. limited liability
- \_\_\_\_\_ 10. Cooperatives are run \_\_\_\_\_.
- A. by the government
  - B. democratically
  - C. similarly to an LLC
  - D. without voting members

## Completion

*In the space provided, write the word(s) that best completes each of the following statements.*

- \_\_\_\_\_ 1. One of the sole purposes of a for-profit business is to be productive and generate money for its \_\_\_\_\_.
- \_\_\_\_\_ 2. Governmental organizations are part of the \_\_\_\_\_ sector.
- \_\_\_\_\_ 3. The customer of a service business is often called a \_\_\_\_\_.
- \_\_\_\_\_ 4. The \_\_\_\_\_ market consists of customers who buy products for their own use.
- \_\_\_\_\_ 5. Wholesalers are often called \_\_\_\_\_.
- \_\_\_\_\_ 6. The simplest and most common form of business ownership is a(n) \_\_\_\_\_.
- \_\_\_\_\_ 7. A partner who does not participate in managing the business is a(n) \_\_\_\_\_ partner.
- \_\_\_\_\_ 8. The form of business ownership described as an “artificial person” is a(n) \_\_\_\_\_.
- \_\_\_\_\_ 9. The group of individuals who makes high-level management decisions for a corporation and establishes company policies is called the \_\_\_\_\_.
- \_\_\_\_\_ 10. The form of business ownership that combines the benefits of a corporation with those of proprietorships and partnerships is a(n) \_\_\_\_\_.