

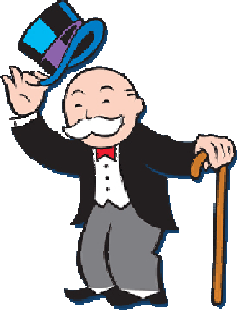
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Unit 1

Business Organization

Students will understand basic business organizations



Pearson Textbook Chapter 8
-Section 1 pp. 190-195; Section 2 pp. 197-200; Section 3 pp. 202-206

OBJECTIVE

HOW ARE BUSINESS FIRMS ORGANIZED?

ENTREPRENEURS

- INNOVATE
- ORGANIZE
- TAKE RISKS
- KEEP PROFITS



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Types of Business Firms

- **Sole Proprietorship:** Owned by a single individual
- **Partnership:** Two or more people own and manage a business
- **Corporation:** A fictitious legal person separate and distinct from its owners

SOLE PROPRIETORSHIP



Types of Business Firms

- **Sole Proprietorship:** Owned by a single individual
- **Advantages**
 - Easy and inexpensive to establish
 - Owners have complete control of business
- **Disadvantages**
 - Limited resources
 - Unlimited liability

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Types of Business Firms

- **Partnership:** Two or more people own and manage a business
- Advantages
 - Easy and inexpensive to establish
 - Access to greater resources
 - More specialization
- Disadvantages
 - Limited life
 - Unlimited liability
 - Shared control
 - Split profits



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Types of Business Firms

- **Corporation:** A fictitious legal person separate and distinct from its owners
- Advantages
 - Limited liability
 - Unlimited life
 - Unlimited access to resources
- Disadvantages
 - Shared profits (dividends)
 - Double taxation
 - Lack of control

Unit 1

Business Finance



*Students will understand
the economic
functions of the stock
market*

Pearson Textbook Chapter 11
Section 3 pp. 291-300

OBJECTIVE

HOW ARE BUSINESS FIRMS FINANCED?

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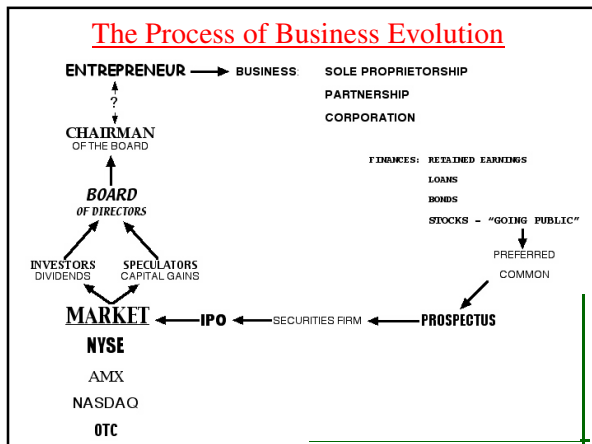
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Review: Types of Business Firms

- **Sole Proprietorship:** Owned by a single individual
- **Partnership:** Two or more people own and manage a business
- **Corporation:** A fictitious legal person separate and distinct from its owners

Business Finance

- **Retained Earnings/Reinvestment**
 - Revenue not kept as profits but instead reinvested in the company
- **Commercial Paper**
 - Loans from Banks.
- **Bonds**
 - Loans from Individuals
- **Stock**
 - Selling Ownership by Going Public



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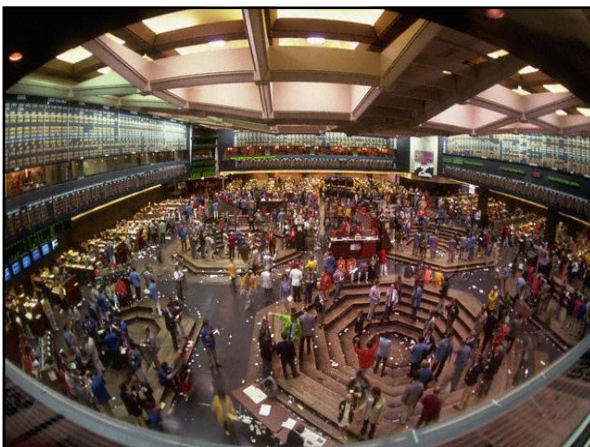
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The NYSE



NASDAQ/AMEX



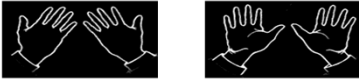


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Floor Broker Hand Signals

Buy / Sell
When indicating you want an offer to buy (signaling a bid), the palm of the hand always faces toward you. You can remember this by thinking that when you're buying, you're bringing something in toward you. When making an offer to sell (offering), the palm always faces away from you. Think of selling as pushing something away from you.




buy **sell**

Quantity
To indicate quantity - the number of contracts being bid or offered - touch your face.

To signal quantities one through nine, touch your chin.

To show quantities in multiples of 10, touch the forehead.

To show quantities in multiples of 100, make a fist and touch the forehead.



one **ten** **one hundred**
