**Types of Business Explanation and Example**

| **Proprietorship** | A business that is only owned by one person and only one person makes the decisions. An example is where my dad’s friend own a small tech business of his own and he makes all the decisions |
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| **Partnership** | A partnership is where two or more people own a business, they both collaborate, and make decisions.An example is where Johnathon Lewis’s dad works with 4 other guys and they own the business and make the decision |
| **Corporation** | A corporation is a legal entity that is separate and distinct from their owners. People can buy shares and stocks from them which is a piece of ownership. An example of a Corporation is Apple where so many people buy pieces of ownership from them and are distinct from its ceo. A business owned by stockholders who own piece of ownerships |

| What is an example of a **non-profit organization**? | A non-profit organization is a business whose goal is to give a service rather than making money/profit. The Boy Scouts of America would be a example of a non-profit organization |
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| Why would that organization be considered a non-profit organization? | The Boy Scouts of America would be a example of a non-profit organization because there goal is to give services to other people rather than making money from them |

| What is an example of a **franchise**? | A franchise is a contract between the parent company(franchisor) and the person(franchise) under which the franchisee sells stuff under the franchisee. A contract between a parent company(franchiser) and an individual (franchisee) that details the terms under which the franchisee does business w/ products, names, or other services of the franchiser. The Franchiser grants the franchise/business/company to the franchisee.Mcdonalds would be a good example of a franchise because so many people around the world own at least one mcdonalds and sells stuff under the ceo of mcdonald |
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| Why would a company want to **franchise**? | A business would want to buy a franchise because it allows them to make money off the company’s product. It allows the business to expand which leads to more customers |

Corporations

| Why would a company want to become a corporation? | A company would like to be a corporation because they can expand their business and raise more money to pay off capital and debt |
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| What is the process called when a company becomes a corporation? | A proprietorship or partnership must go through Initial Public Offering |
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| Provide a short explanation of what happens during this process | During initial public offering, you hire a small investment bank(goldman sachs), your bank splits your company into shares and sell those shares to the public.The bank will take a portion of your money for fees.The rest of the money will go to the company that will be used to accumulate resources |

| Who are the owners of a corporation? | The stockholders/Shareholders are the owners of a corporation |
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| Provide and explain a scenario where a company’s stock price would decrease | A company’s stock price would decrease if your value is low. When the supply of the product is less scarce and when there is more supply. When a value becomes more rare. When they release a new product the value could increase.When the supply increases the price will decrease When a company gets sued. |
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| Provide and explain a scenario where a company’s stock price would increase | A company’s stock price would increase if the demand for a product of the stock goes up.When the supply of the product is more scarce and when there is less supply. If there is less supply of snowboards. When the demand for their products decreases. Let's say the demand for vaccines increase because of the pandemic medical companies like pfizer, moderna, novavax, and johnson and johnson would make money.When you have a positive reputation |
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| What is a stock **dividend**? | A dividend is profit distributed out to shareholders per share of stock. Let's say there is a dividend of 1 dollar and you have 50 shares so you make 50 dollars |
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Explain why you would want to use the specified indicator as opposed to the other two

| **Dow Jones Industrial Average** | I would want to use this indicator over the two because it tracks how the most popular and huge companies are doing compared to the other companies.Average of the performance of 30 large companies in various industries  An indicator of how large american corporations performed in the stock market and in general.It looks at the large companies |
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| **S&P 500** | I would want to use this indicator over the three because I can see how the 500 companies of various sizes are doing in their stocks. Tracks the price changes of 500 different stocks of small, medium, and large corporations. It looks at companies at various sizes unlike the nasdaq and dow jones industrial average. It is intended the measure the overall stock market |
| **NASDAQ** | I would want to use this indicator over the two because it tracks how the tech companies are doing.Electronic stock market, tech companies are sold a lot of the technology-intensive NASDAQ average gives us an idea of how tech stocks are doing |

| What does the term “**Blue Chip**” stock mean? | A Blue Chip stock is where the company has been able to profit well over a good period of time when their exchange.It has an excellent reputation.Stock of a well established and financially sound company that has demonstrates its ability to pay dividends in both goods and bad times  They have been successful over a long period of time |
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| What is a corporation intending to do when it initiates a **stock split**? | The corporation is intending to increase the number of shares and decrease the value/price of each shares which lowers their chance of losing money.You would get more shares and more shares mean more money. |
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Mutual Funds

What types of stocks would you want the fund manager to invest in if you wanted to be…

| Safe (minimize risk) | Blue Chip Stocks/companies where they will be successful for a long time.Companies that have a good reputation, smaller companies stocks ,A newer company, safe/steady growth stocks, stocks in the middle, medium sized companies. I would want medium sized |
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| Risky but have a higher potential for gain | large company stocks, aggressive growth stocks. |

Provide and explain 3 reasons why mutual funds (as opposed to stocks) is such a common way that people invest

| Diversification-diversification means that don’t use the same thing again and again make different things and you lower your risk by spreading money across and within different asset classes |
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| Managed by a professional- they are managed by a fund manager who does all the research and makes decisions based on the goal of the investor. They have access to a lot of information. They are experienced and educated. |
| Convenience-It's more convenient, you are always tracking your stock everyday, your trusting teh professional.Set it and forget it(for a while anyways) A professional takes care of it not you |

Market Structures

| What is an example of **perfect competition**? | Perfect Competition is where everyone who is competing in the market is selling the exact same/identical productSellers can enter or exit the market easily.Sellers offer identical products.Many buyers and sellers act independently Wheat is a example of perfect competition |
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| Why does this example fit for perfect competition? | Wheat is a example of perfect competition because so many companies sell wheats Thousands of independent farmers compete to sell their products to millions of buyers.For the most part, products are identical.Farmers who already own land can switch to different products |

| What is the principal difference between perfect competition and **monopolistic competition**? | The principle difference between pure and monopolistic competition is where pure competition sells identical products and monopolistic competition sells similar but not identical products |
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| What are **barriers to entry**? | Barriers to entry are factors take make it hard for new firms to enter the market.Factors that keep competition from enter a market/industry |
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| What are 2 examples of barriers to entry? | 1)To much competitors or Massive Customer Loyalty  2)Start up costs are to expensive |

| What makes a market an **oligopoly**? | An oligopoly where at least 3-4 biggest group/people dominate or own all the stuff in a market.A market structure in which a few large sellers control most of the production of a good or service.The critical characteristic of an Oligopoly is the presence of only a few large sellersA market is considered an oligopoly when the largest three or four sellers produce most(maybe 70% or more) of the market’s total output.Difficult Market Entry |
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| What is an example of an oligopoly? | The automobile industry is a good example of oligopoly. Phone services |
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| Why does this example fit as an oligopoly? | Automobile industry is an oligopoly because the industry is dominated by 3 majors firms and those major firms sells the most cars .General Motors (GM), Ford, and Chrysler |

| What is a **monopoly**? | A monopoly is where one person own everything and dominates the whole market.Difficult market entry |
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| What is an example of a **monopoly**? | An example of a monopoly is the water district, california get their water from a single water source, utility companies,Microsoft |
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