

Department of Education
National Capital Region

**SCHOOLS DIVISION OFFICE
MARIKINA CITY**

ACCOUNTANCY, BUSINESS AND MANAGEMENT

Organization and Management

Forms of Business Organization

Quarter 1 – Module 4



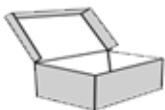
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What I Need To Know

This module was written to help you understand the lesson in Organization and Management. It was carefully designed so that you can work at your own pace and allow self-discovery of the concept or ideas through different activities that you will perform. Activities were selected to for independent learning which also aims to develop students' reading comprehension skills through understanding written texts.

At the end of this module you will be able to:

1. Define business organization
2. Identify and describe the different forms of business organization
3. Analyze the forms and economic roles of business organization
4. Differentiate the phases of economic development and its impact to business environment

Before we start may I remind you to write your answer on your notebook (any notebook will do) as this will also serve as your answer sheet. Keep your notes on this Module too.



What I Know

1. A person who takes a risk to produce goods and services in search of profit -
 - a. entrepreneur
 - b. magistrate
 - c. profiteer
 - d. employee
2. What kind of business is BEST described by these statements?
I am the only owner of my business.
I take all the risks of doing business.
I keep all the profits.
 - a. proprietorship
 - b. corporation
 - c. partnership
 - d. cooperative
3. An entrepreneur -
 - a. enforces government regulations
 - b. takes the risk to earn profit
 - c. sets the interest rates at banks
 - d. manages financial investment



4. In a corporation, owners share profit, but liability is limited to -
 - a. investment
 - b. distribution
 - c. theft
 - d. production
5. A form of business organization that is authorized to act as a legal entity regardless of the number of owners.
 - a. corporation
 - b. proprietorship
 - c. partnership
 - d. distributor



What's in

Arrange the jumbled letters and write your answer in your notebook

1. E E N O V I R N T M N A L A N C N S I N G
2. T E N T H S R G
3. N I N R T E L A E V I N R N M N O E T
4. U P N R P O T T I Y O
5. T R N T I E N I O A L N A

Lesson 1

Forms of Business Organizations



What's New?

Identify the number of owners of the following business organizations by checking the appropriate column:

Name of Business	Number of owner/s	
	1	2 or more
1. Aling Maring Sari Sari Store		
2. Unksad and Associates Law Office		
3. Mamaril and Associates Auditing Firm		
4. SM holdings Corporation		
5. Coca cola Philippines		





What is It?

According to Cabrera, et.al (2016) Organization is a collection of people working together to achieve a common purpose. On the other hand, business organization is a collection of people working together to achieve a common purpose in relation to their organization's mission, vision, goals, and objectives, sharing a common organization culture. Organizational culture is the set of beliefs and values shared by organization members which guide them as they work together to achieve their common purpose.

The form of business organization may depend on its purpose, nature of operations, and resources. However, a business organization's form may change with the changing times and the demands they present.

Forms of Business Ownership:

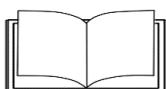
1. Sole Proprietorship- a form of business ownership organized and managed by only one person. It is possible that the capital in this form of business comes from the collective contribution of members of the family or among friends. Business to be considered sole proprietorship, it should be registered in the name of only one person.
2. Partnership- a business organization where two or more persons contribute money, property, or talent to carry on a business.
3. Corporation- is an artificial being created by the operation of law, having the rights of succession and the powers, attributes, and properties expressly authorized by law or incident to its existence.

Below are some of the advantages and disadvantages of the three legal forms of business that can help the businessman simplify his selection.

	ADVANTAGES	DISADVANTAGES
1. Single/Sole Proprietorship (owner)	<ol style="list-style-type: none">1. Easy to set up/start2. Decision-making is left entirely to owner	<ol style="list-style-type: none">1. Demanding on owner's personal time2. Growth limited by owner's financial means
2. Partnership (two or more partners)	<ol style="list-style-type: none">1. Relatively easy to set up/start2. Checks and balances maintained with two parties around	<ol style="list-style-type: none">1. Dissolution of partnership by any personal gap between partners2. Equal profit sharing despite unequal attention and time given by partners to business



3. Corporation (at least five stockholders)	1. Maximum flexibility Limited liability of individual share 2. Greater room for 3. Professionalism 4. Least chance of dissolution	1. Complicated setting-up process 2. Limited influence on management by individual 3. Tendency to institutionalize bureaucracy
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What's More

Write down words or phrases that best describe the different business organizations. Refer to the previous discussions. Write your answers on your notebook

Sole
Proprietorship

Partnership

Corporation



What I Have Learned

Explain the following forms of Business Organizations. Write your answer on your notebook.

1. Sole Proprietorship
2. Partnership
3. Corporation





What I Can Do

In this time of pandemic situation in the Philippines, I realized that the most suitable business organization set-up is _____ because

Lesson 2

Phases of Economic Development



What I Know

1. Rostow's Stages of Economic Growth include all of the following EXCEPT _____.
 - a. traditional
 - b. postmodern
 - c. drive to maturity
 - d. take-off
2. The second stage of Rostow's Stages of Development primarily involves _____.
 - a. Large scale manufacturing and the continuation of primary economic activities.
 - b. The movement towards a fluid and meritocratic society
 - c. External investment and greater exploitation of natural resources
 - d. The introduction of natural resources from external sources
3. How many stages are there in Rostow's Stages of Development?

a. three	c. four
b. seven	d. five
4. The fourth stage of Rostow's Stages of Development primarily involves _____.
 - a. the introduction of investment from external sources.
 - b. the development of a large commercial economy and favorable integration into the global economy.
 - c. the development of environmental policies and social welfare policies
 - d. the complete abandonment of primary and secondary economic activities
5. The fifth stage of Rostow's Stages of Development primarily involves _____.
 - a. consumerism and mass consumption
 - b. political unrest and revolution
 - c. large scale investment in manufacturing and infrastructure
 - d. the complete abandonment of primary and secondary economic activity





What's in

Arrange the jumbled letters to form a word. Write your answer on your notebook.

1. R A O R P T I C O O N
2. B S U I N S E S N O G A I T R Z A I O N
3. P S R A N E T R I P H
4. S L O E P O P R H R I E T I R O S P
5. A O R N G I A I O N Z T



What's New?

The genuine concern of economic development is the accumulation of material wealth but, its greater concern is the total improvement and the quality of people's lives. This is related to sustainable economic development issues in a country which is greatly influences business management.

Activity

Compare the economic development of the Philippines against India? (Write your answer in your notebook)



What is It?

According the Cabrera et. al, Economic Development is a total process which includes not only economic growth or the increase in the given amount of goods and service produced by the country's economy, but also considers the social, political, cultural, and social aspects of the country's growth.

The phases of economic development is the distinct stages involved in the total process of economic development in a particular country. These include economic growth, improvement of the Human Development Index (HDI), availability of benefits provided by science and technology and societal improvement of the opportunities and general welfare of its members. While, economic growth increase in the given amount of goods and services produced by the country's earning.

Walt Rostow took a historical approach in suggesting that developed countries have tended to pass through 5 stages to reach their current degree of economic development.



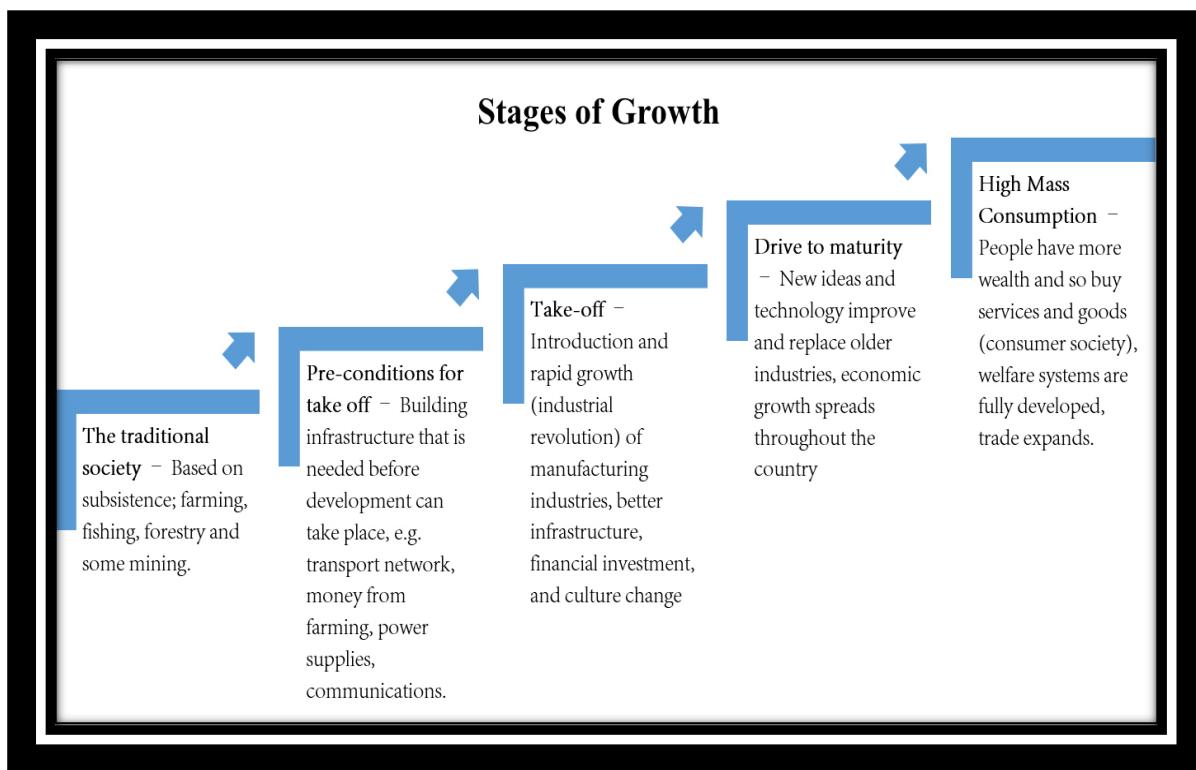


Image taken from: <https://www.worldeconomicsassociation.org/newsletterarticles/utopia-and-economic-development/>

Walt Whitman Rostow stages of economic growth.

1. The Traditional Society

- characterized by subsistence agriculture or hunting and gathering; almost wholly a "primary" sector economy
- limited technology
- Some advancements and improvements to processes, but limited ability for economic growth because of the absence of modern technologies, lack of class or individual economic mobility, with stability prioritized and change seen negatively
- This is where society generally begins before progressing towards the next stages of growth
- No centralized nations or political systems.

2. The Preconditions for Take-Off

- External demand for raw materials initiates economic change.
- Development of more productive, commercial agriculture and cash crops not consumed by producers and/or largely exported.
- Widespread and enhanced investment in changes to the physical environment to expand production (i.e. irrigation, canals, ports)
- Increasing spread of technology and advances in existing technologies
- Changing social structure, with previous social equilibrium now in flux
- Individual social mobility begins
- Development of national identity and shared economic interests.



3. The Take-Off

- Urbanization increases, industrialization proceeds, technological breakthroughs occur.
- "Secondary" (goods-producing) sector expands and ratio of secondary vs. primary sectors in the economy shifts quickly towards secondary.
- Textiles and apparel are usually the first "take-off" industry, as happened in Great Britain's classic "Industrial Revolution"
- An Example of the Take-off phase is the Agriculture (Green) Revolution in the 1960s.

4. The Drive to Maturity

- Diversification of the industrial base; multiple industries expand and new ones take root quickly
- Manufacturing shifts from investment-driven (capital goods) towards consumer durables and domestic consumption
- Rapid development of transportation infrastructure.
- Large-scale investment in social infrastructure (schools, universities, hospitals, etc.)

5. The Age of Mass-Consumption

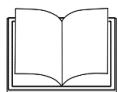
- the industrial base dominates the economy; the primary sector is of greatly diminished weight in the economy and society
- widespread and normative consumption of high-value consumer goods (e.g. automobiles)
- consumers typically (if not universally), have disposable income, beyond all basic needs, for additional goods
- Urban society (a movement away from rural country-sides to the cities)

Rostow asserts that countries go through each of these stages fairly linearly, and set out a number of conditions that were likely to occur in investment, consumption, and social trends at each stage. Not all of the conditions were certain to occur at each stage, however, and the stages and transition periods may occur at varying lengths from country to country, and even from region to region.

The role of business in relation to the economy is very vital. Small businesses boost economic revenue on a smaller scale, but one that's of vital importance, directly and positively affecting the health, quality of life and purchasing power of residents in the local community. But small businesses don't always stay small. Many nationally known brands today got their start as very small businesses run out of someone's home or garage. Start-ups can become multinational companies that can have a huge and positive impact on the global economy, benefiting all of the company's employees and the communities in which those businesses thrive. Apple, Whole Foods, Amazon and Starbucks were all ideas started on a small scale that have had incredible, explosive positive impacts not just on the U.S. economy, but on a global scale.

Source: Cabrera, et al, DepEd Organization and Management Teacher's Manual
<https://www.worldeconomicsassociation.org/newsletterarticles/utopia-and-economic-development/>





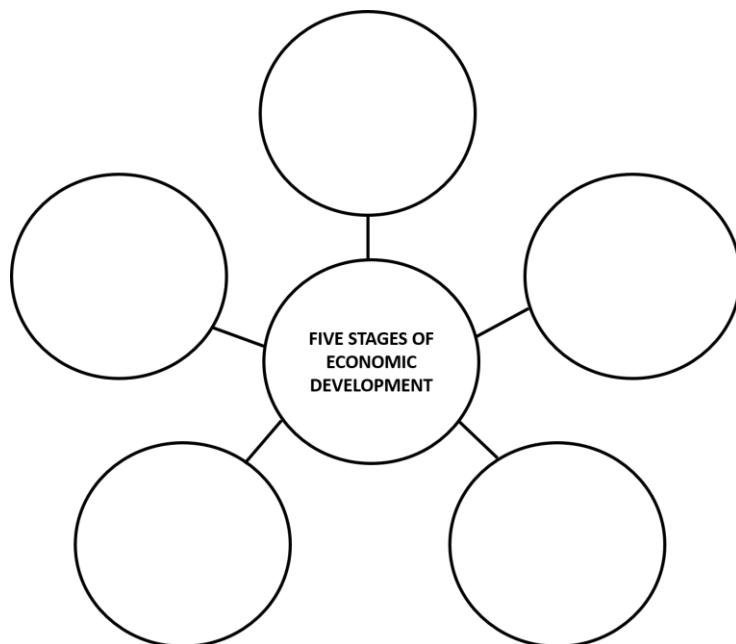
What's More

Write down words or phrases that best describe the different stages of Economic Development. Refer to previous discussions for your guidance. Be ready for a virtual discussions or written discussions of your answers.



What I Have Learned

Using this Graphic Organizer, give your idea about the five stages of Economic Development. Write your answer on your notebook.





What I Can Do

List down at least 2 economic challenges in the new normal setting. Suggest ways and plans of action for recommendation and solution.

Problem	Solution to the Problem	Identify the economic development
Example: Loss of job of parents	Open an online business	Pre-condition take off
1.		
2.		



Assessment

Choose the letter of the correct answer. Write it in your notebook.

1. In which stage of economy reaches the maturity and begins the final stage?
 - a. Preconditions for Take-Off
 - b. Traditional Society
 - c. Age of Mass Consumption
 - d. None of the above
2. Which stage had limited technology and humans had access to little more than handmade tools, transportation, and the printing press?
 - a. Preconditions for Take-Off
 - b. Traditional Society
 - c. Age of Mass Consumption
 - d. None of the above
3. Which stage is used to educate the individuals to start inventing new processes and tools, and access to capital through financial markets and bank make it possible to produce goods and services on a larger scale?
 - a. Drive to Maturity
 - b. Modern Society
 - c. Take-Off
 - d. Preconditions for Take-Off
4. Which of the following is **NOT** one of Rostow's five stage of economic development?
 - a. Age of Mass Consumption
 - b. Drive to Maturity
 - c. Take-off
 - d. Technological Society



5. Which of the following is a CORRECT arrangement of the Five Stages of Economic Development?
- Precondition for Take-off, Take-Off, Traditional Society, Age of Mass Consumption, and Drive to Maturity
 - Traditional Society, Preconditions for Take-off, Take-off, Drive to Maturity, and Age of Mass Consumption,
 - Traditional Society, Preconditions for Take-off, Age of Mass Consumption, Drive to Maturity, and Take-Off
 - Age of Mass Consumption, Preconditions for Take-off, Traditional Society, and Take-off
6. Which of the following is a form of business which consists of two or more persons who bind themselves to contribute money or industry to a common fund with the intention of dividing profits among themselves?
- Sole Proprietorship
 - Partnership
 - Corporation
 - Profit business
7. Which of the following is a form of business which has unlimited liability creditors may proceed not only against the assets and property of the business, but also after the personal properties of the owner.
- Sole corporation
 - Partnership
 - Sole Proprietorship
 - corporation
8. The followings are the disadvantages of Corporation except ONE.
- Checks and balances maintained with two parties around
 - Complicated setting-up process
 - Limited influence on management by individual
 - Tendency to institutionalize bureaucracy
9. A collection of people working together to achieve a common purpose.
- Business organization
 - Simple business organization
 - organizational culture
 - organization
10. The set of beliefs and values shared by organization members which guide them as they work together to achieve their common purpose.
- Organizational culture
 - Business organization
 - organization
 - Simple business organization
11. Which of the following is CORRECT about Sole Proprietorship?
- Decision-making is left entirely to owner
 - Limited liability of individual share
 - Limited influence on management by individual
 - Tendency to institutionalize bureaucracy
12. The following are the advantages of partnership except ONE.
- Consists of two or more partners
 - Relatively easy to set up/start
 - Checks and balances maintained with two parties around
 - Growth limited by owner's financial means
13. Which of the following are disadvantages of Sole Proprietorship?
- Complicated setting-up process
 - Limited influence on management by individual
 - Demanding on owner's personal time
 - Least chance of dissolution



14. Which of the following is CORRECT about Corporation?
- Equal profit sharing despite unequal attention and time given by partners to business
 - Greater room for Professionalism
 - Dissolution of partnership by any personal gap between partners
 - none of the above
15. Which of the following is a form of business which has to be registered in the name of only one person?
- Sole corporation
 - Sole Proprietorship
 - Partnership
 - corporation
16. It is a model on economic development developed by Rostow.
- Five stages of Economic Growth
 - Juran's Theory
 - Forms of Business Development
 - none of the above
17. These societies relied heavily on agricultural labor.
- Drive to Maturity
 - traditional society
 - Take-Off
 - Preconditions for Take-Off
18. A society or economy is able to export production from other countries
- Preconditions for Take-Off
 - Traditional Society
 - Age of Mass Consumption
 - None of the above
19. Rapid development of transportation infrastructure.
- Drive to Maturity
 - traditional society
 - modern society
 - Take-Off
20. Individual social mobility begins in
- Drive to Maturity
 - traditional society
 - modern society
 - Take-Off



Additional Activities

Identify business organizations in the locality. Choose which one catch your point of interest. After, answer the following questions for reflection:

- Do you find the business organization interesting because it shares same personal belief?
- Is it popular enough to be recognized or still emanating in the industry of local business?
- How do you think it will or should sustain its standing and credibility based on the current and future business situation?



Rubrics for scoring

Outstanding (5)	Very Good (4)	Good (3)	Adequate (2)	Needs Improvement (1)
<ul style="list-style-type: none"> • Demonstrate an excellent understanding of the lesson • Responses are supported with important details 	<ul style="list-style-type: none"> • Demonstrates a good understanding of the lesson. • Most responses are supported with important details. 	<ul style="list-style-type: none"> • Demonstrates some understanding of the lesson • Responses are simple and predictable 	<ul style="list-style-type: none"> • Demonstrates little understanding of the lesson • Responses have no supporting detail • Some responses may be incorrect 	<ul style="list-style-type: none"> • Demonstrates no understanding of the lesson • Responses have no relation to the story • Responses are incomplete

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