

Business Firms Study Guide

1. What is the purpose of every business? How do they accomplish this purpose?
2. What are the benefits of economies of scale? How does it work?
3. Why would someone want to start a sole proprietorship? Why might they be concerned about his form of business?
4. Why would someone want to start a partnership? Why might they be concerned about his form of business?
5. Why would someone want to start a corporation? Why might they be concerned about his form of business?
6. Why would someone want to own preferred stock instead of common stock?
7. How are corporations able to raise large amounts of capital?
8. Explain the concept of limited liability including how and why it works.
9. How are corporations structured? How do they work? How is power arranged amongst the different levels of employees?
10. Why would companies engage in horizontal & vertical integration? Give examples of successful companies in each area.
11. Are horizontal & vertical integration always a good idea? Why or why not? Be specific.
12. Why are people generally so opposed to monopolies?
13. Are there any advantages to a monopoly? What are they?
14. Identify an oligopoly that Mr. Busby didn't talk about in class. What makes it an oligopoly? Be specific
15. Is current anti-trust legislation effective? Defend your response.
16. What determines how much labor is paid by business?
17. In terms of skill, what sort of workforce would we want the United States to have and why?
18. Why would someone want to join a union today?
19. Are unions necessary today? Why or why not?