4) Business Ownership

- **Sole proprietorship:** business that is owned (&usually operated) by one person
    - (+) ease of startup & closure, pride of ownership, retention of all profits, no special taxes, flexibility of being own boss
    - (-) unlimited liability, lack of continuity, lack of money, limited management skills, difficulty hiring
- **Partnership:** voluntary association of 2+ persons to act as co owners of a business for profit
    - **general partner:** person who assumes full on shared responsibility for operating a business
    - **limited partner:** person who invests money in a business but has no management responsibility or liability for losses beyond the initial investment
        - **master limited partnership (MLP)/ publicly traded partnership (PTP):** limited partnership w units of ownership that can be traded on security exchanges like shares of ownership
    - **articles of partnership:** an agreement listing and explaining terms of the partnership
    - (+) ease of start up, availability of capital&credit, personal interest, combines business skills&knowledge, retention of profits, no special taxes
    - (-) unlimited liability, management disagreements, lack of continuity, frozen investment
- **Corporation:** artificial person created by law w most of the legal rights of people (start&operate a buis, buy/sell property, borrow money, sue/be sued, enter into binding contracts)
    - **stock:** shares of ownership of a corporation
        - **common stock:** owned by individuals/firms who may vote on corporate matters but whose claims on profits&assets are subordinate to claims of others
        - **preferred stock:** owned by individuals/firms who usually don't have voting rights but whose claims on dividends are paid before those of common stock
        - **dividend:** dist of earnings to stockholders
        - **proxy:** legal form listing issues to be decided at a stockholder's meeting & enabling stockholders to transfer their voting rights to other individuals
    - **closed corporation:** stock owned by relatively few people & not sold to general public
    - **open corporation:** stock can be bought&sold by any individual
    - **domestic corporation:** in the state in which it is incorporated
    - **foreign corporation:** in any state in which it does business expect the one in which it's incorporated
    - **alien corporation:** chartered by a foreign gov & conducting business in the US
    - (+) limited liability (each owner's liability is amt they paid for corp's stock), ease of raising capital, ease of transfer of ownership, perpetual life, specialized management
    - (-) difficulty & expense of formation, gov regulation & licensed paperwork, conflict within, double taxation, lack secrecy
- **corporate structure:** stockholders (owners) > elect board of directors > appoint officers > hire employees
    - **board of directors:** top governing body of a corp, members elected by stockholders
    - **corporate officers:** chairman of the board, president, executive vice pres, corporate secretary, treasurer, and any other top executive
- special buis ownership types
    - **S-corporation:** taxed as though a partnership
    - **limited liability company (LLC):** combines benefits of corp&partnership while avoiding some restrictions&disadvantages
    - **non profit corporation:** provide a social, educational, religious, etc service rather than earn profit
- **cooperative:** association of individuals/firms whose purpose is to perform some business func for its members
- **joint venture:** agreement between 2+ groups to form a business entity in order to achieve a specific goal or to operate for a specific per of time
- **syndicate:** temporary association of individuals or firms organized to perform a specific task that requires a large ant of capital
- **merger:** purchase of one corporation by another
    - **acquisition:** large corporation's purchase of other corporations
    - **hostile takeover:** management & board of directors of a firm targeted for acquisition disapprove of the merger
        - **tender offer:** offer to purchase stock of acquisition targeted firm at price just high enough to tempt stockholders to sell their shares
        - **proxy fight:** gather enough stockholder votes to control a targeted company
    - **horizontal merger:** between firms that make/sell similar prod/services in similar markets
    - **vertical merger:** between firms that operate at diff but related levels in production & marketing of a prod
    - **conglomerate merger:** between firms in completely diff industries

9) Best Employees

- **Human Resources Management (HRM):** all the activities involved in acquiring (human resources planning, job analysis, recruiting, selection, orientation), maintaining (employee relations, compensation, benefits), and developing (training&development, performance appraisal) an organization's human resources
- **human resources planing:** development or strategies to meet a firm's future human resources needs; organization's overall strategic plan, forecast future demand, determined resources avail, match supply w demand
    - **replacement chart:** list of key personnel & their possible replacements
    - **skills inventory:** computerized data bank containing info on skills and exp of all present employees
    - **laid off:** dismissed from workforce until needed again
    - **attrition:** normal reduction in the workforce occurs when employees leave
    - **early retirement:** people w/in few years of retirement permitted to retire early w full benefits
    - **fired:** last resort to rid unnecessary employees
- **cultural (workplace) diversity:** differences among people in a workforce in race, ethnicity, & gender
- **job analysis:** systematic procedure for studying jobs to determine their various elements&requirements
    - **job description:** list of elements that make up a particular job; **job specification:** list of qualifications required to perform a job
- **recruiting:** process of attracting qualified job applicants
    - **external:** outside an org
    - **internal:** considering present employees as applicants
        - **promotion, transfer** (same level), **job posting:** informing current employees of upcoming openings
- **selection:** process of gathering info about applicants for a position then using that info to choose the most appropriate (apps, tests, interviews, references, assessment)
    - **resume:** 1-2 page summary of candidate's background&qualifications
    - **structured interview:** interviewer asks only a prepared set of job related Q
- **orientation:** process of acquainting new employees w an organization
- **employee training:** teaching operations&technical employees how to do their present jobs more effectively&efficiently
    - **supersales trainer:** full time trainer that provides production, sales, & employee development training
- **management development:** process of preparing managers & other professionals to assume increased responsibility in both present & future positions
- **compensation:** payment employees receive in return for their labor
    - **compensation system:** policies&strategies that determine employee comp
        - **wage survey:** collection of data on prevailing wage rates w/in an industry/geographic area
        - **wage structure:** set of decisions on relative pay levels for all positions
            - **job evaluation:** process of determining the relative worth of various jobs w/in firm
    - **comparable worth:** seeks equal compensation for jobs requiring about same lvl edu, training, & skills
    - **hourly wage:** specific amt of money paid for each hour of work; **salary:** specific ant paid for each hour of work; **commission:** payment in percentage of sales revenue
    - **incentive payment:** in addition to wages, salary, or commissions
        - **gain sharing:** incentives to employees who exceed specific sales or prod goals; **merit pay:** reward outstanding workers
    - **lump salary increases:** an entire pay raise taken in one lump sum
    - **profit sharing:** dist of a perfecta or firm's profit among its employees
- **employee benefit:** reward in addition to regular compensation that is provided indirectly to employees (pay for time not worked, insurance packages, pension&retirement programs, worker's compensation insurance, unemployment insurance, Social Security, etc)
    - **flexible benefit plan:** compensation plan whereby an employee receives a predetermined amt of benefit dollars to spend on a package of benefits selected to meet individual needs
- **performance appraisal:** eval of employee's current & potential lvls of performance to allow managers to make objective human resources decisions
    - **objective:** use some measurable quantity (units of output, dollar vol of sales)
    - **judgmental:** based on employee ranking or rating scales
        - **rating scale:** statements given a rating
    - **performance feedback interview:** results of appraisal discussed w employee after eval completed
        - **tell&sell:** superior tells employee how good/bad performance has been & persuades employee to accept; **tell&listen:** supervisor tells employee what has been right/wrong w performance & gives opportunity to react; **problem solving:** employees eval their own performances & set their own future goals
    - **360degree evaluation:** collects anon reviews about an employee from peers, subordinates, & supervisors and then compiles reviews into feedback report given to employee
- **National Labor Relations Act and Labor Management Relations Act:** concerned w dealings between business firms & labor unions