



## International Business

### Chapter 5 Organizing for International Business

(a) charter, (b) cooperative, (c) corporation, (d) direct exporting, (f) dividends, (g) foreign direct investment, (h) franchise, (i) indirect exporting, (j) joint venture, (k) licensing, (l) limited liability, (m) management contract, (n) multinational company or corporation (MNC), (o) municipal corporation (p) net income or profit, (q) nonprofit corporation, (r) partnership (s) sole or single proprietorship, (t) stock certificate, (u) stockholders or shareholders, (v) unlimited liability, (w) wholly owned subsidiary

1. \_\_\_\_\_ A business owned by its members and operated for their benefit.
2. \_\_\_\_\_ The difference between money taken in and expenses..
3. \_\_\_\_\_ The owners of a corporation.
4. \_\_\_\_\_ Selling the right to use some intangible property for a fee or royalty..
5. \_\_\_\_\_ A business owned by two or more people that is not incorporated.
6. \_\_\_\_\_ The situation in which a business owner is only responsible for the debts of the business up to the amount invested.
7. \_\_\_\_\_ The document granted by government allowing a company to organize as a corporation.
8. \_\_\_\_\_ An incorporated town or city.
9. \_\_\_\_\_ A share of ownership in a corporation.
10. \_\_\_\_\_ The selling of a company's products in a foreign market without any special activity for that purpose.
11. \_\_\_\_\_ An independent foreign company owned by a parent company.
12. \_\_\_\_\_ The situation in which a business owner's personal assets can be used to pay any debts of the business that are unpaid.
13. \_\_\_\_\_ A business that operates as a legal entity separate from any of the owners.
14. \_\_\_\_\_ A situation in which a company sells only its management skills in another country.
15. \_\_\_\_\_ A share of corporate earnings paid to stockholders.

16. \_\_\_\_\_ A business owned by one person.
17. \_\_\_\_\_ The right to use a company name or business process in a specific way\
18. \_\_\_\_\_ An agreement between two or more companies to share a business project.
19. \_\_\_\_\_ A company actively seeking and conducting exporting.
20. \_\_\_\_\_ The purchase of land or other resources in a foreign country.
21. \_\_\_\_\_ An organization that conducts business in several countries.
22. \_\_\_\_\_ Organizations that are not concerned with making a profit.

#### Reviewing your Reading

1. Describe the three main types of business organizations.
2. What are the advantages and disadvantages of a single proprietorship?
3. What are the advantages and disadvantages of a partnership?
4. What is limited liability?
5. What are the advantages and disadvantages of organizing as a corporation?
6. What are some possible concerns about multinational corporations?
7. How does indirect exporting differ from direct exporting ?
8. Why is management contracting a safe method for getting involved in international business?
9. What is the difference between licensing and franchising?
10. hat is a wholly owned subsidiary?

