

Chapter 6 Business Ownership and Operations

Section 6.2 Types and Functions of Businesses

Section Summary with Key Terms and Academic Vocabulary

Types and Functions of Businesses There are different types of businesses. Most can be categorized as producers, processors, manufacturers, intermediaries, or retail or service businesses. There are five functions of business: production and procurement; marketing; management; finance; and accounting. These functions take place in every company. The functional areas are interdependent and must work together for the business to succeed. Sometimes the functional areas are in conflict with one another. Conflicts can be resolved by considering ideas from all functional areas.

Key Terms _____

line authority An organizational structure in which managers at the top of the line are in charge of those beneath them, and so on

line and staff authority An organizational structure with direct lines of authority as well as staff who advise line personnel

centralized organization An organization that puts authority in one place—with top management

decentralized organization An organization that gives authority to a number of different managers

departmentalization Dividing responsibility among specific units, or departments

entry-level job Job suitable for a worker who is new to a job, field, or subject

Academic Vocabulary _____

structure Coherent form or organization

authority The power to influence or command thought, opinion, or behavior

evident Capable of being seen or noticed

sector A sociological, economic, or political subdivision of society