

A vibrant street scene in a coastal town, likely Maine, featuring colorful buildings and various signs. A prominent sign reads "MY MAINE BAG". Other signs include "GALYDE", "RESTAURANT", and "GIFTS". People are walking on the sidewalk, and cars are parked along the street. The background shows a body of water and green hills.

Chapter 8: Business Organizations

Section 4

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ECONOMICS

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Objectives

1. **Identify** the different types of cooperative organizations.
2. **Understand** the purpose of nonprofit organizations, including professional and business organizations.



Key Terms

- **cooperative:** a business organization owned and operated by a group of individuals for their shared benefit
- **consumer cooperative:** a retail outlet owned and operated by consumers that sells merchandise to members at reduced rates
- **service cooperative:** a type of cooperative that provides a service rather than a good
- **producer cooperative:** an agricultural marketing cooperative that helps members sell their products



Key Terms, cont.

- **nonprofit organization:** an institution that functions much like a business, but does not operate for the purpose of making a profit
- **professional organization:** a nonprofit organization that works to improve the image, working conditions, and skill levels of people in particular occupations
- **business association:** a group organized to promote the collective business interests of an area or group of similar business interests
- **trade association:** nonprofit organizations that promote the interests of particular industries



- How are some businesses organized to help others?
 - Cooperatives are businesses created by a group of individuals who share benefits.
 - Nonprofit organizations are run like a business but their goal is not to make a profit. Instead these organizations seek to benefit the public in some way.



Cooperatives

- A cooperative is a type of business organization owned and operated by a group of individuals for their shared benefit.
 - First instituted by Benjamin Franklin, cooperatives are based on the following principles:
 - Voluntary and open membership
 - Control of the organization by its members
 - Sharing of contributions and benefits by members



Cooperatives, cont.

- Cooperatives do not have to pay income taxes because they are not corporations.
- Cooperatives are found in many industries including farming and health care.



Consumer Cooperatives

- There are three kinds of cooperatives.
 - Consumer cooperatives are retail outlets owned and operated by consumers.
 - They sell merchandise to members at reduced prices.
 - Examples of consumer cooperatives include discount price clubs and housing co-ops.
 - Some co-ops require members to work a small number of hours to maintain membership.



Service and Producer Cooperatives

- Service cooperatives are co-ops that provide a service.
 - Some service co-ops offer discounted insurance, health care, or legal help.
 - Credit unions are an example of a service co-op.
- Producer cooperatives are agricultural marketing co-ops that help members sell their products.
 - Members focus their attention on their crops or livestock while the co-op markets the goods for the highest possible price.



Nonprofits

- Nonprofit organizations function like a business but do not operate for the purpose of generating profit.
 - Examples of nonprofits include museums, public schools, the American Red Cross, hospitals, churches, and many other groups and charities.
 - Nonprofits, like co-ops, are exempt from paying income taxes, but the nonprofit must meet certain requirements to qualify for tax-exempt status.
 - Nonprofits have limits on their political activity.



Professional Organizations

- Some nonprofits provide support to particular occupations or geographical areas.
 - Professional organizations work to improve the image, working conditions, and skill levels of people in particular occupations such as the National Education Association for educators.
 - Keep members up-to-date on industry trends.
 - Set codes of conduct that members must follow.



Business Associations

- Promote the collective business interests of a city, state, or other geographical area.
 - The Better Business Bureau (BBB), which aims to protect consumers by promoting an ethical and fair marketplace is an example of a business association.



Trade Associations

- Trade associations promote the interests of particular industries.
- Many trade associations hire lobbyists to work with state legislatures and Congress to try to influence laws that affect an industry.



Review

- Now that you have learned how some businesses are organized to help others, go back and answer the Chapter Essential Question.
 - Why do some businesses succeed and others fail?

