

Company Structures and the Impacts of Policy

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I. Abstract

Corporations have many unique structures, with each having its unique benefits and disadvantages. We have looked into the different value systems for corporations to see which are the best. We have found that a mixture of treating customers uniquely while also compensating employees fairly is a step in the right direction for corporate success. We have also conducted a short examination of the minimum wage and found that raising it has plenty of benefits, but in some cases, the disadvantages might outway these benefits. We concluded that companies that employed democracy in the workplace had overall higher survival rates and lifetimes than companies that did not do so.

II. Introduction

There exist many different structures and corporations throughout the economic world. The most common type of structure in larger corporations is a bureaucratic or mechanistic structure. It follows a chain of command system where each employee reports to someone else

up to the CEO. It is usually divided into multiple departments, but most major decisions are made by those higher in the company. The system can be divided by function, product, and market. However, when referring to company structures, we are also referencing the different values corporations have in what they do. Some corporations, especially American companies such as Amazon prioritize consumer satisfaction. However, in countries such as Germany, corporations put their employees' well-being first, such as Volkswagen, which prohibits sending emails after hours. Finally, we included a short section on minimum wage; at the end of the day, businesses are the ones that will need to pay their employees a new minimum wage.

III. Employee First vs. Consumer First

For some companies the consumer is the most important part of the business cycle, because they are the piece of the puzzle that supplies a company with the capital needed to stay alive¹. A corporation, a sole proprietorship, or even a non-profit, cannot survive or function without revenue, which comes from customers. A company cannot pay its employees, which help it function, without money from investors, who will pull their money if they do not make profit. Successful companies always seem to treat their customers well. Companies like Amazon or eBay try hard to make it convenient and comfortable to purchase anything customers could want. Products are made specifically for the comfort and ease that consumers desire. Some of the biggest and most influential companies care most about their consumers, and treat the employees a lot worse, with Amazon being a notorious example as many employees complain of the immense stress of the job. However, there are also plenty of successful companies that put their employees first.

Putting employees first can still be a profitable business practice². A lot of companies believe that employees are not necessary as they can be easily replaced³. However, without the specific set of skills that each employee provides, the business cannot function⁴. For example, in companies like Apple, if there was no CEO to manage the overall business decisions and control the fate of the company, it would collapse. If there was no accounting team, all the financial information that gets handed out to investors would be meaningless, and the business would

¹Quora. "Who Is More Important To A Company: Its Customers Or Its Employees?" *Forbes*, Forbes Magazine, 14 Dec. 2017, www.forbes.com/sites/quora/2017/12/14/who-is-more-important-to-a-company-its-customers-or-its-employees/?sh=902ce9d49f5e.

²The Smart Service Desk By Steve Stover, and Steve Stover. "Your Employee Is as Important as Your Customer." *CIO*, CIO, 27 Mar. 2018, www.cio.com/article/3266626/your-employee-is-as-important-as-your-customer.html.

³Boezak, Eloise. "Are Employees More Important To Your Business Than Customers?" *C*, www.coriniumintelligence.com/insights/are-employees-more-important-to-your-business-than-customers.loyees/?sh=902ce9d49f5e.

⁴Ryan, Liz. "Five Reasons Employees Are More Important Than Customers." *Forbes*, Forbes Magazine, 1 Nov. 2016, www.forbes.com/sites/lizryan/2016/11/01/five-reasons-employees-are-more-important-than-customers/?sh=758e7e77db3e.

collapse without money. If there were no brilliant workers to actually design and produce the technology, there would be no Apple. Evidently, employees play the most pivotal role in a company, however the way in which they are treated is not reflective nor sufficient enough of the work they produce. Rather than focusing only on customers, the employees should be respected, have fair working conditions, and fair compensation. Worker morale is undervalued, as happy workers design and produce better products and work more efficiently. Subsequently, this allows for the reinforcement of customer loyalty and ultimately, increased company profits. Employees are even more likely to innovate something and meet the needs of the ever changing society. Employees bring more to the table than any customer or shareholder could.

Although views are changing, some companies still think of shareholders as the priority. Shareholders and investors are usually the main source of startup money that allow the company to grow and profit in exchange for a part of the company's ownership⁵. Shareholders provide both an indirect and direct role in operations in the company. They directly appoint officials in the company like the CEO and CFO, both of whom play an important part and indirectly support the company through shares in the stock market. The shareholders are usually part of the most important discussions with higher-ups in the company and the board of directors, allowing them to influence major company decisions.

IV. Different Corporate Structures

There are five basic types of business structures. Each structure changes the amount of profit that a business will earn, as well as the liability and risk of the business operator. The five business types are the following:

Sole proprietorship: This is a business in which one person has complete control over his or her business. This comes with benefits such as being a low-risk option to new entrepreneurs and the ability to receive a trade name. However, cons to this kind of structure are that it is difficult for the business to generate profit, as sole proprietorships are unable to sell stocks and banks are often hesitant to lend money.⁶

Partnership: A partnership is a structure in which two or more people "co-own" a business. There are different types of partnerships: limited partnerships (LP) and limited liability partnerships (LLP); the only difference between these two partnerships is that an LP has one main partner who has unlimited liability, whereas an LLP restricts each partner to limited control

⁵Kokemuller, Neil. "Are Customers and Employees More Important Than Shareholders?" *Small Business - Chron.com*, Chron.com, 26 Oct. 2016, smallbusiness.chron.com/customers-employees-important-shareholders-19405.html.

⁶ Irs.gov. 2020. *Sole Proprietorships* | *Internal Revenue Service*. [online] Available at: <https://www.irs.gov/businesses/small-businesses-self-employed/sole-proprietorships> [Accessed 11 November 2020].

over the company. In any partnership, “profits are passed through tax returns.”⁷ In the LP, however, the general partner also pays self-employment tax. This type of structure is beneficial to those who are looking to start a business with others while still keeping a formal yet low-risk business.

Limited Liability Company (LLC): There are two forms of LLC’s, a single-member LLC and a multi-member LLC. In a single-member LLC, there is one owner whereas a multi-member LLC has a group of owners. However, in an LLC structure, all members have protection over personal assets and liabilities, in the case of bankruptcy or a lawsuit. There are states that have regulations on situations in which a member joins or leaves an LLC, which includes dissolving and re-forming the membership. LLC’s are higher-risk business options for those who are concerned with the protection of personal assets and for those who are avoiding corporate taxes.

Corporation: A corporation, arguably the most well-known and profitable business structure, has many different forms. There is a C-corp, which is the form that is most discussed, S-corps, B-corps, close corporations, and non-profit corporations. The most well-known corporation, a C-corp, can make the highest profit. Its structure offers strong protections to its owners over personal liability, and grows completely separately from the shareholders, meaning if one were to leave or sell the corporation, the c-corp would run the same. Though the benefits of a corporation are extensive, corporations are taxed higher than any other structure, with a corporate tax as well as the generic state and federal taxes. Another important factor to corporations is that they often require a more detailed and strict record-keeping and reporting system.

Cooperative (COOP): A COOP is a business that operates through a multitude of shareholders. The employees themselves run the business while receiving all the benefits of their service⁸. Typically, there is a board of directors that run the business however, each member choosing to work for the coop is called a user-owner. A common example of a COOP is a consumer cooperative; an example of this is a grocery store that requires the buyers to work a certain number of hours for which they receive the benefits of the high-quality produce for a low price.

Each of these structures has both positive and negative aspects. Where one may provide high profit and strong personal asset protection, the tax rates are astronomical. On the other hand, a business in which the owner has full control over and does not need to pay corporate taxes faces risk in liability as well as low profit.

⁷ “Choose a Business Structure.” *Choose a Business Structure*, U.S. Small Business Administration, www.sba.gov/business-guide/launch-your-business/choose-business-structure.

⁸ Mandell, L., 2020. *What Is A Co-Op? A Home You Don't Technically Own*. [online] Real Estate News and Advice | Realtor.com®. Available at: <https://www.realtor.com/advice/buy/what-is-a-co-op/> [Accessed 11 November 2020].

V. Worker Compensation vs. Productivity

For as long as businesses have existed, the secret formula for bigger profits has always been to decrease costs and increase sales. For most companies throughout history, lower costs and increased profits have been achieved through keeping wages as stagnant as possible while increasing worker productivity. However, much has changed since the early industrial days of textile mills in the 1800s. Today, many modern companies are flipping this way of thinking on its head. Many modern companies have found that increasing costs by increasing worker salaries has actually resulted in greater worker productivity, and most importantly, increased profits as well. The following are examples of correlation between salaries and revenue for 4 different industries and the largest companies in those industries.

Burger King makes \$55,000⁹ per employee in revenue and pays around \$9 an hour on average¹⁰. McDonalds pays an average of \$10.31 per hour to their employees¹¹ and generates around \$100,000 per employee¹². (*Disclosure: this information only accounts for full time employees as information for part time employees is hard to find. A possible observation from this correlation is that McDonalds paying its workers 12% more on average than burger king results in higher profits for the company.*)

In-n-out burgers is on the extreme side of the spectrum with the highest paid workers in the fast-food industry, making at least \$13 an hour, and with managers making \$160,000 on average per year¹³ (vs. McDonalds managers who make \$51,000 a year). In addition to this, the company generates an average of \$57,000 in revenue per employee¹⁴. This clearly shows how the burger enterprise is capable of remaining very profitable, and still pay their workers more than anyone in the nation.

Let us look at another two companies in the same industry: Snapchat and Facebook. Snapchat pays its employees an average of \$106,000 a year¹⁵. Facebook pays its employees an average of \$145,000 a year¹⁶. Both companies paid their employees incredibly hefty sums but

⁹“Burger King Corporation Hourly Pay | PayScale.” *Www.Payscale.com*, www.payscale.com/research/US/Employer=Burger_King_Corporation/Hourly_Rate. Accessed 11 Nov. 2020.

¹⁰ “Burger King Revenue 2004-2018 | Statista.” *Statista*, Statista, 2018, www.statista.com/statistics/266462/burger-king-revenue/.

¹¹ “McDonald’s: Number of Employees 2006-2019 | MCD.” *Macrotrends.net*, 2019, www.macrotrends.net/stocks/charts/MCD/mcdonalds/number-of-employees.

¹² “McDonald’s Revenue 2006-2019 | MCD.” *Macrotrends.net*, 2019, www.macrotrends.net/stocks/charts/MCD/mcdonalds/revenue.

¹³ Robinson, Melia. “In-N-Out Employees Can Work Their Way up to \$160,000 a Year with No Degree or Previous Experience.” *Business Insider*, www.businessinsider.com/in-n-out-employee-pay-2018-1#:~:text=Close%20icon%20Two%20crossed%20lines%20that%20form%20an. Accessed 11 Nov. 2020.

¹⁴ “In-N-Out Burger.” *Forbes*, www.forbes.com/companies/in-n-out-burger/?sh=65d828b02e8c. Accessed 11 Nov. 2020.

¹⁵ “Average Snapchat Salary | PayScale.” *Www.Payscale.com*, www.payscale.com/research/US/Employer=Snapchat/Salary. Accessed 11 Nov. 2020.

¹⁶ “Facebook Salaries, Average Salary & Jobs Pay.” *Www.Salarylist.com*, www.salarylist.com/company/Facebook-Salary.htm#:~:text=Facebook%20average%20salary%20is%20%24146%2C940%2C%20median%20salary%20is. Accessed 11 Nov. 2020.

Facebook clearly outpaid its employees by a wide margin. Snapchat generated an average of \$430,000¹⁷¹⁸ in revenue per employee but Facebook made an average of \$1,365,400¹⁹²⁰ in revenue per employee. This shows how the company that is oftentimes ranked as the best employer in the US (Facebook), is going to see some of the best profits in the US.

Another two tech giants you can compare are Google and Yahoo. The average employee at Yahoo Inc makes \$118,000²¹ vs the average American Google employee who makes \$133,000²². Yahoo had a revenue per employee figure of around \$646,000²³ vs Google's \$1,350,000²⁴ per employee. The trend that the companies who pay their employees the most, are oftentimes the companies that make the largest profits.

We also see this in the retail space, one of the largest employing industries in the US. Walmart pays their employees an average of \$13.10²⁵ per hour while Costco pays its employees an average of \$17.70²⁶ per hour. Once again, a disparity can be seen when comparing the revenue per employee of these two companies. Walmart, the largest US employer, has an average revenue per employee in the US of \$233,000²⁷²⁸ vs Costco's \$640,000²⁹³⁰ per employee.

There are countless more examples like those aforementioned, but the trend is clear: higher wages result in higher productivity. This trend can also be seen in the following chart which reflects full time worker compensation vs domestic output for these workers. This further proves that as compensation increases so does productivity. The most accepted reason for why this happens is that higher compensation incentivizes workers to work harder since a higher wage would mean more is expected from them³¹.

¹⁷ "Snapchat Revenue and Usage Statistics (2019)." *Business of Apps*, 8 Aug. 2017, www.businessofapps.com/data/snapchat-statistics/.

¹⁸ "Snap Inc." www.Craft.co, <https://craft.co/snap>. Accessed 11 Nov. 2020.

¹⁹ "Facebook Revenue 2009-2019 | FB." *Macrotrends.net*, 2009, www.macrotrends.net/stocks/charts/FB/facebook/revenue.

²⁰ salman.aslam.mughal. "Facebook by the Numbers (2019): Stats, Demographics & Fun Facts." *Omnicoagency.com*, 6 Jan. 2019, www.omnicoreagency.com/facebook-statistics/.

²¹ "Yahoo Employee Salary | PayScale." *Www.Payscale.com*, https://www.payscale.com/research/US/Employer=Yahoo!_Inc./Salary.

²² "Are You Paid Enough, or Is It Time to Make Your Move?" *Www.Emolument.com*, www.emolument.com/salary-reports/companies/google/10555.

²³ "Yahoo" www.Craft.co, <https://craft.co/yahoo>. Accessed 11 Nov. 2020.

²⁴ "Number of Google Employees 2017 | Statista." *Statista*, Statista, 2017, www.statista.com/statistics/273744/number-of-full-time-google-employees/.

²⁵ "Walmart.com Hourly Pay | PayScale." *Payscale.com*, 2019, www.payscale.com/research/US/Employer=Walmart.com/Hourly_Rate.

²⁶ "Costco Wholesale Company Hourly Pay | PayScale." *Www.Payscale.com*, www.payscale.com/research/US/Employer=Costco_Wholesale_Company/Hourly_Rate. Accessed 11 Nov. 2020.

²⁷ Team, Trefis. "Is The Revenue Contribution Of Walmart International Significant To The Company?" *Forbes*, www.forbes.com/sites/greatspeculations/2019/08/28/is-the-revenue-contribution-of-walmart-international-significant-to-the-company/?sh=6be4937926c8. Accessed 11 Nov. 2020.

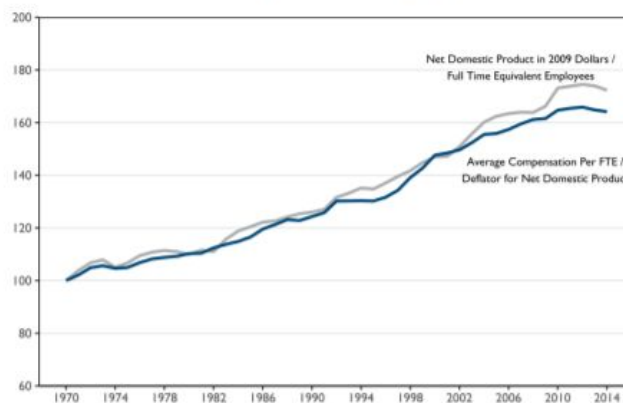
²⁸ Bose, Nandita. "Half of Walmart's Workforce Are Part-Time Workers: Labor Group." *Reuters*, 25 May 2018, www.reuters.com/article/us-walmart-workers-idUSKCN11Q295.

²⁹ "Costco: Number of Employees 2006-2020 | COST." *Www.Macrotrends.net*, www.macrotrends.net/stocks/charts/COST/costco/number-of-employees.

³⁰ "Costco Revenue 2006-2019 | COST." *Macrotrends.net*, 2019, www.macrotrends.net/stocks/charts/COST/costco/revenue.

³¹ Boitnott, John. "7 Reasons You Should Pay Your Employees Above-Average Salaries." *Inc.com, Inc.*, 18 June 2018, www.inc.com/john-boitnott/7-reasons-you-should-pay-your-employees-above-average-salaries.html.

Net Domestic Product and Real Product Compensation per Full-Time Equivalent Employee



Source: Lawrence (2016); Bureau of Economic Analysis National Income Accounts.

Note: 1970=100

This chart shows a direct correlation between worker output and compensation in the US³²

VI. Minimum Wage by Countries

Many countries solely rely on trade unions as a means of using collective bargaining to set a minimum wage. They do not rely on government regulation, and, several countries across the Scandinavian region have absolutely no government regulated minimum wage. These countries are still able to maintain low unemployment rates and similar working conditions to those of other countries.

One such country is Sweden, where the minimum wage is 60-70% of the average wage and nearly all workers belong to one of 60 trade unions or 50 employers organizations. Furthermore, workers are limited to 40 hour work weeks³³, which is equal to that of the United

³² Strain, Michael. *The Link Between Wages and Productivity Is Strong* AUTHOR.

<https://assets.aspeninstitute.org/content/uploads/2019/01/3.2-Pgs.-168-179-The-Link-Between-Wages-and-Productivity-is-Strong.pdf>
Accessed 11 Nov. 2020

³³ Boyte-White, Claire. "5 Developed Countries without Minimum Wages." *Investopedia*, Investopedia, 28 Aug. 2020, www.investopedia.com/articles/investing/080515/5-developed-countries-without-minimum-wages.asp.

States, however workers have 25 vacation days and 16 holidays, which is much greater than the average 10 vacation days and 6 holidays of the US.³⁴

Another example is Denmark, which has one of the largest numbers of workers covered by unions in the world with 67.3% of the workforce belonging to one or more of these organizations. Denmark has over 100 trade unions and employer organizations with a total of over 2.77 million members³⁵. The minimum wage in Denmark varies depending on the industry and skill required, but the average minimum wage is equivalent to \$20 per hour, which is far more than the highest minimum wage in most other parts of the world.

The most prominent example of the effectiveness of trade unions is in Iceland, where workers are automatically enrolled into a union. Iceland has relied on trade unions since 1916³⁶ and these unions remain effective in the modern day, with the unions passing a new agreement to increase the monthly wage to \$2,233 by 2020 and eventually up to \$2,676.36 by 2022.³⁷ The country continues to remain a wonderful place to live, and citizens experience low crime rates and a high average wages.³⁸

The work force in Norway is largely defined by the difficulty of labor determining the minimum wage. Most unskilled labor wages vary from \$16 to \$21 per hour, which includes industries such as agriculture, construction, freight transport, and cleaning.²⁸ Additionally, these unions remain successful in ensuring job security, healthy wages, and substantial vacation time.

A country outside of the Scandinavian region that does not rely on government mandated minimum wage is Switzerland. In 2014, the labor unions of Switzerland rejected a government proposition to make the minimum wage \$25, and relied on the previous collective bartering system being used. Nevertheless, 90% of workers currently earn more than the proposed minimum wage and work 41 hour work weeks on average, although the legal limit ranges between 45-50 hours depending on the sector³⁹.

³⁴ Min, Sarah. "1 In 4 Workers in U.S. Don't Get Any Paid Vacation Time or Holidays." *CBS News*, CBS Interactive, 24 May 2019, www.cbsnews.com/news/one-in-four-workers-in-us-dont-get-any-paid-vacation-time-or-holidays/.

³⁵ Cleverway. "Trade Unions." *Worker Participation*, www.worker-participation.eu/National-Industrial-Relations/Countries/Denmark/Trade-Unions.

³⁶ "Unions." *Ísland.is*, vefur.island.is/en/business_and_industry/employees/unions/.

³⁷ "Wage Contracts and Quality of Life Deal Signed." *Mbl.is*, icelandmonitor.mbl.is/news/politics_and_society/2019/04/04/wage_contracts_and_quality_of_life_deal_signed/.

³⁸ "Um Félagið." *Efning*, efling.is/um-felagid/?lang=en.

³⁹ *National Labour Law Profile: The Swiss Confederation*, ILO, www.ilo.org/ifpdial/information-resources/national-labour-law-profiles/WCMS_158921/lang--en/index.htm.

VII. Minimum Wage Laws

Minimum wage is a type of price control set on wages. As a price floor, it establishes the lowest legal wage that workers can accept to sell their labor, or equivalently, the lowest wage that employers may offer.⁴⁰ (Raising the federal minimum wage can stimulate consumer demand, improve the functionality of corporations, and develop the economy. A small rise in pay will increase the productivity of employees and decrease employee turnover and absenteeism. It would also boost the overall economy by generating increased consumer demand. A \$2.55 increase in the minimum wage would increase the profits of low-wage workers by \$40 billion which could result in a significant increase in GDP and employment. According to the Economic Policy Institute, this modest increase would give nearly 35 million workers a raise (28 million directly and 7 million indirectly)⁴¹ and lift approximately 4.5 million people out of poverty. Another potential benefit is a projected reduction in the need for federal and state government expenditures, directed towards financial aid for low-income individuals.

Among the drawbacks of raising the minimum wage is the possible effect of increasing interest rates for banks, thus fueling inflation. Opponents of an enhanced minimum wage policy claim that raising the minimum wage would lead to unsustainable wages and salaries, thus dramatically increasing company operating expenses, which would result in the fall of many businesses, leading to many people becoming unemployed. However, these effects can be canceled out if the business raises the price of goods and services to offset their higher labor costs. Increased rates suggest a general cost of living rise that could essentially offset any value lost from employees earning more. Possible employment losses are another expected issue that may result from an increased minimum wage. Many analysts and business executives point out that labor is a major cost of doing business, concluding that to preserve profitability, corporations would be forced to slash jobs. In support of such, the CBO study for 2019 reported that raising the minimum wage to \$15 an hour by 2025 would result in the loss of around 1.3 million jobs.⁴²

One other less apparent negative impact of minimum wage is the possibility that a higher minimum wage would result in increased labor market competition for minimum wage jobs. This would signify the net outcome of an increased minimum wage might be a large number of overqualified workers taking minimum wage positions that would ordinarily go to young or

⁴⁰ Wikipedia contributors. "Minimum Wage." *Wikipedia*, 11 Nov. 2020, en.wikipedia.org/wiki/Minimum_wage.

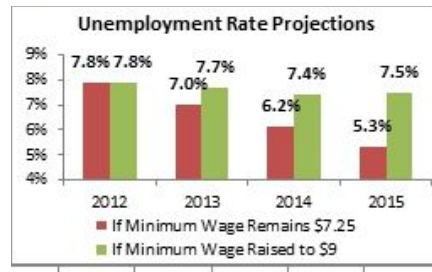
⁴¹ *House Committee on Education and Labor*. (2016). Mea Glass.

[https://edlabor.house.gov/download/fact-sheet-raising-the-minimum-wage-is-good-for-workers-business-and-the-economy-#:~:text=Raising%20the%20minimum%20wage%20increases%20consumer%20spending%20and%20boosts%20the,increase%20in%20GDP%20and%20employ](https://edlabor.house.gov/download/fact-sheet-raising-the-minimum-wage-is-good-for-workers-business-and-the-economy-#:~:text=Raising%20the%20minimum%20wage%20increases%20consumer%20spending%20and%20boosts%20the,increase%20in%20GDP%20and%20employment.)

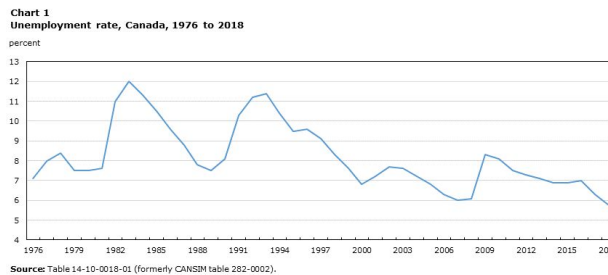
⁴² *NPR Choice page*. (2019, July 8). Alina Selyukh.

<https://choice.npr.org/index.html?origin=https://www.npr.org/2019/07/08/739607964/-15-minimum-wage-would-boost-17-million-workers-cut-1-3-million-jobs-cbo-says#:~:text=Live%20Sessions-,CBO%3A%20%2415%20Minimum%20Wage%20Would%20Boost%2017%20Million%20Workers%2C%20Cut,to%20lift%20the%20federal%20minimum.>

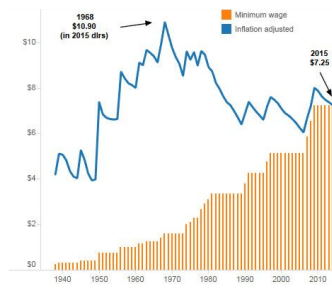
otherwise inexperienced workers. This would impede younger, less experienced entrants to the job market from obtaining work and gaining experience to move their careers forward.⁴³



This image shows the unemployment rate in the US when minimum wage changes, and the higher the minimum wage, the higher the unemployment rate.⁴⁴



This image shows the Canada unemployment rate from year 1976 to 2018⁴⁵



This graph shows the change in minimum wage in Canada from 1940 to 2010.⁴⁶

⁴³ *What Are the Pros and Cons of Raising the Minimum Wage?* (2020, November 10). Investopedia.

<https://www.investopedia.com/articles/markets-economy/090516/what-are-pros-and-cons-raising-minimum-wage.asp>

⁴⁴ Sheng Lu, V. A. P. B. (2016, July 24). *Minimum Wage and Unemployment*. FASH455 Global Apparel & Textile Trade and Sourcing. <https://shenglufashion.com/2013/03/07/minimum-wage-and-unemployment/>

⁴⁵ *Annual review of the labour market, 2018*. (2019, April 16). Martha Patterson.

<https://www150.statcan.gc.ca/n1/pub/75-004-m/75-004-m2019002-eng.htm>

⁴⁶ Rogers, K. (2016, July 25). Adjusted for inflation, the federal minimum wage is worth less than 50 years ago. CNBC.

<https://www.cnn.com/2016/07/21/adjusted-for-inflation-the-federal-minimum-wage-is-worth-less-than-50-years-ago.html>

These two graphs show minimum wage and unemployment over time in Canada and whenever there was a spike in minimum wage (inflation adjusted), there was also an increase in the unemployment rate. This proves the inverse relationship between unemployment rate and minimum wage in first world countries such as USA and Canada.

VIII. Employing Democracy in Economic Structures

Democracy has been incorporated in everyone's daily lives even if it goes unnoticed. Democracy, a form of government in which the people have the authority to choose their governing legislation.⁴⁷ One example of democracy being assimilated into one's everyday life is in the workplace. To start off with the general definition, a "workplace democracy" is the implementation of democratic practices and concepts that may include ideas such as voting, public debate, and systems of appeal. It has been a big field of study for many decades now and even includes several distinct forms. One form that's even considered "increasingly popular" is employee ownership. Employee ownership involves employees gaining the equity share of a specific business and, due to their equity share, have a great say in the establishment's success and voting rights.⁴⁸ Additionally, the organization of this entire concept associates with the concept being carried out within unions. Most unions do have democratic structures/organizations; however, if a workplace lacks a union it doesn't necessarily suggest that it further lacks democracy overall.

There have been many reports and recorded statistics of advantages and disadvantages regarding democracy in the workplace. Statistics display that employees seem to be more engaged in their work in a democratic environment. Lacking in the modern workplace, interest in jobs helps boost individuals' cooperation and productivity. A survey in 2008 by the Workplace Democracy Association established that 25% of individuals likened their workplace to "a dictatorship", while simultaneously records show that 33% of workers felt that their bosses would not take valid criticism appropriately. Additionally, the entirety of the practice of a "workplace democracy" holds a major impact on important factors of a business such as business longevity, productivity, and the behavior of the workers.⁴⁹ Reports and research further display that democratic businesses show higher productivity rates throughout the workers and the overall establishment. Productivity rates have increased by 9-19% in a democratic workplace. Even a 1995 study involving a timber industry in the United States established that the workers'

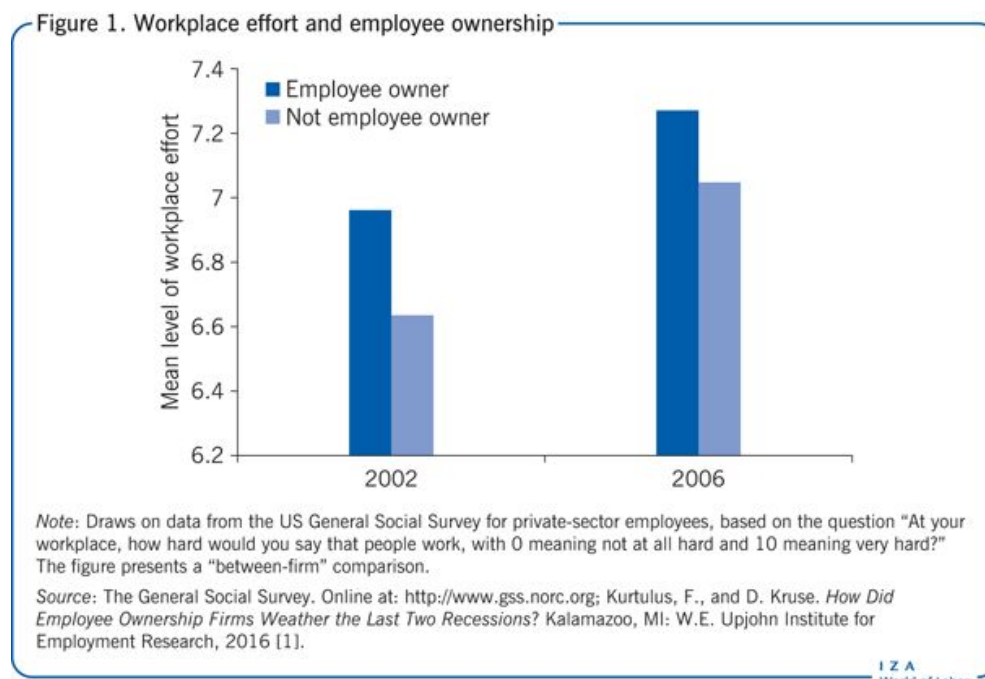
⁴⁷ "Democracy." *Wikipedia*, Wikimedia Foundation, 8 Nov. 2020, en.wikipedia.org/wiki/Democracy.

⁴⁸ "What Is Workplace Democracy?" *HRZone*, 29 July 2013, www.hrzone.com/hr-glossary/what-is-workplace-democracy.

⁴⁹ Zarpentine November 23rd, Bryan, et al. "12 Ways To Accomplish Workplace Democracy - CakeHR Blog." *CakeHR Blog | Easy to Implement HR Tips!*, 7 Apr. 2020, blog.cake.hr/12-ways-accomplish-workplace-democracy/.

productivity increased from 6% to 14%. Other benefits of a workplace democracy include a 45% lower turnover rate and the workers' income increasing by approximately 70-80%.

If a business is new and begins to practice democracy in the workplace, they are 30% less likely to fail within the first few years. Workplace democracy has reportedly been effective in countries all around the world. In Italy, businesses that do not have a democratic organization have a "survival rate" for their first 3 years after the opening of 48%; whereas businesses with democracy have an 87% chance to stay open after their first few years in work. Other countries such as France also have a survival rate of approximately 80%-90% with a democratic organization in the business compared to the 66% survival rate for a general business without the democratic atmosphere. Regarding workplace behavior, workers in a 2012 study of three Italian towns showed that with democratic workplaces, civilians were in better condition concerning health and overall physical shape. They would reportedly live longer lives that'll include fewer risks of heart attack and stroke. Additionally, due to less crime and violence in the town, individuals felt that they were more secure and safer on the streets, at home, and at their place of business.⁵⁰



⁵⁰ "Workplace Democracy." *Wikipedia*, Wikimedia Foundation, 21 Aug. 2020, en.wikipedia.org/wiki/Workplace_democracy.

IX. Marketing in the 21st Century

Any successful businessman knows that marketing is absolutely crucial. Marketing has truly evolved and behind all the math (figuring out if it is profitable), it lays a form of creativity that must succumb to time standards to prosper. But, this doesn't always hold true. Marketing is a company's way to stand out. However, understanding the times is just as important, so choosing to market through an ad in a newspaper is not the best idea for most businesses of the modern world. According to smallbizgenius.net, social media advertising budgets have nearly doubled worldwide, from \$16 billion in 2014 to \$31 billion in 2016.⁵¹ This should not come as a surprise as Review42 has reported that the number of social media users increased by more than 10.5% (over 376 million new users) between July 2019 and July 2020, reaching a total of 3.96 billion.⁵² This equals about 51% of the world population and 83.36% of internet users. Therefore, online marketing in simple terms is, "What is the most creative way I can get into peoples' heads, that will result in the highest profit for my company."

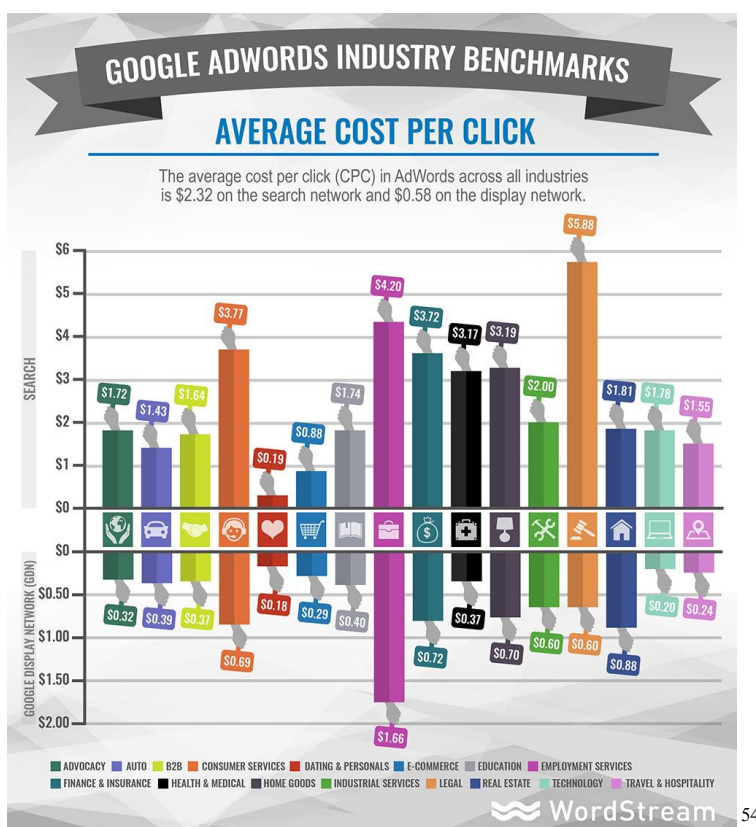
What is so special about vast marketing in the 21st century? The answer, like everything in current times, ties back to technology. Social media marketing is huge not only because of ads, but also because of demand. Research shows 1 in 3 online users search the web for products they desire. According to GlobalWebIndex, 54% use social media to research products. 49% of consumers say they depend on recommendations from social media influencers to help with their purchasing decision. 71% of consumers who have had a positive experience with a brand on social media are likely to recommend it to their friends and family. Some interesting television marketing tactics include a technique called "affective condition" - placing the product next to positive things. An example is, detergent being sold on T.V. next to babies and flowers that have absolutely no connection to the use of the product. Psychological studies have shown that children are wired to need more intense visual stimulation. Because of this, advertisers who market to children may make their ads bigger, more colorful or, in the case of TV ads, even noisier and faster. For example, when Heinz sold EZ Squirt ketchup for kids, it made the TV ads for that product extremely colorful and edited them to move from one shot to another very fast. Small businesses can imitate this by making sure that ads for children's products have eye-catching graphics.⁵³ But the question that remains is, is TV still the way to go? Studies have shown that 81% of Twitter users claim that Twitter impacts their purchasing decisions more than TV. Teens and millennials watch 40% less traditional TV than they did five years ago. 70% of

⁵¹ "The 45 Most Important Advertising Statistics Of 2020." *SmallBizGenius*, 2 Sept. 2020, www.smallbizgenius.net/by-the-numbers/advertising-statistics/.

⁵² "Latest Social Media Marketing Statistics in 2020 [Updated]." *Review42*, 16 Sept. 2020, review42.com/social-media-marketing-statistics/.

⁵³ Dwilson, Stephanie Dube. "Examples of Psychology in Advertising." *Small Business - Chron.com*, Chron.com, 21 Nov. 2017, smallbusiness.chron.com/examples-psychology-advertising-69400.html.

small business followers retweet content. 72% of brand followers are likely to make a purchase in the future. 53% of Twitter users say they bought a product they first saw on the platform. Promoted tweets boost offline sales by 29%. Tactical thinking and behavioral science usage through social media highly contribute to current marketing tools by companies. The real reason for marketing is to put your company out there, but one thing you may ask is, what is the cost? Small businesses earn an average of \$3 in revenue for every \$1.60 they spend on Google AdWords. Small businesses that use Google Ads spend between \$9,000 and \$10,000 per month on PPC.



In the graph above, one can see different advertising costs through various outlets for marketing. Marketing is a key component to any business, and the way it has evolved over time allows small businesses to prosper and participate globally. The way a company structures its marketing will directly influence profits and success. Branding, ads, positive reviews, and spreading your business is required for a successful company.

⁵⁴ “The Comprehensive Guide to Online Advertising Costs.” *WordStream*, www.wordstream.com/blog/ws/2017/07/05/online-advertising-costs.

X. Conclusion

All policies regarding company structures have displayed advantages and disadvantages; however, it is important to understand and see their huge impacts on the economy and even society, currently and in the future. The five basic business structures provide different advantages and disadvantages to entrepreneurs. Each designed for its own specific purpose such as how Co-ops are better for Real Estate ventures and how corporations are better for established, publicly traded, companies. With each corporate structure there is a certain level of profit. Indeed, a sole proprietorship would not make the profits of a Limited Liability Company, due to not being able to sell stocks. We have also seen a strong positive correlation between worker compensation and company productivity as proven through our examination of 4 different industries. In addition to this, we found that companies that show great care towards their employees can also expect to perform just as well as companies that go to any length to satisfy their customers. Our research has also proven that minimum wage increases also have very mixed benefits and should be treated differently based on the nations they are implemented in. We have seen how minimum wage increases often cause large short term jumps in unemployment. In addition to this, an examination of implementing democracy in different companies has also almost always resulted in increased productivity for that company. Overall, our examination into different corporate structures and employee-side policies has shown that every system and policy is extremely complicated, however, many things could be done differently that would benefit all.