Week 1

IGCSE Business Studies

Homework bundle for this week

本周作业合集

exercises.lol

Contents 目录

IGCSE Business Studies Name: ______________ Score: ______

1. The economic problem of scarcity arises because:
   - ☐ wants are unlimited but resources are limited
   - ☐ businesses charge too much
   - ☐ there is too little money
   - ☐ people are lazy
2. A car factory operates in the:
   - ☐ secondary sector
   - ☐ primary sector
   - ☐ tertiary sector
   - ☐ public sector
3. An entrepreneur is someone who:
   - ☐ takes a risk to start and run a business
   - ☐ only lends money
   - ☐ works for the government
   - ☐ never takes risks
4. A sole trader has:
   - ☐ unlimited liability
   - ☐ limited liability
   - ☐ shareholders
   - ☐ a stock-market listing
5. The most likely main objective of a brand-new business is:
   - ☐ survival
   - ☐ global growth
   - ☐ paying large dividends
   - ☐ maximum market share
6. A business buys materials for 18 and sells the finished product for 50. What is the value added?

   ____

7. Which can measure the size of a business? (Select all that apply.)

   ☐ number of employees

   ☐ revenue

   ☐ capital employed

   ☐ the owner's height

   Tick every correct option.

8. A partnership has two or more owners who share the capital and risk.

   ☐ True ☐ False

9. Adding value means the selling price is higher than the cost of bought-in materials.

   ☐ True ☐ False

10. Mining and farming belong to the _________ sector.

    ____

IGCSE Business Studies

1. **wants are unlimited but resources are limited**

   Scarcity means limited resources cannot meet unlimited wants.

2. **secondary sector**

   Manufacturing is the secondary sector.

3. **takes a risk to start and run a business**

   Entrepreneurs bear risk to start a business for profit.

4. **unlimited liability**

   A sole trader is personally liable for all debts.

5. **survival**

   New firms prioritise survival first.

6. **32**

   Value added = 50 − 18 = 32.

7. **number of employees; revenue; capital employed**

   Employees, revenue and capital are standard measures.

8. **True**

   Partners share ownership, profit and (usually) unlimited liability.

9. **True**

   Value added is that difference.

10. **primary**

    The primary sector extracts raw materials.

1.1 Business activity

Name: ______ Class: ______ Date: ______ **Total: 22 marks**

KEY WORDS business 企业 • added value 增值 • finance 资金 • needs 需要 • management 管理

Objective

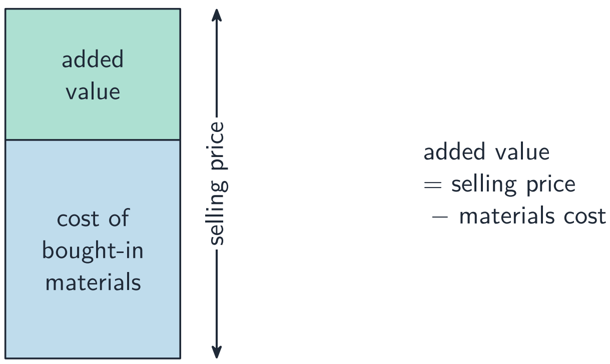
Build the skills to answer exam questions on **business activity** 商业活动 — the **factors of production** 生产要素, the **economic problem** 经济问题, **opportunity cost** 机会成本, and **added value** 增值.

You must be able to:

- explain the purpose of business activity and the four factors of production
- define opportunity cost and added value, and calculate added value
- explain why businesses succeed or fail

1 Worked examples

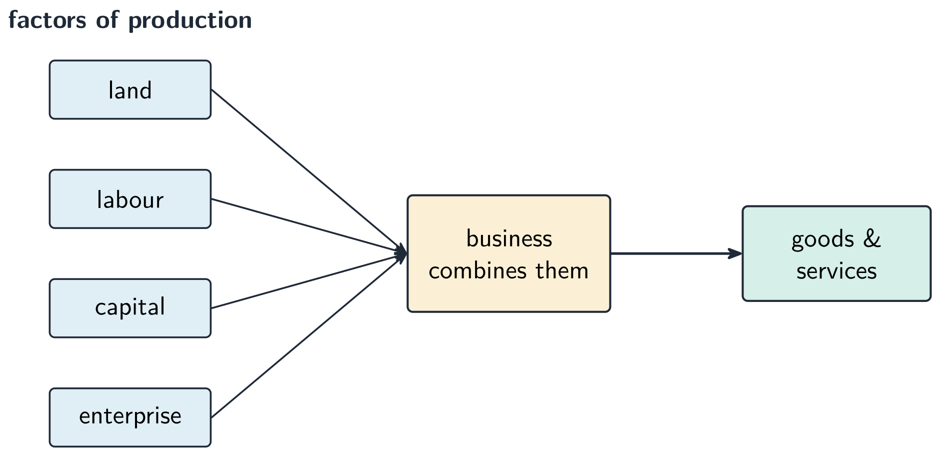
■ Adding value



Businesses combine resources to make goods and services people want

$$\text{added value} = \text{selling price} - \text{cost of bought-in materials}$$

- **Worked:** a baker buys materials for \$5 and sells a cake for \$12 → added value = \$7.
- **Factors of production: land** 土地, **labour** 劳动力, **capital** 资本, **enterprise** 企业家才能.



The four factors of production a business combines to add value

- **Opportunity cost 机会成本**: the next best choice given up.

Answer shapes (marked by **level of response** — award **K** knowledge, **App** application, **An** analysis, **Ev** evaluation/judgement):

- **Explain two... [6]:** for each — identify a point (K) + develop why it matters (An).
- **Do you think...? Justify [6]:** give both sides, then a supported judgement (Ev).

2 Practice

2.1 Define the term *opportunity cost.* [2]

2.2 A firm buys materials for $8 and sells the product for $20. Calculate the added value. [2]

2.3 Identify the four factors of production. [4]

3 Exam-style questions

3.1 Identify two ways a business could increase the added value of its product. [2]

3.2 Explain two reasons why a new business might fail. [6]

3.3 Do you think good management is the most important reason a business succeeds? Justify your answer. [6]

Solutions

IGCSE Business answers are marked by **level of response**: award **K** knowledge, **App** application, **An** analysis and **Ev** a justified judgement.

2.1 the next best alternative given up when a choice is made (2 for a clear definition; 1 for a partial idea).

2.2 \$20 − \$8 = \$12 (2; award 1 for a correct method with the wrong figure).

2.3 land; labour; capital; enterprise (1 + 1 + 1 + 1).

3.1 any two of: raise the price (e.g. a strong brand); lower the cost of materials; improve the product (1 + 1).

3.2 *[6]* For **each** of two reasons: K 1 + An up to 2 — e.g. *runs out of cash*: it cannot pay wages and suppliers → it is forced to stop trading. *Poor management*: weak planning and decisions → costs rise and customers are lost → the business fails. Maximum 3 per reason.

3.3 *[6]* Both sides + judgement. **For:** good management plans well, controls money and motivates staff, avoiding the most common causes of failure. **Against:** success also needs enough finance, a product customers want, and an edge over competitors. **Judgement (Ev):** management matters greatly, but it must be combined with finance and a good product — so it is *a* key factor, not always *the* most important; it depends on the business.

1 Brendan wants to be a successful entrepreneur. He plans to start up a flower shop using government support. Brendan's brother has offered to form a business partnership with him. Brendan knows it is important for a new business to use a suitable pricing method. He has already identified ways the business can increase added value. Brendan wants to know how an economic boom might affect his business.

(a) Define 'business partnership'.

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.... [2]

(b) Identify **two** ways a government can support business start-ups.

Way 1: ....

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Way 2: ....

.... [2]

(c) Outline **two** ways an economic boom might affect Brendan's business.

Way 1: ....

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Way 2: ....

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.... [4]

(d) Explain **two** ways Brendan could increase added value for his business.

Way 1: ....

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Explanation: ....

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Way 2: ....

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Explanation: ....

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.... [6]

(e) Explain **two** pricing methods a new business might use. Which is likely to be the best method to use? Justify your answer.

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1 Avtar owns a car repair business which operates in the private sector. It is a small business with 2 full-time employees. Avtar wants to find out the best way for a business to increase added value. Avtar's business needs finance for many reasons. Avtar wants to know how an economic recession might affect his business.

(a) Identify **two** features of a private sector business.

Feature 1: ....

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Feature 2: ....

.... [2]

(b) Identify **two** reasons why a business might remain small.

Reason 1: ....

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Reason 2: ....

.... [2]

(c) Outline **one** reason why Avtar might need each of the following types of finance:

Short-term finance: ....

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Long-term finance: ....

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.... [4]

(d) Explain **two** ways an economic recession might affect Avtar's business.

Way 1: ....

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Explanation: ....

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Way 2: ....

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Explanation: ....

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.... [6]

(e) Explain **two** ways a business can increase added value. Which is likely to be the best way for a business to use? Justify your answer.

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1.2 Classification of businesses

Name: ____________ Class: ________ Date: __________ **Total: 21 marks**

KEY WORDS private sector 私营部门 • tertiary 第三产业 • secondary 第二产业 • manufacturing 制造业 • public sector 公共部门

Objective

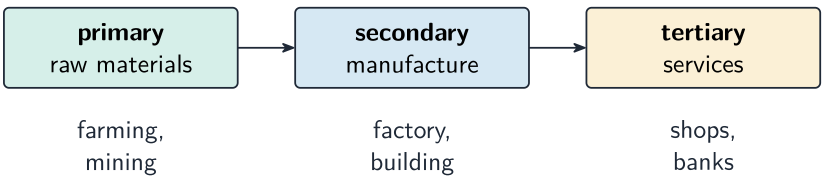
Build the skills to answer exam questions on the **classification of businesses** 企业分类 — the **primary, secondary and tertiary** 第一、第二、第三 sectors, **de-industrialisation** 去工业化, and the **private and public** 私营与公共 sectors.

You must be able to:

- describe the three sectors and give examples
- explain how the sectors change as a country develops
- distinguish the private sector from the public sector

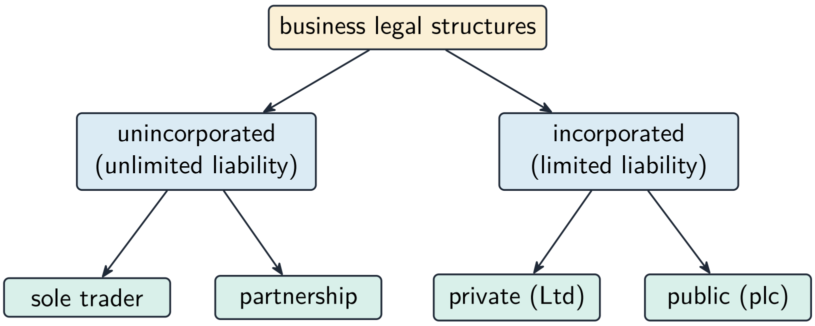
1 Worked examples

■ The three sectors



Primary (extract) → secondary (make) → tertiary (services)

- **Primary** 第一产业: takes natural resources (farming, mining). **Secondary** 第二产业: makes goods (**manufacturing** 制造业). **Tertiary** 第三产业: provides services (shops, banks).
- **De-industrialisation** 去工业化: the secondary sector shrinks and the tertiary sector grows.
- **Private sector** 私营部门: owned by private people (usually for profit). **Public sector** 公共部门: owned by the government (to provide services).



Businesses are also classified by legal form — sole trader, partnership, Ltd, plc

Answer shapes: K + App + An + Ev (a justified judgement, for "do you think" questions).

2 Practice

2.1 Define the term *secondary sector*. [2]

2.2 Identify which sector each belongs to: (a) a fishing boat; (b) a bakery; (c) a hairdresser. [3]

2.3 State the difference between the private and the public sector. [2]

3 Exam-style questions

3.1 Identify two examples of tertiary-sector businesses. [2]

3.2 Explain two features of the public sector. [6]

3.3 Do you think de-industrialisation is always bad for a country? Justify your answer. [6]

Solutions

IGCSE Business answers are marked by **level of response**: award **K** knowledge, **App** application, **An** analysis and **Ev** a justified judgement.

2.1 the sector that makes goods from raw materials, such as manufacturing and construction (2 for a clear definition; 1 for a partial idea).

2.2 (a) primary; (b) secondary; (c) tertiary (1 + 1 + 1).

2.3 the private sector is owned by private people/companies (usually for profit); the public sector is owned by the government (to provide services) (2 for a clear difference; 1 for a partial idea).

3.1 any two of: shops; banks; transport; tourism; restaurants (1 + 1).

3.2 *[6]* For **each** of two features: K 1 + An up to 2 — e.g. *government-owned*: run by the state, not private owners → decisions serve the public, not just profit. *Service aim*: provides services to everyone (schools, hospitals) → even if unprofitable, because they are vital. Maximum 3 each.

3.3 *[6]* Both sides + judgement. **Against (bad):** lost factory jobs, structural unemployment, fewer exports of goods. **For (not always bad):** the growing tertiary sector creates new service jobs, often higher-skilled and cleaner. **Judgement (Ev):** de-industrialisation harms workers in declining industries in the short run, but a strong service sector can raise incomes — so it depends on whether new jobs replace the old ones.

1 WMH is a business which operates in the secondary sector. It makes furniture including tables and chairs. WMH's employees are all members of a trade union. The Managing Director knows the business is likely to remain small. She is considering introducing new technology into WMH's factory. She also knows it is important for a manufacturing business to choose a suitable location for a factory.

(a) Define 'trade union'.

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.... [2]

(b) Define 'secondary sector'.

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.... [2]

(c) Identify **four** reasons why a business might remain small.

Reason 1: ....

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Reason 2: ....

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Reason 3: ....

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Reason 4: ....

.... [4]

(d) Explain **two** possible effects of WMH introducing new technology.

Effect 1: ....

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Explanation: ....

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Effect 2: ....

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Explanation: ....

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.... [6]

(e) Explain **two** factors a manufacturing business should consider when deciding on a suitable location for a factory. Which factor is likely to be the most important? Justify your answer.

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4 ZPR is a business in the tertiary sector. It has 1 restaurant which has 20 employees. The Human Resources Manager is preparing a job description as ZPR needs 2 new chefs. He said: ‘I need to advertise the job vacancies externally. ZPR will use a range of financial rewards as it can be difficult to recruit employees.’ The manager knows there are many factors for a business to consider when deciding who to recruit.

(a) Define ‘tertiary sector’.

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.... [2]

(b) Define ‘job description’.

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.... [2]

(c) Identify **four** financial rewards a business could use.

Reward 1: ....

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Reward 2: ....

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Reward 3: ....

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Reward 4: ....

.... [4]

(d) Explain **two** ways ZPR could use to advertise its job vacancies externally.

Way 1: ....

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Explanation: ....

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Way 2: ....

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Explanation: ....

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.... [6]

(e) Explain **two** factors a business should consider when deciding who to recruit. Which factor is likely to be the most important for a tertiary sector business? Justify your answer.

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3 Hal wants to be a successful entrepreneur. He plans to leave his job to start up a bakery. The bakery will operate in the private sector. The business will have many stakeholder groups. Hal has been told it is important for a new business to select an appropriate source of start-up capital. He also knows new businesses are at a greater risk of failure.

(a) Define ‘private sector’.

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.... [2]

(b) Identify **two** reasons why new businesses are at a greater risk of failure.

Reason 1: ....

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Reason 2: ....

.... [2]

(c) Identify **four** stakeholder groups a business might have.

Stakeholder 1: ....

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Stakeholder 2: ....

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Stakeholder 3: ....

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Stakeholder 4: ....

.... [4]

(d) Explain **two** characteristics Hal will need to become a successful entrepreneur.

Characteristic 1: ....

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Explanation: ....

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Characteristic 2: ....

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Explanation: ....

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.... [6]

(e) Do you think a bank loan is the best source of start-up capital for a new business? Justify your answer.

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4 SEP operates in the tertiary sector. As a social enterprise, SEP has many objectives. It collects old books from libraries and schools and sells them to customers at a low price. SEP provides training for its 10 part-time employees. SEP's manager wants to know how the introduction of a legal minimum wage might affect a business.

(a) Identify **two** services provided by businesses in the tertiary sector.

Service 1: ....

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Service 2: ....

.... [2]

(b) Identify **two** objectives a social enterprise might have.

Objective 1: ....

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Objective 2: ....

.... [2]

(c) Outline **two** benefits to SEP of having part-time employees.

Benefit 1: ....

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Benefit 2: ....

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.... [4]

(d) Explain **two** reasons why training is important to SEP.

Reason 1: ....

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Explanation: ....

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Reason 2: ....

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Explanation: ....

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.... [6]

(e) Do you think the introduction of a legal minimum wage will always have a negative effect on a business? Justify your answer.

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3 LRL makes skincare products including face cream. It is a private sector business in country X. One of LRL's objectives is to contribute to sustainable development. Maintaining customer loyalty is important and the Marketing Director knows a business must have an appropriate marketing mix. He is analysing data to calculate the value of LRL's market share. An extract is shown in Fig. 3.1. The total value of sales of skincare products in country X for 2023 was $120 million.

Market share data for skincare products in country X in 2023 (%)

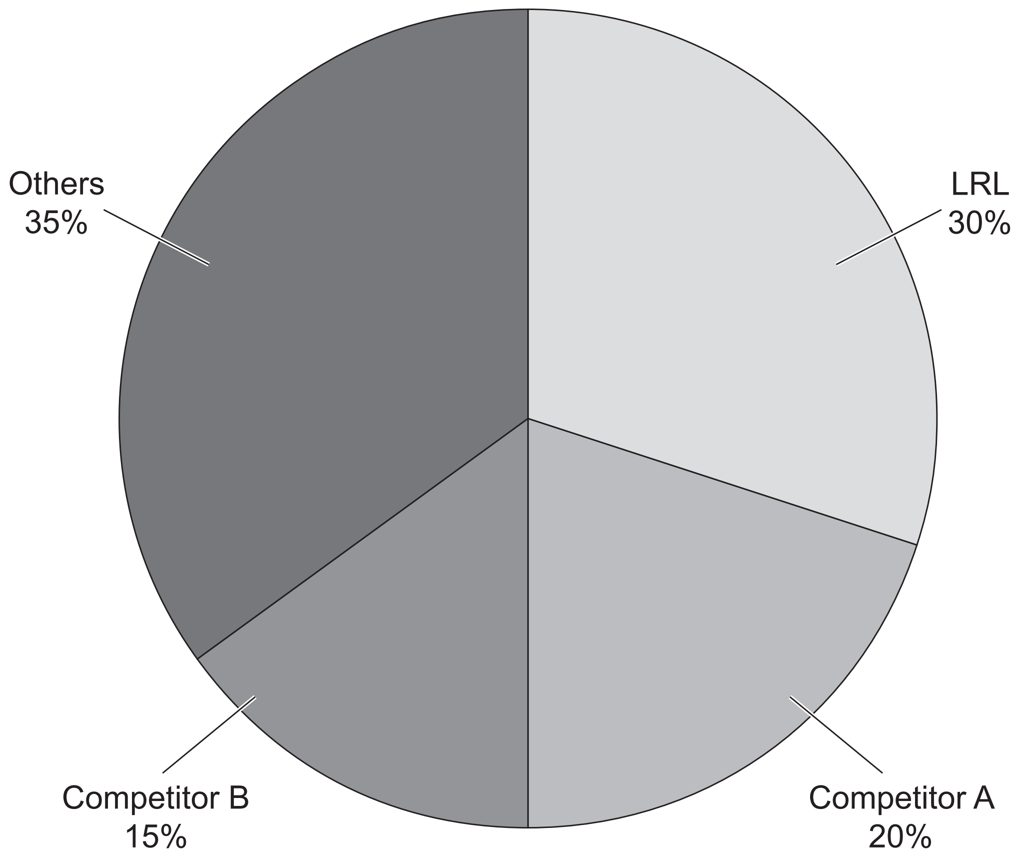

Fig. 3.1

(a) Define 'private sector'.

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.... [2]

(b) Calculate the value of LRL's market share in 2023.

Working: ....

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Final answer: .... [2]

(c) Outline **two** ways LRL could contribute to sustainable development.

Way 1: ....

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Way 2: ....

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.... [4]

(d) Explain **two** advantages to LRL of maintaining customer loyalty.

Advantage 1: ....

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Explanation: ....

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Advantage 2: ....

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Explanation: ....

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.... [6]

(e) Explain **two** elements of the marketing mix. Which do you think is the most important element for a business? Justify your answer.

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.... [6]

1.3 Enterprise, business growth and size

Name: ______________ Class: __________ Date: ____________ **Total: 20 marks**

KEY WORDS employees 员工 • entrepreneur 企业家 • economies of scale 规模经济 • business plan 商业计划书 • market 市场

Objective

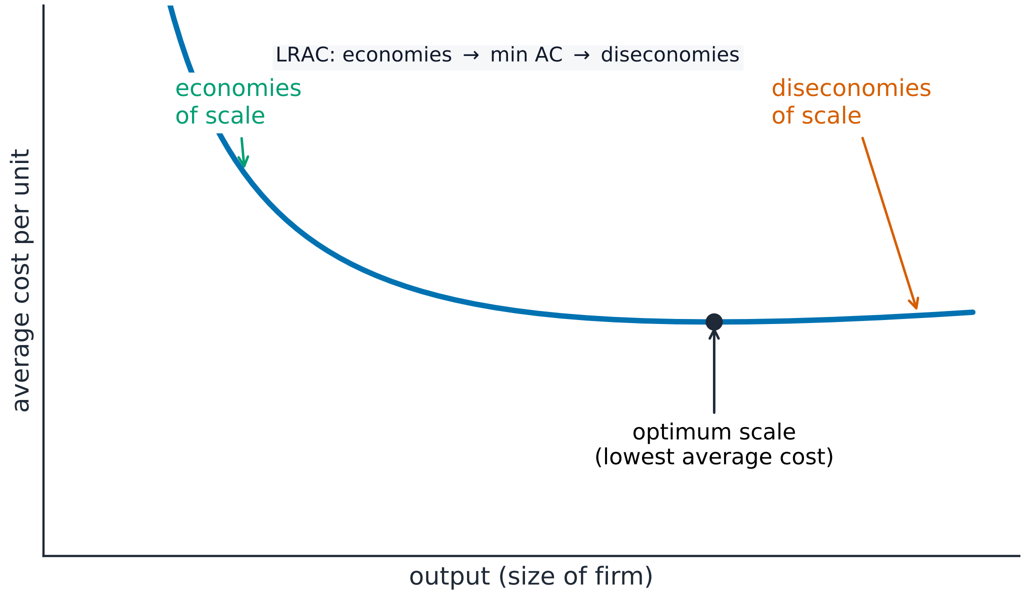
Build the skills to answer exam questions on **enterprise, business growth and size** 创业、企业成长与规模 — the **entrepreneur** 企业家, the **business plan** 商业计划书, measuring size, **internal and external growth** 内部与外部增长, and **economies of scale** 规模经济.

You must be able to:

- describe an entrepreneur and the uses of a business plan
- state ways to measure the size of a business
- explain internal and external growth, and economies of scale

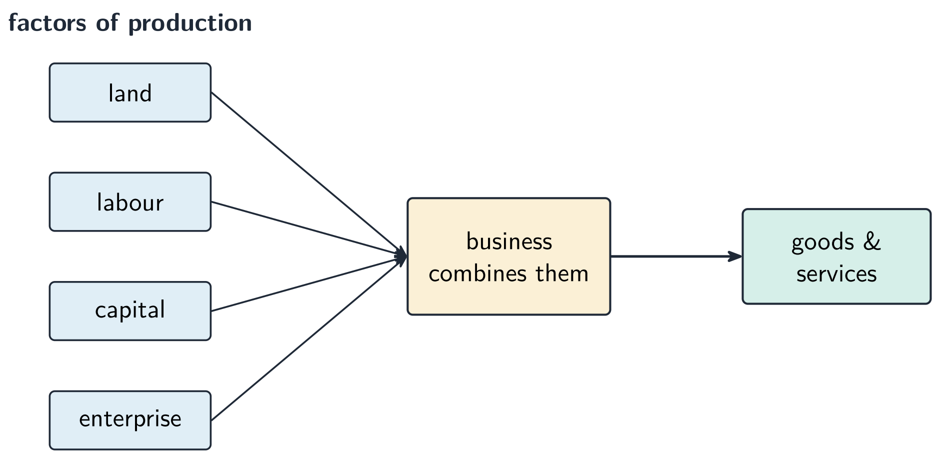
1 Worked examples

■ Growth and economies of scale



Businesses grow to cut the cost per unit — but only up to a point

- **Measuring size:** number of **employees** 员工, **revenue** 收入, **capital employed** 所用资本 (each has a weakness).



Enterprise is the factor that starts and grows the business — combining the other three

- **Internal growth** 内部增长 (organic): sell more, open branches — slower, lower risk. **External growth** 外部增长: a **merger** 合并 / **takeover** 收购.
- **Integration:** *horizontal* (same stage), *vertical* (different stage), *conglomerate* (different industry).
- **Economies of scale** 规模经济: cost per unit falls as the firm grows; **diseconomies** raise it if too big.

Answer shapes: K + App + An + Ev (a justified judgement, for "do you think" questions).

2 Practice

2.1 Define the term *entrepreneur*. [2]

2.2 Identify two ways to measure the size of a business. [2]

2.3 State the difference between a *merger* and a *takeover*. [2]

3 Exam-style questions

3.1 Identify two uses of a business plan. [2]

3.2 Explain two benefits to a business of growing larger. [6]

3.3 A successful sole trader wants to grow. Do you think internal growth is better than external growth for this business? Justify your answer. [6]

Solutions

IGCSE Business answers are marked by **level of response**: award **K** knowledge, **App** application, **An** analysis and **Ev** a justified judgement.

2.1 a person who sets up a business and takes the risk of running it (2 for a clear definition; 1 for a partial idea).

2.2 any two of: number of employees; revenue (sales); capital employed (1 + 1).

2.3 a merger is when two businesses agree to join into one; a takeover is when one business buys control of another (2 for a clear difference; 1 for a partial idea).

3.1 any two of: it makes the owner plan ahead; it helps raise finance from banks or investors (1 + 1).

3.2 *[6]* For **each** of two benefits: K 1 + An up to 2 — e.g. *economies of scale*: a bigger firm buys materials in bulk → lower cost per unit → higher profit or lower prices. *Market power*: more sales and a bigger market share → it can compete more strongly. Maximum 3 each.

3.3 *[6]* Both sides + judgement. **Internal:** lower risk, keeps control, financed from profits — but slow. **External:** fast growth and instant market share — but risky, costly and the owner may lose control. **Judgement (Ev):** for a small sole trader, internal growth is usually safer and keeps control, but external growth suits a firm that needs to grow fast — it depends on the owner's finance and attitude to risk.

3 Miguel plans to start up a gym (sports club). It will offer a range of fitness classes including yoga. The business will be a partnership with his sister. Miguel thinks the size of the business will remain small. Secondary market research will be used to help make decisions including which pricing method to use. Miguel knows it is important for a new business to select a suitable location.

(a) Define 'partnership'.

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.... [2]

(b) Identify **two** ways to measure the size of a business.

Way 1: ....

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Way 2: ....

.... [2]

(c) Outline **two** pricing methods Miguel could use.

Method 1: ....

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Method 2: ....

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.... [4]

(d) Explain **one** advantage and **one** disadvantage to Miguel of using secondary market research.

Advantage: ....

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Explanation: ....

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Disadvantage: ....

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Explanation: ....

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.... [6]

(e) Do you think access to employees is the most important factor for a new business to consider when deciding on a suitable location? Justify your answer.

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2 Max is an entrepreneur who wants to start up a business selling books. He has decided to use ecommerce. Max has been told there is government support for start-up businesses. He will use market research to help make business decisions. Max knows it is important for a new business to build customer loyalty.

(a) Define ‘entrepreneur’.

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.... [2]

(b) Identify **two** reasons why governments support start-up businesses.

Reason 1: ....

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Reason 2: ....

.... [2]

(c) Outline **two** opportunities for Max’s business of using ecommerce.

Opportunity 1: ....

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Opportunity 2: ....

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.... [4]

(d) Explain **two** ways Max could use market research to help make business decisions.

Way 1: ....

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Explanation: ....

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Way 2: ....

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Explanation: ....

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.... [6]

(e) Explain **two** ways a business could build customer loyalty. Which is likely to be the best way for a new business to use? Justify your answer.

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1 **(a)** Explain **four** ways a business plan could help Kathryn.

Way 1: ....

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Way 2: ....

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Way 3: ....

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Way 4: ....

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[8]

(b) Consider the following **two** methods Kathryn could use to communicate with her suppliers. Which method should Kathryn use if an order is needed quickly? Justify your answer.

- Telephone calls
- Emails

Telephone calls: ....

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Emails: ....

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Recommendation: ....

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1 Brendan wants to be a successful entrepreneur. He plans to start up a flower shop using government support. Brendan's brother has offered to form a business partnership with him. Brendan knows it is important for a new business to use a suitable pricing method. He has already identified ways the business can increase added value. Brendan wants to know how an economic boom might affect his business.

(a) Define 'business partnership'.

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.... [2]

(b) Identify **two** ways a government can support business start-ups.

Way 1: ....

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Way 2: ....

.... [2]

(c) Outline **two** ways an economic boom might affect Brendan's business.

Way 1: ....

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Way 2: ....

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.... [4]

(d) Explain **two** ways Brendan could increase added value for his business.

Way 1: ....

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Explanation: ....

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Way 2: ....

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Explanation: ....

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.... [6]

(e) Explain **two** pricing methods a new business might use. Which is likely to be the best method to use? Justify your answer.

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1 **(a)** Explain **four** reasons why new businesses are at a greater risk of failing than existing businesses.

Reason 1: ....

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Reason 2: ....

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Reason 3: ....

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Reason 4: ....

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[8]

(b) Consider the following **two** types of business organisation that Charly could choose for her new business. Which type of business organisation should Charly choose? Justify your answer.

- Sole trader
- Private limited company

Sole trader: ....

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Private limited company: ....

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Recommendation: ....

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.... [12]

2 Mitchell is an entrepreneur. He wants to start up a business selling books. As part of his business plan Mitchell has carried out some market research. An extract is shown in Fig. 2.1. Mitchell will use microfinance as a source of finance. He wants to know whether the opportunities of using ecommerce for a new business are greater than the threats.

Extract from Mitchell's market research data for 2023

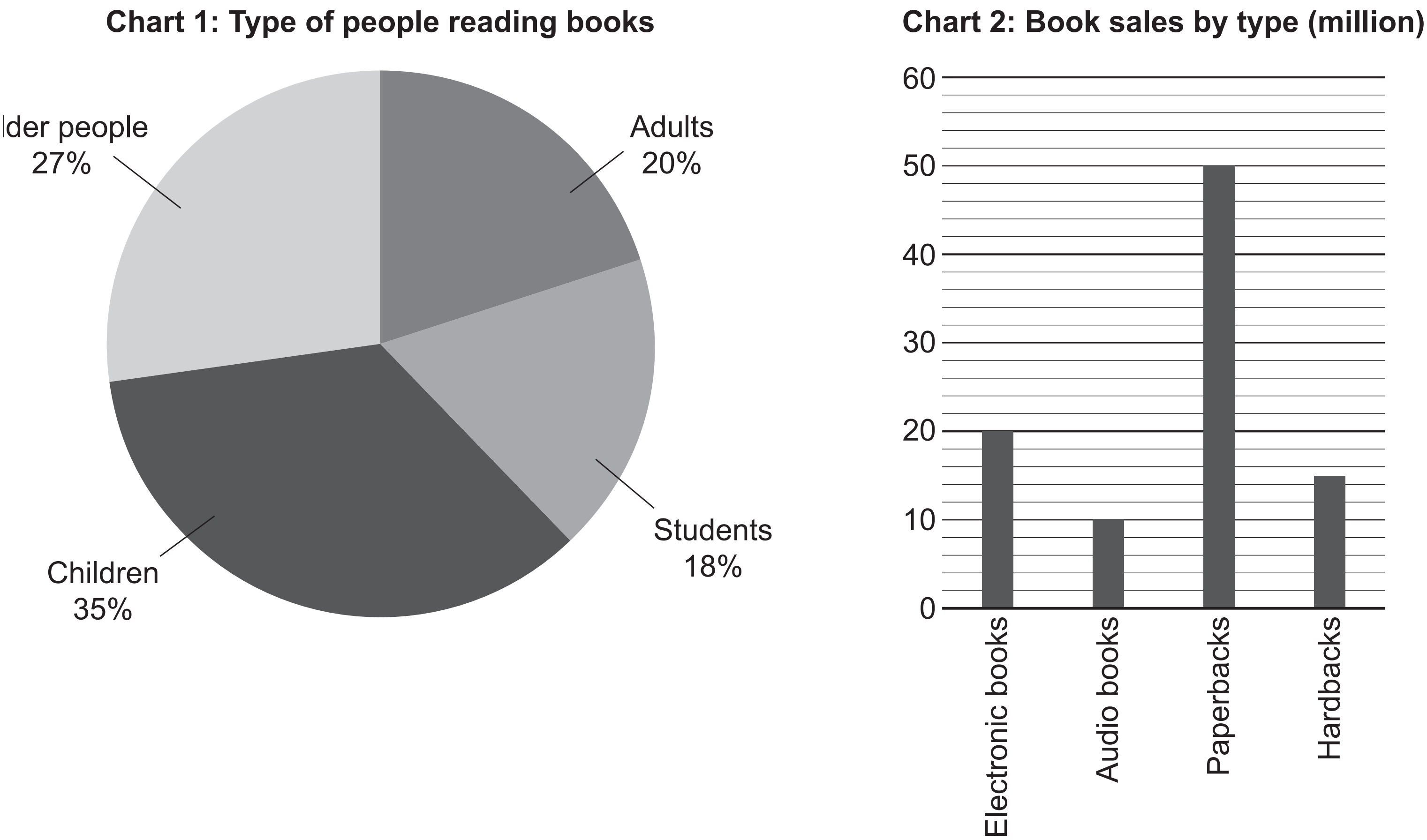

Fig. 2.1

(a) Define 'entrepreneur'.

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.... [2]

(b) Define 'business plan'.

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.... [2]

(c) Outline **one** advantage and **one** disadvantage to Mitchell of using microfinance as a source of finance.

Advantage: ....

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Disadvantage: ....

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.... [4]

(d) Explain how the market research data in Chart 1 and Chart 2 in Fig. 2.1 could help Mitchell when making decisions.

Chart 1: ....

....

Explanation: ....

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Chart 2: ....

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Explanation: ....

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.... [6]

(e) Do you think the opportunities of ecommerce for a new business are greater than the threats? Justify your answer.

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1 **(a)** Explain **four** reasons why a business might remain small.

Reason 1: ....

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Reason 2: ....

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Reason 3: ....

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Reason 4: ....

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.... [8]

(b) Consider the following **three** roles of packaging for CC's products. Which role is most important for CC? Justify your answer.

- Protecting the product
- Promoting the brand image
- Providing information about the product

Protecting the product: ....

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Promoting the brand image: ....

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Providing information about the product: ....

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Conclusion: ....

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.... [12]

1.4 Types of business organisation

Name: ____________ Class: ________ Date: __________ **Total: 20 marks**

KEY WORDS sole trader 独资 • private limited company 私人有限公司 • partnership 合伙企业 • public limited con
• franchise 特许经营

Objective

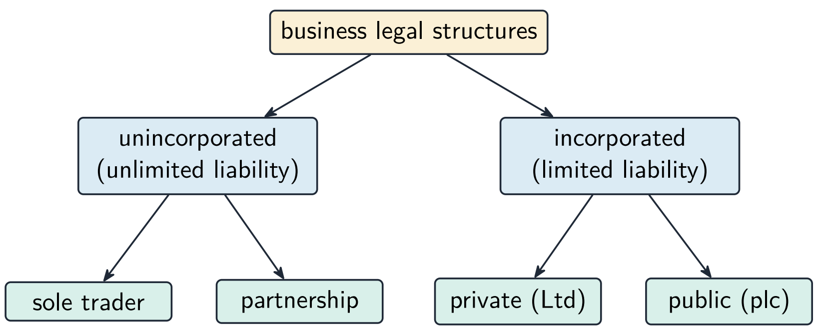
Build the skills to answer exam questions on **types of business organisation** 企业组织类型 — **liability** 责任, **sole traders, partnerships, private and public limited companies** 独资、合伙、私人/公众有限公司, and the **franchise** 特许经营.

You must be able to:

- explain limited and unlimited liability
- compare the four main types of business organisation
- analyse and recommend a type of organisation for a business

1 Worked examples

■ **Business types and liability**



Companies have limited liability; sole traders and partnerships do not

- **Unlimited liability** 无限责任: the owner is personally liable for all debts. **Limited liability** 有限责任: owners can lose only what they invested.
- **Sole trader** 独资: one owner — easy to set up, keeps all profit, but unlimited liability.
- **Private limited company (Ltd)** 私人有限公司: shareholders, limited liability, shares not sold to the public.
- **Public limited company (plc)** 公众有限公司: shares sold to the public; can raise large capital but risks takeover.

> **Answer shapes:** K + App + An + Ev (a justified judgement, for "do you think" questions).

2 Practice

2.1 Define the term *limited liability.* [2]

2.2 Identify two advantages of being a sole trader. [2]

2.3 State one difference between a private limited company (Ltd) and a public limited company (plc). [2]

3 Exam-style questions

3.1 Identify two features of a partnership. [2]

3.2 Explain two benefits to the owners of forming a private limited company. [6]

3.3 A growing sole trader is deciding whether to become a private limited company. Do you think this is a good idea? Justify your answer. [6]

Solutions

IGCSE Business answers are marked by **level of response**: award **K** knowledge, **App** application, **An** analysis and **Ev** a justified judgement.

2.1 the owners of a business can lose only the money they have invested; their personal assets are protected (2 for a clear definition; 1 for a partial idea).

2.2 any two of: easy and cheap to set up; the owner keeps all the profit; the owner makes all decisions; privacy (1 + 1).

2.3 a plc can sell its shares to the public on the stock exchange; an Ltd cannot (2 for a clear difference; 1 for a partial idea).

3.1 any two of: owned by 2+ partners; share work, decisions and profit; usually unlimited liability; often a written agreement (1 + 1).

3.2 *[6]* For **each** of two benefits: K 1 + An up to 2 — e.g. *limited liability*: owners' personal assets are safe if the company fails → they can take bigger risks to grow. *Easier finance*: shares can be sold to family and friends → more capital than a sole trader can raise. Maximum 3 each.

3.3 *[6]* Both sides + judgement. **For:** limited liability protects the owner, and it is easier to raise finance to grow. **Against:** more paperwork and legal rules, accounts must be shared, and some control may be lost. **Judgement (Ev):** becoming an Ltd is worth it if the owner needs finance and wants protection to grow, but a small low-risk business may be fine staying a sole trader — it depends on the growth plans.

1 **(a)** Explain **two** advantages and **two** disadvantages of a business being a private limited company.

Advantage 1: ....

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Advantage 2: ....

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Disadvantage 1: ....

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Disadvantage 2: ....

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[8]

(b) Consider the following **three** economies of scale for LB. Which economy of scale is likely to have benefited LB the most? Justify your answer.

- Financial
- Purchasing
- Managerial

Financial: ....

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Purchasing: ....

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Managerial: ....

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Conclusion: ....

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1 **(a)** Explain **two** advantages and **two** disadvantages to Philip of changing PF from a sole trader business to a private limited company.

Advantage 1: ....

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Advantage 2: ....

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Disadvantage 1: ....

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Disadvantage 2: ....

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[8]

(b) Consider each of the following **three** methods PF could use to motivate its employees. Which method should PF use? Justify your answer.

- Paying bonuses
- Piece-rate
- Job rotation

Paying bonuses: ....

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Piece-rate: ....

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Job rotation: ....

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Recommendation: ....

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[12]

1 **(a)** Explain **two** advantages and **two** disadvantages to Jemi of buying a franchise.

Advantage 1: ....

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Advantage 2: ....

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Disadvantage 1: ....

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Disadvantage 2: ....

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[8]

(b) Using Appendix 1 and other information, consider the following **two** applicants for the position of chef at Jemi's new restaurant. Which applicant should Jemi employ? Justify your answer.

- Tianna
- Vea

Tianna: ....

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Vea: ....

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Recommendation: ....

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[12]

3 JTA is a public limited company. It sells holidays in a mass market. The business has 44 shops and 200 employees. The Finance Director is considering ways a business can increase its profit. She has been asked to analyse JTA's financial performance using ratio analysis. An extract from JTA's financial statements is shown in Table 3.1.

Table 3.1

Extract from JTA's financial statements for 2023 ($ million)	
Revenue	900
Profit	100
Capital employed	800

(a) Define 'capital employed'.

....

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....

.... [2]

(b) Calculate JTA's return on capital employed (ROCE). Show your working.

Working: ....

....

....

Final answer: .... [2]

(c) Outline **two** benefits to JTA of selling in a mass market.

Benefit 1: ....

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Benefit 2: ....

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.... [4]

(d) Explain **one** advantage and **one** disadvantage of JTA being a public limited company.

Advantage: ....

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Explanation: ....

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Disadvantage: ....

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Explanation: ....

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.... [6]

(e) Do you think increasing prices is the best way for a business to increase its profit? Justify your answer.

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.... [6]

1 **(a)** Explain **two** advantages and **two** disadvantages of BB being a public limited company.

Advantage 1: ....

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Advantage 2: ....

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Disadvantage 1: ....

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Disadvantage 2: ....

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.... [8]

(b) Consider the advantages and disadvantages of the following **three** methods BB could use to motivate its production workers. Which method should BB use? Justify your answer.

- Piece rate
- Teamworking
- Job rotation

Piece rate: ....

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Teamworking: ....

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Job rotation: ....

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Recommendation: ....

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.... [12]

4 CFG is a social enterprise. It buys cocoa beans from local farmers and then uses the beans to make chocolate. Being ethical is important to the business. CFG has developed a new chocolate bar. The Marketing Manager plans to use skimming as its pricing method, and retailers as its distribution channel for the new product. He knows there are many legal controls over marketing that might affect a business.

(a) Define 'social enterprise'.

....

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....

.... [2]

(b) Identify **two** ways legal controls over marketing might affect a business.

Way 1: ....

....

Way 2: ....

.... [2]

(c) Outline **one** advantage and **one** disadvantage to CFG of using skimming as its pricing method.

Advantage: ....

....

....

....

Disadvantage: ....

....

....

.... [4]

(d) Explain **one** advantage and **one** disadvantage to CFG of using retailers as its distribution channel for the new product.

Advantage: ....

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Explanation: ....

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Disadvantage: ....

....

Explanation: ....

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.... [6]

(e) Do you think being ethical will always lead to lower profit for a business? Justify your answer.

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.... [6]

1.5 Business objectives and stakeholder objectives

Name: ______________ Class: __________ Date: ____________ **Total: 20 marks**

KEY WORDS stakeholder 利益相关者 • objectives 目标 • conflict 冲突 • pollution 污染 • customer service 顾客服务

Objective

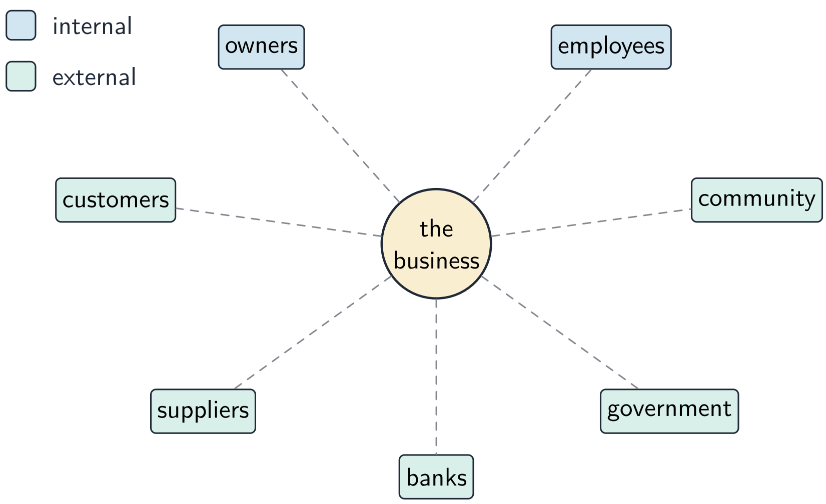
Build the skills to answer exam questions on **business objectives and stakeholder objectives** 企业目标与利益相关者目标 — common **objectives** 目标, the aims of a **social enterprise** 社会企业, **stakeholders** 利益相关者, and why their objectives **conflict** 冲突.

You must be able to:

- state common business objectives
- identify a business's stakeholders and what each wants
- explain why stakeholder objectives conflict

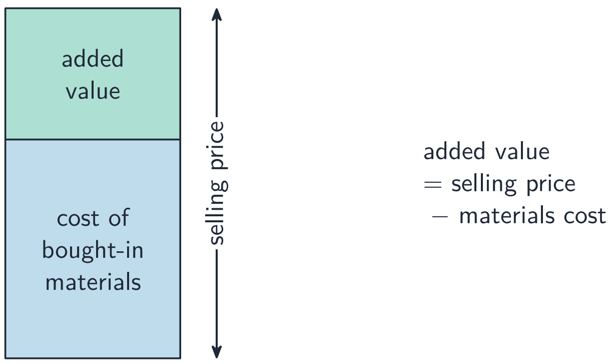
1 Worked examples

■ Stakeholders and conflict



Each group wants something different, so objectives can clash

- **Objectives:** survival, profit, growth, **market share** 市场份额, customer service, social objectives.



Profit — earned by adding value — is the objective most owners pursue

- **Stakeholders** 利益相关者: owners (profit), employees (pay, security), customers (quality, low price), suppliers (paid on time), government (tax, law), community (jobs, no pollution).
- **Conflict** 冲突: owners want higher profit, but employees want higher pay — and higher pay lowers profit.

Answer shapes: K + App + An + Ev (a justified judgement, for "do you think" questions).

2 Practice

2.1 Define the term *stakeholder*. [2]

2.2 Identify two objectives a business might have. [2]

2.3 State one objective of (a) employees and (b) the local community. [2]

3 Exam-style questions

3.1 Identify two stakeholders of a business. [2]

3.2 Explain two reasons why the objectives of different stakeholders might conflict. [6]

3.3 A business plans to replace some workers with machines to cut costs. Do you think this is a good decision? Justify your answer, using the views of its stakeholders. [6]

Solutions

IGCSE Business answers are marked by **level of response**: award **K** knowledge, **App** application, **An** analysis and **Ev** a justified judgement.

2.1 any person or group that is affected by a business or has an interest in it (2 for a clear definition; 1 for a partial idea).

2.2 any two of: survival; profit; growth; market share; customer service; social objectives (1 + 1).

2.3 (a) employees: fair pay / safe work / secure jobs; (b) community: jobs / no pollution or noise (1 + 1).

3.1 any two of: owners/shareholders; employees; customers; suppliers; government; local community; banks (1 + 1).

3.2 *[6]* For **each** of two reasons: K 1 + An up to 2 — e.g. *owners vs employees*: owners want higher profit so push for lower wages, but employees want higher pay → the two aims cannot both be met. *Owners vs community*: cutting costs may raise pollution, which the community opposes. Maximum 3 each.

3.3 *[6]* Both sides + judgement using stakeholders. **For:** machines cut costs and raise output → owners gain higher profit, customers may get lower prices. **Against:** workers lose jobs (employees and community suffer), and there is a high set-up cost. **Judgement (Ev):** the decision helps owners and customers but harms employees and the community — whether it is "good" depends on the size of the cost saving and how the firm treats the workers who lose jobs.

2 CPW is a private sector business which has many objectives. It sells electrical goods including kettles and ovens in its 36 shops in country X. CPW also offers a delivery service. The business buys all its inventory from local suppliers to avoid import tariffs. The Finance Director is analysing CPW's statement of financial position. An extract is shown in Table 2.1. He has been asked to find a source of finance to purchase 10 new delivery vehicles.

Table 2.1

Extract from CPW's statement of financial position for 2024 ($ million)	
Non-current assets	120
Current assets	70
Current liabilities	110
Non-current liabilities	75

(a) Define 'import tariff'.

....

....

....

.... [2]

(b) Identify **one** non-current asset and **one** current liability.

Non-current asset: ....

....

Current liability: ....

.... [2]

(c) Outline **two** ways the information in Table 2.1 might be useful to CPW.

Way 1: ....

....

....

....

Way 2: ....

....

....

.... [4]

(d) Explain **two** factors CPW should consider when deciding on a source of finance for the new vehicles.

Factor 1: ....

....

Explanation: ....

....

....

....

Factor 2: ....

....

Explanation: ....

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.... [6]

(e) Explain **two** objectives a private sector business might have. Which objective is likely to be the most important? Justify your answer.

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.... [6]

3 STB is a public limited company. It uses job production to build houses. In 2024 the business built 13 500 houses. STB has many stakeholder groups including its 5000 employees. The Managing Director knows business activity can affect the environment and that there are many reasons why a business should respond to environmental pressures. She also wants to know how economic growth might affect STB.

(a) Identify **two** ways business activity can affect the environment.

Way 1: ....

....

Way 2: ....

.... [2]

(b) Identify **two** reasons why a business should respond to environmental pressures.

Reason 1: ....

....

Reason 2: ....

.... [2]

(c) Outline **two** ways economic growth might affect STB.

Way 1: ....

....

....

....

Way 2: ....

....

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.... [4]

(d) Explain **two** benefits to STB of using job production.

Benefit 1: ....

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Explanation: ....

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Benefit 2: ....

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Explanation: ....

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.... [6]

(e) Do you think employees are the most important stakeholder group for a manufacturing business? Justify your answer.

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.... [6]

4 HYT is a travel business which sells holidays. One of its objectives is growth. Last year HYT completed a takeover of one of its competitors. External sources of finance were used to fund this growth. HYT now has 460 shops and 4000 employees. The Human Resources Director knows there are benefits and limitations for a business of having full-time employees. HYT's managers use ideas from Herzberg's motivational theory to keep employees motivated. Good internal communication is important for HYT.

(a) Identify **two** objectives (other than growth) a business might have.

Objective 1: ....

....

Objective 2: ....

.... [2]

(b) Identify **two** advantages to a business of using external sources of finance.

Advantage 1: ....

....

Advantage 2: ....

.... [2]

(c) Using Herzberg's theory, state whether each of the following would be classed as a hygiene factor or as a motivator.

Working conditions: ....

....

Wages: ....

....

Opportunities for promotion: ....

....

Relationship with supervisor: ....

.... [4]

(d) Explain **two** methods of internal communication HYT might use with its employees.

Method 1: ....

....

Explanation: ....

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Method 2: ....

....

Explanation: ....

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.... [6]

(e) Do you think the benefits to a business of having full-time employees are greater than the limitations? Justify your answer.

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.... [6]

2 **(a)** Explain **one** objective each of the following TSE stakeholder groups might have.

Shareholders: ....

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Suppliers: ....

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Employees: ....

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Customers: ....

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[8]

(b) Consider the following **two** ways TSE could use to increase efficiency. Which way should TSE use? Justify your answer.

- Improving labour skills
- Increasing automation and technology

Improving labour skills: ....

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Increasing automation and technology: ....

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Recommendation: ....

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.... [12]

3 HRO manufactures children's toys. It is a private limited company. The main objective of HRO's shareholders is to increase profit. This might conflict with the objectives of other stakeholder groups, including its 30 suppliers. HRO's Managing Director knows that market research can help when making marketing decisions. The Finance Director is preparing HRO's statement of financial position. An extract is shown in Table 3.1.

Table 3.1

Extract from HRO's statement of financial position at 30 June 2024 ($000s)	
Non-current assets	480
Current assets	250
Current liabilities	200
Non-current liabilities	300

(a) Define 'non-current assets'.

....

....

....

.... [2]

(b) Calculate HRO's current ratio. Show your working.

Working: ....

....

....

Final answer: .... [2]

(c) State whether each of the following would be classified as a current asset or as a current liability.

Trade receivables: ....

....

Trade payables: ....

....

Overdraft: ....

....

Inventory: ....

.... [4]

(d) Explain **one** way the objective of HRO's shareholders to increase profit might conflict with the objectives of each of the following stakeholder groups:

Customers:

Explanation:

Suppliers:

Explanation:

[6]

(e) Do you think the advantages to a business of using primary market research are greater than the disadvantages? Justify your answer.

[6]