1 Why businesses exist – Part 2

Name: ______________ Class: __________ Date: ____________

Vocabulary 词汇

Write each word three times. 把每个单词抄写三遍。

English	中文	Write it 3 times (English)		
sole trader	个体经营者			
partnership	合伙企业			
private limited company	私人有限公司			
shares	股份			
shareholders	股东			
public limited company	上市公司			
Liability	责任			
limited liability	有限责任			
unlimited liability	无限责任			
objective	目标			
profit maximisation	利润最大化			
survival	生存			
stakeholder	利益相关者			
internal stakeholders	内部利益相关者			
external stakeholders	外部利益相关者			

English	中文	Write it 3 times (English)
conflict	冲突	______ ______ ______

Recall

In **Part 1** you met needs and wants, the four factors of production (land, labour, capital, enterprise), adding value, and the four sectors of activity. Part 2 looks at how a business is **owned**, what it **aims for**, and **who has an interest** in it.

New ideas

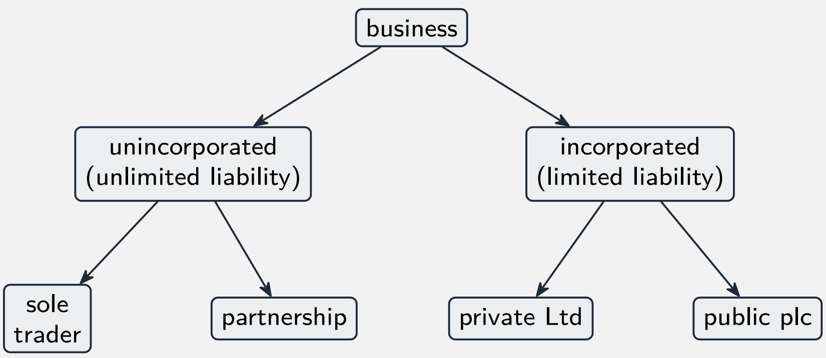
1 Legal structures and liability

A business must choose a legal form:

- a **sole trader** 个体经营者 is owned by one person —easy to set up and keeps all the profit, but finds it hard to raise money;
- a **partnership** 合伙企业 is owned by two or more partners who share the work and profit;
- a **private limited company** 私人有限公司 (Ltd) sells **shares** 股份 to a small group; the owners are **shareholders** 股东;
- a **public limited company** 上市公司 (plc) sells shares to the public, so it can raise a lot of money.

Liability 责任 means who must pay the debts if the business cannot:

- **limited liability** 有限责任—owners can only lose the money they put in (companies have this);
- **unlimited liability** 无限责任—owners are responsible for **all** the debts (sole traders and most partnerships have this).



Micro-check. Does a sole trader have limited or unlimited liability? [1]

■ 2 Business objectives

An **objective** 目标 is a target the business aims for. Common ones are **profit maximisation** 利润最大化, growth, **survival** 生存 (vital for a new firm), and market share.

A good objective is **SMART** —Specific, Measurable, Achievable, Realistic and Time-bound.

SMART objective

- **S** Specific — clear and exact
- **M** Measurable — uses numbers
- **A** Achievable — possible
- **R** Realistic — sensible
- **T** Time-bound — has a deadline

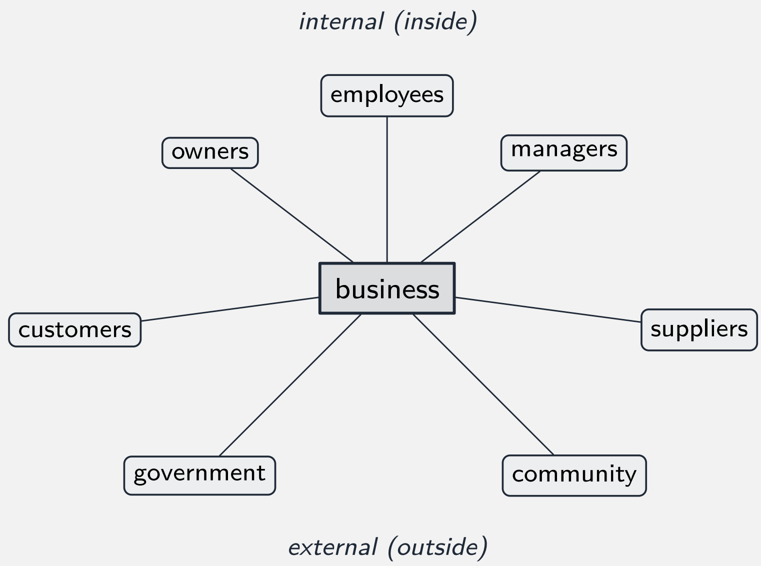
Worked example. ”Get bigger” is a weak objective. ”Raise sales by 10% within one year” is SMART —it is specific, measurable and time-bound.

Micro-check. Rewrite ”sell more” as a SMART objective. [1]

■ 3 Stakeholders

A **stakeholder** 利益相关者 is any person or group with an interest in a business and how well it does.

- **internal stakeholders** 内部利益相关者 are inside the business: owners, managers and employees;
- **external stakeholders** 外部利益相关者 are outside: customers, suppliers, the government and the local community.



Stakeholders often want different things, so their aims can **conflict** 冲突—owners want higher profit, but employees want higher pay.

Micro-check. Name one internal and one external stakeholder. [1]

Watch out: limited liability (Ltd/plc) means owners lose only what they invested; unlimited liability (sole trader/partnership) means owners are liable for *all* debts, even personal possessions. Stakeholders' aims often *conflict*.

Practice

1.1 State which legal form each describes: (a) one owner, keeps all the profit; (b) sells shares to the public. [2]

1.2 State the difference between **limited** and **unlimited** liability. [2]

1.3 Give **one** reason a sole trader might become a private limited company. [1]

1.4 A firm sets the objective ”improve a bit soon”. Rewrite it as a **SMART** objective. [2]

1.5 State whether each is an **internal** or **external** stakeholder: (a) an employee, (b) a customer, (c) the government. [3]

1.6 Explain **one** way the aims of owners and employees can conflict. [2]

1.7 Challenge. Explain why unlimited liability makes it riskier to be a sole trader than to be a shareholder in a company. [2]