

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

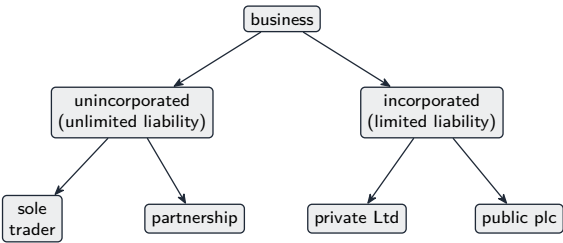
■ 1 Legal structures and liability

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** 目标是 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

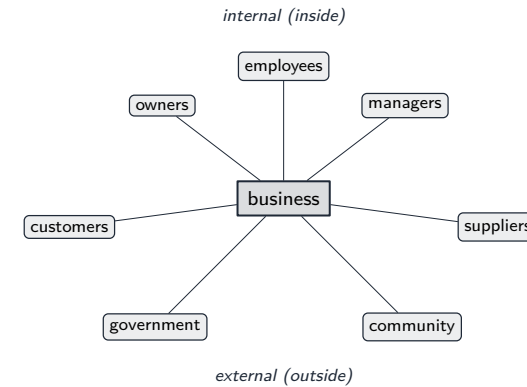
Worked example. "Get bigger" is a weak objective. "Raise sales by 10% within one year" is SMART — it is specific, measurable and time-bound.

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]
