

1.3 External and internal business change

Name: _____ Class: _____ Date: _____ **Total: 13 marks**

KEY WORDS external change 外部变化 • internal change 内部变化 • interest rate 利率
• innovation 创新

Objective

Explain how an **external change** 外部变化 or **internal change** 内部变化 affects a business and what it should do next.

You must be able to:

- classify a change as external or internal
- trace cause, effect, and response
- explain why innovation or a budget decision matters

1 Worked examples

■ Cause → effect → response

Interest rates rise. This is external because it begins outside the business. Loan repayments become more expensive, so a firm may delay opening a new branch.

■ Internal change

A shop loses an experienced worker. This is internal. The manager can train another worker or change the rota to reduce the effect on service.

2 Practice

2.1 State whether a new competitor is an external or internal change. [1]

2.2 State whether a manager resigning is an external or internal change. [1]

2.3 Explain one likely effect of higher interest rates on a business that plans to borrow money. [2]

3 Exam-style questions

3.1 A phone-repair shop learns that a competitor will open nearby. Explain two internal responses the owner could make. [4]

3.2 A business wants to cut its training budget. Analyse one short-term benefit and one longer-term risk. [5]