1.1 Introduction to business management

Name: _____ Class: _____ Date: _____ **Total: 25 marks**

KEY WORDS stakeholder • economies of scale

Introduction to business management

Objective

Classify businesses by sector and entity, apply the objectives hierarchy and the stakeholder map, and use the average-cost arithmetic of economies of scale to judge growth decisions (syllabus 1.1–1.6).

1 Key knowledge and worked examples

Unit 1 toolkit. A business combines human, physical and financial resources into goods and services through four functions (HR, finance, marketing, operations) in four sectors (primary, secondary, tertiary, quaternary). Entities: sole trader and partnership (unlimited liability), privately and publicly held companies (limited liability), for-profit and non-profit social enterprises. Objectives: vision → mission → strategic → tactical; CSR. Stakeholders: internal vs external, with conflicts. Economies of scale on the repair business: 1 000 repairs at total cost 50 000 (average 50) → 2 000 at 80 000 (average 40) → 3 000 at 126 000 (average 42, diseconomies). External growth: merger, acquisition, joint venture, strategic alliance, franchise. MNC host impacts, both sides.

2 Practice

2.1 Define *entrepreneur* and distinguish an intrapreneur from one. [2]

2.2 Classify each activity by sector: (a) a copper mine, (b) a furniture factory, (c) a bicycle-repair shop, (d) a software consultancy. [2]

2.3 Explain one advantage and one disadvantage of operating as a partnership rather than as a sole trader. [4]

2.4 Distinguish strategic from tactical objectives, giving one example of each for a repair business. [2]

2.5 A repair business completes 1 000 repairs a month at a total cost of 50 000. A second workshop raises output to 2 000 repairs at a total cost of 80 000. Calculate the average cost at each level, and name one economy of scale that could explain the change. [3]

3 Exam-style questions

3.1 *(Original, Paper 1 style.)* Explain one advantage and one disadvantage for the repair business of remaining a small firm. [4]

3.2 *(Original, Paper 1 style.)* The owner is considering a third workshop that would lift output to 3 000 repairs at a total cost of 126 000, or offering franchises instead. Using the average-cost figures, explain which route they support, and state one risk that your recommended route carries. [4]

3.3 *(Original, stakeholders.)* The business plans to open on Saturdays. Identify two stakeholder groups whose interests conflict over this decision, explain the conflict, and recommend one way management could manage it. [4]