

3.1 Business Growth

Sizes and types of firms

- i. Give 5 reasons why firms might wish to grow
- ii. Why might a firm choose to stay small?
- iii. When does the 'divorce between ownership and control' occur?
- iv. What is the principal-agent problem?
- v. Who is the principal?
- vi. Who is the agent?
- vii. How does the principal-agent problem affect growth?
- viii. What is the difference between public and private sector organisations?
- ix. What is the difference between profit and not-for-profit organisations?

Business Growth

- i. What is organic growth?
- ii. What are the advantages of organic growth?
- iii. What are the disadvantages of organic growth?
- iv. What is vertical integration?
- v. What is forward integration?
- vi. What is backward integration?
- vii. What are the advantages of vertical integration?
- viii. What are the disadvantages of vertical integration?
- ix. What is horizontal integration?
- x. What are the advantages of horizontal integration?
- xi. What are the disadvantages of horizontal integration?
- xii. What is conglomeration?
- xiii. What are the advantages of conglomeration?
- xiv. What are the disadvantages of conglomeration?
- xv. Explain 5 factors which may constrain the growth of a firm which might want to grow

Demergers

- i. What is a demerger?
- ii. Give 6 reasons for a demerger
- iii. Give 3 possible impacts of demergers to the business
- iv. Give 3 possible impacts of demergers to workers
- v. Give 2 possible impacts of demergers to consumers