AQA GCSE Business Studies

Teacher Guide

Chapter 6
The business organisation

Business growth

All large businesses were once small.

Businesses grow by:

- merging with other businesses
- buying other businesses
- selling more goods and services
- selling franchises

Integration

Integration is joining with another firm through takeover or merger.

It can be:

- horizontal
- vertical
- conglomerate

Franchises and growth

This is the sale of a business idea and rights.

- It offers a quick method of growth.
- It reduces the costs of expansion.

But profits are lower and quality may suffer.

Growth and stakeholders

Employees — improved job security.

Suppliers — more orders.

Government — more tax revenue.

Are there disadvantages of growth for a business's stakeholders?

Private or public company?

Public companies have advantages:

- selling shares on Stock Exchange
- media coverage
- improved status

But they are more regulated than private companies and at risk of takeover.

Growing businesses have new aims

Aims:

- growth
- increased market share
- innovation
- diversification
- selling in overseas markets

New locations for growing business

Changing location is expensive and it might increase sales, but:

- will labour and other resources be available?
- will the competition be tougher?