

**Section 1: Understanding business activity**  
**Chapter 3: Enterprise, business growth and size**

**Final Worksheet 2025-2026**

**Enterprise and entrepreneurship:**

**Entrepreneur:** is a person who organises, operates and takes the risk of a new business venture.

**Benefits of being an entrepreneur:**

1. Independence: able to choose how to use time and money.
2. Able to put own ideas into practice.
3. Maybe become famous and successful if the business grows.
4. May be profitable and the income might be higher than working as an employee for another business.
5. Able to use of personal interests and skills.

**Disadvantages of being an entrepreneur:**

1. Risk: many new entrepreneurs' businesses fail, especially if there is poor planning.
2. Capital: have to put their own money into business and possibly find other sources of capital.
3. Lack of knowledge and experience in starting and operating a business.
4. Opportunity cost: lost income from not being an employee.

**Characteristics of successful entrepreneurs:**

1. **Hard working:** long hours and short holidays are needed to make the business successful.
2. **Risk taker:** making decisions to produce goods or services that people might buy is potentially risky.
3. **Creative:** a new business needs new ideas (about products, services, ways of attracting customers) to make it different from other existing firms.
4. **Optimistic:** looking forward to a better future is essential, if you think only of failure you will fail.
5. **Self-confident:** being self-confident is necessary to convince other people of your skills and to convince banks, other lenders and customers that your business is going to be successful.

6. **Innovative:** being able to put new ideas into practice in interesting and different way is also important.
7. **Independent:** entrepreneurs often have to work on their own before they can afford to employ others. Entrepreneurs must be well motivated and be able to work without any help.
8. **Effective communicator:** talking clearly and confidently to banks, other lenders, customers and government agencies about the new business will raise the profile of the new business.

#### **Why governments often give to start-up businesses:**

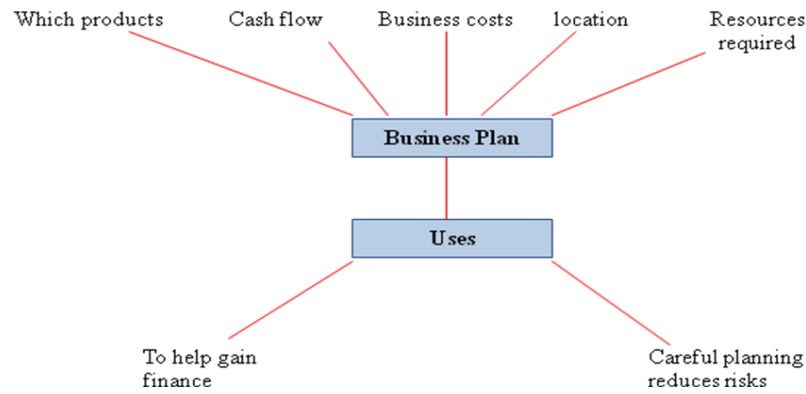
1. **Reduce unemployment:** new businesses will often create jobs to help reduce unemployment.
2. **Increase competition:** new businesses give consumers more choice and compete with already established businesses.
3. **Increase output:** the economy benefits from increased output of goods and services.
4. **Benefit society:** entrepreneurs may create social enterprises which offer benefits to society other than jobs and profit (for example: supporting disadvantaged groups in society)
5. **Can grow further:** all large businesses were small once. By supporting today's new firms the government may be helping some firms that grow to become very large and important in the future.

#### **What support do governments often give to start-up businesses:**

1. **Business idea and help:** organising advice and support sessions offered by experienced business people.
2. **Premises:** enterprise zone, which provide low-cost premises to start-up businesses.
3. **Finance:** loans for small businesses at low interest rates, grants, if businesses start-up in depressed areas of high unemployment.
4. **Labour:** grants to small businesses to train employees and help increase their productivity.
5. **Research:** encouraging universities to make their research facilities available to new business entrepreneurs.

#### **How a business plan assists entrepreneurs:**

Business plan: a business plan is a document containing the business objectives and important details about the operations, finance and owners of the new business.



**Comparing the size of businesses:** Business can vary greatly in terms of size.  
**Who would find it useful to compare the size of businesses?**

- **Investors:** before deciding which business to put their savings into.
- **Governments:** often there are different tax rates for small and large businesses.
- **Competitors:** to compare their size and importance with other firms.
- **Workers:** to have some idea of how many people they might be working with.
- **Banks:** to see how important a loan to the business is compared to its overall size.

**Business size can be measured by:**

### **1. Number of employees:**

- **Limitations:** some firms use production methods which employ very few people but which produce high output levels.
- **Another problem:** should two part-time workers who work half of a working week each, be counted as one employee or two?

### **2. Value of output:**

- It is common way of comparing business size in the same industry, especially in manufacturing industry.
- A firm employing few people might produce several very expensive computers each year. This might give higher output figures than a firm selling cheaper products but employing more workers.

### **3. Value of sales:**

- This is often used when comparing the size of retailing business.
- It could be misleading when comparing the size of business that sells very different products.