**3.1 Types and Sizes of Businesses**

**1 Types of business**

a) Types of businesses:

• private sector organisations

• state-owned enterprises (public sector)

• for-profit and not-for-profit organisations

• co-operatives

• joint ventures.

**2 Size of businesses**

a) The size of businesses:

• SMEs (small- and medium-size enterprises)

• large corporations.

b) How businesses grow:

• organic growth

• merger/takeover:

• forward vertical integration

• backward vertical integration

• horizontal integration

• conglomerate integration.

c) Advantages and disadvantages of each type of merger/takeover.

d) Constraints on business growth:

• size of market

• access to finance

• owner objectives

• government regulation and bureaucracy.

e) Reasons some firms tend to remain small and others grow.

f) Impact of growth of firms on businesses, workers and

consumers.

g) Demergers:

• reasons for demergers

• impact of demergers on businesses, workers and consumers.

**3 Business objectives**

a) Different business objectives:

• profit maximisation

• revenue maximisation

• sales volume maximisation.

• behavioural theories: satisficing.

b) The significance of the divorce of ownership from control for

business objectives: the principal-agent problem.

c) Formulae for different business objectives:

• profit maximisation

• revenue maximisation

• sales volume maximisation.