

## 1.1C: What is a business? Activity

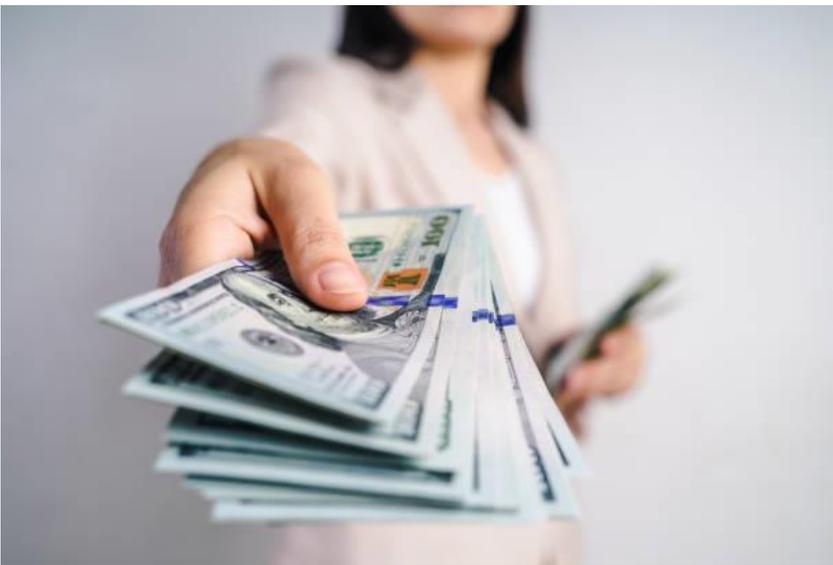


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### 1.1 WHAT IS A BUSINESS? EXAM PRACTICE QUESTION

Read the case study information below and answer the questions that follow.

#### RECESSION SPARKS NEW BUSINESS IDEAS



Disney, MacDonal'd's, Burger King, Proctor & Gamble, Johnson & Johnson, and Microsoft – what do they all have in common? They all started during a recession or depression.

The message, delivered to around 40 would-be entrepreneurs at a workshop in Stratford, east London is clear: don't let bad economic headlines put you off. Most of the people at this session are not aiming at creating new multinational corporations. But during the coffee break, they seem pretty confident that their ideas can prosper even in the current climate. "I'm here to find out about starting a business providing CVs

to school leavers," says Jessica Lyons, wearing a lapel badge with My First CV, the name of the future business, written on it. "For my particular business idea, I think this is the ideal time, because there are more people than ever out there looking for work."

The recession is causing a small spike in interest in setting up small businesses. Another interesting example was from a gym instructor who wants to take his equipment to companies around London, giving people a lunchtime workout without them having to leave their offices. Most of the would be

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entrepreneurs at Stratford are looking at potential opportunities in the tertiary sector which do not require large amounts of start-up finance to purchase capital equipment and rely more on their own skills and interests.

25 MARKS, 45 MINUTES

1. Explain the following terms in the text:
  - a. Entrepreneur
  - b. Tertiary sector
  - c. Quaternary

**[6 marks]**
2. Outline the factors of production needed to set up the business providing CVs to school leavers.

**[6 marks]**
3. Using the gym instructor's business as an example, identify the business functions involved in this business.

**[5 marks]**
4. Explain the reasons why most of the would-be entrepreneurs were choosing to set up businesses in the tertiary sector.

**[8 marks]**