

## 1.6 GROWTH AND EVOLUTION

1. **Reduction in a firm's unit average cost of production that result from an increase in the scale of operation.**
  - a. Economic of Scale
  - b. Diseconomy of scale
2. **The maximum output that can be achieved by using the available inputs.**
  - a. Scale of operation
  - b. Economic of Scale
3. **Expansion of a business by means of opening new branches, shops or factories also known as organic growth.**
  - a. External growth
  - b. Internal growth
4. **When a company buys over 50% of the shares of another company**
  - a. Merger
  - b. Take over
5. **Integration with a business in the same industry but a customer of the existing one**
  - a. Forward vertical integration
  - b. Backward vertical integration
6. **Merger with or takeover of a business in a different industry**
  - a. Horizontal integration
  - b. Conglomerate
7. **Two or more businesses agree to work closely together on a particular project and create a business division to do so**
  - a. Joint venture
  - b. Strategic alliances
8. **A business that use the name, logo and trading system of an existing successful business**
  - a. Franchise
  - b. Strategic alliances
9. **Identify the Ansoff Matrix strategies:**

Market Penetration	Market Development	Product Development
Product Penetration	Diversification	
10. **Selling the same product but in a different market**
  - a. Product development
  - b. Market development