

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