IGCSE Business Studies
Structured Questions (Paper 1)
Practice

Name: Date:

1. Phoenix Mining is a large mining corporation. It exports gold, silver and other rare minerals to other countries, like China. It grew tremendously by acquiring smaller mining companies. Recently, it paid the government a huge sum of money as one of their mining plants polluted a nearby river and affected the community living near the mining zone.

(a) What is the primary business objective of an organization like Phoenix Mining?

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(b) What industry sector is Phoenix Mining in?

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(c) Provide two external benefits and two external costs of having a mining plant near a community.

External Benefits:

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External Costs:

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(d) A foreign mining corporation would like to do mining operations in the country. Given the recent environmental disaster Phoenix Mining had, do you think the government should allow the mining multinational to set up in the country? Justify your answer.

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(e) What kind of growth did Philex Mining undertake to become big?

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(f) Explain three types of mergers.

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Answer Guide:

a. To make a profit.

b. Primary Sector

c. External benefits include employment for the community and revenue for the government. External costs include pollution, destruction of nature (plants and animals) in where the mining plant operates

d. Student own answer. 3 points for providing a stance and giving reasons to defend his/her stance. Other 2 points for giving a balanced answer, other side of the argument

e. External Growth

f. 2 points for each type of merger described clearly and examples given.

Horizontal merger: where two companies are engaged in the same stage of production of the same good. E.g. two clothing businesses join together.

Vertical merger: occur between two companies engaged in different stages of the production of the same good. E.g. a sugar milling factory buys a sugar plantation.

Lateral Merger: involves two companies producing related goods that do not directly compete with each other. The common link may be at one end of the process only.

Diversifying merger: occurs where the products of the companies involved are unrelated.