

**GRADE 8**

**BUSINESS STUDIES**

**CH # 3**

**Enterprise, Business growth & Size**

**Topic: Government's Support for businesses**

**Why governments support business start-ups?**

Most governments offer support to entrepreneurs. This encourages them to set up new businesses. There are several reasons why this support is given.

**Reduce unemployment:** new businesses often create jobs to help reduce unemployment.

**Increase competition:** new businesses give consumers more choice and compete with already established businesses.

**Increase output** — the economy benefits from increased output of goods and services.

**Benefit society:** entrepreneurs may create social enterprises which offer benefits to society other than jobs and profit (for example, supporting disadvantaged groups in society).

**Can grow further** — all large businesses were small once! By supporting today's new firms, the government may be helping some firms that grow to become very large and important in the future.

## What support do governments often give to start-up businesses?

<b>Business start-ups need:</b>	<b>Governments often give support by:</b>
Business idea and help	Organising advice and support sessions offered by experienced business people
Premises	'Enterprise zones', which provide low-cost premises to start-up businesses
Finance	Loans for small businesses at low interest rates Grants, if businesses start up in depressed areas of high unemployment
Labour	Grants to small businesses to train employees and help increase their productivity
Research	Encouraging universities to make their research facilities available to new business entrepreneurs