



# ÉCOLE GLOBALE

## INTERNATIONAL GIRLS' SCHOOL

### Dehradun

## HOLIDAY HOMEWORK – CLASS IX BUSINESS STUDIES

### BUSINESS ACTIVITY

#### **LEARNING OBJECTIVE:**

- *Learners should be able to understand the purpose of business activity*
- *Learners should be able to demonstrate an understanding of business activity in adding value and helping to satisfy the needs of customers in changing competitive environment.*

1. The ARC Company produces and sells cosmetics for women and girls. The company is owned by a brother and sister. They wanted to make more money than they were earning in their old jobs. Although profitable, business sales have fallen in recent years. This is causing many stakeholder groups to worry about the future of the business. The owners are very keen for the business to continue. Sales are falling due to new competition in the market with exciting new products, so ARC must cut production costs to survive. The company has bought expensive new manufacturing equipment which is much specialised. Fewer workers are needed and they perform the same tasks each day and some workers have left because they are bored. Production has fallen as a result of this and ARC cannot supply all of the shops.

The marketing director is keen to increase the value added of the cosmetics. One product - the 'Bella' perfume - currently sells for \$7. It is made from soap bought in by the business at a cost of \$2 per item. The director believes that by designing new luxury packaging for the product, value added could be increased.

- a) How do the business's objectives seem to have changed recently?
- b) Explain the advantages and disadvantages of using division of labour for this business.

- c) Assume that the marketing director bought in new packaging for the Bella perfume. This costs an extra \$1 per unit. She increases the selling price by 20%. Calculate the new value added of this product.
- d) Evaluate any one alternative method that the marketing director could use to increase the value added of this product.

2. A new plastics factory is to be built in your country. It will employ many workers and will export some of its output to other countries. It will be built on farmland several kilometres away from the main city. Other plastics businesses are worried about the competition it will bring. It could lead to lower prices for plastic products. Local residents have mixed feelings about the plan. The factory will use specialised equipment to allow for division of labour.

- a) Identify four stakeholder groups that will be affected by the plan to build this new factory.
- b) Discuss how two of these groups might be affected by the new factory.
- c) Assess the effect on workers of using division of labour in the new factory.

#### TYPES OF BUSINESS ACTIVITY

#### **LEARNING OBJECTIVE:**

- *To know the difference between the three stages of production: primary, secondary and tertiary*
- *To understand the difference between the private and public sectors of industry*
- *To explain the differences between horizontal, vertical and conglomerate mergers and takeovers.*
- *To understand the different ways of measuring business size*
- *To explain why some businesses remain small*

1. The main airline in Country X, Airco, is owned and managed by the central government.

- a) The government decides to privatise this airline. Explain what this means.
- b) Which sector of industry is this business in? Justify your answer.
- c) Briefly analyse one argument for and one against the privatisation.

- d) An existing private sector airline, Airgroup, is interested in buying Airco from the government. This integration would make a much larger business. It would be one of the largest in the industry. The government is asking a high price for Airco and some staff do not want to leave the public sector.
- I. If this integration went ahead, would it be vertical, horizontal or conglomerate? Explain your answer.
  - II. Do you think it is likely to be a good idea for Airgroup to integrate with Airco? Justify your answer.

2. The table below shows some data for three shoe manufacturers in 2013:

	Sales turnover (\$m)	Capital employed (\$m)	Workers employed
Company X	160	35	1 500
Company Y	100	4	2 500
Company Z	50	10	700

- a) Which is the largest business?
  - I. In terms of sale?
  - II. In terms of capital employed?
- b) How would you explain the high number of workers employed by Company Y yet the relatively low sales compared to Company X?
- c) Company Z has not expanded in recent years. Explain any two possible reasons why this business remains quite small.
- d) The directors of Company X are planning to take over a leather supplier. This will cost \$10m. The directors expect the business to gain great advantages from this integration.
  - I. What type of integration is this? Explain your answer.
  - II. Analyse two possible benefits to Company X from this integration.
- e) The directors of Company Y are planning a merger with a chain of retail shoe shops. These shops currently sell a wide range of shoes from different manufacturers. Which sector of industry do the following businesses operate in?

- I. The shoe manufacturer, Company Y.
- II. The retail shoe shops.
- III. Analyse one possible benefit to Company Y resulting from this integration.

f) Do you think shoe retailers should be in the public or private sector in your country? Justify your answer.

## FORMS OF BUSINESS ORGANIZATION

### **LEARNING OBJECTIVE:**

- *To understand the differences between limited and unlimited liability businesses.*
- *To know the reasons why business owners choose to use different forms of business organisation.*
- *To explain the differences between organisations in the private sector and organisations in the public sector.*
- *To explain the advantages and disadvantages of all of these different forms of business organisation.*
- *To evaluate these forms of business organisation in different circumstances.*

1. Rashid has just left school. He wants to set up his own business as a gardener. Rashid wants to be able to control his own working life. He has very few savings - just enough to buy tools. He believes that he will need extra finance.

- a) Briefly explain *two* benefits that Rashid could gain from setting up his own business.
- b) What form of business organisation would you recommend Rashid to use? Explain your answer.
- c) Outline two other sources of finance that Rashid could use apart from his own savings.
- d) After several months, Rashid has too much work! His business has been very successful in attracting new customers. He also has much work to do in his office such as keeping accounts and ordering supplies. A friend of Rashid's, Salman, is keen to become a partner and is taking accounting examinations, but he does not enjoy manual work. Salman has offered to invest some of his savings into the business so that some modern garden machinery can be bought. This would save Rashid a

lot of time on some jobs. Would you advise Rashid to take Salman as a partner in his business? Justify your answer.

2. The growth of Onyema's cleaning business had surprised him. Starting just three years ago with a bucket and some sponges, he had offered cleaning services to local shops and offices. Within two months he had taken on three staff and his sister, Olena, as a partner. Further orders came flooding in from a wide range of businesses. Onyema and his sister decided one year ago to set up a private limited company. O and O Cleaning Ltd sounded impressive and it meant that the business would survive the death of either Onyema or Olena. They were keen to control their own business. However, they had further expansion plans. They wanted to set up franchised businesses in all regions and would supply the company name, logo, training and some cleaning equipment. This would need additional finance. The company accountant advised that the business should become a public limited company. Onyema and Olena had come a long way in three short years - were they ready for this huge step?

- a) Outline two possible reasons why Onyema encouraged his sister to become a business partner.
- b) Explain what you understand by 'franchising'.
- c) Onyema and Olena decided to expand the business by offering franchises. Do you think this was a wise decision? Explain your answer.
- d) Imagine that you plan to open an 'O and O Cleaning' franchise. Explain the advantages of this plan rather than setting up a new cleaning business.
- e) Outline two differences between a private limited company and a public limited company.
- f) Would you recommend Onyema and Olena to convert their company into a public limited company? Justify your answer.

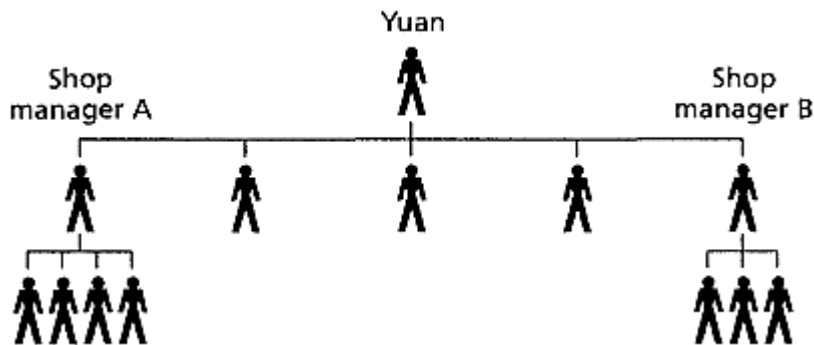
## ORGANIZATIONAL STRUCTURE

### **LEARNING OBJECTIVE:**

- *To explain what is meant by 'organisational structure' and why businesses need one.*
- *To understand how organisational structure can be shown on a diagram and why it changes as firms expand.*
- *To analyse the different ideas connected to organisational structure.*

- *To understand the impact of decentralisation on a business.*

1. Yuan's business has grown rapidly in three years. Setting her flower business up as a sole trader, Yuan had made all of the important decisions. Now she has three flower shops and a home delivery service. She employs an accountant, managers for the shops, and a transport manager. The current organisational structure is shown below:



- What is the span of control of shop manager A?
- How many levels of hierarchy are there in this business?
- If shop A expands and four more staff are employed, the manager's span of control will increase.
  - Explain one advantage of this.
  - Explain one disadvantage of this.
- How do you think the organisational structure of Yuan's business might change if it continues to grow? Explain your answer.

2. Ahmed Clothing Ltd is a clothing manufacturer. It has three factories in three different countries. Each factory is controlled by a factory manager who is helped by three production supervisors. Each supervisor controls the work of five production line workers.

- Sketch the organisation chart for one of Ahmed's factories.
- The company has three levels of management at Head Office. The business is controlled by Abadullah Ahmed. He believes in taking all of the important decisions himself. The factory managers have to ensure that Abadullah's designs of clothes are followed. Each factory pays its workers exactly the same wages. Methods of production are decided on by Abadullah and his Head Office managers.

- I. Explain one problem that could result from having many levels of hierarchy.
- II. Would you describe Ahmed Clothing Ltd as being a centralised business? Explain your answer.
- III. Discuss whether Abadullah should decentralise his business.

## ORGANIZATIONAL STRUCTURE

### **LEARNING OBJECTIVE:**

- *To explain the role of managers in business.*
- *To understand the qualities needed for a good manager.*
- *To outline the different management responsibilities within different departments.*

1. Match the areas of responsibility (see list below) to the manager:

Manager	Responsible for:
Marketing	
Operations (Production)	
Finance	
Administration	

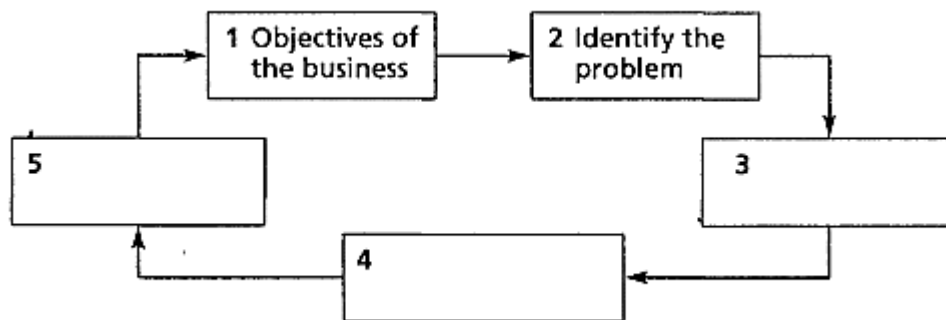
Areas of responsibility:

- I. arranging bank loans
- II. deciding which newspaper to advertise in
- III. checking on quality levels
- IV. organising the post room for despatch of letters.

2. Harry owns a TV repair shop. He employs five mechanics and two administration staff. He plans to open a new branch in another town. He needs to recruit a manager for this shop. The manager will have to organise the workers, and deal with customers and all problems. Explain two qualities that you think a successful manager of Harry's new shop is likely to have.

3. Business objectives:

- a) Explain one reason why you think it is important for a manager to set aims or targets for the business.
- b) A manager is worried about falling profits. She knows that a major change is needed to solve this problem. Before taking a decision she decides to use the decision-making flow chart. Fill in the gaps using the sentences below:



Collect and analyse data

Review - was it successful?

Consider options and take decision

- c) Umeel is retiring after 25 years of managing his own restaurant. It is a very successful business. He employs 25 trained staff and needs to recruit a new manager. After advertising the job, he must decide between two applicants. He has gathered the following information about them:

Details	Person A	Person B
Age	35	55
Education	Business degree	A levels
Restaurant experience	3 years as junior manager.	20 years as chef and then 5 years as manager.
Main business skills	Motivating staff, good communicator.	Cooking, ordering right amount of stocks.
'Describe your main personal qualities'	'I am a natural leader and I am ambitious for myself and the restaurant.'	'I am a very hard worker. I enjoy giving people pleasure with the food I cook.'
'What plans would you have for the restaurant?'	'I would aim to double its size and employ more staff.'	'I would like to encourage staff to cook even higher quality food.'

On the basis of this information, which person would you choose for the manager's job? Justify your answer.



## COMMUNICATION IN BUSINESS

### LEARNING OBJECTIVE:

- *To understand why good communication is important to business.*
- *To explain the advantages and disadvantages of different communication methods.*
- *To examine why barriers to communication exist and how they can be reduced.*

1. Choose the best method of communication. Match the message (table A) with the method of communication (table B).

#### A – the message

- a) List of staff names who have First Aid training
- b) Urgent order to supplier
- c) Detailed map of how to get to the factory to be sent to ten visitors arriving this afternoon
- d) Contract of employment for new worker

#### B – the method of communication

- i) Letter
- ii) Telephone call
- iii) Notice board
- iv) E-mail

2. Explain two advantages of managers using meetings with staff as a main form of communication.

3. A marketing manager for a sweet manufacturer wants to send a message to the owners of the 25 retail shops that sell the firm's product. The message gives details about an existing new product with colourful packaging and a new brand name.

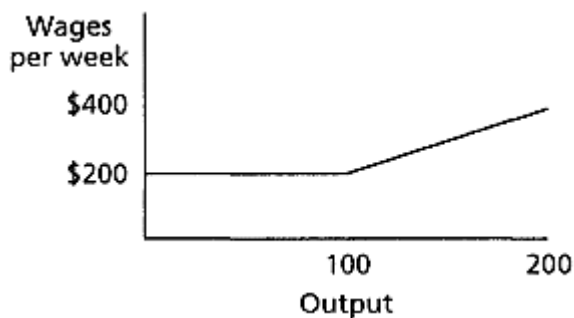
- a) Is this an example of internal or external communication? Explain your answer briefly.
- b) Would you advise the manager to use a telephone call to every shop owner, an e-mail message to each shop, or a video sent to all shop owners plus posters? Justify the method of communication you choose.
- c) 'As my business has expanded to over 400 workers, I find it more and more difficult to communicate with staff. They just do not read my notices. I think I will send them a newsletter each week,' the managing director of a large suit-making company told his secretary. Explain two possible barriers to communication resulting from using either **notices on boards** or **newsletters**.

## MOTIVATION AT WORK

### **LEARNING OBJECTIVE:**

- *To understand the different motivation theories.*
- *To understand what motivates workers.*
- *To know about the different types of payment methods and other ways workers can be motivated.*
- *To understand how to choose suitable ways of giving job satisfaction to different types of work.*
- *To understand different styles of leadership.*

1. Why might improved motivation of employees increase productivity?
2. Explain one method that a business could use, which might increase the motivation of its workforce.
3. The graph shows the weekly wages paid to production workers at Mimmus plc.



- I. Mimmus plc pays its workers using the payment method shown in the graph above. What method of payment is it using? Explain your answer.
  - II. Calculate how much the worker will earn if he or she produces 150 units of output.
3. Patel Fashions is a retail business which sells women's clothes. It employs 15 sales staff who work in the shop and five more who work in the offices. There is one shop manager who is in charge of the business. Each of the sales staff has a specific job and they only do this one task. For example, some just serve customers at the pay desk, some look after the fitting room, and others look after the clothes on display. Employees keep leaving and the shop manager regularly has to advertise for new employees. 'I do not like having to spend so much time interviewing applicants for sales assistant jobs. I wish the employees would not keep leaving,' said Marie, the shop manager.

- a) Discuss the different financial and non-financial benefits the store manager could use to improve motivation at the shop, in order to prevent workers from leaving so regularly. Which would be the best method for her to employ and why?
- b) Would job rotation be the best method for Marie to use in order to increase job satisfaction? Explain your answer.
- c) State which management style (democratic/ autocratic/ laissez-faire) you would suggest for:
- I. Theory X managers and
  - II. Theory Y managers.
- Explain your choice.

## RECRUITMENT, TRAINING AND HUMAN RESOURCES

### **LEARNING OBJECTIVE:**

- *To understand the role of the human resources department.*
- *To understand the recruitment and selection process.*
- *To appreciate the different types of training To know the difference between redundancy and dismissal.*

1. Why do businesses carry out a job analysis when an employee leaves?
2. CDF Ltd has just introduced new technology into the business. It finds that its employees do not have the appropriate skills needed to operate this new equipment.
  - I. Why might this be a problem<sup>1</sup> for CDF Ltd?
  - II. How would you suggest that CDF Ltd deals with this problem?
3. Exam Style:
  - a) Suggest three reasons why employees might leave their job.
  - b) If a lot of employees left every year, why might this be a problem for the business?
  - c) Why do businesses carry out induction training?

d) The Royal Garden is a hotel in the centre of a city. It employs many workers in the restaurant and the department which cleans and services rooms. Most of these workers have few skills. In the restaurant there are also trained employees who work in the kitchens preparing food:

- I. The Royal Garden wants to increase the number of restaurants it has and therefore needs to employ more staff to work in the kitchens. Discuss whether it should use internal or external recruitment for the new chefs to work in the restaurants.
- II. The Royal Garden has recruited several waiters and waitresses to work in the new restaurants. What type of training would you suggest the management use to train them? Justify your choice.

#### EMPLOYEE AND EMPLOYER ASSOCIATION

#### **LEARNING OBJECTIVE**

- *To recognise the different types of trade unions.*
- *To understand how trade unions benefit employees and their role in businesses.*
- *To understand the process of collective bargaining.*
- *To know what happens when conflict arises and the different types of industrial action.*
- *To understand the role of employer associations.*
- *To know how conflict can be avoided or solved.*

1. Explain why workers join trade unions.

2. Toys Galore plc manufactures children's toys. The company produces dolls and dolls' clothes. The toys are sold all over the country and the business also exports 25% of its output. The workers want a wage increase, but the management has said that this is not possible.

- a) Explain three types of industrial action that the union can advise the workers to take.
- b) Toys Galore plc recently introduced worker participation by having worker directors. Why might this help to avoid conflict between the workers and the management of Toys Galore plc?

3. Exam Style:

- a) Match the type of trade union with the example.

<u>Types of trade union</u>	<u>Examples</u>
<u>Craft union</u>	<u>i) The members are all secretaries</u>
<u>Industrial union</u> *	<u>ii) The members are all different types of workers in the mining industry</u>
<u>General union</u>	<u>iii) The members are unskilled and semi-skilled workers in several different industries</u>
<u>White-collar union</u>	<u>iii) The members are unskilled and semi-skilled workers in several different industries</u>
	<u>iv) The members are all skilled workers</u>

- b) Explain why businesses join employer associations.
- c) The workers at P and D Ltd are unhappy because the management wants to change the hours they work. The management wants the workers to work four days at 10 hours per day instead of five days at 8 hours per day. This is so that the workers can be asked to work overtime on the fifth day. Sales of the business's products have been increasing rapidly and more output is needed.
- I. The union wants the workers to take industrial action. Should they go on strike or introduce an overtime ban? Explain your answer.
  - II. The management of P and D Ltd has been thinking of introducing worker participation. Suggest three different ways they could use to do this.

## THE MARKET AND MARKETING

### LEARNING OBJECTIVE

- *To understand why marketing is important to a business.*
- *To know the difference between a product orientated business and a market-orientated business.*
- *To understand what is meant by market segmentation.*
- *To understand why and how a business segments its market.*
- *To know what are the main elements of the marketing mix.*

1. C & C plc produces washing powder. It has been in business for many years. It started by selling just one type of washing powder, but now it sells many different brands all aimed at different groups of customers

(low-income, families with babies, sensitive skin, sports-playing families, people who care for the environment, etc.). When C & C plc was going to introduce a new brand of washing powder it would carry out market research first to find out what consumers wanted from their washing powder. The business would then design a new product to meet these needs. C & C plc has been very successful and seen its sales grow continuously each year.

- a) Does C & C plc segment its market? Explain your answer.
- b) Why does C & C plc do this instead of selling a single product to the whole market?
- c) Do you think C & C plc is a product-orientated business or a market-orientated business? Explain your answer.

2. Ncube Giftware Ltd manufactures wooden gift items which it exports to European markets. The directors want to expand production. Bafana, the marketing director, says 'The marketing department will play a very important role in helping the business to expand.'

- a) Explain three possible objectives of the marketing department at Ncube Giftware Ltd.
- b) What are the four elements of the marketing mix?
- c) Do you think it is important for the four elements of the marketing mix to link together? Explain your answer.

## MARKET RESEARCH

### **LEARNING OBJECTIVE**

- *To understand why market research is needed.*
- *To understand the difference between primary and secondary research.*
- *To describe how to carry out market research taking into account sample size, type of sampling method, location and timing of the research.*
- *To evaluate whether the information gathered is accurate.*

1. Khan plc produces chocolate bars and only sells them in its home country. It produces many different brands of chocolate bar which have been selling well for several years. However, one of its brands, called 'Bigga Bars', has seen its sales fall over the last year. Karl, the marketing manager, says 'We must do something to increase total sales revenue from all our products. We must carry out primary and secondary research.'

- a) Why might Khan Plc want to carry out market research?
- b) What is the difference between primary and secondary research?
- c) Describe how Khan plc should carry out primary market research before deciding whether to sell a new chocolate bar in a new overseas market.

2. Exam Style:

- a) Give two advantages to a business of using primary market research.
- b) What sources of secondary data are available for a business to use if it wanted to sell a new product in a new overseas market?
- c) If primary market research is carried out, explain what the business can do to improve the chances of getting accurate information.