

How price affects business.

Assessment Task

How the interaction between demand, supply and price affects business performance (Individual activity) (LO1 AS3)

Study the table below and do the activity that follows.

Factors of production needed to manufacture a pair of jeans

Raw materials	Labour	Capital	Entrepreneurship
Cotton, fabric	Clothing factory workers, pattern designers, sales people, store managers, advertising people	Money, sewing machines, materials, factory, transport network, communications network	Factory owners, shop owners

Write a report on how an increase in fuel prices would affect each of the factors of production and ultimately the performance of the business. Follow the report writing format below. Look at the rubric below to see how your report will be assessed.

Report writing format

Your report should contain the headings below in bold (if typed) and underlined (if handwritten). The section between the 'Introduction' and 'Conclusion' forms the main body of your report.

Title: The effect of fuel prices on the factors of production

Summary

Summarise the main points, main conclusions and recommendations. Keep your summary short. (Although your summary appears below the title, you should write it last.)

Introduction

State the problem you are investigating. State the purpose of your report.

Problem and theory

Explain the problem you are investigating. Explain any theory that applies to the problem. (E.g.: Explain how the interaction between demand, supply and price affects every business.). Define your key concept, e.g. 'factors of production' and 'price increases'.

Method and results

Explain the method(s) you are using to obtain your result. State what your results are. Include any tables, diagrams and graphs you may be using to record your results. Address the following:

- How a fuel price increase impacts on the cost of raw materials.
- How a fuel price increase impacts on the cost of labour (leading to potential job losses, should the business decide to cut labour costs)
- How a fuel price increase impacts on the cost of capital equipment.
- How a fuel price increase affects supply and demand and impacts on the business enterprises and entrepreneurship

Insert the information you gather in a table such as the one below.

Discussion

Assess your results. (E.g.: State whether you obtained the results you had set out to obtain. State whether further investigations are necessary.)

Conclusion

Summarise your results. Explain the importance of your results. Make recommendations about how solutions can be found to the problem you investigated. Include possible actions taken by entrepreneurs to counteract the negative effect of fuel prices.

Table of findings:

Factor of production	How an increase in the fuel price affects the factor	Why the fuel price affects this factor

Teacher assessment rubric: report

Criteria					Marks
Format of report [Marks out of 10]	The learner followed the format provided exactly. [10 marks]	The learner mostly followed the format provided. [8 marks]	The learner sometimes followed the format provided. [6 marks]	The learner did not follow the format provided. [1-4 marks]	
Information contained in report [Marks out of 10]	The learner included all the relevant points in the report. [10 marks]	The learner included most of the relevant points in the report. [8 marks]	The learner included some of the relevant points in the report. [6 marks]	The learner left out most of the relevant points in the report. [1-4 marks]	
Language use in report [Marks out of 10]	Excellent language usage with no mistakes. [10 marks]	Good language usage with only a few mistakes (fewer than five). [8 marks]	Acceptable language usage with more than five mistakes. [6 marks]	Little attempt to use correct language. [1-4 marks]	
Total marks out of 30:					

Level 4: 21-30 marks (70–100%) – Outstanding

Level 3: 15-20 marks (50–69%) – Achieved

Level 2: 10-14 marks (35–49%) – Partially achieved

Level 1: 1–9 marks (1–34%) – Not achieved

