



# THE TIMES 100

## BUSINESS CASE STUDIES

### Business cycle teacher guide (Building Societies Association)

#### Sorting activity

| Economy doing well                         | Economy not doing well   |
|--|--|
| Inflation is high (i.e. prices are rising) | Unemployment is high   |
| Many new businesses start up               | Many businesses close down   |
| Wages increase                             | Demand for goods and services is low                                       |
| Lots of investment is occurring            | Firms reduce their level of production                                     |
| Business confidence is high                | Capacity utilisation is low (They are not fully utilising their resources) |

#### GCSE activity – business cycle board game

| Independent enquirers | Team workers | Effective participants | Self managers | Reflective learners | Creative thinkers |
|-----------------------|--------------|------------------------|---------------|---------------------|-------------------|
|                       | ✓            |                        |               |                     | ✓                 |

#### 'A'-Level activity – impacts table

| Independent enquirers | Team workers | Effective participants | Self managers | Reflective learners | Creative thinkers |
|-----------------------|--------------|------------------------|---------------|---------------------|-------------------|
| ✓                     |              |                        | ✓             |                     |                   |

E-D students are likely to identify businesses which have positive AND/OR negative impacts during the stages of the business cycle and explain why.

C-A students are likely to identify businesses which have positive AND negative impacts during the stages of the business cycle and analyse why these occur.



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## BUSINESS CASE STUDIES

Possible inclusions in the table:

| Stage in the business cycle | Firms experiencing negative effects  | Firms experiencing positive effects   |
|-----------------------------|--|---|
| <b>Recession and slump</b>  | <p>Suppliers of luxury products like designer clothing and holidays may suffer from a fall in sales</p> <p>Building firms are likely to experience a fall in demand as less people want to buy houses</p>  | <p>Shoe repairers experience a rise in demand as people choose to have their shoes repaired instead of buying new ones</p> <p>Accountancy firms dealing with businesses going into receivership</p> <p>Coffee shops as this is still seen as an inexpensive treat that people are not prepared to give up</p> <p>Budget hotels especially for business users as firms cut back on costs</p> |
| <b>Recovery and boom</b>    | <p>Discount stores may suffer from a fall in sales as incomes begin to rise</p> <p>Any firms which require specific skills from their workers might find it difficult to recruit as employment is high</p> | <p>The demand for the services of recruitment consultants will increase as firms take on more workers</p> <p>Business to business firms will benefit if their business customers are experiencing greater demand</p>  |

### Business cycle worksheet

|                                 | Impacts on building societies and their customers  |
|---------------------------------|--|
| <b>Boom</b>                     | <ul style="list-style-type: none"> <li>Wages increase so customers wish to save more</li> <li>Greater amounts of savings means building societies can lend more to members. This is important as greater confidence means people are more willing to borrow to buy property</li> </ul>   |
| <b>Downturn &amp; recession</b> | <ul style="list-style-type: none"> <li>Consumers save less as unemployment rises</li> <li>Mortgage arrears may rise</li> <li>Building societies have less savings and therefore have less money to lend, so the mortgage market shrinks</li> <li>Building societies work with their members to help them prevent going into arrears</li> </ul> |
| <b>Recovery</b>                 | <ul style="list-style-type: none"> <li>People start to save more again so building societies attract new customers</li> </ul>  |