



## Worksheet 3: Identifying analysis in paragraphs answers

- 1 If the business wants to recruit a new employee, then the owners should put a job advert in the local newspaper. Hopefully, potential employees will see the advertisement, and this will increase the number of people who apply for the job. However, putting an advertisement in a newspaper will increase the costs of the business.
- 2 The accounts of the business show that it has a profit margin of 12%. This means that 12% of the revenue of the business is profit. If the business can decrease the total costs, then this could lead to an increase in the profit margin and increase the profits of the business. However, if the quality of the products also decreases, then this might mean that fewer customers purchase the products which might lead to less sales revenue and less profit. It depends on whether the business can decrease the total costs without reducing the quality.
- 3 Tom could take out a bank loan so that he has enough cash to be able to purchase the new machine. If he does purchase the new machine, then he can produce twice as many products and eventually pay back the bank loan. By taking a bank loan Tom can also have plenty of time to repay the loan, because loans are usually repaid over years. This is likely to give the other investors more confidence in the business and they may not sell their shares.
- 4 The government of Country Z has increased the taxation on exports. This means that any business that sells their products abroad will face higher costs, and this might lead to an increase in price. If the prices increase, then sales are likely to reduce depending on the price elasticity of demand.
- 5 One of the biggest advantages of introducing flow production into the factory is that the business will be more productive. This means that more products will be made in a shorter period of time. However, the machinery needed to introduce flow production will have a high cost, increasing the total costs of the business.