



Worksheet 5: Who might be affected? answers

- 1 A business is planning to automate its factory. Accept any reasonable answer including:
 - The owners – may make the business more efficient, leading to lower costs and higher profitability.
 - The employees/managers/supervisors – may lose their job, leading to financial hardship.
 - The suppliers of the automation equipment – gain a new sale.
 - The suppliers of raw materials – may get more orders if the business can now operate more efficiently.
 - Local community – may be less traffic going to and from the factory as there are less workers.

- 2 A business starts to use Just in Time production. Accept any reasonable answer including:
 - The local community – more lorries delivering supplies – more noise and pollution.
 - The employees – their job/tasks may change, may need to be retrained.
 - The suppliers – may be expected to deliver more often, increasing their costs.
 - The owners – may reduce the businesses costs, increasing their profit/dividends.
 - The customers – may reduce business costs, so price may decrease.

- 3 A business is operating in a country with high inflation. Accept any reasonable answer including:
 - The workers/managers/supervisors – may expect higher wages and regular pay increases – may be demotivated if their real wage does not keep up with inflation.
 - The suppliers – may need to increase their prices to maintain their profitability.
 - The customers – may face higher prices.
 - The government – may need to increase taxation to keep up with inflation.

- 4 A business changes from being a partnership to a public limited company. Accept any reasonable answer including:
 - The owners – will gain limited liability meaning that their personal possessions are no longer at risk.
 - The customers – may trust the business more since it is listed on the stock exchange.
 - The government – the business will pay corporation tax instead of the owners paying income tax.
 - The suppliers – may be more willing to give the business good credit terms.
 - Lenders – may be more willing to lend to the business.