



PEARSON EDEXCEL INTERNATIONAL GCSE (9–1)

COMMERCE



TEACHER RESOURCE PACK

Lesson plan 1: Production and the factors of production

→ **Alignment with Student Book:** Chapter 1 (pages 4–11)

→ **Resources:** Worksheet 1; Student Book; access to computers; mini-whiteboards (optional)

Assessment Objective(s)
<ul style="list-style-type: none"> AO1 Recall, select and communicate knowledge and understanding of commercial terms, concepts and issues AO2 Apply knowledge and understanding using appropriate commercial terms, concepts and calculations effectively in specified contexts
Learning objectives
By the end of the lesson, students should: <ul style="list-style-type: none"> Understand the nature of production and the manufacture of goods Understand the provision and delivery of services Understand four factors of production
Possible misconceptions and barriers
<ul style="list-style-type: none"> Land and capital will need some explanation, particularly with lower ability students, as these can be confusing (<i>land</i> referring to natural resources; <i>capital</i> referring to anything 'man made' including factories/offices). The textbook has some good examples and also distinguishes between different types of capital.
Specification alignment
<ul style="list-style-type: none"> 1.1.1 Production 1.1.2 Factors of Production

Optional pre-task

You are about to start a two-year course in commerce.

- What do you think commerce is?
- What do you expect to learn about?
- In what kind of jobs might a knowledge of commerce be useful in your country?

Starter activity

(Estimated time to complete this activity: 5–10 minutes)

Choose five things you have with you today. This could be your laptop, school bag, pencil case and/or the contents of your pencil case.

- Where were they made?
- What resources do you think the manufacturer used to make them?
- What other costs do you think the manufacturer had?

Main teaching activities**Activity 1****(Estimated time to complete this activity: 25–30 minutes)**

1. After getting feedback from the students, ask what they think is meant by the term 'manufacturing'.
2. Discuss the term and either project or make reference to the definition given in the textbook:

Manufacturing – the use of resources such as raw materials, components, fuel, labour and machinery to make physical goods.
3. Explain that the term 'goods' can be sub-divided into consumer goods, intermediate goods and capital goods. Give examples.
4. Ask students whether they think that most people are employed in the UK in businesses that make goods (secondary sector) or businesses that provide services (tertiary sector).

Note: You may of course choose not to start with the UK and focus on the students' country of residence. It would be advisable, though, to check that the data is easily obtainable before the lesson.

Students will learn that around 80 per cent (statistics vary slightly) of the labour force in the UK works in businesses providing services. Ask students to give examples of service sector businesses and suggest reasons why the proportion of people working in this sector is so high.

Use this opportunity to refer to the concepts of 'capital intensive' and 'labour intensive' production. Make reference to the textbook definition:

Capital intensive – where production relies more heavily on machinery relative to labour.

Differentiation

Opportunities for support: Students may need to be given examples of capital and labour intensive business activities, whereas more able students are more likely to be able to come up with their own examples.

Opportunities for challenge: Students that complete the research task quickly can research a country of their choice and think of reasons why employment structures vary. This task links to the content of Lesson 2.

Activity 2**(Estimated time to complete this activity: 25–30 minutes)**

1. Distinguish between 'direct services' and 'commercial services', giving examples.
2. Students to complete **Tasks 1** and **2** on Worksheet 1.
3. Ask students to identify famous entrepreneurs/people who have started up their own businesses (typical responses might include Richard Branson, Elon Musk, Jack Ma, Mark Zuckerberg, Ratan Tata – although not the original founder, Jeff Bezos). Ask what they think these people do.
4. Working in pairs, students pick an entrepreneur to research.

Task 3 on Worksheet 1:

Choose an entrepreneur that you are interested in finding out more about.

Research and find out:

- a) when they started up their business
- b) where they got the finance (money) from
- c) what do you think the entrepreneur would have had to buy before they could start trading?
- d) see if you can find out how many people they employed when they started the business
- e) what sort of person do you think they are? What skills and qualities do you think they have?
- f) why do you think this entrepreneur was successful?

Differentiation

Opportunity for support: Less able students may need support here and could be given the name of a business they will know, like Facebook, and then asked to find out the name of the founder.

Opportunity for challenge: Ask students to find out how much the entrepreneurs needed to start their business and how much profit they have made.

Activity 3**(Estimated time to complete this activity: 5 minutes)**

Introduce the factors of production in terms of the role of the entrepreneur. Students then complete **Task 4** on Worksheet 1.

Particular emphasis should be placed on *risk-taking*, as this tends to be included in any definition and may not be the most obvious to students.

Activity 4**(Estimated time to complete this activity: 20 minutes)**

1. Students write a paragraph on their chosen entrepreneur using each of the factors of production (**Task 5** on Worksheet 1).

Differentiation

Opportunity for support: Lower ability students may benefit from scaffolding with this task. You could give the students a basic outline of what you want them to do:

- Name of business
- Land (natural resources they use)
- Labour – what might be the job titles of the workers they employ? etc.

Opportunity for challenge:

‘Stretch Yourself’ task on Worksheet

Entrepreneurs and risk-taking.

Many people would argue that successful entrepreneurs are not risk-takers. Instead they are calculated risk-takers.

1. What do you think is meant by calculated risk-takers?
2. How might entrepreneurs lower or eliminate risks in order to be more successful?

This task goes beyond the requirements of the specification and is designed to stretch the more able.

Activity 5**(Estimated time to complete this activity: 15–20 minutes)**

1. Students read and complete the case study questions on Celia Sanchez (page 9).

Plenary**(Estimated time to complete this activity: 5–10 minutes)**

Five multiple-choice questions from the chapter (page 10).

These can be projected, or students can access them from the textbook. Students can write their answers in order on mini-whiteboards and hold them up.

You should look for the following sequence: B, C, A, A. Ask four students to explain their answers.

Homework

Chapter review Q1–5 (page 11)

Worksheet 1: Production and the factors of production

Task 1

What is the correct term for these goods and services? Tick the appropriate box. Is there more than one correct answer for some of them? Why might this be?

	Consumer good	Capital good	Direct service	Commercial service
A chocolate bar				
A dress				
Education				
Shipping				
A packet of crisps				
Advertising				
A filing cabinet				
A teddy bear				
Hairdressing				
Insurance				
A forklift truck				

Task 2

What is an intermediate good?

.....

Task 3

Choose an entrepreneur that you are interested in finding out more about.

Research and find out:

- When they started up their business
- Where they got the finance (money) from
- What do you think the entrepreneur would have had to buy before they could start trading?
- See if you can find out how many people they employed when they started the business.
- What sort of person do you think they are? What skills and qualities do you think they have?
- Why do you think this entrepreneur was successful?

Task 4

Give examples of the factors of production for each of the following businesses.

- A crisp manufacturer
- A school
- A hair salon
- A fitness centre

Task 5

Write a paragraph on your chosen entrepreneur in Task 3, making reference to each of the factors of production. Try to include the different types of capital referred to on page 8.

.....

.....

.....

.....

.....

.....

Stretch Yourself**Entrepreneurs and risk-taking**

Many people would argue that successful entrepreneurs are not risk-takers. Instead they are calculated risk-takers.

1. What do you think is meant by 'calculated risk-takers'?

.....

2. How might entrepreneurs lower or eliminate risks in order to be more successful?

.....

.....

Commerce Paper 1: Commercial operations and associated risks

SECTION A

- 1 (a) An example of a public sector business is: (1)

- A a hairdressing salon
- B national railway service
- C a new restaurant
- D a cosmetic surgery clinic

- (b) Which of the following is **NOT** a characteristic of ecommerce? (1)

- A use of websites
- B bricks and clicks [1] [1] [SEP]
- C in-store customer service
- D delivery to customer [1] [1] [SEP]

- (c) Define the term **Electronic Point of Sale** (EPOS). (1)

.....

.....

- (d) Define the term **exchange rates**. (1)

.....

.....

- (e) In 2019, one US dollar (\$) was equal to 136.13 Jamaican dollars (\$). In that year, a Jamaican business purchased machinery from a company in the USA. The machine cost \$25,000.

- (i) Calculate the cost of this machine in Jamaican dollars (\$). You are advised to show your working. (2)

\$.

(ii) If the US dollar increased against the Jamaican dollar, state **one** impact on the level of imports from the USA to Jamaica.

(1)

.....

.....

(iii) Many locals in Jamaica prefer to be paid in US dollars. State **one** impact on the Jamaican dollar if Jamaica, Jamaican businesses and tourists all continue to use US dollars (\$) over Jamaican dollars (\$).

(1)

.....

.....

(f) Explain **one** reason for protectionism.

(3)

.....

.....

.....

.....

.....

(g) Explain **one** disadvantage of being a sole trader.

(3)

.....

.....

.....

.....

.....

Vida is a retailer in the UK that has several retail spaces selling a wide variety of ethnic fabrics and clothing directly to the public. The company boasts high-quality fabrics and the higher prices reflect this higher quality product; however, recently customers have been complaining as the fabrics they are buying have faults in the material and are not up to standard.

(h) Analyse possible benefits to the customers of consumer protection laws when buying faulty goods from Vida

(6)

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(Total for Question 1 = 20 marks)

Exam Practice

Paper 1

‘Analyse’

Edexcel International GCSE Commerce

Ecommerce

BanglaShoppers.com is said by some to be one of the best ecommerce sites in Bangladesh. It sells a range of world-class brand cosmetics and skincare products, imported from the USA, Canada, Germany, England and China. Its products range from common brand names to more unique products that can't be found easily at any other retail stores in the country. It also uses special promotions to attract shoppers and provides privileges for loyal customers.

In addition to its online service, Banglashoppers.com sells from a small network of stores. Most of these are located in Dhaka in places such as Banani, Wari Old, Bashundhara and Danmondi Location 2. Although the stores are recognised for their sales of cosmetics and skincare products, the range of goods on sale is extending all the time.

1. Analyse the benefits of BanglaShoppers using ecommerce. (6)

Mock student response (a)

- Banglashoppers using ecommerce will lead to a great increase in customers for the retailer, as customers are a lot more likely to shop online. This will increase the amount of products the company sells and as it has lower overheads due to fewer physical stores, it will therefore gain a great deal more profit.
- Using ecommerce also allows the business to advertise for free online. This enables it to reach a wider range of customers for a lower cost. Banglashoppers will therefore be able to sell products to consumers outside of Bangladesh and again increase its profit margins.

Mock student response (a)

What are the strengths and weaknesses of this answer?

- Good points made, but there is not very much application to the case study in the question.
- There is no mention of the products actually sold by the store. The points could have been developed further: 'increase in profit' would be too generic for this question.
- The candidate has missed a great opportunity to link the answer to key business terms; reaching more market segments, adapting to customer needs and offering unique selling points.

Mock student response (b)

As Banglashoppers sells a range of beauty and skincare products, online outlets are ideal. By using ecommerce the store can hold a wider range of makeup products and increase its unique product ranges as it doesn't have to worry about space or design of a physical store. This will not only attract more customers, due to their wide range, but will allow the company to become more competitive in reducing prices of its beauty range while still maintaining good profit margins.

Although it still has physical stores in Bangladesh, the business will be able to reach a much wider demographic in different areas without having to pay increased overheads for more beauty stores. As the beauty products are likely to be repeat-purchased once customers find a brand they like, customers will not feel the need to see the product in person. This leads to Banglashoppers building a loyal customer base of repeat purchasers with little need for extensive marketing.

Mock student response (b)

There has been a big shift in customer needs and the demand for convenience. Once customers find beauty products they like, they are more likely to repeat-purchase online with quick and easy delivery. Banglashoppers will benefit from this shift in customer demand – more so than competitors – as it already has the distribution channels set up. It would depend on Banglashoppers' ability to still offer convenient, low-cost delivery if it is to gain market share over other beauty retailers in the area.

Mock student response (b)

What are the strengths and weaknesses of this answer?

- Good points made.
- Good application to the case study in the question.
- The points have been well-developed using chains of reasoning.
- Good use of some excellent key terms; e.g. reference to segments, marketing and costs.
- Good use of 'it all depends', which shows higher level thinking/understanding: 'It would depend on Banglashoppers' ability to still offer convenient, low-cost delivery.'