



مدرسة قطر للعلوم المصرفية وإدارة الأعمال الثانوية  
Qatar Banking Studies and Business  
Administration | Secondary School

# Introduction To Business مقدمة في الأعمال Grade 10

نبني  
اقتصادي  
المستقبل

• Semester 1

طبعة 1444 - 2022





حضرة صاحب السموّ

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قَسَمًا بِمَنْ نَشَرَ الضِّيَاءَ  
تَسْمُو بِرُوحِ الْأَوْفِيَاءِ  
وَعَلَى ضِيَاءِ الْأَنْبِيَاءِ  
عِزٌّ وَأَمْجَادُ الْإِبَاءِ  
حُمَاتُنَا يَوْمَ النِّدَاءِ  
جَوَارِحُ يَوْمِ الْفِدَاءِ

قَسَمًا بِمَنْ رَفَعَ السَّمَاءَ  
قَطَرٌ سَتَبَقَى حُرَّةً  
سِيرُوا عَلَى نَهْجِ الْأَلَى  
قَطَرٌ بِقَلْبِي سِيرَةٌ  
قَطَرُ الرِّجَالِ الْأَوَّلِينَ  
وَحَمَائِمُ يَوْمِ السَّلَامِ

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## Published by:

Qatar Banking Studies and Business Administration Independent Secondary School PO Box 31202 DOHA QATAR Telephone: +974 44876351 Facsimile: +974 42417211	rinted for Qatar Banking Studies and Business Admin- istration Independent Secondary School  First published: September 2011 Updated: March 2015
	Version: 2 Version 1_15



## Acknowledgements

These resources were developed by the Qatar Commercial Education Project Team in the State of Qatar, in conjunction with Holmesglen Institute in Melbourne, Australia. Holmesglen Institute would like to acknowledge the contribution made by:

- Mr Warren Wilkinson                      Australian Team Project Manager
- Mr Graham Smith                          Business/Banking Teaching Adviser
- Mr Stephen Parratt                         ESL/Teacher Training Adviser

All of the teaching staff at Qatar Banking Studies and Business Administration Independent Secondary School who have made a contribution to the development of these resources .

Refinement and editing of education content has been further developed by the Learning Innovation and

development department at Holmesglen Institute of TAFE, in particular:

- Ms Grisel Arancio                          Administration and template design
- Mr Matt Morris                              Graphic design



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## About this Learner Resource

The purpose of this Learner Resource is to provide you with the underpinning knowledge required to assist you in completing assessment/s in Introduction to economics.

This Learner Resource also contains activities for you to test your knowledge and examples of skills application.

Throughout this Learner Resource you will see an icon that provides opportunities to test your knowledge and practice your skills. This icon is displayed as follows:



This icon is used to highlight an ideal time to test your knowledge or practise what you have learnt.

### How will I be assessed?

In order to achieve competency in Introduction into economics you will need to demonstrate the skills and knowledge required for the unit.

Your teacher will decide with you how and when you will be assessed.

### Copyright

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## About this unit

Welcome to the Learner Resource for Introduction to economics. It is suggested that to meet all the requirements of Introduction to economics

### **you will need to complete the following tasks:**

- Read the information contained in this Learner Resource.
- Complete the activities.
- Complete all the required assessment/s for this unit.

### **The topics in this Learner Resource are:**

- Economic problem and the factors of production
- Specialisation and division of labour
- Business activity
- Stages of production
- Public and private sectors of industry
- Comparing the size of businesses
- Business ownership
- Government and the economy
- Economic objectives
- Government economic policies





# Introduction

This Learner Resource presents some of the concepts associated with a country's economy including information about the limited resources available to satisfy the needs and wants of individuals.

Economics is the study of the production, distribution and consumption of goods and services and their management by individuals, Businesses and governments .



# The economic problem and factors of production

An important concept of economics is an understanding on how the needs and wants of individuals cannot always be completely satisfied because of a lack of resources. Two elements of economics are needs and wants. Needs are things that are necessary for living. Wants are things that you would like to be able to buy and own.



## Practice

### Activity 1

In the table following, list your needs and wants.

Needs	Wants

If you have thought carefully about the difference between needs and wants and completed this table accurately, you should find that your needs are the things that you require to satisfy your daily living. For example, we all need food and water to survive, and clothing and housing to protect us from the weather.

Our wants will all be very different. They will depend on our individual interests.

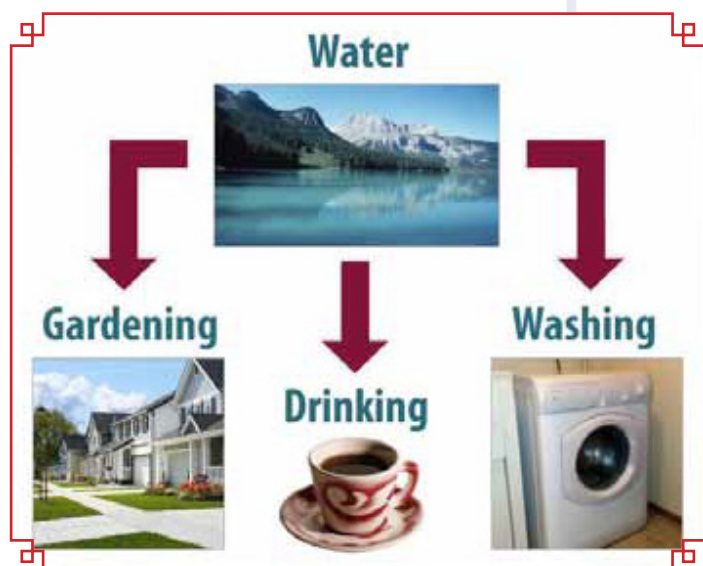
Your list of wants will probably be longer than the list of your needs.

In some countries, people are unable to satisfy their needs. They are poor countries and the people do not have enough money to buy the food, water, clothing and shelter that is necessary to satisfy their daily living.

In other richer countries where most people are able to satisfy their daily living needs, the people will still have unlimited wants. This occurs because they do not have sufficient resources to satisfy all of the wants of all of the people. This problem is known as the economic problem. The economic problem results from having limited resources to satisfy unlimited wants.

Look at the following examples to see how the economic problem affects individuals and governments alike.

There is only a limited number of resources such as workers, machines, factories, raw materials, etc. Yet there are numbers of different ways in which they could be used.





## Practice

### Activity 2

List some of the other demands of water you can think of.

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Similarly people only have a limited amount of money. Yet they have lots of needs and wants to satisfy.

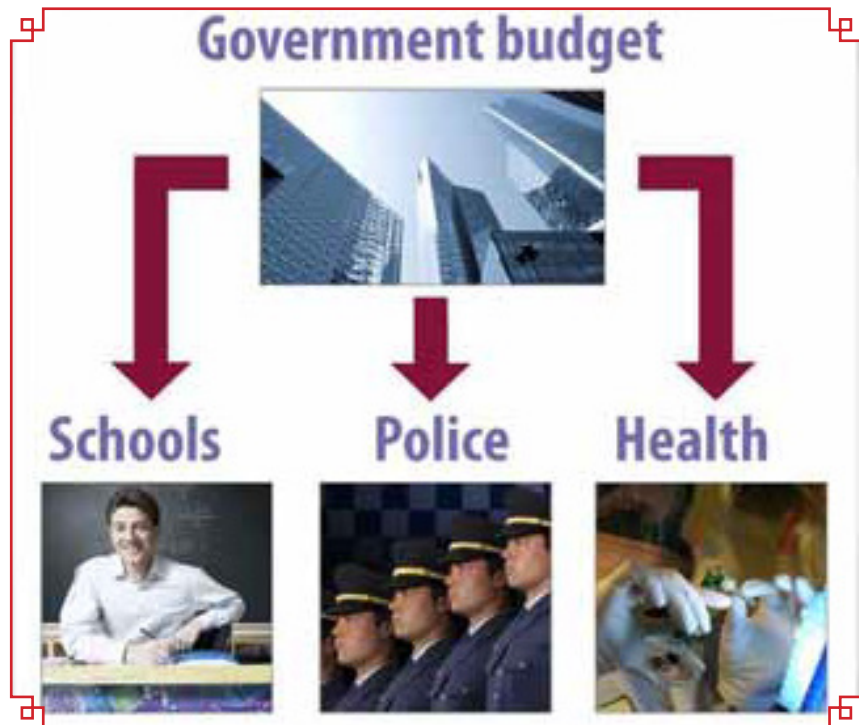




Also the Government has a limited amount of money eg the UK government

may prepare a budget of £440 billion. However, it is still unable to satisfy all its

wants.



Think about the economy of Qatar. It is a rich country which means the needs of its population will generally be satisfied. However, what about the wants of the people who live in Qatar? Can they all be satisfied? Think about your own wants and whether they can be satisfied.

Production of goods and services contributes to the satisfaction of these needs and wants.

### **There are four factors of production.**

- **Land** – refers to the development of the land, fields and forests, oil, gas and other mineral resources.
- **Labour** – refers to the efforts of people to make goods and deliver services.
- **Capital** – refers to the finance, machinery and equipment needed to manufacture goods.
- **Enterprise or entrepreneurs** – refers to the investment by risk-takers in the other factors of production in order to produce goods and services.

Across the whole world, these factors of production are limited in supply because there is never enough land, labour, capital or enterprise to produce all of the needs to satisfy the unlimited wants of a country's population, there is an economic scarcity. The scarcity is the real cause of the economic problem.



Because there are limited resources to satisfy our unlimited wants, we have to make decisions and choices every day about how we can best satisfy these wants.

Let's assume a family has to make a choice between buying a new car or having an overseas holiday. Because their limited resources are unable to satisfy their unlimited wants they are unable to have both. They decide to have the overseas holiday instead of buying the new car. When the family chooses to satisfy one want instead of another, the opportunity cost of that decision is the cost of the other want. Therefore, the opportunity cost of having an overseas holiday is the new car.

Individuals, businesses and governments are continually confronted with having to make choices. The opportunity cost of each want satisfied will be the want that is unsatisfied.



## Practice

### Activity 3

Write down what the opportunity cost is for individuals, businesses and government in the examples below.

Individuals	Decide to buy a new computer instead of a new 3D television
Opportunity cost	
Businesses	Decide to buy a new delivery vehicle instead of new machinery
Opportunity cost	
Government	Decide to build a new hospital instead of constructing a new freeway.
Opportunity cost	

# Specialisation and division of labour

In primitive economies the needs and wants of early man were very few. As time went on however, societies became more complicated and the wants of individuals increased. In order to improve their lifestyles, people had to satisfy a greater number of their wants. Because the resources were limited, it was important that the production of goods and services should increase if better lifestyles were to be realised. One method of ensuring this occurred through division of labour and specialisation.

Division of labour is the basis of the modern economy. It refers to the splitting up or dividing of the workforce so that each person or group of people concentrates on doing different tasks within the production process. With division of labour, people are engaged in what they do best. The goods and services produced are exchanged for money and the money is used to purchase the goods and services that they do not produce for themselves.

One of the main forms of division of labour is by process. For example, in the furniture industry, some individuals may be responsible for the felling of trees, some may be engaged in cutting and shaping the wood, others may join the pieces of wood together to make various items of furniture and still others may prepare the items for the finishing touches. A final group may be committed to the task of painting and polishing the furniture and getting it ready for sale.

Other examples of division of labour by process can be seen in the garment and car manufacturing industries.



Division of labour leads to specialisation. Specialisation comes about because with division of labour, individuals are undertaking certain tasks and in concentrating on these tasks, they become efficient and proficient and can therefore be regarded as specialists in these areas.

### **Advantages**

- Output per head increases.
- There is greater use of machinery and equipment. These are used to speed up production.
- The skill of the worker is increased through the repetition of tasks.
- Tasks are simpler and easier to learn. Less time is also taken to train individuals.
- Unit cost of production is reduced and the lower costs can be passed on to the consumer in the form of lower prices.

### **Disadvantages**

- Repeating a single task can become monotonous and boring.
- As individuals concentrate on particular tasks, their skills in other areas decline.
- Greater use of machinery causes unemployment.
- interdependence of the various production processes means that a mistake in one area affects the whole production process. Production is also affected by absent workers and workers who slow down while working.
- Occupational immobility. If you become unemployed, it is difficult to find a job other than the one in which you have specialised.

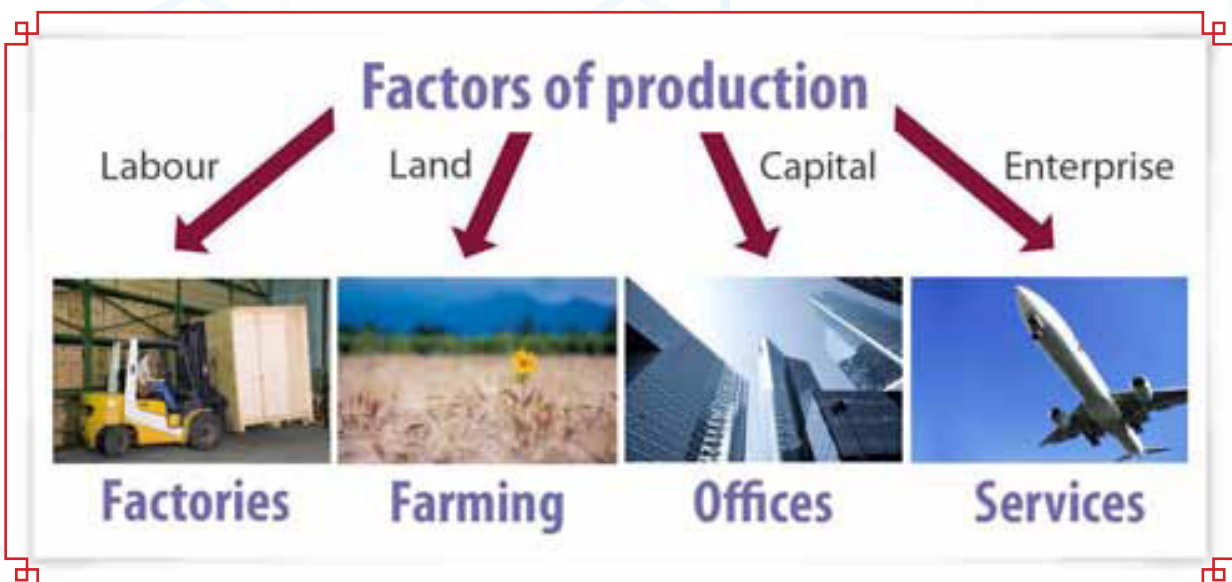
## Business activity

Business activity is the response by entrepreneurs (businesses) to combine the factors of production to satisfy the unlimited wants of an economy.

Entrepreneurs will utilise limited resources efficiently by means of division of labour and specialisation in order to make a profit.

Businesses will produce all of the goods and services demanded by an economy. These businesses may be large or small. They will have either one owner or many owners. Some businesses will employ thousands of employees while others will only employ one or two people. In some businesses the owner is the only person who does the work without any employees.

Businesses make their own decisions about production levels, prices, what goods to produce and what services to offer.



# Stages of production

Production is the process of converting raw materials (resources) into finished products and comprises three stages:

- Primary
- Secondary
- Tertiary

## Primary

This is the first stage of production. It involves those activities involved in farming the land or extracting raw materials from the ground eg wheat farming, growing fruits and vegetables or oil and gas production.





## Practice

### Activity 4

List some other examples of primary production.

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## Secondary

This is the second stage of production and involves using the primary products, wheat, fruits, vegetables, etc and converting them into manufactured or processed goods, eg manufacture of flour, canning of fruits and vegetables or the refining of oil into finished products.



### Practice

#### Activity 5

List some other examples of the secondary production stage.

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## Tertiary

The final stage involves the provision of services to both consumers and other businesses. These service activities include hairdressing, transport, banking, etc.



## Practice

### Activity 6

List some other examples of the tertiary production stage.

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## Practice

### Activity 7

What sector do you believe is the most important for Qatar's economy?

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## Public and private sectors of industry

The economic problem is one of the scarcity resources and unlimited needs. A country will attempt to solve this problem by utilizing its limited resources in the best way possible. There are three different types of economic systems that are used to manage resources as efficiently as possible. They can be:

- Free Market Economy
- Planned Economy
- Mixed Economy

## Free market economy

In a free market economy, all resources are owned privately. This means there is no government control over land, labour and capital. Businesses will strive to maximise profits and will therefore produce more of the profitable goods and services and less of those goods and services that are not profitable.

Governments have no say in what goods and services will be offered to consumers.

## Planned Economy

In a planned economy, the government controls all of the resources and consumers have no say in what goods and services which will be provided. Workers (labors) can also be told where to work and what jobs to perform.

### Mixed economy

In a mixed economy, the resources are owned by both the government and private enterprise and the decisions as to what goods and services will be provided are made by both governments and private enterprise. Most countries in the world have mixed economies. They have varying degrees of government or private ownership of the resources.

The United States of America for example is largely a free market economy, but the government still has control over the economy. China was previously more like a planned economy that had a strong government control and minimal private enterprise. However, recent economic changes allow more free market opportunities for private enterprise.



## Practice

### Activity 8

Think about the economy of Qatar. Where do you think it would be positioned on the scale?

Free market economy

Mixed economy

Planned economy



(USA)

(China)



## Practice

### Activity 9

List five of the industries and services that governments in many countries provide.

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# Privatisation

As we have discovered previously, the economies of most countries are a combination of government and private enterprise. There is a trend for governments to sell off businesses that they previously owned, eg electricity and water supply. This is known as 'privatisation'.



## Practice

### Activity 10

a) List the advantages of privatisation

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b) List the disadvantages of privatisation

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## Comparing the size of businesses

The size of businesses varies greatly. Some businesses are run and managed by only a few people while others require the expertise and skills of hundreds or thousands of employees. Some businesses require massive amounts of capital, while others can be maintained on much smaller amounts. Some businesses have much larger dollar or QAR sales and profit figures than others.

Businesses that use large numbers of employees are said to be labor intensive. If these businesses are using labor instead of machinery and equipment, they will generally require less capital. However, businesses using machinery and automated methods of production rather than labor, will require greater amounts of capital. These businesses are described as capital intensive.

### **The four common methods of comparing the size of a business are:**

- The number of employees
- The value of output and sales
- Profit
- Capital employed

# Business ownership

There are many different types of business ownership and the rules governing their formation, closure, legal status, taxation and liability will vary from country to country. The most common types of private business ownership are:

- Sole traders
- Partnerships
- Private companies
- Public companies



## Sole traders

This is a very common and simple form of business ownership. There is one owner who is the person who has sole responsibility for the business. They may employ other people to assist in the business, but they still retain sole ownership, responsibility and liability. Sole traders are required to register their business name. In Australia, they are required to obtain an ABN (Australian Business Number).

Sole traders and partnerships have unlimited liability. This means that the owner or owners are fully liable personally for any debts incurred by the business. For example, if a partnership experiences hard times and cannot pay its business debts of \$50,000, then the partners must finance the business debt from their own personal finances, eg personal bank, cars, houses etc.

### Advantages

- A single owner has complete control over the business
- A single owner has freedom over working hours, holidays and prices charged
- Does not have to share profits
- Can offer a personal service
- Minimal government regulations required to establish the business

### Disadvantages

- A single owner means nobody else to consult with or discuss business issues
- Unlimited liability
- The single owner carries the burden of all losses suffered by the business
- Limited finance to expand the business
- The single owner cannot share the workload and may not be able to take holidays, sick leave or vary working hours in any way.



## Practice

### Activity 11

List some of the businesses you know that are owned by sole traders.

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# Partnerships

This is also a common form of business ownership. It is very common for members of a family to form a partnership to commence business. Two or more people must agree to work together in a business partnership.

## Advantages

- Because there are more owners, more capital is available to invest in the business
- More owners means more of the responsibilities can be shared, eg holidays, sickness etc.
- More owners means more business ideas can be generated
- Business losses can be shared

## Disadvantages

- Unlimited liability
- Can be difficult to obtain agreement by all partners
- No separate legal identity – if one of the partners dies, the partnership has to be dissolved.





## Practice

### Activity 12

List some businesses that you know that are owned by partnerships.

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## Companies

Companies are formed where the owners (shareholders) of companies require the business to have a separate legal identity. That is, the business entity is separate to the owners and can enter into contracts in the company's name.

Private companies exist where family members or groups of people who know each other form a business association. Shareholders are invited to acquire shares in a private company. A private company generally has the abbreviation Pty Ltd after its name indicating Proprietary Limited eg it is a private company with limited liability. This means that the liability of the shareholders is limited to the value of their shares and they are not personally liable for any company debts and liability.



## Advantages

- Limited liability
- Easier to keep control over the company than a public company
- Generally has a larger number of owners than a partnership, therefore is able to raise larger sums of capital
- A larger number of shareholders also means a greater sharing of responsibilities, work loads, ideas, motivation, innovation and enthusiasm

## Disadvantages

- More involved and more costly to establish
- Company records to be maintained eg Articles of Association, Memorandum of Association, Certificate of Incorporation
- Shares cannot be sold to anyone else without approval of other shareholders
- Company is responsible for taxation and various government returns and paperwork
- Unable to access large sums of capital from the public



## Practice

### Activity 13

List some businesses you know that are private companies.

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Barwa Bank set to go public

By Santhosh V. Perumal

Business Reporter

Barwa Bank, which recently completed the acquisition of First Finance, The First Investor and First Leasing, is planning to go public this year, according to its top executive.

'We will do so some time this year and that remains our core intention. It is a lengthy process and a number of authorities have to be consulted.'

(extract from Gulf Times 20 February 2011)

## Public companies

Public companies allow all members of the public to buy shares in the company.

Public companies have any number of shareholders. Shares in public companies can only be traded on the stock exchange. The company will have Ltd or WLL after its name indicating that it has limited liability. Again, shareholders are liable only to the value of their shares and are not required to personally pay for company liabilities.



## Advantages

- Limited liability
- Separate legal entity which ensures continuity of the business
- Ability to raise large sums of capital from the public
- Board of directors with particular business knowledge and experience is responsible for managing the business.

## Disadvantages

- Costly to establish (prospectus and floating of company)
- Maintenance of additional company records such as share register, annual general meetings, etc
- Subject to auditing processes in addition to taxation and other government returns
- Original owners of the business can lose control over the business



## Practice

### Activity 14

List some businesses that you know that are public companies.

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## Government and the economy

You have now looked at free, planned and mixed economies and should realise that most economies throughout the world operate as mixed economies. The degree that an economy is mixed will depend on how the government responds to private enterprise. Where private business enterprises produce positive economic activity, governments will be reluctant to become involved. For example if a private enterprise is satisfying the needs of consumers efficiently and in accordance with government policy, such as pricing, employment and safety policies being adhered to, the government will not interfere. However, where the government believes that business activity is not meeting the needs of consumers, is not adopting safe OHS practices, is not offering employees appropriate wages and conditions, is not following sound environmental and sustainable practices and is not following sound ethical trading practices, they will become involved.

Read the following article from the Gulf Times (14 February 2011) about the Government taking over a company.

### Government to buy Mawashi

The government will buy Qatar Meat and Livestock Company (Mawashi) to improve the company's performance and expand its activities, the Qatar Exchange said.

The government plans to enter into talks on buying the company, which is the 'main provider of meat and livestock' in the state, the exchange said yesterday, citing a statement from the Ministry of Economy and Finance. The statement added that this step was attributed to the company's inability to meet the future needs of society in terms of quantity and quality. The state will pay at least QR15.29 a share, it said.



## Practice

### Activity 15

a) What is the name of the private enterprise company discussed in the article?

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b) What does the Government propose to do?

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c) Why has the Government decided to take this action?.

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This is a very good example of how governments can become directly involved in the economy.

Another common response is for governments to change the law to control undesirable business activities and to support desirable business activities. By doing this, governments are implementing government policy to achieve their objectives.

# Economic objectives

In the final two topics we look at what are appropriate economic objectives and how government policy seeks to achieve these objectives.

Most governments will implement policies that seek to achieve the following economic objectives:

- Low inflation
- Low levels of unemployment
- Economic growth
- Balance of payments

## Low inflation

Inflation measures the average increase in prices of goods and services over time. Governments will always aim for low rates of inflation. When an economy suffers high rates of inflation, governments will implement policies to decrease or maintain prices and attempt to keep them low.

If wages increase by 3% but inflation (prices) increases by 5%, then workers will be worse off. If increased prices of local products and services are higher than overseas products, consumers are more likely to buy the foreign products. With reduced demand, local producers will then be less likely to expand their business, thus not creating more jobs.

## Low unemployment

Unemployment occurs when people who want to work are unable to find work because of limited job opportunities. High



levels of unemployment mean that the government will be required to support the people out of work with payments called social security. Similarly, unemployed people will not be producing goods and services and the level of output will be less than it could be. Therefore governments will aim for low levels of unemployment to enable increased levels of economic output to be achieved.

## Economic growth

Economic growth is measured by a country's increase in Gross Domestic Product (GDP) which represents the value of goods and services produced in a country. When the output of goods and services increases, economic growth occurs. This economic growth will result in an increase in the living standards of the population. Governments will always aim for increases in living standards.

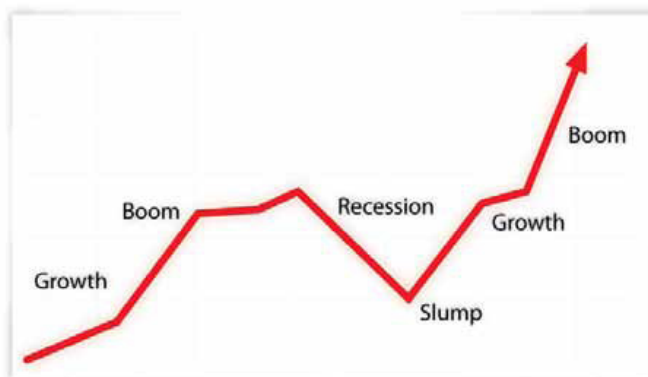
A country may not be able to experience economic growth every year. There will be times when the economy slows and GDP falls or increases at reduced rates. The economic cycle of a country includes growth, boom, recession and slump.



## Practice

### Activity 16

Check the economic cycle below and indicate where you think the following countries are currently located: Qatar, Australia, USA and Greece.



## Balance of payments

The balance of payments measures the difference between a country's imports and its exports. Governments will aim to achieve a balance between its imports and exports. If a country imports more than it exports, it will have to borrow money to pay for the excess in imports.

## Government economic policies

The government of a country has responsibility to manage the economy. It aims to achieve its economic objectives through sound economic policies. These policies may include increasing or decreasing taxes and interest rates. These policies are known as fiscal and monetary policies.

China raises bank reserves to record in inflation fight

Reuters/Beijing

China yesterday raised required reserves to a record 19.5%, adding to an increasingly aggressive effort by Beijing to stamp out stubbornly high inflation.

The fifth increase since October, all in increments of 50 basis points, will force the country's lenders to lock up a bigger chunk of their deposits at the central bank from next week, removing cash from the fast-growing economy that otherwise would be pushing prices higher.

The move by the People's Bank of China followed acceleration in inflation to 4.9% in the year to January, which was accompanied by worrying signs that price pressures were spreading beyond food to property and consumer goods.

(extract Gulf Times 19 February 2011)

## **Fiscal policies**

Fiscal policies relate to government spending or collection of money. Governments spend a great deal of money on infrastructure and services such as education, health, roads, defence, security and so on. Governments do not have endless amounts of money and will need to make decisions as to how much they spend based on how much they earn or receive.

Governments collect money by charging taxes to individuals and businesses. In many countries, the residents pay income tax to the government based on how much income they receive. Businesses will also pay taxes based on how much profit they earn. Governments can also impose other taxes on goods and services. In Australia this is known as a Goods and Services Tax (GST). In the UK it is known as Value Added Tax (VAT), but means exactly the same. The tax is charged on all goods and services that consumers purchase and is paid to the government by the business that collects the tax from the consumer.

Governments can influence consumer spending by increasing or decreasing these taxes. For example, if the economy of a country is experiencing inflation and is in need of easing pressure on prices, a government can increase taxes.

This will have the effect of decreasing the amount of money consumers have to spend. Similarly, if an economy is suffering from recession, governments can stimulate the economy by decreasing taxes. This will give consumers more money in their pockets so they can increase their spending.

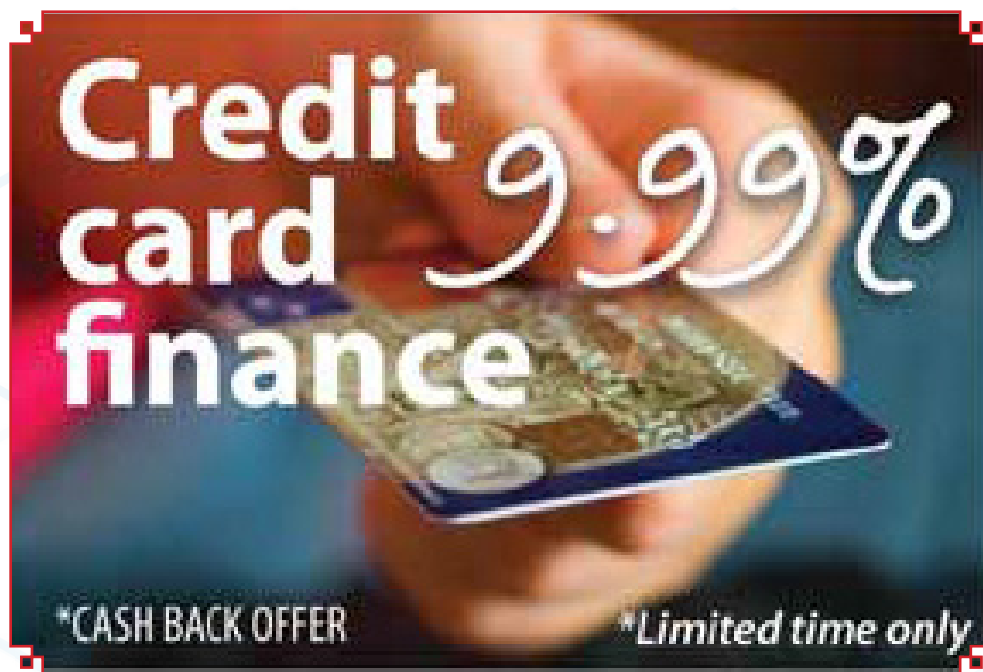
## **Monetary policies**

In the same way that governments can increase or decrease taxes to either stimulate or reduce consumer spending, increasing and de-

creasing interest rates will have the same effect. Most governments will use their central or reserve bank to control interest rates.

If a country is experiencing periods of inflation, the central bank can increase interest rates. This will have the effect of decreasing consumer spending as consumers will be less likely to borrow money to finance their purchases through loans or credit cards. Similarly, in times of recession, central banks can decrease interest rates as a means of stimulating consumer spending. This occurred at the beginning of the global financial crisis. Central banks throughout the world decreased interest rates as a mean of encouraging consumers to continue spending.

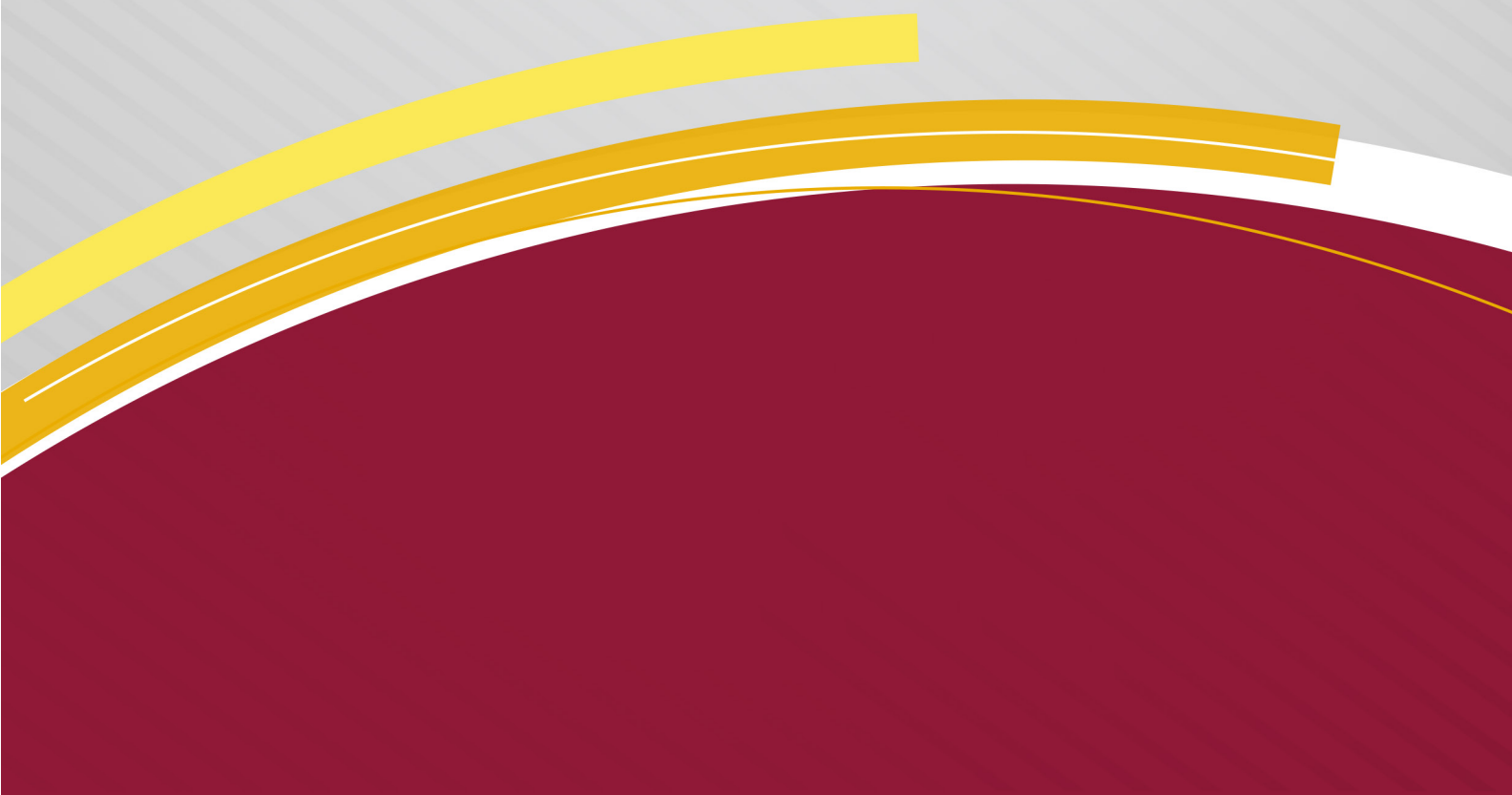
The article at the beginning of this section shows how the Chinese Government is attempting to keep control over inflation by insisting that banks increase their cash reserves, thus reducing the amount of funds available to borrowers. This is another way that monetary policy can be used by governments to achieve their economic objectives.



Grade 10

**Semester 1**




STUDENT ACTIVITIES



# The economic problem and factors of production

## Activity 1

Identify the following as either Needs or Wants.

Water 	Books 
Food 	Car 
Shelter 	Shoes 
Computer 	Clothes 



## Activity 2

### Question 1

From the following list, decide which items are human needs and which ones are then record them in the table below.

- Luxury house
- Shelter
- Coca-Cola
- Car
- Clean water
- Designer jeans
- Clothing

NEEDS	WANTS

### Question 2

Define what is meant by scarcity when referring to the economic problem.


**Question 3**

List the four factors of production and briefly explain why each is necessary for production to take place.


**Question 4**

Explain, with the aid of an example, what the term opportunity cost means to a consumer.




### Activity 3

#### Question 1

Think about your school. What evidence is there of the 4 factors of production (land, labour, capital and enterprise)

#### Question 2

Think of a business you are familiar with. What evidence is there of the 4 factors of production?

#### Question 3

What qualities are needed to be an effective entrepreneur?

#### Question 4

Think about your own human capital. What skills and qualities do you have?

### Question 5

What are the four factors of production?

Words	_____	_____	_____	_____
Fish				
Lumberjack				
Richard Branson				
Printing machines				
Oprah Winfrey				
Spanner				
Diamond				
Oil				
Bus driver				
Simon Cowell				
Bus				
Wood				
Farmer's field				
Miner				
Coal				
Teacher				
Bill Gates				
Lorry				
Computer				
Toilet				
Pickaxe				
Production worker				
Victoria Beckham				
Bulldozer				
Cleaner				
Farmer				
Anglo-American				

## Question 6

### Multiple-choice questions:

#### 1. Economics is the study of

- a. how to increase economic growth.
- b. how society allocates scarce resources in order to maximize interests.
- c. how to ensure that resources are shared equally.
- d. how resources should be allocated.

#### 2. A family have \$15,000. They have to make a choice whether to buy a new car or go on a trip to U.S.A for a month. They decide to go to U.S.A. The opportunity cost of this decision is

- a. the cost of going to U.S.A..
- b. the cost of a buying a new car.
- c. the benefits of going to U.S.A..
- d. the benefits of having a new car.

#### 3. The basic economic problem is that

- a. resources have to be allocated between competing uses.
- b. consumers have infinite wants.
- c. governments cannot always deal effectively with market failure.
- d. every economic decision generates externalities.

#### 4. Examples of economic resources include

- a. clean water.
- b. wind.
- c. sea water.
- d. sunlight.

**5. Which of the following is the most accurate statement?**

- a) Resources are unlimited
- b) Wants and needs are limited
- c) Needs are limited
- d) Resources are limited

## Specialisation and division of labour

### Activity 4

Find newspaper articles that refer to specialization and division of labor

Prepare a summary of one of the articles.

Name of newspaper	
Date of article	
Title of article	
Summary of article	

### Activity 5

Think about how division of labour operates within your school. List the specialized tasks or duties that individuals perform.




# Business activity

## Activity 6

Find newspaper articles that refer to any of the following:

- Business activity
- Business objectives
- Business mergers or takeovers

Prepare a summary of one of the articles.

Name of newspaper	
Date of article	
Title of article	
Summary of article	

## Activity 7

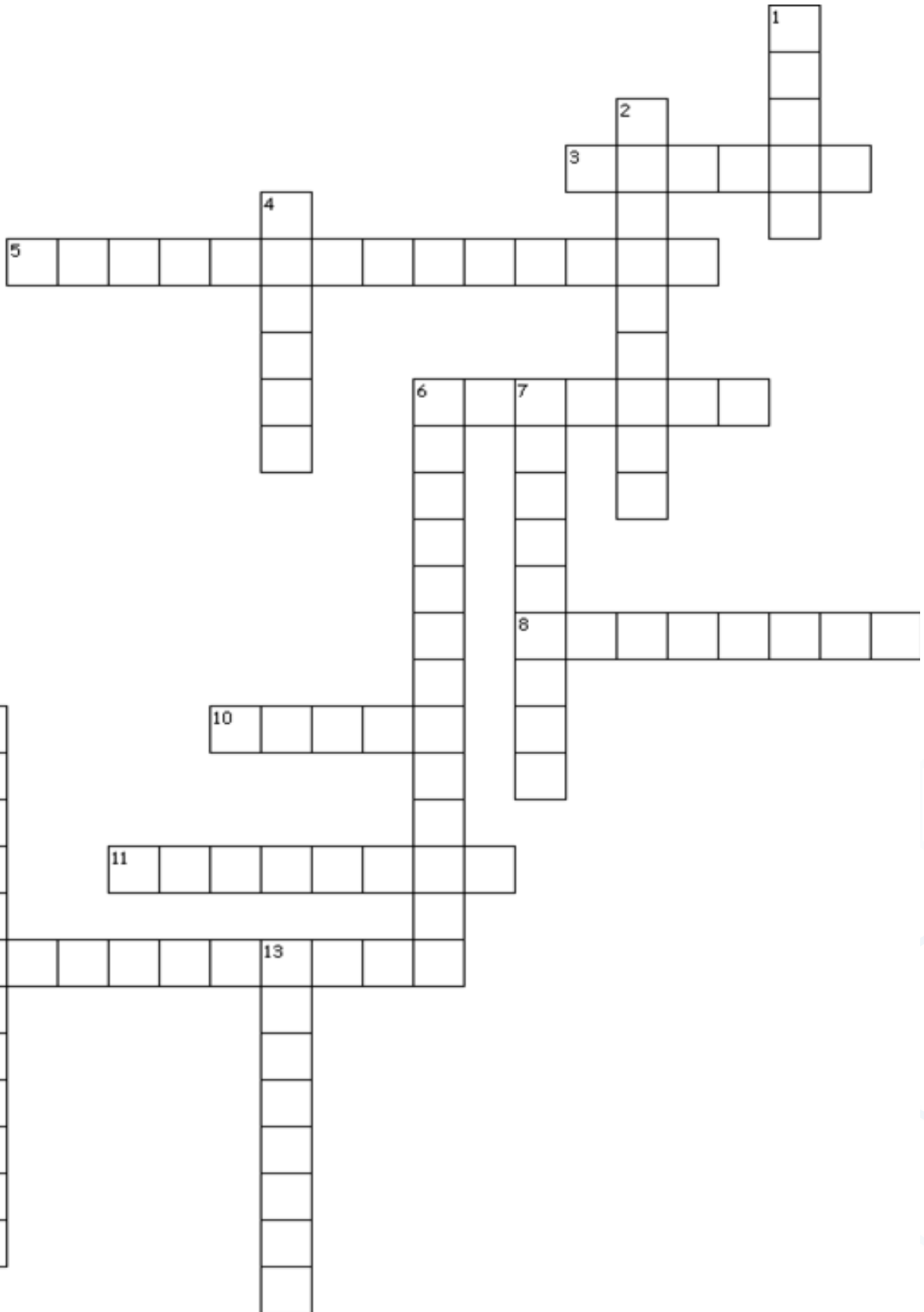
Complete the word game.

### Across

- 3. when one business joins with another
- 5. division of labor creates ?
- 6. production that extracts earth's natural resources
- 8. provision of services to customers
- 10. financial institutions prepared to lend money to businesses
- 11. ? problem
- 12. factors of ?

### Down

- 1. combines some features of both free market and planned economies
- 2. production that converts natural resources into processed goods
- 4. employees working for a business
- 6. governments selling off businesses they previously owned
- 7. people prepared to contribute their own money into a business venture
- 9. business owner
- 13. when one business takes over another



## Activity 8

Find the words attached and discover the hidden topic.

E	C	C	O	N	O	M	W	I	C	P	N	R	O	B	L	Y
E	M	O	M	U	A	D	S	A	B	U	L	E	K	K	O	T
Y	T	N	Z	F	A	N	A	I	N	F	N	V	E	R	U	I
Y	P	S	E	S	I	R	P	R	E	T	N	E	N	D	G	C
R	V	U	I	K	A	J	E	N	R	S	S	O	O	P	S	R
A	S	M	S	E	B	S	S	E	G	X	I	F	H	C	S	A
I	G	E	F	M	O	P	P	O	R	T	U	N	I	T	Y	C
T	G	R	O	U	M	R	V	R	A	G	D	P	D	Z	L	S
R	E	S	R	I	E	E	S	S	O	E	L	I	W	A	W	X
E	M	C	X	N	R	B	I	E	T	D	V	A	T	I	S	P
T	E	G	E	N	W	L	U	I	C	I	U	I	B	X	G	Y
S	X	U	M	K	A	V	M	S	S	O	P	C	C	O	D	Z
L	R	E	H	I	N	I	H	I	I	A	N	N	T	N	U	X
S	N	I	C	F	L	F	O	S	C	N	G	D	L	I	Q	R
T	D	E	F	N	D	N	A	L	D	I	E	G	A	P	O	H
C	P	L	U	P	R	I	M	A	R	Y	N	S	X	R	A	N
S	M	N	W	Q	G	K	X	V	D	P	B	K	S	N	Y	N

## **WORD LIST**

BUSINESS	CAPITAL	CONSUMERS
DIVISION	ENTERPRISE	ENTREPRENEURS
GOVERNMENT	LABOUR	LAND
NEEDS	OPPORTUNITY	PRIMARY
PRODUCTION	RESOURCES	SCARCITY
SECONDARY	SPECIALISATION	TERTIARY
UNLIMITED	WANTS	

# Stages of production

## **Activity 9**

Find newspaper articles that refer to any of the following:

- Primary Production
- Secondary Production
- Tertiary Services

Prepare a summary of one of the articles.

Name of newspaper	
Date of article	
Title of article	
Summary of article	

## Activity 10

Indicate with a tick which industry sector each business belongs to.

Business	Primary	Secondary	Tertiary
Insurance			
Forestry			
Coal mining			
Computer assembly			
Oil refinery			
Flour mill			
Car showroom			
Fishing			
Travel agent			
Sugar cane grower			
Bank			
Abattoir			

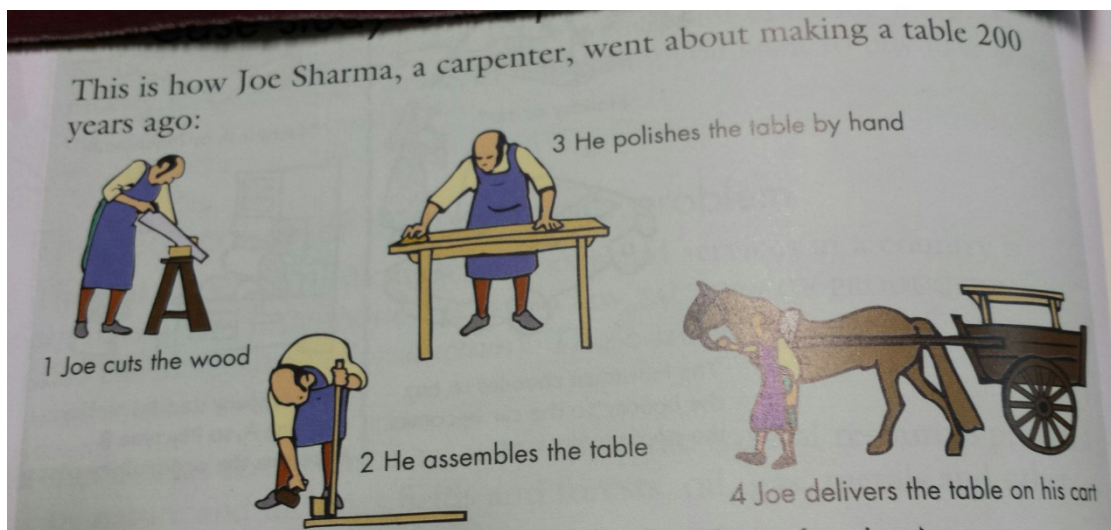


## Activity 11

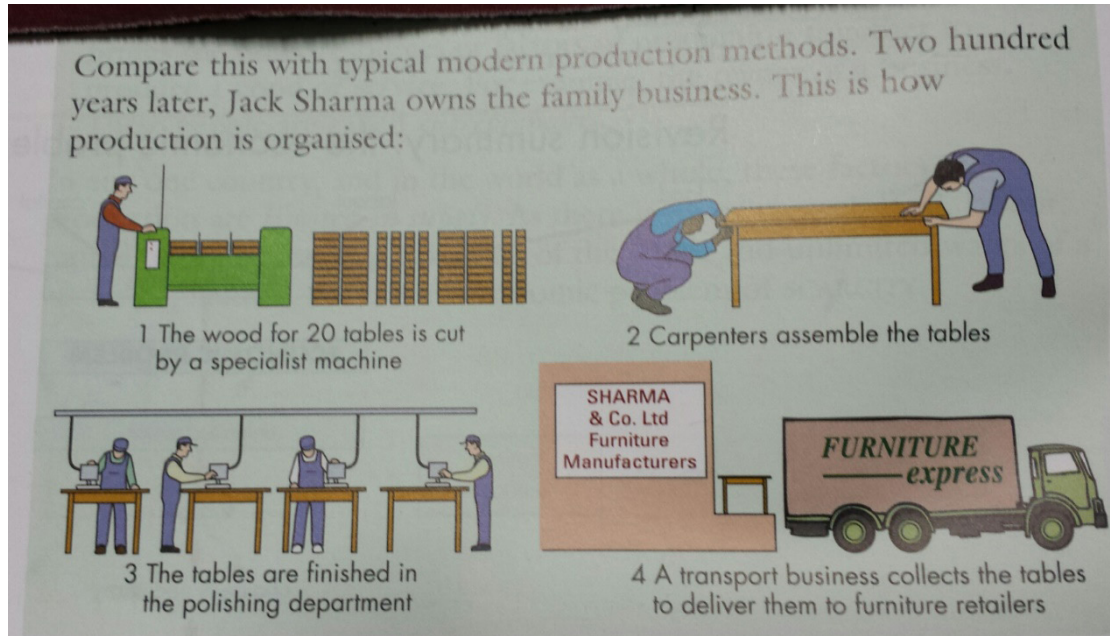
a- Complete the table below. The first one is completed as an example.

Primary	Secondary	Tertiary
Sugar cane farmer	Sugar mill	Supermarket
	Tea processing plant	
Wheat farmer		
	Oil refinery	
	Abattoir	
		Furniture retailer

### Case Study



**What do you notice about these methods of production?**



**What are the main features of this production method?**

# Public and private sectors of industry

## Activity 12

Find newspaper articles that refer to any of the following:

- Free market, planned or mixed economies
- Privatization

Prepare a summary of one of the articles.

Name of newspaper	
Date of article	
Title of article	
Summary of article	

## Activity 13

Students are to work in groups to discuss the advantages and disadvantages of a free-market economy and a planned economy. They are required to prepare a table showing the advantages and disadvantages of each type of economy.

Free Market Economy	
Advantages	Disadvantages
Planned Economy	
Advantages	Disadvantages

### Activity 14

Students are required to search on the internet whether the following businesses are owned and controlled by the Qatar government.

Business	Qatar government owned and controlled (Yes or No)
Bus services	
Water supply	
Electricity supply	
TV and radio stations	
Hospitals	
Shipping ports	

### Activity 15

Your government is considering the privatization of your country's postal services. In groups, brainstorm the advantages and disadvantages of this privatization.

You are then required to decide for yourself whether you are in favor or against the privatization and write down your reason to support your decision.

Each student is then required to read out their reason and place it on the board either in favor or against the decision.

## Comparing the size of businesses

### Activity 16

Find newspaper articles that refer to any of the following:

- Size of business
- Comparison of businesses based on size eg profit, sales, capital, employees Prepare a summary of one of the articles.

Name of newspaper	
Date of article	
Title of article	
Summary of article	

## Activity 17

Use the table below to answer the following questions.

Name of Company	Profit (\$ million)	Sales (\$ million)	Capital employed	Workers employed
Rak Properties	10	100	50	20000
Aseer	5	200	150	5000
Fahden Trading	20	150	60	3000
Aamal Co	15	140	180	15000
Gulf Bank	12	75	90	8000

1. Which company has the highest sales and what is it?

	\$
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2. Which company employs the largest and the smallest number of employees and what is that number?

Largest		
Smallest		

3. Which company makes the most profit?

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4. What is the average number of workers employed?

--



5. Which company employs the smallest amount of capital and what is it?

--	--

6. Prepare a line graph showing the profit by company.

Profit (\$million)


Company Name

7. Prepare a bar graph showing the number of employees per company.

Number of  
Employees


Company Name

8. List the companies in descending order according to sales (\$ million)


9. Which company is the most capital intensive?

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10. Which company do you believe is the best performer and why?

--

# Business ownership

## Activity 18

Find newspaper articles that refer to any of the following:

- Sole traders
- Partnerships
- Private companies
- Public companies
- Shareholders
- Stock market
- Limited or unlimited liability
- Scarcity

Prepare a summary of one of the articles.

Name of newspaper	
Date of article	
Title of article	
Summary of article	

## Activity 19

[illegible]

## Activity 20

For each of the following scenarios below, indicate what form of business ownership would be most appropriate and prepare a short paragraph to justify your answer.

### **Scenario A**

Faisal has been working in an upholstery business for several years and has learnt a great deal about the manufacture of household furniture. His brother, Khalid has been working as a customer service manager in a home furniture outlet for many years also. They decide to establish their own furniture manufacturing business.

Type of business ownership
Justify why you chose this method

### **Scenario B**

Yassin has been driving taxis for several years and he now has sufficient capital to purchase his own vehicle and license.

Type of business ownership
Justify why you chose this method

### **Scenario C**

Ahmed and his wife decide to commence a tourist resort on the beach. They are not sure if they have sufficient capital to get the resort operational.

Type of business ownership
Justify why you chose this method

## **Scenario D**

Yousef has been selling second-hand four wheel drive vehicles for several years. He wants to take on an exclusive dealership for a new imported brand of 4WD. However, he does not have sufficient capital to purchase the cars to have in his showroom. He has a friend who is prepared to go into business with him and share the costs. However, his friend does not want to risk his own personal assets.

Type of business ownership
Justify why you chose this method



## Activity 21

### Stock Market Analysis

Students are required to answer the following questions about the stock market report for the Doha Bank.

#### **Market Update 13 February 2011**

##### ***Doha Bank***

Last trade: 62.00

Trade time: 01:24:39 PM

(Change: 0.40 (0.64%

Prev Close: 62.40

Open: 62.50

Bid: 62.10

Ask: 62.40

Day's Range: 62.00 - 62.50

Volume: 105,136

Avg Vol (3m):

465,969.77 Market Cap:

11,747,325,132.00

P/E: 11.14

EPS: 5.56

Div & Yield: 8.06

### **Question 1**

What price did shares in the Doha Bank open at on the 13<sup>th</sup> February.

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### **Question 2**

What was the last sale price of shares for the day?

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### **Question 3**

What price were buyers prepared to pay for shares in the company?

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### **Question 4**

What price were sellers prepared to sell their shares for in the company?

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### **Question 5**

Did the share price increase or decrease for the day and by how much?

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### **Question 6**

What percentage increase or decrease did the share price experience during the day's trading?

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### **Question 7**

What was the minimum and maximum share price for Doha shares on the 13<sup>th</sup> February?

### **Question 8**

How many shares were traded during the course of the day?

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## Activity 22

### Simulated Stock Market Game

Students are allocated a sum of money to invest in shares on the stock market. They can elect to spend all or some of their money on shares. They check the share prices each day and make a decision as to whether to buy or sell depending on the market fluctuations and their bank balance. Students prepare a spreadsheet to record their bank balances and share transactions. See sample spreadsheet below to record transactions. After a set period of time, all students are required to sell their shares to determine who has made the most money on the stock market.

Date	Opening Bank Balance	Shares purchased				Shares sold				Closing Bank Balance
		Share Name	Share Price	No of shares purchased	Total cost	Share Name	Share Price	No of shares sold	Total received	

## Activity 23

### Small business survey

Students are required to prepare a report following the steps below. The report should contain graphs as required and be prepared in appropriate report format.

To complete this report you need to complete the following tasks:

1. Work in pairs to prepare and undertake the survey part of this activity
2. Prepare an appropriate survey and survey at least 10 small businesses in the Landmark Shopping Centre
3. Collate your survey results to show the types of business ownership, type of industry (Food, retail or service), number of employees, rental space occupied.
4. Prepare individual reports to analyse the business ownership, type of industry, number of employees and rental space occupied by each business.
5. Include a bar graph to show the most common type of business ownership
6. Include a line graph to show the number of employees for each business surveyed.

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# Government and the economy

## Activity 24

Find newspaper articles that refer to any of the following:

- Government activity aimed at **encouraging** desirable business activity

Government activity aimed at **discouraging** undesirable business activity Prepare a summary of one of the articles.

activity Prepare a summary of one of the articles.

Name of newspaper	
Date of article	
Title of article	
Summary of article	

## Activity 25

Students are required to research the internet to identify businesses that are owned and controlled by the Qatar Government

Name of Business	Type of Industry

# Economic objectives

## Activity 26

Find newspaper articles that refer to any of the following:

- Inflation
- Unemployment
- Economic growth
- Economic cycles (growth, boom, recession, slump) Balance of payments

Prepare a summary of one of the articles.

Name of newspaper	
Date of article	
Title of article	
Summary of article	



## Activity 27

Students are required to answer the following questions.

### Question 1

A worker earns 500 pounds per week in 2008. In 2009 his income increases by 2%. The inflation rate in 2009 is 5%.

- a) What is the worker's income in 2009?
- b) How much does his income increase by in 2009?
- c) Does his real income increase or decrease in 2009? Why?
- d) How much more would his 2009 income have to increase by to keep pace with inflation?

a)

b)

c)

d)

## Question 2

The GDP of a country is \$500 million in 2009. It has a population of 1 million. The average income per person is \$500.

The country experiences 5% economic growth in 2010 and its population increases by 100 000.

- a) Calculate the country's GDP for 2010.
- b) Calculate the average income per person in 2010.

a)

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b)

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### **Question 3**

Draw the stages of the economic cycle below.

# Government economic policies

## Activity 28

Find newspaper articles that refer to any of the following:

- Fiscal policy
- Monetary policy
- Income tax (personal and company)
- GST or VAT
- Interest rates
- Central or Reserve Banks
- Global financial crisis
- Countries still suffering the global financial crisis eg Greece, Ireland, Spain

**Prepare a summary of one of the articles.**

Name of newspaper	
Date of article	
Title of article	
Summary of article	

## Activity 29

Students are required to answer the following questions.

### Question 1

- a) The GST in a country is 10%. A retailer has to add the GST to the selling price. If his selling price before the GST is \$500, what is the selling price including GST.

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- b) In the same country, you have been asked by your employer to mark the price of goods for sale. The prices of the goods before GST are as follows. What will be the price after the GST for each of the following items?

\$100	
\$250	
\$230	
\$120	

- c) The GST in another country is 15%. Do the same calculations for the items in b) above.

\$100	
\$250	
\$230	
\$120	

- d) If a consumer pays \$110 for an item, how much is the GST if the rate of GST is 10%?

- e) If a consumer pays \$275 for an item, how much GST does the government collect if the GST rate is 10%?

- f) If a consumer pays \$230 for an item, how much is the GST if the GST rate is 15%?

- g) With reference to f) above, how much of the selling price of \$230 will the retailer be able to keep?

- h) With reference to f) above, how much of the selling price of \$230 does the government collect?

## Question 2

Following are the individual tax rates for Australian residents.

Tax rates 2010–11

<i>Taxable income</i>	<i>Tax on this income</i>
\$6,000 – 0	Nil
\$37,000 – \$6,001	15c for each \$1 over \$6,000
\$80,000 – \$37,001	plus 30c for each \$1 over \$37,000 \$4,650
\$180,000 – \$80,001	plus 37c for each \$1 over \$80,000 \$17,550
and over \$180,001	plus 45c for each \$1 over \$54,550 \$180,000

Calculate how much tax is payable based on the following taxable incomes.

a)	\$7 500
b)	\$39 000
c)	\$5 000
d)	\$50 000
e)	\$100 000
f)	\$200 000



### Question 3

- In country A, companies pay tax of 30% on their net profit. Calculate how much company tax is payable by a company whose net profit is \$150 000.

- How much tax will a company pay if the company tax rate is 40% of company profits and their profit is \$225 000?

