

## Teacher guide

### The business cycle – UNISON

#### Where does the lesson fit?

This session would ideally fit in a Business Environment module.



#### Suggested resources & activities related to the business cycle and UNISON

- Full UNISON case study
- MP3 of case study
- The business cycle PowerPoint
- UNISON crossword
- UNISON word search

#### Suggested timings for the session

10 mins	Starter e.g. UNISON word search
10 mins	Use the business cycle PowerPoint to discuss the topic
5 mins	Read the case study
10 mins	Answer the questions
15 mins	Task – draw and annotate a business cycle
10 mins	What have you learned?

#### Answers to questions

1. What is the definition of a recession?  
A recession is two or more successive quarters of negative economic growth.
2. Describe the possible causes of recovery in the business cycle.  
Possible causes of recovery include:
  - Increased confidence (businesses and consumers) leading to increased spending.
  - Reduced taxes and increased investment in the economy by the government.
  - Bank of England reducing interest rates.
3. Explain the characteristics of a recession. What actions do you think firms may take during a recession to survive?  
Characteristics of a recession include:
  - there is reduced demand for goods and services
  - unemployment increases as jobs are cut
  - people have less disposable income
  - some businesses may be forced to close.



## **THE TIMES 100**

### **BUSINESS CASE STUDIES**

During a recession, firms may:

- Reduce costs e.g. through making redundancies, reducing the number of outlets they operate.
- Focus on profitable activities.
- Sell off assets such as equipment and buildings.
- Identify opportunities for current or future growth.

4. Analyse two possible issues that a boom could create for a small organisation.

Potential issues that the boom phase of the business cycle could create include:

- Workforce planning issues – low unemployment means it could be more difficult to find staff with the required skills.
- Pay issues – low levels of unemployment mean higher wages will be required to attract skilled workers.
- Output issues – increased level of demand for goods and services could result in small firms being unable to meet demand. This in turn could create issues as it could have a negative impact on the organisation's profitability and reputation.

### **What have you learned?**

Expected learning would include:

- GDP is gross domestic product, which is the value of all goods and services produced in an economy over a given period of time (usually a year),
- GDP is a measure of growth.
- Fluctuations in economic growth are called the business cycle
- The business cycle has four phases: boom, downturn, recession and recovery.
- Recession is characterised by low demand, high unemployment, few business start-ups and many business failures, little investment.
- Boom is characterised by low unemployment and high demand