OCR GCSE Business Studies – Unit 7

1. Interdependent nature of business

- **Interdependent:** Means "linked"
- Where what happens in **one business area** will affect something in another
- Links must be considered when making decisions
- Also the impact on risk and rewards to the business

2. Business Areas

- Marketing
- Human Resources
- Operations
- Finance

3. Example: A business is looking to purchase a new machine

Operations: They would need to decide if this will enhance the production process.

Human Resources: It may mean that less workers are required or more skilled workers may be required to operate the new machine.

Finance: Would need to see if the business has the finance available and if it is financially viable. May have to find external finance.

Marketing: It could increase the price of the product which they would need to communicate to their customers through their promotional methods.

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4. Impact on rewards and risks

Rewards

- The new machine increases productivity
- Higher sales and profits for the business
- Reduced labour costs for the business.

Risks

- The new machine is not successful
- The finance department took out a loan to purchase the new machine which needs to be paid back
- No increase in sales or profit

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5. Example: A business wants to reduce their costs by using cheaper materials

Operations:

- Reduces the quality of the product

Marketing

- Leads to a reduction in sales. Reflects badly on the marketing team

Finance:

- Reduced profits leads to a lack of further investment in the business

Human resources:

- Some employees are made redundant