Business Cognate

School Based Assessment

An investigation into factors that impact the increase in growth through sales and the effect on profitability at Jam Fusion Restaurant during the period,

October 2018 to March 2019.



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# Topic/Issue/Problem

An investigation into factors that impact the increase in growth through sales and the effect on profitability at Jam Fusion Restaurant during the period, October 2018 to March 2019.

**Research Problem**: The owner of Jam Fusion Restaurant is unable to determine the impact of factors of production and productivity on growth through sales and the effect on the profitability of the business.

# Objectives

1. To determine the impact of factors of production on profitability and sales growth at Jam Fusion Restaurant from October 2018 to March 2019.
2. To analyze the impact of productivity on sales growth and profitability at Jam Fusion Restaurant from October 2018 to March 2019.

# Background/Overview

Jam Fusion Restaurant is a sole trading business located at 12 Main Street in Ocho Rios, Jamaica, and is owned by Maurice Lois. It has been in operation since October 2018. The restaurant provides local and international cuisine and caters to a high volume of tourists. The restaurant has seven employees and operates a shift system of 9 am - 5 pm and 5 pm - 11 pm. Since its inception, the restaurant has enjoyed tremendous growth through sales of its meals and by extension, its profitability.

To sustain sales growth it is necessary for Jam Fusion to increase the productivity of resources while maintaining production cost which will keep the business competitive and increase its profit. However, Maurice Lois is unable to determine how factors of production and productivity impact sales growth and how they affect the profitability of the business.

"Today, capital and labor remain the two primary inputs for the productive processes and the generation of profits by a business"(Fernando, 2021). This project is necessary as it will investigate how the factors of production and productivity impact sales growth and affect profitability. It will show that if Jam Fusion restaurant and other businesses within the society can improve the productivity of the factors of production then profit and wages are likely to increase consumer spending, create additional businesses, employment and improve living standards.

The researchers intended to fulfill this investigation to get an insight into these areas and their significance to a sustainable business. The members would like to apply these concepts in the business world to raise their chances of becoming successful entrepreneurs.

# Methodology

Data for this project was collected using two primary sources. First, an interview (qualitative) was conducted with the owner and supervisor of the business on June 7, 2020, and December 17, 2020, using a prepared interview guide (Appendix Two). It consists of seven open-ended questions. It allowed the researchers to get greater explanation from the interviewee. The interview was utilized to obtain data regarding the employment of factors of production, including the financial records of the business, since the owner was hesitant for the researchers to view company records. The interview was also used to clarify questions and responses for the researchers to better analyze the required information.

Secondly, a questionnaire was prepared (quantitative; Appendix One), with six closed-ended questions. These were to understand the influence of labor on productivity. The questionnaires were easily administered to participants at work on March 17, 2021. All completed the questionnaire. The use of questionnaire with closed ended questions allowed greater ease in analyzing the responses. The data collected will be presented by tables, pie charts, and line graphs and analyzed by the use of percentages.

Limitations that hinder this process were exact information was not disclosed (accounting records) and the interview had to be done online with limited amount of time and this limited the quantity and quality of information that could be obtained from the business.

# Presentation and Analysis of Data

**Figure 1 (Research question #1)**

**Analysis:**

**Figure 1** depicts the employment of the factors of production over the six months being investigated. Labor increased by 75% with a total of seven employees. This indicates that the business had to increase the number of employees which could increase the factors of production. The value of capital also increased by 25% and the total amounted to 1,250,000. It was discerned that capital increased by the addition of an area of outdoor dining to accommodate more customers within the restaurant’s premise which costed $250,000. The land remained the same at a value of 500,000. This shows that the land was leased and thus, the owner was not permitted to invest in that factor. The entrepreneur will have to exert himself in proper management of these factors of production.

**Figure 2 (Research question #2)**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | ***Table of Average Revenue of Total Labor Productivity*** | | | |
| ***Month*** | ***Shifts*** | ***# of employees*** | ***Total Revenue*** | ***Average*** |
| **October** | 9am – 5pm | 3 | $150,000 | **$50,000** |
|  | 5pm – 11pm | 1 | $26,000 | **$26,000** |
|  |  |  |  |  |
| **November** | 9am – 5pm | 3 | $200,000 | **$66,667** |
|  | 5pm – 11pm | 1 | $30,000 | **$30,000** |
|  |  |  |  |  |
| **December** | 9am – 5pm | 3 | $260,000 | **$83,333.3** |
|  | 5pm – 11pm | 1 | $35,000 | **$35,000** |
|  |  |  |  |  |
| **January** | 9am – 5pm | 4 | $350,000 | **$87,500** |
|  | 5pm – 11pm | 3 | $120,000 | **$40,000** |
|  |  |  |  |  |
| **February** | 9am – 5pm | 4 | $330,000 | **$82,500** |
|  | 5pm – 11pm | 3 | $90,000 | **$30,000** |
|  |  |  |  |  |
| **March** | 9am – 5pm | 4 | $340,000 | **$85,000** |
|  | 5pm – 11pm | 3 | $110,000 | **$36,666.67** |

**Analysis:**

**Figure 2** shows the average revenue of the total labor productivity with their number of employees and shifts over the specified six months. The mean average revenue is $54,388.91. The most frequent data observed in average revenue is $30,000. Additionally, the median value for average revenue is $45,000. There was a steady increase in the average revenue of labor productivity of workers in the assigned period. This means that more skilled workers were employed over the six months.

**Figure 3 (Research question #2)**

**Figure 3** shows the number of employees satisfied with their shifts. Based on the graph, the shift of 9 am -5 pm has a greater proportion of 64% than 5 pm- 11 pm with 36%. This reveals that most employees were satisfied with 9 am - 5 pm. This indicates that more workers are motivated and engaged in daylight hours which can contribute to a higher level of productivity and further, profitability.

# Conclusion

1. Capital and labor increased by 25% and 75% respectively while land remained the same. Therefore, the entrepreneur will have to manage more employees in an expanded facility to maintain sales growth through a more efficient use of capital to attain profitability.
2. There was a steady increase in productivity which could be a result of more skilled laborers being employed. This can lead to a reduction in unit cost as more output was being produced at the same production cost in 2018. This has encouraged the owner to invest more capital and labour to further improve productivity.
3. Around 64% of the employees were satisfied with 9am -5pm shift. This means that they were satisfied with their employment and contribute to the growth of the business.

# Recommendation

1. The manager can enhance the relationship with their employees by having a two way feedback to make them more engaged in their work to raise productivity which can improve customers’ experience.
2. The manager can conduct additional market research in what meals customers prefer and pricing ranges that are acceptable to the customers to improve the restaurant’s profitability.

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# Appendices

# Appendix One

Dear Sir/Madam,

I am a student of Mona High School. As a part of my CSEC Examination I am required to do a research project on a business. We are using your organization and all responses given by you will be strictly confidential and used for academic purposes only. Thank you.

This questionnaire is based on the period from October 2018 to March 2019.

1. Which shift do you work on?

9am – 5pm

5pm – 11pm

Both

1. With your assigned shifts, choose one of the options to express your level of satisfaction.

Very satisfied

Satisfied

Dissatisfied

Very Dissatisfied

1. What was your role in the business during the specified period?

Cashier

Host

Waiter

Chef

Other

1. How was the relationship among you and your colleagues?

Excellent

Good

Bad

Very Bad

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| 5) I have the resources I need to perform my duties at work as well as I can. |  |  |  |  |
| 6) At work, I clearly understand what is expected of me. |  |  |  |  |
|  |  |  |  |  |

Strongly Disagree Agree Strongly

Disagree Agree

## **Interview Guide**

## Appendix Two

1. What are the sales revenue earned over the period from October 2018 to March 2019?

Based on the established shift system in the business, the sales revenue were split into a morning shift and evening shift for the six months period. Because of the labour and effort from employees, the approximate sales revenue that were generated for the six months period were as follows: October were $150,000 and $26,000, November were $200,000 and $30,000, December were $260,000 and $35,000, January were $350,000 and $120,000, February were $330,000 and $90,000 and March were $340,000 and $110,000.

1. Were there any changes to the value of capital over the period? Yes
2. If yes, what had caused the value of the capital to change?

The reason being is because of the necessary installments which were implemented during the months of October 2018 to December 2018. The installments were as follows: chairs, tables, food warmer (bay marine), industrial deep fryer (commercial), extractor, air conditioner, deep freezer, imperial stove four burner and cooking grill. Additionally, there was an installment of a patio outdoor area in the period of January 2019 to March 2019 which was made to both attract and accommodate more customers within the restaurant’s premise.

1. Has there been a change in the amount of employees employed during the specified period? Yes
2. During the period, how many employees were employed to Jam Fusion restaurant? For the period of October 2018 to December 2018 there were only four employees that were employed. In the period of January 2019 to March 2019 however this number boosted to seven workers.
3. Were there any changes to the factor of land during the period being investigated? No
4. Why did the factor of land remain the same during the six months period?

The land remained at the same value because it was leased.