

**Business  
Studies  
'A' level**

# General Introduction

Welcome to your 'A' level Business Studies course. This Introduction should provide you with all the information you need to make a successful start to your studies.

## The Specification (or Syllabus)

This course has been designed to give you a full and thorough preparation for the AS level or A level Business Studies specification, set by the Assessment and Qualifications Alliance (AQA). The specification gives you two options at A2: with or without coursework. This course pack is designed for students who are **not** doing coursework.

The **Subject Code** for entry to the AS only award is **1131**.

The **Subject Code** for entry to the A level award is **2131**.

## Private Candidates

The AQA specification is open to private candidates. Private candidates should contact AQA for a copy of *Information for Private Candidates*.



Oxford Open Learning

# Arrangement of Lessons

## Part 1: AS Level

### Module One: Planning and Financing a Business

	Marcoué units
1. Introduction to Business Studies	1
2. Enterprise Culture	2-3, 9
3. From Ideas to Production	4
<b>Test A</b>	
4. Business Planning and Legal Structure	5-6
5. Understanding Markets	22
6. Financing a Start-Up; Locating a Business, and Employing People	7-8, 16
<b>Test B</b>	
7. Calculating Costs, Revenues and Profit	12-13, 17
8. Contribution, Break-Even Analysis and Cash Flow Forecasting	14-15
9. Assessing Business Start-Ups	10-11
<b>Test C</b>	

### Module Two: People in Business

10. Designing an Effective Organisation	36-37
11. Recruitment, Selection and Training	38-39
12. Motivating Employees	33-35
<b>Test D</b>	
13. Making Operational Decisions	40-41, 46-47
14. Quality Control	43-45
<b>Test E</b>	
15. Customer Service and Effective Use of IT	42, 48-49
16. Using Budgets and Improving Cash Flow	19
17. Measuring and Increasing Profit	18, 20
<b>Test F</b>	
18. Effective Marketing	21, 23-24
19. Bringing Products to Market	25-27
20. The Marketing Mix	28-32
<b>Test G</b>	

## Part 2: A2 Level

### Module Three: Strategies for Success

	Marcou��
	units
21. Company Accounts	54-56, 59
22. Ratio Analysis	57-58
23. Contribution and Break-even Theory	
24. Investment Decision-making	59-60
<b>Test H</b>	
25. Market Analysis	61-62
26. Marketing Strategy	63
27. Marketing Planning	64-65
<b>Test I</b>	
28. Operations Decisions	72-74
29. Productive Efficiency	76-77
30. Facilities and Locations	75
<b>Test J</b>	
31. Employer/Employee Relations	66-67, 71
32. Human Resource Management	68, 70
33. Organisational Design	69
<b>Test K</b>	

### Module Four: The Business Environment and Managing Change

34. Businesses and the Economic Environment	78-81
35. Businesses and the Political and Legal Environment	82-83
36. Businesses and the Social and Technological Environment	85-87
<b>Test L</b>	
37. Managing Change	84, 91, 93-96
<b>Test M</b>	
38. Business Aims and Objectives	50-53
39. Making Strategic Decisions	72
40. Leadership	92, 97-100
<b>Test N</b>	
Examination Paper ( <b>Test O</b> )	

## Textbook

The course has been prepared in conjunction with an excellent textbook:

***Business Studies for A Level*** (4<sup>th</sup> ed.)

Ian Marcousé, Malcolm Surridge, Andrew Gillespie, Nigel Watson, Marie Brewer, Naomi Birchall & Andrew Hammond;  
ISBN: 978-1444122756

Make sure you acquire this book to support your studies. It covers all the topics required for both AS and A2 and includes a CD-ROM which is also extremely helpful. It requires a broadband internet connection and it will not run on a network, unfortunately.

One easy way of acquiring accompanying textbooks is through the Oxford Open Learning website ([www.ool.co.uk](http://www.ool.co.uk)). Marcousé's book has been written with the AQA 'A' level syllabus in mind and you will find that it supplements the reading and exercises required by this course.

As you work through the lessons, you will be asked to refer to Marcousé for additional information and exercises. Directions for reading will be found both on the first page of each lesson and within the lesson itself. These readings are important for a full understanding of the course, as the lessons do not repeat ideas which have been satisfactorily covered in the linked text.

The Marcousé exercises are for self-assessment and should not be sent to your tutor. You can check your answers by referring to the unit that precedes each set of questions, although you could consider purchasing the teachers' book (*Answers and Resources*) that accompanies the textbook. This is primarily intended to give teachers guidance on delivering and assessing the course but also contains comprehensive answers to all the exercises.

## Supplementary Reading

It is important that you should get into the habit of reading as widely as possible. Get to know the business studies section in your local library and keep an eye on the business and financial sections of the daily press.

The following book is a good supplement to *Business Studies*:

Lines, Marcousé and Martin, *Complete A-Z Business Studies Handbook* (Hodder and Stoughton, ISBN: 978-0340872635 /5<sup>th</sup> edition ISBN: 978-0340915165)

The following books would be especially helpful with specific sections of the course:

Charles Handy, *Understanding Organizations* (Penguin, 4th ed., ISBN: 978-0140156034)

Philip Kotler, *Marketing Management* Prentice-Hall, 5th edition, ISBN: 978-1405853422)

Many of the available textbooks are too technical and complex for your needs. Find ones which you can read comfortably. On the other hand, there are a large number of badly-written books about business, mostly for those who dream about making a fast buck rather than passing an examination. You will find a fair selection of these books (e.g. *How to become an Overnight Millionaire*) advertised in the popular press and the colour supplements. Beware the Americanised approach to business success which will not go down well with examiners in the UK! You need to be able to understand and describe how a good business works and how it fits into the world at large, not sell coals to Newcastle.

## Using the Course Materials

The course consists of 41 lessons divided into four modules. As well as the self-assessment tests and activities to be found in each lesson, there are tutor-marked assignments evenly spaced through the course, and a final practice examination paper to be attempted as part of your revision programme.

The tutor-marked assignments and practice examination paper should be submitted to your tutor for marking. Experience shows that students who do submit assignments are much more successful than those who don't. It is your primary means of gaining individualised help, of sorting out problems and maintaining motivation.

Suggested Answers to the tutor-marked assignments and examination papers will be sent to you with your marked work. Look very carefully at every comment your tutor makes and try to understand *why* your tutor has given you a high mark for this and a low mark for that. If you should encounter particular problems when studying a lesson then contact your tutor.

## The 'AS' Level and 'A' Level System

The new-style 'A' levels allow for more flexibility in the taking of exams. The two most popular options are:

- AS is completed at the end of one year and A2 at the end of the second year;
- AS and A2 are completed at the end of the same year.

Both of these options are open to students following this course as it is divided into two halves and follows the same modular sequence as the specification.

### Grading and Shelf-Life

The AS qualification will be graded on a five-point scale: A, B, C, D and E. The full A Level qualification will be graded on a six-point scale: A\*, A, B, C, D and E.

To be awarded an A\*, candidates will need to achieve a grade A on the full A Level qualification and an A\* on the aggregate of the A2 units. For both qualifications, candidates who fail to reach the minimum standard for grade E will be recorded as U (unclassified) and will not receive a qualification certificate. Individual assessment unit results will be certificated.

Unit results remain available to count towards certification, whether or not they have already been used, as long as the specification is still valid.

Candidates may re-sit a unit any number of times within the shelf-life of the specification. The best result for each unit will count towards the final qualification. Candidates who wish to repeat a qualification may do so by re-taking one or more units.

## The Examination Structure

This information is correct at the time of publication but may be subject to change. Prior to the examination, students should contact the exam board for the latest information.

This course is designed to match the requirements of the AQA 1130 (AS) and 2130 ('A' level A2) specifications. The exam consists of four written papers (called units), two at each level.

## AS Examination

### Unit 1      Unit Code: BUSS1      Planning and Financing a Business

20% of total A-level marks    1 hour 15 mins examination  
60 marks

Short answer questions and extended responses based on a mini case study. Topics include:

- **Starting a Business:** introduction to Business Studies, overview of activities involved in setting up a small business
- **Financial Planning:** essential financial concepts, basic relationships between finance and other organisational functions.

### Unit 2      BUSS2      Managing a Business

30%    1 hour 30 mins examination    80 marks

Compulsory, multi-part data response questions

- **People:** organisational design, recruitment, selection, training, motivation
- **Operations Management:** operational decisions, quality, customer service, suppliers, technology
- **Marketing and Competition:** designing and using an effective marketing mix, market conditions and competitiveness

## A2 Examinations

### Unit 3      BUSS3      Strategies for Success

25% of total A-level marks    1 hour 45 mins examination  
80 marks

Questions leading to extended answers, drawing upon knowledge from AS units. **Unseen case study**

- **Financial strategies and accounts:** financial information, measuring performance, making investment decisions
- **Marketing strategies:** analysing markets and selecting successful marketing strategies, developing marketing plans

- **Operations strategies:** operational issues, innovation, location, improving operational efficiency
- **HR strategies:** workforce planning, adapting organisational structures, successful employee relations.

#### Unit 4 BUSS4 The Business Environment and Managing Change

25% 1 hour 45 mins examination 80 marks

Pre-release research tasks leading to the first section of a two section examination. **The set topic will not be announced until the beginning of February in the year of your examination.** It is vital that you find out what the research topic is and allow yourself plenty of time for independent research.

The second section will consist of choice of essays. All questions will be essay-style and synoptic, therefore drawing upon knowledge from all four units.

- **Mission, aims and objectives:** purpose and nature of corporate strategies, stakeholder perspectives
- **External influences:** the effects of changes in the economic, political, social, ethical and technological environment and responses of business
- **Managing change:** planning for change, leadership and corporate culture, making strategic decisions, managing change, decision making.

### Detailed Content

Students should refer to the specification (e.g. on the AQA website) for full details of the topics to be covered, but here is a summary:

**Unit One** covers the issues involved in a business start-up such as research and planning as well as the factors that determine success.

**Unit Two** focuses on how established businesses might improve their effectiveness by making tactical decisions at a functional level.

## AS Unit 1 PLANNING AND FINANCING A BUSINESS

In their study of this unit, candidates should examine the topic areas below in relation to the two core themes: Starting a Business and Financial Planning.

### **STARTING A BUSINESS**

This section provides candidates with an introduction to the scope of Business Studies within the context of starting a new business. Candidates will be expected to have an understanding of the range of activities involved in setting up a small business. Topics to be covered are:

- Enterprise
- Generating and Protecting Business Ideas
- Transforming Resources into Goods and Services
- Developing Business Plans
- Conducting Start Up Market Research
- Understanding Markets
- Choosing the Right Legal Structure for the Business
- Raising Finance
- Locating the Business
- Employing People

### **FINANCIAL PLANNING**

This section provides candidates with an understanding of key financial concepts essential for the planning of small businesses. Candidates will be expected to carry out calculations and to be able to interpret their results.

- Calculating Costs, Revenues and Profits
- Using Break-Even Analysis to Make Decisions
- Using Cash-Flow Forecasting
- Setting Budgets
- Assessing Business Start-Ups

## AS Unit 2 MANAGING A BUSINESS

In the study of this unit, candidates should examine the topic areas below in relation to the core theme of improving the effectiveness of a business. Candidates should be able to calculate and be able to interpret data measuring the effectiveness of the business. These measurements should include: profitability, labour productivity, labour turnover, unit costs and market share.

### **FINANCE**

This section introduces candidates to the importance of the management of finance. Candidates should understand that

financial measures can be used to indicate how well a business is managed and should understand actions that can be taken to improve financial performance. Candidates will be expected to carry out calculations and to be able to interpret their results. This section builds on 'Financial Planning' in Unit One.

- Using Budgets
- Improving Cash Flow
- Measuring and Increasing Profit

### **PEOPLE IN BUSINESS**

This section considers the issues that managers face in relation to managing the human element to make a business more effective. Candidates should appreciate the value of these techniques in tactical decision-making.

- Designing an Effective Organisation
- Measuring the Effectiveness of the Workforce
- Developing an Effective Workforce: Recruitment, Selection, Training
- Developing and Retaining an Effective Workforce: Motivating Employees

### **OPERATIONS MANAGEMENT**

This section should promote understanding of the importance of operational decisions in managing a business in tertiary, secondary and primary sectors. Candidates should understand how operations management can help a business to be more effective and the role that can be played in this by technology.

- Making Operational Decisions
- Developing Effective Operations: Quality
- Developing Effective Operations: Customer Service
- Working with Suppliers
- Using Technology in Operations

### **MARKETING AND THE COMPETITIVE ENVIRONMENT**

In this section candidates should understand the importance of marketing to businesses and issues affecting their competitiveness. The study of marketing at AS level should focus on using the results of market research and developing an appropriate and integrated marketing mix. Consideration should be given to how information technology might be used to assist marketing.

- Effective Marketing
- Designing an Effective Marketing Mix
- Using the Marketing Mix: Product
- Using the Marketing Mix: Promotion
- Using the Marketing Mix: Pricing

- Using the Marketing Mix: Place
- Marketing and Competitiveness

## A2 Summary

**Unit Three** focuses on larger businesses which may be trading in international markets and how managers might measure the performance of the business. This Unit considers functional strategies that larger businesses may adopt to achieve their objectives.

**Unit Four** assesses the external factors that can act as catalysts for change and considers these in relation to a range of businesses. The Unit also examines the ways in which businesses can manage change successfully when responding to external stimuli. Both A2 units are synoptic.

## A2 Unit 3 STRATEGIES FOR SUCCESS

**Skills to develop in the A2 units are to:** use knowledge selectively to judge the performance of a business; develop arguments on how to improve a business's performance; take decisions, identify and solve problems using knowledge of the internal functions of a business.

This unit builds on the material covered at AS and examines the ways in which the internal functions of business can contribute to the success of the business, and how the performance of a business (and its success) might be measured. It considers the functional objectives that business set, the possible strategies they use to achieve these and how these might help the business to achieve its overall corporate objectives.

### **FUNCTIONAL OBJECTIVES AND STRATEGIES**

This section introduces candidates to functional objectives and strategies and examines their appropriateness in the context of corporate objectives.

- Using Objectives and Strategies

### **FINANCIAL STRATEGIES AND ACCOUNTS**

This section examines the financial objectives of larger businesses, the ways in which financial performance might be measured and the strategies they may deploy.

- Understanding Financial Objectives
- Using Financial Data to Measure and Assess Performance
- Interpreting Financial Accounts (Ratio Analysis)
- Selecting Financial Strategies

- Making Investment Decisions

### **MARKETING STRATEGIES**

This section considers the development of marketing strategies for larger businesses through a scientific approach to decision making.

- Understanding Marketing Objectives
- Analysing Markets and Marketing
- Selecting Marketing Strategies
- Developing and Implementing Marketing Strategies

### **OPERATIONS STRATEGIES**

This section considers the operational objectives and strategies that a business may use to achieve success in its particular market.

- Understanding Operations Objectives
- Operational Strategies: Scale and Resource Mix
- Operational Strategies: Innovation
- Operational Strategies: Location
- Operational Strategies: Lean Production

### **HUMAN RESOURCE STRATEGIES**

This section considers the strategies open to businesses in managing their human resources.

- Understanding HR Objectives and Strategies
- Developing and Implementing Workforce Plans
- Competitive Organisational Structures
- Effective Employer/Employee Relations
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- Efficient Workforce Structures
- Adapting Organisational Structures

## **A2 Unit 4 THE BUSINESS ENVIRONMENT AND MANAGING CHANGE**

This unit is designed to be synoptic and draws upon all other units of the specification including the AS units.

It considers the relationship between businesses and external factors. It examines how external factors can impact upon businesses and the responses they may take. The unit also examines a number of themes which are important in the strategic management of businesses, for example, leadership and corporate culture. Candidates should consider how businesses can manage change successfully.

This unit should be studied through a variety of real business contexts to allow candidates to understand how the impact and response to change varies.

### **CORPORATE AIMS AND OBJECTIVES**

This section considers what the organisation is attempting to achieve and how this helps to determine its strategies.

- Understanding Mission Aims and Objectives

### **ASSESSING CHANGES IN THE BUSINESS ENVIRONMENT**

This section examines the relationships between organisations and their external environment. Candidates should understand the opportunities and threats created by changes in the contemporary business environment. The importance of acquiring and managing information and of communicating effectively should be considered throughout.

- The Relationship between Businesses and the Economic Environment
- The Relationship between Businesses and the Political and Legal environment
- The Relationship between Businesses and the Social Environment
- The Relationship between Businesses and the Technical Environment
- The Relationship between Businesses and the Competitive Environment

### **MANAGING CHANGE**

Organisations operate in a changing environment and change creates opportunities and threats. Candidates should understand how businesses plan for and manage change, and how external and internal change is linked.

- Internal Causes of Change
- Planning for Change
- Key influences on the Change Process: Leadership
- Key influences on the Change Process: Culture
- Making Strategic Decisions
- Implementing and Managing Change

## **Shelf-life of this specification**

**This 'A' level specification is examined for the last time in June 2016.** Exams in later years (June 2017 onwards) will be based on a new specification. So we advise you to take *all* your exams, AS and A2, by June 2016. If you delay beyond that date,

you may find that some of your work is wasted and that a new set of learning materials is required. If in doubt, keep an eye on the AQA website for news of the new specification.

## AQA Aims

This new specification builds on the strengths of the previous specification and has been designed to:

- develop a critical understanding of organisations, the markets they serve and the process of adding value. This should involve consideration of the internal workings and management of organisations and, in particular, the process of decision-making in a dynamic external environment.
- be aware that business behaviour can be studied from the perspectives of a range of stakeholders including customers, managers, creditors, owners/shareholders and employees. In addition, candidates should be aware of the economic, environmental, ethical, governmental, legal, social and technological issues associated with business activity. Candidates should understand that Business Studies draws on a variety of disciplines and that these perspectives and disciplines are interrelated.
- acquire a range of skills, including decision-making and problem solving in the light of evaluation and, where apt, the quantification & management of information.
- be aware of the current structure of business and business practice, as reflected in events and issues affecting organisations in different sectors and environments, recognising that they face varying degrees of competition. These organisations include: large and small, manufacturing and service, local, regional, national and multinational, profit-making and non-profit-making.

The Assessment objectives are common to AS and A Level. Candidates will be expected to:

- AO1 Demonstrate knowledge and understanding of the specified content.
- AO2 Apply knowledge and understanding to problems and issues arising from both familiar and unfamiliar situations.
- AO3 Analyse problems, issues and situations.
- AO4 Evaluate, distinguish between and assess appropriateness of fact and opinion, and judge information from a variety of sources.

## Further Guidance

Don't just read through your lessons. Make notes as well. What *sort* of notes is your own business, but note-taking has two main purposes:

- (a) it clarifies and cements the idea in your own mind;
- (b) it gives you something concise to come back to when you embark on assignments or revision.

Of these it is all too easy to forget the first. Most open learners find that they forget what they read but the very act of writing something down forces them to focus on the underlying concept and to see how it relates to other aspects of the topic under consideration.

Don't underestimate the amount of time required for study if you are to achieve full understanding. Simply reading the lessons through once or twice is unlikely to be sufficient. You should go through them with a fine tooth-comb, referring back and forth to syllabus and textbook, considering sample examination questions, etc.

Do full justice to the self-assessment tests and activities. Many of them are similar in form to the tasks you will face in Paper 1. It is all too easy to convince yourself that you have understood a particular point and go straight on to the next section without making a proper formal attempt at the test or activity.

Don't just work out the answers in your head. Put them down on a piece of paper. And if they are wrong, don't just proceed blithely on to the next section. Work out *why* they are wrong and go back over the relevant parts of the lesson or textbook until you are confident that you would not make the same mistake again. If you still do not understand why you have got something wrong, it may be time to contact your tutor.

Look for examples of each concept in your own experience if you are lucky enough to have some first hand contact with business organisations, small or large. If not, see how the ideas relate to the companies that are making the news in the local or national press. Do your best to cultivate your contacts with the business world. If you are already working within a business organisation, try to see how the concepts relate to the day-to-day life and, whenever appropriate, try them out in your own working life.

Business Studies is an enjoyable, challenging and rewarding subject. It is not *just* a useful educational qualification and may

well contribute to your professional life. Enjoy your studies and good luck!

## Studying the Syllabus

You should be sure to acquire your own copy of the syllabus, either via the AQA Publications Dept or from the website [www.aqa.org.uk](http://www.aqa.org.uk).

The syllabus can be purchased from

AQA Publications  
Unit 2, Wheel Forge Way,  
Trafford Park  
Manchester  
M17 1EH (tel: 0870-410-1036)

or downloaded from

<http://filestore.aqa.org.uk/subjects/AQA-2040-W-SP.PDF>.

We advise that you obtain a copy of the syllabus so that you can assess which topics you have covered in the most detail and which ones you will feel happiest about in the exam. AQA can also provide advice booklets on your course, including 'Supplementary Guidance for Private Candidates'. As you approach the examination, it will also be helpful to purchase and tackle past papers from AQA.

## Using the Internet

All students would benefit from access to the Internet. You will find a wealth of information on all the topics in your course. As well as the AQA website ([www.aqa.org.uk](http://www.aqa.org.uk)), you should get into the habit of checking the Oxford Open Learning site ([www.ool.co.uk](http://www.ool.co.uk)) where you may find news, additional resources and interactive features as time goes by. If you have not already done so, you may register for your free copy of *How to Study at Home*, our 200-page guide to home learning, or enrol on further courses. Put it on your Favourites list now!

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