

Introduction

Welcome to your Business (Studies) IGCSE course! This Introduction is intended to guide you on all aspects of your course and you will need to refer to it as you work through the course.

The Choice of Specification for Business

The course has been written to match the IGCSE Business (formerly 'Business Studies') syllabus set by Edexcel. Edexcel is the UK's largest awarding body, offering academic and vocational qualifications both nationally and internationally. This is specification **4BS1**.

You will need to check the syllabus very closely. Full details of the current specification are given below.

Preliminary Information

This course has been specifically designed to meet the requirements of IGCSE examinations. The IGCSE examination requires *application* of knowledge and the course therefore includes test questions designed to encourage students to engage in their own research and also to apply knowledge at each stage to that which they have gained earlier in the course.



Oxford Open Learning

The Arrangement of Lessons

The OOL course consists of five modules and twenty-two lessons in total. The lessons are arranged as follows:

Module One: Business Activity and the Changing Environment

Lesson	Title
1	Business in the Community and its Environment
2	External Factors affecting Business
3	Types of Business Organizations: Ownership and Operation (1)
	Tutor-marked Assignment A
4	Types of Business: Ownership and Operation (2)
5	Comparing Businesses
6	Business Objectives
	Tutor-marked Assignment B
7	Growth
8	Location Decisions
9	Judging Success
	Tutor-marked Assignment C

Module Two: Human Resources

Lesson	Title
10	The Structure of Organisations
11	Methods of Management
	Tutor-marked Assignment D
12	Problems of Management
13	The Role of Personnel Management

Module Three: Accounting and Finance

Lesson	Title
14	Sources and Uses of Finance
	Tutor-marked Assignment E
15	Business Planning
16	Financial Records
	Tutor-marked Assignment F
17	Profitability, Liquidity, and Performance

Module Four: Production

Lesson	Title
18	Resources and the Production Chain
19	Production Strategies
	Tutor-marked Assignment G

Module Five: Marketing

Lesson	Title
20	Market Planning and Research
21	The Marketing Mix
22	External Constraints on Marketing
	Tutor-marked Assignment H

Practice Exam Paper 1 (TMA I)
Practice Exam Paper 2 (TMA J)

Suggested Answers to SATs
Glossary

Assessment Schedule

At the end of each lesson you will find a self-assessment test or a tutor-marked assignment. **Self-Assessment Tests** (SATs), as the name suggests, are designed to be marked by students themselves. These tests cover some or all of the topics of that particular lesson. Suggested answers to these tests are to be found at the back of the course.

Tutor-marked Assignments (TMAs) are usually to be found at the end of each of the modules. These are usually more extensive than the SATs and may require skills or knowledge derived from earlier lessons. Again, there are sets of suggested answers. These are supplied at the back of the course but should normally be retained by the tutor before the student starts work on the course. Make sure that this has happened! TMAs should be attempted under examination conditions.

Besides the formal tests, there are also a number of **Activities** which are located within each of the lessons. These Activities are arranged so that there may be an appropriate space for you to write in your answer. Activities may involve writing something down, performing some task, or just thinking about a problem.

In some cases there are answers to the activities. These may be found at the end of the lesson or immediately after the activity itself.

Edexcel Specification

Business IGCSE Specification 4BS1 for exams from June 2019

A new Edexcel IGCSE specification (4BS1), called simply 'Business' rather than 'Business Studies', is examined for the first time in 2019.

Grading: 2019 Business IGCSE exams are the first to be graded on the new scale from 9 to 1. 9 is best, 8 is 2nd best, down to the lowest grade of 1. If you do not achieve the standard required for a grade 1, you will be given a U (= Unclassified). For the purposes of further education, a grade 4 or 5 at (I)GCSE is generally regarded as the minimum requirement (a "good pass"). This may change as time goes by.

Details of the new specification are given below.

Paper 1: Investigating small businesses

Paper code 4BS1/01 First assessment: June 2019
50% of the total International GCSE

This paper will draw on topics taken from the whole of the subject content. The question scenarios are based on a small business – up to 49 employees.

Examination of 1 hour and 30 minutes, consisting of four compulsory questions, each worth 20 marks – total of 80 marks in Paper 1. The sub-questions are a mixture of multiple-choice, short-answer, data-response and open-ended questions.

Calculators may be used in the examination. Information on the use of calculators during the examinations for this qualification can be found in Appendix 5.

Paper 2: Investigating large businesses

Paper code 4BS1/02 50% of the total International GCSE

This paper will draw on topics taken from the whole of the subject content. The question scenarios are based on a large business – more than 250 employees.

Examination of 1 hour and 30 minutes, consisting of four compulsory questions, each worth 20 marks – total of 80 marks in Paper 2. The sub-questions are a mixture of multiple-choice, short-answer, data-response and open-ended questions.

Calculators may be used in the examination. Information on the use of calculators during the examinations for this qualification can be found in Appendix 5.

Summary of content

- 1 – **Business activity and influences on business** This section covers the various objectives of a business, changing business environments and the criteria for judging success. The focus is on the importance of having clear business objectives and how the business environment provides opportunities for, and imposes constraints on, the pursuit of these objectives.
- 2 – **People in business** This section looks at people in organisations, focusing on their roles, relationships and management in business.
- 3 – **Business finance** This section explores the use of accounting and financial information as an aid to decision making.
- 4 – **Marketing** This section focuses on identifying and satisfying customer needs in a changing and competitive international environment.
- 5 – **Business operations** This section examines the way organisations use and manage resources to produce goods and services.

The Pearson Edexcel International GCSE in Business is a ‘linear’ qualification. This means all examinations must be taken in the terminal series at the end of the course of study.

Paper 1 and Paper 2 Overall Description

Students need to demonstrate specified knowledge and critical understanding of the following sections:

1. Business activity and influences on business
2. People in business
3. Business finance

4. Marketing
5. Business operations.

Section 1: introduces the nature and types of business in an economy. Students will be encouraged to examine the interaction between businesses and the environment in which they operate.

Sections 2–5: focuses on the main functional areas of business administration, finance, marketing and operations.

While the five sections of content are listed as discrete topics, it is important for students to recognise that, because business is dynamic, these five areas interrelate.

How content relates to examination papers

The examination for Paper 1 and Paper 2 can draw on the knowledge and understanding from across the entire specification content. The five sections of business content interrelate and can be applied to real-life business scenarios that cover both small and large businesses.

Paper 1 will focus on a small business of up to 49 employees that has a local/national market.

Paper 2 will focus on a large business of more than 250 employees that has a multinational/global market.

Detailed Information about Topic requirements

1 – Business activity and influences on business

1.1 Business objectives

1.1.1 Businesses can have several objectives:

- financial aims and objectives – survival, profit, sales, market share, financial security
- non-financial aims and objectives – social objectives, personal satisfaction, challenge, independence and control.

1.1.2 Why business aims and objectives change as businesses evolve:

- in response to market conditions, technology, performance, legislation, internal reasons.

1.2 Types of organisations

1.2.1 The main types of business ownership:

- sole trader
- partnerships
- limited companies (private and public)
- public corporations.

1.2.2 Characteristics relating to size:

- concepts of risk, ownership and limited liability
- public corporations – reasons for and against public ownership
- ownership, control, sources of finance, use of profits, stakeholders and shareholders
- appropriateness of different forms of ownership.

1.2.3 Different forms of business organisation:

- franchises
- social enterprises
- multinationals.

1.3 Classification of businesses

1.3.1 Primary, secondary and tertiary activities:

- primary sector – extracting raw materials from the earth
- secondary sector – converting raw materials into finished or semi-finished goods
- tertiary sector – provision of a wide variety of services.

1.4 Decisions on location

1.4.1 The main factors influencing location decisions and relocation of a business:

- proximity to market, labour, materials and competitors
- nature of the business activity
- the impact of the internet on location decisions – e-commerce and/or fixed premises
- legal controls and trade blocs.

1.5 Business and the international economy

1.5.1 Globalisation:

- concept of globalisation
- opportunities and threats of globalisation for businesses.

1.5.2 The importance and growth of multinationals:

- benefits of a business becoming a multinational
- benefits to a country and/or economy where a multinational company is located
- possible drawbacks to a country and/or economy where a multinational is located.

1.5.3 Exchange rate calculation.

1.5.4 The impact of exchange rate changes:

- on international competitiveness
- on importers and exporters.

1.6 Government objectives and policies

1.6.1 Government spending:

- to provide public service
- taxation and constraints on public spending.

1.6.2 How governments can affect business activity:

- infrastructure provision
- legislation
- trade policy - membership of trading blocs, tariffs.

1.6.3 The effect of interest rates on:

- businesses
- consumer spending.

1.7 External factors

1.7.1 The external factors affecting business decisions:

- social
- technological
- environmental
- political.

1.8 What makes a business successful?

1.8.1 Measuring success in business:

- revenue
- market share
- customer satisfaction
- profit
- growth
- owner/shareholder satisfaction
- employee satisfaction.

1.8.2 Reasons for business failure:

- cash flow problems/lack of finance
- not competitive
- failure to adapt to changes in the market.

2 – People in Business

2.1 Internal and external communication

2.1.1 Importance of good communication and the problems of ineffective communication:

- the different communication methods used, including information technology (IT) and the benefits and limitations of each method.

2.1.2 Barriers to communication:

- how communication barriers arise
- problems of ineffective communication and how
- they can be removed.

2.2 Recruitment and selection process

2.2.1 Types of employment:

- full-time
- part-time
- job share
- casual/seasonal/temporary.

2.2.2 Recruitment documents:

- job description
- person specification
- application form
- curriculum vitae (CV)/résumé.

2.2.3 Internal and external recruitment:

- job advertisement

- shortlisting
- interviewing.

2.2.4 Legal controls over employment and their effects:

- equal opportunities – gender, race, disability,
- religion, sexual preference, age
- minimum wage laws.

2.3 Training

2.3.1 Importance of training to a business and workers:

- different types of training and the main purpose
- induction
 - on-the-job
 - off-the-job
- compliance with health and safety laws
- benefits and limitations of training.

2.4 Motivation and rewards

2.4.1 The importance of motivation in the workplace:

- attracting employees, retaining employees, productivity
- motivational theories of Herzberg, Maslow and Taylor.

2.4.2 How businesses motivate employees:

- financial methods:
 - remuneration
 - bonus
 - commission
 - promotion
 - fringe benefits
- non-financial methods:
 - job rotation
 - job enrichment
 - autonomy.

2.5 Organisation structure and employees

2.5.1 Organisational charts for different types of business:

- hierarchical and flat
- centralised and decentralised.

2.5.2 Roles and responsibilities of employees in terms of compliance and accountability:

- span of control
- chain of command
- delegation.

2.5.3 The different functional areas within a business:

- human resources – workforce planning, recruitment and selection, training, health and safety, staff welfare, employment issues, industrial relations, disciplinary and grievance procedure, dismissal, unfair dismissal and redundancy
- finance – wages/salaries, cash-flow forecasting, budgets and accounting
- marketing – market research, product planning, pricing, sales promotion, advertising, customer service, public relations, packaging and distribution
- production – manufacturing the product, designing new products, quality control and stock control.

3 – Business Finance

3.1 Business finance – sources

3.1.1 The need for finance:

- short-term needs
- long-term needs
- to start up or expand.

3.1.2 Internal sources of finance:

- personal savings
- retained profit
- selling assets.

3.1.3 External sources of finance:

- overdraft and trade payables
- loan capital, share capital, including stock market
- flotation (public limited companies)
- venture capital
- crowdfunding.

3.2 Cash flow forecasting

3.2.1 The importance of cash to a business:

- to pay suppliers, overheads and employees
- to prevent business failure (insolvency)
- the difference between cash and profit.

3.2.2 Calculation and interpretation of cash-flow forecasts:

- cash inflows
- cash outflows
- net cash flow
- opening and closing balances.

3.3 Costs and break-even analysis

3.3.1 The concept and calculation of:

- revenue
- fixed and variable costs
- total costs
- profit and loss.

3.3.2 The concept of break-even and calculation of break-even (from formula or diagram):

- break-even level of output.

3.3.3 Interpretation of break-even charts:

- the impact of changes in revenue and costs
- limitations of break-even charts.

3.4 Financial documents

3.4.1 The purpose of statements of comprehensive income:

- main features – sales, cost of sales, gross profit, expenses, operating profit
- the use of statements of comprehensive income in decision making (students will not be required to construct an income statement)
- the nature of profit and its importance.

3.4.2 The purpose of statements of financial position:

- main features – current and non-current assets, current and non-current liabilities, capital employed
- interpret a statement of financial position (students will not be required to construct a statement of financial position).

3.5 Accounts analysis

3.5.1 Calculating and analysing accounting ratios:

- gross profit margin
- operating profit margin
- markup
- return on capital employed (ROCE)
- current ratio
- acid test ratio.

(Formulae for use in this qualification can be found in Appendix 4. Students will be provided with these formulae in the examination.)

3.5.2 Liquidity:

- the concept and importance of liquidity
- comparisons with previous years and/or with other business organisations.

3.5.3 The use of financial documents:

- assess the performance of the business
- inform decision making.

4 - Marketing

4.1 Market research

4.1.1 The purpose of market research:

- to identify and understand customer needs
- to identify gaps in the market
- to reduce risk
- to inform business decisions.

4.1.2 Methods of market research:

- primary research:
 - survey
 - questionnaire
 - focus group
 - observation
 - test marketing
- secondary research:
 - internet
 - market reports
 - government reports.

4.1.3 The use of data in market research:

- qualitative and quantitative data

- the role of social media in collecting market research data
- the importance of the reliability of market research data.

4.2 The market

4.2.1 Importance of marketing:

- satisfying customer needs
- building customer relationships
- keeping customer loyalty
- market orientation and product orientation
- market share and analysis
- niche and mass marketing.

4.2.2 Responding to changes in the market:

- changing customer needs
- changing customer/consumer spending patterns
- increased competition.

4.2.3 How businesses use market segmentation to target customers:

- identifying market segments:
 - location
 - demographics
 - lifestyle
 - income
 - age.

4.3 The marketing mix

4.3.1 Product:

- development of a new product/service
- the difference between goods and services
- packaging and its importance
- product life cycle – main phases and extension strategies
- managing and reviewing the product portfolio (Boston matrix).

4.3.2 Price:

- the main pricing strategies and when they might be applied:
 - cost plus
 - penetration
 - competition
 - skimming

- promotional.

4.3.3 Place – distribution channels:

- methods of distribution
 - retailers
 - e-tailers (e-commerce).

4.3.4 Promotion:

- promotion strategies for different market
- segments:
 - advertising
 - sponsorship
 - product trials
 - special offers
- branding
- above the line and below the line promotion techniques
- public relations – improving company image/brand
- the use of technology in promotion:
- targeted advertising online
 - viral advertising via social media
 - e-newsletters
- the importance of a brand.

5 – Business Operations

5.1 Economies and diseconomies of scale

5.1.1 Economies of scale:

- internal (falling average total costs as output increases)
- external (falling average total costs due to external factors).

5.1.2 Diseconomies of scale:

- limits of growth.

5.2 Production

5.2.1 Production processes:

- different types:
 - job
 - batch
 - flow
- labour and capital intensive production
- the impact of different types of production
- calculation of productivity and the impact of productivity improvements.

5.2.2 Principles of lean production:

- just-in-time (JIT)
- Kaizen
- the importance of using resources effectively.

5.2.3 Impact of technology in production:

- use of robotics
- balancing cost, productivity, quality and flexibility.

5.3 Factors of production

5.3.1 Changing relationships between enterprise, capital, land, and labour:

- difference between capital-intensive and labour-intensive activities.

5.4 Quality

5.4.1 The concept of quality and its importance in:

- the production of goods and the provision of services:
 - quality control
 - total quality management (TQM)
- allowing a business to gain a competitive advantage.

Assessment objectives and weightings

AO1 Recall, select and communicate knowledge and understanding of business terms, concepts and issues

AO2 Apply knowledge and understanding using appropriate business terms, concepts, theories and calculations effectively in specific contexts

AO3 Select, organise and interpret business information from sources to investigate and analyse issues

AO4 Evaluate business information to make reasoned judgements and draw conclusions

* A maximum of 15% of total qualification marks will assess knowledge recall.

	AO1	AO2	AO3	AO4
Component 1	13.7%	19.4%	11.3%	5.6%
Component 2	13.7%	19.4%	11.3%	5.6%
Total for IGCSE	27–28%	38–39%	22–23%	11–12%

Knowledge, Skills and Understanding

The course requirements are the same as the aims listed in the Edexcel specification. Please refer to the Edexcel website for full details. This Edexcel IGCSE in Business requires students to:

- relate their learning to real business examples
- be aware of current issues which affect businesses, their operation and success, and how they adapt to change
- focus on current business practice
- understand the importance of seeing business issues and situations through different perspectives
- be aware that information communication technology is essential to business decision making processes and success, and affects all functional areas of business.

Studying the Specification

You should be sure to acquire your own copy of the specification, either via the Edexcel Publications Dept or from the website <http://www.edexcel.com>.

The specification may be downloaded from www.ool.co.uk/0018bsi.

As you approach the examination, it will also be helpful to download the sample assessment material also available at www.ool.co.uk/0019bsi.

Learning Strategies

It is not sufficient to learn the course material off parrot fashion since the IGCSE requires student involvement and the ability to reason. The examiners also expect you to relate the subject of business to your own lives and, where possible, at school or in the economic world of work.

The lesson material, however, must not be regarded as complete in itself nor as a substitute for other reading. Students should also read the business aspects of a daily newspaper and listen to the economic and financial news as it occurs. Business is a subject which changes from day to day and text books rapidly become out of date.

While both the course material (and other textbooks) are updated frequently, changes can occur inside a matter of days which will not be reflected in the course material. It is therefore important that you keep abreast of the major changes from daily newspapers and news websites such as the BBC's.

Supporting Textbooks

The Oxford Open Learning study pack is designed to be a complete preparation for your IGCSE examination and there is no compulsory supporting textbook.

However, it is never a bad idea to get a different perspective on the subject and the students who do best have generally read the most widely. Here are two books which are worth buying or borrowing from the library:

Rob Jones: *Edexcel International GCSE Business Studies Student Book with ActiveBook CD* (Edexcel, ISBN 978-0435046743)

Mark Fisher, Veenu Jain & Medi Houghton, *Cambridge IGCSE Business Studies Coursebook with CD-ROM* (CUP, ISBN 978-1107680258)

The first book, in particular, is designed to cover the Edexcel IGCSE 4BS0 syllabus. The second is based on the other IGCSE specification (set by the Cambridge board) but there is a big overlap between the topics required by the two specifications. In both cases, the accompanying CDs would offer plenty of valuable practice. One easy way to purchase supporting texts is through the OOL website (www.ool.co.uk).

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 Edexcel website (www.edexcel.org.uk), you should get into the habit of checking the Oxford Open Learning site

(www.ool.co.uk) where you may find news, additional resources and interactive features as time goes by.

Good luck!

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