

AS/A LEVEL BUSINESS STUDIES SCHEME OF WORK

The aim of this scheme of work is to provide teachers with a comprehensive guide to the learning outcomes expected during the course, suggested teaching and student activities and resources available.

Contents:

- a) Statement of prior knowledge
- b) List of general resources
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a) Statement of prior knowledge

The AS/A level syllabus for Business Studies and this scheme of work have been prepared on the assumption that students have gained no prior qualification in Business Studies, such as IGCSE Business Studies.

This will not be the case in all centres, where all or nearly all students may have a prior qualification. Teachers should be able to adjust the level at which they introduce each new topic to students if they have already passed a lower level examination.

The assumption that students do not have prior qualifications does not mean that they have no prior knowledge about business activity. They are all consumers and observers of business activity. They will have been exposed to advertising and other promotional activities. Many of them may have gained work experience as part time workers. These experiences can be very useful in a class context when discussing, for example, the usefulness of advertising or the different methods of workforce payment. Teachers are encouraged to allow students to refer to their own knowledge about business as much as possible. However, the key point is that this syllabus and this scheme of work are produced assuming that no prior knowledge actually exists.

b) List of general resources

C.I.E. Endorsed textbook: 'AS and A level Business Studies'. Peter Stimpson. Pub. C.U.P. ISBN 0521003679

This is suitable as a student textbook and teacher reference book.

Other suitable reference texts:

'AS and A level Business Studies'. Barratt and Mottershead. Pub. Longman. ISBN 0582405475

'An Integrated Approach to Business Studies'. Jewell. (4th Edition).Pub. Longman. ISBN 0582404524

These are suitable as teacher reference books.

A complete resource list can be found on the CIE website: <http://www.cie.org.uk>

CD Rom: IGCSE Business Studies ISBN 0719572673. For revision of basic topics (including hundreds of multiple choice questions) and for introductory case studies.

Websites: These are referred to throughout the scheme of work. The most comprehensive ones for student notes and revision notes are: www.bized.ac.uk ; www.revision-notes.co.uk ; www.learn.co.uk and www.tutor2u.net

Videos: TV Choice, PO Box 597, Bromley BR2 0YB; U.K.

BBC Video Workpacks containing video, worksheets, model answers and "powerpoint" presentations. Contact the organization distributing these at: www.holdsworth-associates.co.uk

The scheme of work does not make specific reference to the videos from these two organizations due to the relatively high cost of them. It would be inappropriate for this scheme of work to suggest that school should or could afford them. Many of the videos are very effective – especially the BBC ones. Try to obtain a catalogue and check the contents and price details.

c) Syllabus Units:

The syllabus is already divided into sections and these will be referred to as units throughout this scheme of work.

Unit 1 - Business and the Environment

Unit 2 - People in Organisations

Unit 3 - Marketing

Unit 4 - Operations Management

Unit 5 - Business Finance

Unit 6 - Business Accounting

Unit 7 - Information for Decision Making

d) Time allocations

As the time devoted to each A level subject varies so much between Centres it is not possible to recommend a specific number of hours teaching time for each Unit. However, the following table gives a recommendation for dividing the total time allocation available between the Units:

Unit	Proportion of total teaching time available (%)
1	15
2	15
3	15
4	15
5	5
6	20
7	5
Revision and mock examinations	10

Specific time allocations between each topic within a Unit cannot be recommended for the same reason as given above. Clearly, some topics require much more teaching time than others. The scheme of work does highlight the major themes in each Unit and these should be given prominence in the teaching programme. The relative importance of other topics can be assessed by teachers referring to standard textbooks for details of the amount of detail that has to be covered.

e) A suggested teaching order: i) With 1 teacher

It is not the intention of this scheme of work to prescribe an order in which the Units *must* be taught. Experienced teachers will have established their preferred order of teaching based on what they have found “works best” with their own students. Different teachers have different opinions about the best order of teaching through the syllabus. The order that follows can easily be amended and adapted to meet local conditions, the prior knowledge of students and the preferences of teachers. You will notice that the suggested order is very close to the order of Units in the syllabus – the main change being the suggestion that Marketing is covered as the second unit and not the third unit as numbered in the syllabus.

Unit	Explanation
1 - Business and the Environment	This is usually taught first and with good reason. Without a clear understanding of the context in which business operates and the external forces that constrain business decisions, students may find it difficult to apply and inter-relate other syllabus material.
3 - Marketing	It helps to make this the first functional area of business to be studied. Students often have more prior knowledge about marketing, as consumers themselves, than other syllabus topics. It is useful to emphasise the all embracing nature of modern marketing decisions.
2 - People in Organisations	This can usefully be taught before Operations Management. If students can understand the central importance of 'people management' to business success then this helps in understanding the impact of many Operations Management decisions too.
4 - Operations Management	This links in with People in Organisations in many areas
5 - Business Finance	The concepts introduced in this Unit will assist with understanding some of Unit 6 material.
6 - Business Accounting	Follows on quite naturally from Unit 5.
7 - Information for Decision Making	Much of this material is likely to have been covered in previous units. For example, the methods of presenting data could have been taught when considering market research. The evaluation of some of the decision making techniques requires an understanding of much of the rest of the syllabus.

ii) With 2 teachers

In some Centres it is quite common for 2 teachers to divide the teaching of each group. Here is a suggested teaching order with 2 teachers:

Teacher 1	Teacher 2
Unit 1	Unit 3
Unit 2	Unit 5
Unit 4	Unit 6
	Unit 7

f) AS/A level teaching

Practice differs between Centres. The two options are:

- i.) Teach both AS and additional A level material together as students take both sets of examination papers in one session (either June or November).
- ii.) Teach AS first and students take AS examinations in one session. Then teach additional A level material to prepare students for this examination in the following session.

The scheme of work allows for either option. Additional A level learning outcomes, activities and resources follow directly on from AS but in *italics*. This allows teachers to teach these different areas together or to separate them and teach all AS topics first and then return to additional A level topics. It is important for all teachers to note the different assessment objectives of the AS examinations compared to the A level Paper 3 (see syllabus). Much more emphasis is given, on Paper 3, to the skills of analysis and evaluation. In contrast, the main skills examined at AS level are knowledge and application. These differences should be reflected in the teaching of the AS material compared to the A level material. It is advised that many more opportunities are given to A level students to discuss and evaluate issues, business problems and possible solutions than might be the case for AS level. The Scheme of Work does make many references to how these opportunities might be added to the teaching of the A level subject material.

g) Suggested teaching and student activities

This Scheme of Work contains details of many possible teaching activities that can be used in class. Emphasis is also given to student activities as Business Studies is often most effectively taught by encouraging students to undertake assignments that promote active learning. Traditional teaching certainly has a very important place in a Business Studies course but it can lead to rather passive learning experiences. The more often students are asked to think for themselves and undertake their own research – possibly reporting back to the rest of the group – the richer their learning experience is likely to be. It will also help to reinforce the 'real world' nature of the subject – a key aspect of Business Studies that makes it so rewarding to teach and study.

h) Online resources

The Scheme of Work also contains many references to non printed learning and revision resources. As with most IT based materials these may be subject to change and adaptation from when the scheme of work was written and it is suggested that teachers check their current validity before setting assignments based on them. The growth of online resource provision opens up many opportunities for detailed research into business performance and activities. These resources can be used to extend students experiences beyond those of their local/regional area as well as providing useful data for so many topics on the Business Studies course.

UNIT 1: Business and the Environment

Recommended prior knowledge: None – but some students may have covered similar material at IGCSE. Also, students may have acquired some outline knowledge of business through observation and discussion.

The unit in context: This unit provides important background concepts for other Units and introduces the external constraints operating on business decisions.

Outline: This unit introduces the different classifications of business activity and allows for observation and analysis by students of local business operations. The unit gives teachers an excellent opportunity to introduce students to an assignment based approach to learning based on a detailed study of local businesses. The importance of the external environment in which businesses operate needs to be illustrated by reference to current issues and events. Student involvement needs to be encouraged by expecting regular reading of relevant sections in newspapers to keep abreast of events that influence business activity.

Learning Outcomes	Suggested Teaching and Student Activities	Resources	Online Resources
a) The need for and nature of business activity			
i.) students should understand the different levels of activity: primary, secondary, tertiary	<ul style="list-style-type: none"> list examples of well known businesses discuss what they do and why they are important to the local/national economy classify them into 3 sectors undertake a detailed study of local businesses and the main sectors of business activity. Students could concentrate on one local business each and attempt to discover information that could be of use throughout Unit 1 e.g. number of employees, sector of industry, whether they import or export etc. this session could be based on group work. A group member could explain the reasons for the group's classifications to the rest of the class 	<ul style="list-style-type: none"> Stimpson: Chapter 1 pp4-7 OHT sheets for group presentations handouts or class notes past examination paper: 9707/1 June 2001 Q1 9707/1 June 2003 Q1 	

<p>ii.) students should be able to distinguish between private and public sectors</p>	<ul style="list-style-type: none"> • explain difference – ask for local/national examples • the reasons behind activities being in either the private or public sector should be discussed 	<ul style="list-style-type: none"> • Stimpson Chapter 1 p7 • handouts or class notes 	
<p>iii.) students should be able to understand the main features of the legal structures of businesses. They should be able to judge the suitability of each type of structure</p>	<ul style="list-style-type: none"> • teach differences • ask for local examples • discuss advantages and disadvantages in groups – presentations to class with findings • discuss what type of legal structure they would recommend for different businesses • answers to textbook exercises could be discussed in groups and then findings presented to class 	<ul style="list-style-type: none"> • Stimpson Chapter 1 pp 7-15 • Jewell Chapter 1 • Barratt and Mottershead Chapter 3 • activities from Stimpson: 'Clarks'; 'Shah's garage'; 'Harry'; Joint ventures. • Barratt and Mottershead: 'Pop-it and Sons' • OHT sheets needed for presentations • handouts or class notes • IGCSE CD Rom Multiple choice questions on Business Activity • 9707/1 June 2002 Q1 • 9707/1 June 2001 Q2 • 9707/3 June 2003 Qa 	

b) Business and economic structure			
i.) students should be able to distinguish between the free market and other systems	<ul style="list-style-type: none"> different types of economic systems – examples from around the world possible advantages and disadvantages 	<ul style="list-style-type: none"> Stimpson Chapter 2 pp21-24 revision and case study questions pp 18-20 	
ii.) <i>privatisation – candidates should be able to discuss the arguments for and against this policy</i>	<ul style="list-style-type: none"> <i>class discussion on claimed advantages and disadvantages of privatisation</i> <i>this issue could be discussed in terms of a local public service – what would be the impact on prices, jobs, efficiency etc. if it was privatised? As with all A level material the emphasis should be on evaluating the impact of this policy</i> 	<ul style="list-style-type: none"> <i>Stimpson activities: 'Pakistan/SAA' p 17</i> <i>Stimpson Chapter 1 pp16-17</i> <i>Jewell pp157-158</i> <i>handouts or class notes</i> 	
iii.) students should be aware of the nature and scope of multinational businesses	<ul style="list-style-type: none"> list multinationals in own locality/country. This could have been part of the original student assignment into local business activity. Discuss possible reasons for location in own country ask students to cut out newspaper articles (use internet too) for details of recent multinational investment in own country – or closure of such factories/offices. discuss claimed advantages and disadvantages for the “host” country – based as far as possible on local examples check opportunities for visits to multinational company facilities in the area 	<ul style="list-style-type: none"> Stimpson Chapter 2 pp27-28 revision questions p31 Stimpson activities on South Africa and Malaysia (pp27 & 31) class debate on the pros and cons of such investment in own country – need to nominate main speakers handouts or class notes 9707/2 June 2003 Q (b) 	

c) Size of business			
i.) students should know the main ways of measuring business size	<ul style="list-style-type: none"> • use local business data on output, employment, sales data for businesses • students need to identify that size can be measured in different ways – with different results • use internet sites of businesses or published accounts to establish numbers of employees, value of sales and capital employed 	<ul style="list-style-type: none"> • Stimpson Chapter 3 pp34-36 • Stimpson activity p35 • class notes to reinforce main means of comparing business size – their advantages and disadvantages • 9707/1 Nov 2002 Q1 	Ask students to refer to four business websites and obtain details about number of employees, sales, capital employed. If computer facilities are available this will make an excellent introduction to company websites
ii.) students should be able to explain the significance of small businesses	<ul style="list-style-type: none"> • use local examples to examine the impact of them • talk from local small-business owner on the advantages and disadvantages of being a small business 	<ul style="list-style-type: none"> • Stimpson Chapter 3 pp36-37 • The speaker will need to be carefully briefed about what issues are to be covered in the talk and students encouraged to ask relevant questions 	
iii.) <i>students should be able to distinguish the main types of and reasons for integration of businesses. They should be able to discuss the effects of these on the firm, customers and workers. They should be able to recognize that integration often fails to achieve aims</i>	<ul style="list-style-type: none"> • <i>teach differences</i> • <i>use own country and other examples</i> • <i>discuss advantages and drawbacks of each method of growth/integration</i> • <i>discuss the problems of integration – lack of synergy, poor control and coordination of integrated business</i> • <i>discussion could be based around own school or college – the advantages and disadvantages of merging with another local school. Evaluating possible impact on costs, jobs, choice, culture of the schools – from the viewpoint of different stakeholders</i> 	<ul style="list-style-type: none"> • <i>Stimpson Chapter 3 pp38-43</i> • <i>revision questions p 43</i> • <i>Stimpson activities pp40-41 and 44</i> • <i>Barratt and Mottershead case study 'Fords' p 56</i> 	www.northern-foods.co.uk outlines the way in which the business has expanded by acquisition

<p>iv.) students should understand the reasons why the state intervenes to assist and constrain business activity</p>	<ul style="list-style-type: none"> • use newspaper articles to illustrate examples of state intervention e.g. subsidies, taxes on goods, planning controls • students need to see the potential for both positive and negative impact on business 	<ul style="list-style-type: none"> • Stimpson Chapter 2 pp22-30 • Jewell pp157-163 • class debate on 'State intervention – is it good or bad for business in our country' • class notes reinforcing main points • 9707/1 Nov 2002 Q3 • 9707/1 Nov 2001 Q2 	
d) Business strategy			
<p>i.) students should understand the importance of objectives for successful business activity. They should recognise that not all businesses will have the same objectives e.g. differences between private and public sectors</p>	<ul style="list-style-type: none"> • contrast likely objectives of private and public sector enterprises • contrast likely objectives of firms of different sizes and types of ownership • ask students to find out the stated aims and objectives of their school/college. Why are such objectives thought to be necessary? What strategies are used by the school to achieve them? Are they being achieved? 	<ul style="list-style-type: none"> • Stimpson Chapter 4 pp46-53 • revision questions p66 • Jewell pp26-34 • Stimpson activities "Morrisons" p50; "Iceland" p53 and "STS" p52 • class notes • 9707/1 Nov 2002 Q5(b) 	<p>Most major companies web sites will refer to Corporate objectives – try www.cadbury.co.uk</p>
<p>ii.) <i>students should understand the potential conflict between business objectives and between business and the state</i></p> <p>iii.) <i>candidate should know the concept of Management by Objectives – its potential advantages and limitations</i></p>	<ul style="list-style-type: none"> • <i>simple examples of possible conflict e.g. between long term business growth and short term profits</i> • <i>objectives of state and business may conflict too e.g. cutting jobs to save costs will conflict with state's aim of full employment</i> • <i>use the hierarchy of objectives to explain how targets can be set at each level of an organization. Could be applied to the school or college</i> 	<ul style="list-style-type: none"> • <i>Stimpson Chapter 4</i> • <i>class notes</i> • <i>use hierarchy of objectives on page 55</i> 	

<p>iv.) students should be able to understand the significance of external economic, ethical, social, technological and pressures on business activities. They should show an awareness of how firms might respond to such pressures with changes in business strategy</p>	<ul style="list-style-type: none"> • explain what is meant by business strategy and how it can be affected by external factors – no firm operates in isolation from its environment. This is a key concept of this Unit of the syllabus • use local and national examples e.g. taken from newspaper articles, to illustrate these constraints and how business strategy might be changed as a result • encourage evaluation of changes in strategy e.g. relocation abroad due to appreciating exchange rate of domestic currency has major problems associated with it • students should be encouraged to keep a file of articles relating to external constraints – posters could be prepared for class wall with these • students could use local business websites to survey how many sell directly by using e-commerce – discuss the consequences of this of this change in marketing resulting from technological change • discuss the possible impact on different businesses of tax changes; interest rate changes; exchange rate changes; ethical and social pressures, legal changes • with ethical and social issues it is important that students are able to discuss the short and long term effects of accepting an ethical policy e.g. may increase costs in the short run but may raise profits (due to positive publicity) in the long run 	<ul style="list-style-type: none"> • Stimpson Chapter 5 (economic constraints) and Chapter 6 (other external constraints). • Barratt and Mottershead Chapters 59 and 62 • Jewell Chapters 7, 8, 9, 13 • Jewell Q2 p185 and Q6 p187 • Stimpson activities such as: Tobago City (p80); Weak Yen (p86); Safari Parks (p95); Malaysian economy (p99) and Corporate social responsibility (p120) • students need materials to keep files of articles and to make posters • class notes and photocopies of articles for student reference. • 9707/1 Nov 2002 Q3 • 9707/1 June 2002 Q5 • 9707/2 Nov 2002 Q1(d) • 9707/3 June 2003 Q2 	<p>The Times 100 Case Studies – many of which are concerned with external constraints and business strategies: www.tt100.biz</p> <p>Pressure groups such as Greenpeace cover social and environmental issues e.g. www.greenpeace.org has a section on the impact of Coca Cola on the environment.</p> <p>Most major company web sites carry details of the environmental and social policies: Try www.Shell.com. and www.mcdonalds.com</p> <p>Economic data is obtainable from many sources. Try the government web site of your own country e.g. www.statistics.gov.uk ; www.mop.gov.kw (Kuwait) www.boi.go.th/english/business (Thailand)</p> <p>Newspaper articles available from local sources – for world coverage try www.ft.com</p>
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e) Stakeholders			
<p>i.) students need to be aware of the main stakeholder groups, their objectives for business and the potential conflicts between these objectives</p>	<ul style="list-style-type: none"> • use local business examples to lead discussion about impact of business activity – and those groups that have a direct interest in business activity. This could be based on the impact on different groups of a decision by a multi-national to invest in or close down a site in your area • students should be encouraged to identify objectives of these groups – and how they might conflict. Can this conflict be resolved? For example, will satisfying stakeholder objectives also lead to higher profits in the long run? • opportunity for role-playing exercise based on a decision made by a local firm – students to play roles representing different stakeholder groups 	<ul style="list-style-type: none"> • Stimpson pp 57-60 • Barratt and Mottershead pp57-61 • Stimpson activities: Sabah Chemicals (p65) and Laportes (p67) • revision questions p66 • class notes to reinforce the different reactions of different stakeholder groups to business decisions. • 9707/2 June 2001 Q1(d) • 9707/1 Nov 2002 Q5 	<p>Try Trade Union web sites e.g. www.tuc.org.uk. www.tgwu.org.uk. Consumers groups and environmental groups web sites too e.g. www.which.net The impact on competitors and consumers of business activity (especially if it is regarded as “unfair”) is discussed on www.offt.gov.uk - the web site for the UK Office of Fair Trading</p>
f) Corporate culture and strategy			
<p>i.) students should understand the impact of corporate culture on business strategy <i>and business behaviour</i></p>	<ul style="list-style-type: none"> • this could be examined when discussing different business objectives – and why they differ • <i>this could be dealt with in the section above on social and ethical constraints on business.</i> 	<ul style="list-style-type: none"> • Stimpson p54 • Barratt and Mottershead p71 • class notes 	<p>Try local business web sites for details of company policy and culture. Try www.northern-foods.co.uk ; www.bodyshop.com and the web site of the Body Shop founder, giving details of her philosophy of business behaviour: www.anitaroddick.com</p>

UNIT 2 (in teaching order): Marketing

Recommended Prior knowledge: It is assumed that Unit 1 has already been covered but that the students have no prior academic knowledge of the marketing function in business. As consumers, of course, they have all had exposure to product ranges, promotion offers, advertising and have doubtless made price comparisons and these experiences can be brought in to class discussions.

The Unit in Context: The Unit provides coverage of one of the key business functions. It explains the central role of marketing in successful businesses but also examines the need for integration of marketing planning with other business functions. Students are encouraged to use own country examples to illustrate marketing concepts and marketing practice. Student based activities can be extensively used in this Unit. For example, conducting market research, analysing pricing levels and promotion strategies and comparing marketing mixes for different products/businesses.

Outline: After examining the meaning and role of marketing, the Unit covers the main methods of market research, product portfolio analysis and the development of appropriate marketing strategies.

Learning Outcomes	Suggested Teaching and Student Activities	Resources	Online Resources
a) The nature and definition of the market and the role of marketing			
<p>Students should be able to:</p> <p>i.) define marketing and understand the key importance of it to business activity. Students should be able to distinguish between product led and market led businesses</p> <p>ii.) understand the relationship between marketing and other business functions e.g. marketing decisions have an impact on operations management, finance and people decisions too</p>	<ul style="list-style-type: none"> encourage students to suggest their own definition of marketing – discuss these and then propose the ‘correct’ one. Marketing is more than just ‘selling’ give notes on market led and product led businesses (market and product orientation) ask for suggestions of both. Discuss the dangers of product led – and the potential costs of market led students to investigate a recent promotion campaign for a well known product – they should examine why other departments of the business had to be involved before this was launched 	<ul style="list-style-type: none"> Stimpson: Chapter 7. Activities on Tiny computers; Nike trainers; Furniture Metallica and Revision question on P.139 Barratt and Mottershead: Chapter 11 and Daewoo case study on P. 115 Jewell: Chapter 14 	<p>www.marketingteacher.com is well suited for this whole Unit. It contains Powerpoint presentations, quizzes and exercises for use in the classroom.</p> <p>www.tt100.biz is useful for e-learning exercises, case study downloads and – at the end of the unit – for revision notes.</p>

<p>iii.) understand that the market that a business operates in may be analysed in several ways: size, growth, market shares, different segments, number and sizes of competitors</p> <p>iv.) explain the difference between niche and mass marketing – and the relative advantages and disadvantages of each strategy</p>	<ul style="list-style-type: none"> • students to investigate using local sources or web sites, local/national data on certain markets to analyse overall size, growth rates, market share. Discuss which markets are most competitive e.g. most number of competitors • give definitions of niche and mass marketing. Students to suggest examples – class discussion on benefits/limitations of each strategy 		
<p>v.) <i>analyse the purpose of market segmentation, the ways in which it might be achieved and its appropriateness in different circumstances</i></p> <p>vi.) <i>understand the purpose of marketing planning – the detailed report on the marketing objectives, marketing strategy and marketing budget of the business</i></p>	<ul style="list-style-type: none"> • <i>segmentation can be effectively taught by means of examples e.g. clock and watch market and the many segments that exist. How could a manufacturer segment this market and what might the benefits be? Students should be able to discuss this type of question</i> 		

b) Market research			
<p>Students should be able to:</p> <p>i.) understand the purpose and role of market research</p> <p>ii.) explain the distinction between primary (field) and secondary (desk) methods of information gathering</p> <p>iii.) evaluate the appropriateness of different market research methods in different situations</p> <p>iv.) understand the main methods of sampling from a given population</p>	<ul style="list-style-type: none"> • the important methods of market research need to be explained and notes given • market research is often best taught by encouraging students to do some! Primary research surveys should be encouraged – these could be school/college based if student safety is an issue. This type of assignment will give students the opportunity to judge the effectiveness of different research methods. The data gathered could then be presented using the most appropriate types of presentation • secondary research should also be undertaken to give an awareness of the scope of what is available • students could be asked to investigate a task such as ‘Which soft drinks are most popular at school and why?’ This would require both secondary data regarding the main products in the market, market share, prices etc. as well as primary research by means of a sample of students using interview/questionnaire • students should be encouraged to explain the methods used and evaluate them 	<ul style="list-style-type: none"> • Stimpson: Chapter 8. Activities: Sanchez; Questionnaire (P150); ACM Ltd. Revision questions P 157 • Barratt and Mottershead Chapter 12 and Kellog’s case study P 129 • Jewell Chapter 15 • local libraries usually provide details of population figures for the region – and age/occupation distribution • 9707/3 June 2003 Q3 • 9707/1 June 2002 Q6 • 9707/2 Nov 2001 Q(c) • 9707/3 June 2002 Q(c) 	<p>Research into soft drinks could start with www.coca-cola.com and www.pepsi.com</p> <p>Market research agencies provide specialist (and expensive!) data on many markets. Try the website of one of the largest www.mori.com and you will discover brief extracts from recent reports. These are changed frequently but recent material included the finding that 96% of car buyers rate car safety as one of the most important criteria in their choice.</p>

<p>v.) <i>evaluate the cost effectiveness and accuracy of market research – descriptive treatment only</i></p> <p>vi.) <i>examine the uses of sales forecasting and be able to undertake simple forecasting using extrapolation (graphical) and time series analysis (moving average)</i></p> <p>vii.) <i>evaluate the limitations of sales forecasting techniques</i></p>	<ul style="list-style-type: none"> • <i>explain why even the most extensive research can lead to misleading results</i> • <i>take an example of a fast changing industry – is sales forecasting possible? How useful is it likely to be?</i> • <i>show both the graphical extrapolation and moving average methods.</i> • <i>worked examples of both</i> 	<ul style="list-style-type: none"> • <i>Stimpson PP 153-156. Activity: Sodhi P156</i> 	
c) Demand concepts			
<p>Students should be able to:</p> <p>i.) understand the main determinants of demand for a product – and how these can cause shifts in demand</p> <p>ii.) calculate price elasticity of demand and understand the business significance of the results. For example, the impact on revenue of a change in price depends on PED</p>	<ul style="list-style-type: none"> • introduce the normal demand curve and its inverse relationship with price • class discussion on non-price demand factors – and shifts in demand curve • introduce elasticity as a concept – show how slope of demand curve will influence demand changes following price changes • explain price elasticity formula • simple worked examples • explain what the numerical results and the negative sign mean (no need to explain positive PED) • explain how numerical PED result can influence price decisions 	<ul style="list-style-type: none"> • Stimpson: Chapter 10. Activities: Daily Times and Coffee prices • Barratt and Mottershead Chapter 18 and Häagen Dazs case study p215 • Jewell Chapter 9 p119-123 • 9707/2 Nov 2002 Q(b) • 9707/2 June 2003 Q(b) 	
<p>iii.) <i>calculate income elasticity of demand and promotional (advertising spending) elasticity of demand. The significance of the results should be understood. For</i></p>	<ul style="list-style-type: none"> • <i>extend elasticity concept to income and advertising spending changes</i> • <i>simple worked examples</i> • <i>analysis of results – how do they assist management decision making? E.g. should firms</i> 		

<p><i>example, an economic recession will reduce demand for income elastic products</i></p> <p>iv.) <i>evaluate the usefulness of the concept of elasticity to business. For example, its usefulness might be limited by inadequate data and constant changes in other factors</i></p>	<p><i>making income elastic luxury goods introduce cheaper versions during a recession?</i></p> <ul style="list-style-type: none"> • <i>students should be encouraged to evaluate the concept – it is based on other factors remaining unchanged, for example</i> 		
d) Product portfolio analysis			
<p>Students should be able to:</p> <p>i.) classify products e.g. consumer/producer goods</p> <p>ii.) understand the concept of the product life cycle and the main stages</p> <p>iii.) use the PLC to analyse appropriate changes in marketing strategy at different stages. Understand the importance of a balanced product portfolio and the need for research and development into new products</p> <p>iv.) evaluate the usefulness of the product life cycle</p>	<ul style="list-style-type: none"> • explain the difference and ask for actual examples • student groups to make suggestions for products that have a long 'life' and a short 'life'. Examples of recently launched products and those just taken off the market • use examples to introduce the product life cycle – show diagram on OHT and explain the main stages • explain the link between sales and cash flow during a product's life • ask for suggestions of firms with well balanced portfolios – and those with too many 'maturing' or 'declining' products • take a well known consumer product. Ask groups of students to suggest how price, place and promotion decisions could be affected by different stages of life cycle • debate usefulness of the life cycle concept – notes essential 	<ul style="list-style-type: none"> • Stimpson: Chapter 9. Activities: Body Shop; Dyson; Nestle. Revision question P 173. <i>Extended work for A level P172-173 and 'Cash cow' activity</i> • Barratt and Mottershead Chapter 16 <i>and case study on p192 for A level concepts.</i> • Jewell Chapter 18 • 9707/1 Nov 2002 Q(b) • 9707/1 June 2002 Q6 	<p>Try the site of a major multinational with a large product range such as www.unilever.com to experience a comprehensive product portfolio. How many of these products are sold in your own country? Are the brand names the same? Why does the firm introduce so many new products?</p>

<p>v.) understand the main stages in research and development</p> <p>vi.) evaluate the likely effectiveness research and development expenditure on product development</p> <p>vii.) use the Boston Matrix to analyse the current position of products within a firm's portfolio</p> <p>ix.) evaluate the usefulness of the Boston matrix</p> <p>viii.) understand the process of value analysis – detailed study of each aspect of a product to assess cost against value</p>	<ul style="list-style-type: none"> • explain the nature of R and D. Why do firms spend money on this? • does R and D spending guarantee success for a firm? – class debate based on students research into the main R and D spenders either in own country or internationally • introduce Boston Matrix and use actual business example to classify products • debate the usefulness of it – notes essential • explain and evaluate value analysis by using a simple product and identifying the key features of it that could be analysed cost effectively 		<p>www.dyson.com explains the importance of Research and Development and examines how new products are developed from research findings. Try www.bpamoco.com and www.celltech.co.uk as well.</p>
e) Marketing mix and marketing strategy			
<p>Students should be able to:</p> <p>i.) define the marketing mix</p> <p>ii.) understand the importance of the product in the mix (links in with product portfolio analysis)</p> <p>iii.) understand the importance of price within the mix</p> <p>iv.) explain different pricing strategies and methods including: skimming, penetration, cost plus, market based, price discrimination. Evaluate the appropriateness of each to different business situations</p>	<ul style="list-style-type: none"> • this is a key part of the Unit. Encourage student based investigations into different business' pricing/promotion strategies. Encourage feedback on findings to rest of the group • introduce the marketing mix • use examples of well known businesses and products to demonstrate how the 4 P's link with each other • the importance of product – consumers will rarely buy a faulty or poorly designed product twice • price – explain why this is important in the mix. Remind students of the downward sloping demand curve – but negative 	<ul style="list-style-type: none"> • Stimpson Chapter 10 and activities: PC price war, Dell computers; Hartwood Hats • Stimpson Chapter 11 and activities: Gap; Olympus; Nescafe, Golf equipment and Apple computers • Barratt and Mottershead Chapters 17, 19, and 20. Case studies on Pages 205, 228, 245 • IGCSE CD Rom class activity on the marketing mix plus worksheets – good for an introductory exercise • 9707/1 Nov 2002 Q7(b) 	<p>Best to use a case study approach e.g. by referring to the Times 100 and selecting one of these based on marketing. These are changed each year but recent effective examples include: Seventh edition Australian High Commission (tourism segmentation) and Nestles (marketing a product). Eighth edition: United Biscuits (product relaunch of Phileas Fogg snacks) and Kellogs</p>

<p>v.) understand the importance of distribution channels (place) to the mix</p> <p>vi.) explain the different channels. Evaluate the appropriateness of each to different business situations</p> <p>vii.) understand the importance of promotion (including packaging) to the mix</p> <p>viii.) explain different promotional strategies e.g. above and below the line. Evaluate their appropriateness to different business situations</p>	<p>psychological impact of prices set too low is important too</p> <ul style="list-style-type: none"> • explain, with examples, different pricing techniques and strategies. Students could be given examples of products and asked to suggest and evaluate a pricing method for each one • the importance of distribution channels is often overlooked – explain the options and refer to how the Internet is having an impact on 'place' or distribution decisions. How many students have used Internet to buy products? • ask groups to bring in examples of advertisements, PR articles and promotional offers. Classify into above and below the line • discuss how much firms should spend on advertising. Introduce the idea of the marketing budget. Try to obtain details of how much local advertising might cost e.g. local papers, posters, local radio etc. Discuss how firms might assess whether promotion is successful or not • group work on launching a new consumer product. Group presentations (OHP, powerpoint, posters etc.) on the suggested marketing mix – whole class to discuss how effective it might be • how might the mix be changed when selling to other countries – pan-world strategy or new strategy for each market? 	<ul style="list-style-type: none"> • 9707/1 June 2003 Q6 • 9707/2 Nov 2001 Q(d) • 9707/3 Nov 2002 Q(e) • 9707/2 June 2003 Q(d) • 9707/1 June 2001 Q4 • 9707/1 Nov 2001 Q5 	<p>Winders (Internet based marketing of a new brand). www.tt100.biz</p> <p>Try the web sites of these companies too: www.kellogs.co.uk www.philleasfogg.com</p>
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<p>ix.) <i>understand the importance of marketing strategy being based on objectives</i></p> <p>x.) <i>understand the importance of an integrated marketing strategy/mix. The main elements of the mix should be consistent with each other and integrated with other departments</i></p>	<ul style="list-style-type: none"> • <i>examine how the marketing mix is dependent on the corporate/marketing objectives e.g. sales growth/ high market share will require different marketing strategy to an objective that is aiming to establish exclusive image</i> • <i>discuss the need for integration between the 4 P's and between marketing and other business departments</i> 		
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UNIT 3: People in Organisations

Recommended prior knowledge: It is assumed that Units on Business and the Environment and Marketing have been taught but that students have no prior academic knowledge of the “People in Organisations” subject material. However, they will all have experienced examples of both good and poor communication, they are likely to be aware of the organisational structure of their own school/college and they will undoubtedly have some views on what motivates them! Therefore, it will be possible to engage them in discussion about many areas of the part of the syllabus based on their own experiences or opinions. No detailed knowledge of Employment Acts/Laws is required and students may use local references in their answers e.g. to employment protection and equal opportunity etc.

The Unit in context: This Unit introduces the “human” factor into the consideration of what makes for successful business operations. The impact of business decisions on the workforce is a key consideration for any student of Business Studies.

Outline: The Unit provides coverage of human motivation theories and how these may apply in the business world. Different approaches to financial and non-financial motivation are considered in detail. Organisational structure is examined and students need to be able to discuss different types. Extension work at A level includes the importance of communication to effective management and motivation of staff.

Learning Outcomes	Suggested Teaching and Student Activities	Resources	Online Resources
a) The need for and nature of organisational structure			
<p>Students should be able to:</p> <p>i.) recognise different approaches to organisational structure. Be aware of why organisations need a formal structure. They need to be able to draw and understand a simple hierarchical structure diagram and identify chain of command, levels of hierarchy, spans of control. They need to be able to criticize this style of organisation structure and then compare it with a matrix structure</p>	<ul style="list-style-type: none"> • use the school/college as a starting point. Ask students to draw what they believe to be the formal structure – and then compare it with the actual one! • discuss issues in class such as the advantages and disadvantages of a “tall” structure (many levels) and a “short” structure which is likely to have wide spans of control • use any work experience that students have had to help illustrate these points 	<ul style="list-style-type: none"> • Stimpson: Chapter 16. Activities on Penang Cars, Majestic cinemas, Malaysian Airlines and Mitsubishi motors. Revision questions p267 • Barratt and Mottershead: Unit 48 and Mr.Patel’s case study on p549 • Jewell: Chapter 3 and essay questions p45 (some of these are difficult but could be discussed in class) 	<p>Two of the most useful sites for the whole Unit are likely to be:</p> <p>www.hrmguide.net This contains free articles and features on Human Resource management and Human Resource research.</p> <p>www.osl-ltd.co.uk Click on “free resources” and refer to the case studies and questions available. These are updated but recent case Studies include:</p> <p>No. 6 – Sham Shui Ferry Co. ‘The typical Chinese business’</p>

ii.) explain and discuss authority, responsibility and delegation	<ul style="list-style-type: none"> class notes needed 	<ul style="list-style-type: none"> 9707/1 June 2002 Q2 	<p>No. 8 Nam Fong Airlines 'The art of communication'.</p> <p>No. 12 First Atlantic Bank 'Training and development'.</p>
iii.) <i>explain and discuss accountability, centralisation, decentralisation, line and staff managers</i>	<ul style="list-style-type: none"> <i>again some of these issues can be discussed within the context of the school/college. The advantages and disadvantages of centralization could be assessed by referring to large MNC's operating in the country</i> class notes needed 		
b) Motivation, leadership and management			
<p>Students should be able to:</p> <p>i.) understand why a motivated workforce is important – what are the likely consequences of a poorly motivated staff?</p> <p>ii.) use Maslow's hierarchy to explain human needs</p> <p>iii.) explain and discuss the main findings of certain motivational theorists – Taylor, Mayo, Herzberg, McGregor</p> <p>iv.) discuss the usefulness of these theories to HRM</p>	<ul style="list-style-type: none"> ask for definitions of "motivated students" – discuss if this is the same as motivated workers (essentially, yes!) group work – ask for 2 lists, one of benefits from well motivated staff and one of business costs resulting from poorly motivated staff introduce Maslow's hierarchy with a taught lesson. Explain how these needs could be satisfied at work. Students should be able to relate these levels to their own experience at school/college or in work experience that they have undertaken 	<ul style="list-style-type: none"> Stimpson: Chapters 13,14,15 and activities such as: B and K; Technoloc; Quality circles, Telemarketing and Revision Exercises on pages 232,244 and 255. Barratt and Mottershead Units 49,50 and 52. Case Studies on 561 and 572 Jewell: Chapters 42 and 45. Essay questions on p522 visiting speakers could be a useful resource for many aspects of the « People » Unit – even the Head teacher/Principal! 	<p>www.tt100.biz (Edition 8) has a case study on a construction firm Taylor Woodrow entitled "Involving employees in meeting corporate objectives".</p>

<p>v.) explain the main forms of financial motivation and discuss their likely effectiveness and appropriateness in different contexts</p> <p>vi.) explain the main forms of non-financial motivation e.g. job enrichment, teambuilding etc., and discuss their likely effectiveness and appropriateness in different contexts</p> <p>vii.) understand the importance of leadership in business and the qualities of a good leader. Explain the different styles of leadership – autocratic, democratic and laissez-faire and discuss the likely effectiveness of these styles</p> <p>viii.) understand the main functions of managers</p>	<ul style="list-style-type: none"> • introduce the other motivational theorists – notes need to be given on these. Was Taylor right? Debate between two groups on whether pay “moves or motivates” staff • explain the main staff payment systems and their suitability in different situations. Debate “Should teachers be paid on the basis of A level results”! • non-financial motivation – explain and discuss the important issues of job enrichment. How might this be achieved? Is it more difficult in some business situations than others? • leadership styles – discuss the leadership style at school. Is this suitable? When might other styles be more appropriate? Notes need to be given on these styles • brief discussion of the work/functions of managers. 	<ul style="list-style-type: none"> • 9707/1 Nov 2001 Q6 • 9707/1 Nov 2002 Q6 • 9707/3 June 2003 Q(a) • 9707/3 June 2003 Q(b) 	
<p>ix.) <i>appropriateness of leadership style in different circumstances</i></p>	<ul style="list-style-type: none"> • <i>students should be encouraged to suggest and discuss different situations in which different leadership styles would be appropriate</i> 		

c) Business Communication			
<p>Students should be able to:</p> <p>i.) define effective communications</p> <p>ii.) understand the importance of effective communications, the purpose of communication and the methods of transmitting messages</p> <p>iii.) analyse the likely barriers to effective communication and discuss how they might be overcome</p> <p>iv.) recognise the differences between one/two way; vertical/horizontal and formal informal networks</p>	<ul style="list-style-type: none"> • discuss why communication is necessary. Give business examples of how poor communication can lead to real problems • define communication and the communication diagram with feedback • use examples of communication methods at school – which media are used? Are they appropriate? Which others might be better and why? Students should be encouraged to discuss the suitability of different media in different circumstances. Notes on media and suitability • why does communication sometimes fail? Notes on barriers – and how they might be overcome • explain why communication might be more difficult in larger businesses • try sending a verbal message though the group – which communication net would be best? Does the message become distorted? • communication direction and one way/two way 	<ul style="list-style-type: none"> • Stimpson: Chapter 17 and activities such as Palm Nut oils and Matsushita. Revision question on page 278 • Barratt and Mottershead: Unit 51 • Jewell: pp46-55. • 9707/1 June 2001 Q3 (note that this is now an extension topic.) 	<p>See also case Study on communication above.</p>

d) Human Resource Management			
<p>Students should be able to:</p> <p>i.) understand the purpose and functions of the HR department</p> <p>ii.) recognise that HR strategy can either be to control staff or to develop them – and that the style used will determine payment systems used and methods of motivation adopted</p> <p>iii.) understand the importance of management/labour relations. Why people might join trade unions and the role of trade unions</p>	<ul style="list-style-type: none"> • discuss why people need to be “managed”. Explain the role of HR department e.g. workforce planning, recruitment, training, appraisal, job evaluation • HR can either be used to control staff (“hard” HRM) or used to develop staff as suggested by Herzberg (“soft” HRM). Probably depends on leadership style and corporate culture • explain the role of trade unions – use recent newspaper articles if TU’s exist in own country. Should managers encourage union membership? Students should be able to discuss advantages and disadvantages • use role play of dispute between TU and employer e.g. pay or discipline of staff. Ask group to discuss the issues involved 	<ul style="list-style-type: none"> • Stimpson: Chapters 18 and 19. Activities such as: Cameron Sweets, Select College, GNER, Kenyan breweries and revision exercises on page 307 • Barratt and Mottershead: pages 531-532 • Jewell: Chapter 44 • 9707/1 June 2003 Q3 	<p>www.tt100.biz (Edition 8) has a Case study on training : ‘Audi: investing in people’.</p> <p>Same web site as above but this time a case study on trade unions: UNISON: Trade Unions dealing with change.</p> <p>Try any trade union web site e.g. www.tgwu.org.uk or www.tuc.org.uk. This site has a great deal of information on UK employees employment rights and current employment issues. www.ilo.org. is the site of the International Labour Organisation</p>

<p>iv.) <i>evaluate the role of trade unions including single union deals and no strike deals</i></p> <p>v.) <i>analyse methods of dispute settlement; reasons for labour legislation and the advantages of collective bargaining</i></p> <p>vi.) <i>analyse and evaluate the methods and usefulness of job evaluation</i></p> <p>vii.) <i>analyse potential health and safety problems in the workplace and evaluate the need for legislation</i></p> <p>viii.) <i>evaluate different training methods and the importance of training for a flexible workforce. Understand why some firms do not spend much on training staff e.g. fear of losing them to other employers</i></p>	<ul style="list-style-type: none"> • <i>discuss the impact on business of single unions/no strike deals</i> • <i>impact of employment legislation on business and employee/employer relations – use local country examples.</i> • <i>discuss whether firms should be concerned about health and safety – should they just do the absolute legal minimum? How does the school meet health and safety laws?</i> • <i>explain reasons for training, methods and why some firms do not train</i> • <i>students could try a job evaluation exercise on three different jobs within the school. advantages and disadvantages of this technique</i> 		
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UNIT 4: Operations Management

Recommended prior knowledge: None – but some students may have covered some of these topics at IGCSE. The issues and concepts are introduced assuming that there is no prior knowledge.

The unit in context: This Unit introduces production related issues. The impact that decisions made in other departments have on Operations needs to be made clear e.g. a marketing campaign may well require an increase in output. Similarly, the effect that Operations Management decisions can have on other functional areas must be stressed e.g. the use of computer operated machinery and the impact on human resources and training needs.

Outline: The Unit covers the main areas of Operations decision making such as location, production methods, costing methods and stock management systems. There is some numerical work but the more complex examples are only covered in the additional work for A level.

Learning Outcomes	Suggested Teaching and Student Activities	Resources	Online Resources
a) Nature of production			
<p>Students should be able to:</p> <p>i.) understand that production is about converting inputs to outputs and adding value in the process</p> <p>ii.) recognise that local labour market conditions may act as a constraint on production decisions</p> <p>iii.) understand the concept of productivity and how this affects unit costs.</p> <p>iv.) understand the importance of the location decision for new and existing businesses</p> <p>v.) evaluate the relative importance of certain factors in influencing the location decision.</p>	<ul style="list-style-type: none"> a well organized factory visit would be an ideal starting point. There is also a case to be made for arranging this towards the end of this Unit when students have gained a good understanding of the theories involved. Two visits allowing comparisons between job/batch and flow production would be ideal. contact with local firms and shops to discover reasons for location in the area. Case study exercise could be drawn up with two different locations for one business and groups asked to argue for one location or another. 	<ul style="list-style-type: none"> class notes or photocopied notes needed. Stimpson: Chapters 20 and 22 and activities on Westlife jeans, Motorola, German efficiency. Barratt and Mottershead: Units 23 and 24 and case study on page 282 Jewell: Chapter 35 9707/1 Nov 2002 Q7 	<ul style="list-style-type: none"> use the general websites referred to in the introduction for details of notes and activities in the Operations Management area. for location try government web sites to investigate incentives available for businesses to locate in a country e.g. www.investinspain.org ; www.economy.gov.eg ; and www.saudinf.com .

	<ul style="list-style-type: none"> • contact employment agencies to discover local labour market conditions. Are there shortages of labour that could be restricting growth of local firms? • simple numerical examples of labour productivity and impact on unit costs should help to drive home these points. • students own work experience might be useful to allow discussion of the nature of production. 		
<p>vi.) <i>analyse the production process from Research and Development through to the final product.</i></p> <p>vii.) <i>analyse the differences between capital and labour intensity and justify the appropriateness of each in different circumstances</i></p>	<ul style="list-style-type: none"> • <i>refer back to Research and Development section in Marketing. Why does Research and Development sometimes fail? Students need to be able to evaluate whether Research and Development spending is always beneficial.</i> • <i>ask for examples of different industries – service industries often labour intensive – students should be able to explain why.</i> 		<ul style="list-style-type: none"> • www.Ford.com gives details of the Ford Motor Company's use of innovation

b) Organising production			
<p>Students should be able to:</p> <p>i.) understand how work study might be introduced and the possible benefits of it</p> <p>ii.) recognise the different methods of production e.g. job, batch, flow</p> <p>iii.) understand the concept of capacity utilization and calculate it from given data.</p> <p>iv.) define and recognize different classifications of costs and understand the need for accurate cost data</p> <p>v.) understand the concept of break-even and calculate it using formula and construct a simple break even chart</p>	<ul style="list-style-type: none"> • this section of the Unit contains key issues and will take up a good deal of time • simple exercise in class of timing students performing a task – and trying to suggest an improved method of doing it. • explain the 3 main types of production but also refer to recent trends in cell production and mass customisation. A simple production game in class can demonstrate the essential differences between the production methods. • numerical examples of capacity utilisation – and the implications to a business of operating at full and less than full capacity (use the school as an example). • cost classifications need to be explained carefully – students should be able to come up with own examples (again taken from school?) 	<ul style="list-style-type: none"> • Stimpson: Chapter 20,21 and start of 22. Activities on Sunburst bakeries, Cessna aircraft, Windcheater, Heath electronics, Onyx garages, Bureau office supplies,, Cosmic cases, Midtown Hotel. Try revision exercises at end of these chapters too. • Barratt and Mottershead: Units 27 and 42. case studies on pages 317 and 489. • Jewell: Chapters 33 and 38 and exercises at end of these. • 9707/2 Nov 2001 Q2(a) and Q2(c) • 9707/3 June 2002 Q(d) • 9707/1 Nov 2001 Q6 • 9707/2 June 2003 Q2(b) • 9707/1 June 2002 Q7 	<ul style="list-style-type: none"> • IGCSE CD-Rom for production activities. • the break even topic at www.osl-ltd.co.uk might be useful or try the general web sites referred to in the Introduction.
<p>vi.) <i>scale of Operation</i></p>	<ul style="list-style-type: none"> • <i>discuss how less than full capacity can cause problems for the business and evaluate ways of dealing with this problem.</i> 		

<p>vi.) evaluate the usefulness of this technique</p> <p>vii.) understand the principles of effective stock management and be able to describe methods of stock management such as JIT</p>	<ul style="list-style-type: none"> • explain the idea of break even and its importance. Simple charts – students need to be able to draw up and amend these with additional information. Give as many examples as possible where different charts can be drawn on the basis of two decision options. Students should be able to analyse charts to help make decision. The advantages and disadvantages of this technique must be explained and noted. • discussion on costs and benefits of high stock levels for different types of businesses 		
<p>viii.) <i>Evaluate the appropriateness OF production methods in different situations</i></p> <p>ix.) <i>evaluate ways of increasing a firm's capacity utilisation</i></p> <p>x.) <i>understand costing methods and do calculations based on these.</i></p> <p>xi.) <i>evaluate absorption and contribution costing.</i></p>	<ul style="list-style-type: none"> • <i>use knowledge of production methods to evaluate appropriateness in different production situations.</i> • <i>costing methods best taught by using simple numerical examples of cost /profit centres.</i> 		

c) Operational efficiency			
<p>Students should be able to:</p> <p>i.) understand the causes and significance of economies and diseconomies of scale</p> <p>ii.) understand the principles of lean production and why greater productive efficiency is so important.</p> <p>iii.) suggest ways in which lean production might be implemented.</p>	<ul style="list-style-type: none"> • after defining and explaining students should be able to think of examples taken from, say, retailing or the school. Important not to overlook diseconomies – what happens when school become too large? • lean production – this could have been experienced in the factory visit. Notes on what the principle means and how it might be achieved in practice. The importance of competitiveness in today's world needs to be stressed. Link in with People section as changes in Ops Man strategies will always have "people" effects. 	<ul style="list-style-type: none"> • Stimpson: Chapter 22 and 23. Activities include Bookworm, Nassau Textiles, Sportswize, Nissan, Haisho and Kaizen. • Barratt and Mottershead: Units 28 and 30 and case studies on pages 327 and 348. • Jewell: Chapter 36, 39 and exercises at end. • 9707/3 June 2003 • 9707/1 June 2003 Q7 • 9707/2 June 2003 Q1(a) and Q2(a) • 9707/1 June 2001 Q5 • 9707/2 June 2001 Q2© 	<ul style="list-style-type: none"> • www.kaizen.com is a site created to promote the concept of continuous improvement.
<p>iv.) <i>evaluate the principle of lean production and discuss the appropriateness of lean production (e.g. JIT) in different circumstances.</i></p>	<ul style="list-style-type: none"> • <i>discussion on how appropriate JIT; time based management etc. might be to different businesses in different production situations.</i> 		

d) Quality control and assurance			
<p>Students should be able to:</p> <p>i.) explain the main methods of quality control and explain the importance of quality to a business.</p>	<ul style="list-style-type: none"> ask for definitions of “quality” – why does it not always mean the “best possible”. how would students like to have the quality of their work checked – by control methods or self checking?! Discuss problems of poor quality. 	<ul style="list-style-type: none"> Stimpson: Ch.24 and activities on Trinidad Tractors, CaribSugar, Defects at Wheelers. Baratt and Mottershead: Unit 29 and case study page 336 Jewell: Ch. 37 and essay questions on page 441 (mainly for class discussion). 9707/1 Nov 2001 Q3 	<ul style="list-style-type: none"> www.piqc.com.pk is the web site for the Pakistan Institute of Quality Management. It contains details of courses that it runs and case studies of quality management in business are available if you e-mail them.
<p>ii.) <i>analyse and evaluate continuous improvement, Total Quality Management, quality assurance standards and benchmarking.</i></p>	<ul style="list-style-type: none"> <i>the modern approaches to quality can be tied in with HRM – empowerment and cell production are often linked to TQM.</i> <i>factory visit would be helpful for this section.</i> <i>discuss how the school might “benchmark” its performance against the best in the sector.</i> 		
e) Production planning			
<p>Students should be able to:</p> <p>i.) <i>understand the need for planning of time and resources in the production process</i></p> <p>ii.) <i>draw and interpret simple network diagrams (Critical Path Analysis)</i></p> <p>iii.) <i>calculate and interpret activity float times.</i></p>	<ul style="list-style-type: none"> <i>ask students to list the activities involved in a simple task e.g. making a cup of coffee. Draw up these activities into a simple network</i> <i>move on to more complex examples examining the uses of the technique e.g. identifying critical path, non critical activities and allocating resources more efficiently.</i> <i>explain how EST and LFT are obtained and explain float times. Calculations of these are essential (simple only)</i> 	<ul style="list-style-type: none"> Stimpson: Chapter 24 and activities on pages 383,385,387. Barratt and Mottershead: Unit 31 and case study on p 360 (Note: Gantt charts are covered in this book but are not required on this syllabus) Jewell: Unit 40 and exercises at end of chapter. 9707/3 Nov 2002 Q(d) 	

UNIT 5: Business Finance

Recommended prior knowledge: None – but some students may have covered similar material at IGCSE.

The unit in context: This unit deals with the need for business finance and the main sources of it. Finance is central to business activity and the ability to raise capital from appropriate sources at different stages of a firm’s development and growth is one of the key determinants of a successful business. Although the material covered is very different from previous units there is a constant requirement to refer to the other functional areas of business and stress the role that adequate finance plays in successful marketing, operations management and so on. There are clear links between Business Finance and Unit 6, Business Accounting.

Outline: This is quite a short unit but the concepts it contains are very important to understanding the importance of finance and the need to raise it from appropriate sources. The significance of liquidity to a firm’s survival and growth needs to be made clear. The importance difference between profit and cash needs to be emphasized from the outset. The three parts of this unit comprise: The need for business finance, sources of finance and money and capital market institutions.

Learning Outcomes	Suggested Teaching and Student Activities	Resources	Online Resources
a) The need for business finance			
<p>Students should be able to:</p> <p>i.) analyse the need for finance during start up and growth stages of a business.</p> <p>ii.) understand the differences between revenue and capital expenditure – and that each require different sources of finance.</p> <p>iii.) analyse the meaning and importance of working capital and the factors that determine the amount of working capital required by a business</p>	<ul style="list-style-type: none"> business finance can be effectively taught through the means of simulated businesses “created” by the students. The Young Enterprise scheme is excellent. Starting up and operating a simple trading business – even just making and selling cakes – can drive home the need for both fixed and working capital. This could then be extended into Unit 6 with the keeping of simple accounts for the business. Encourage students to “learn by doing” in this Unit and the next Unit, in particular. 	<ul style="list-style-type: none"> Stimpson Chapter 25. Exercises such as Directphone, Domino’s and “Going exclusive with ice-cream” plus share issue exercises on Easyjet and Fibernet. Revision questions P406. Barratt and Mottershead : Chapter 40 (Case Studies at end of chapter useful but require accounting knowledge not yet covered). 	<p>The teaching of this Unit and Unit 6 will be aided greatly by referring to actual company accounts. These will be available from companies’ own sites. Investigate accounts of two businesses to identify finance sources used – particularly a high geared and a low geared company. Try www.carol.co.uk and www.londonstockexchange.com. Use your own Government sites to investigate financial support for businesses.</p>

	<ul style="list-style-type: none"> revenue and capital spending – discuss by asking for as many examples as possible from students using the school/college as an example. small groups of students creating large posters of the working capital cycle for a business of their choice 	<ul style="list-style-type: none"> Jewell: Chapter 29. Be selective about end of chapter questions – some require detailed accounting knowledge. 9707/1 Nov 2001 Q 3 9707/1 June 2003 Q4 	
<p>iv.) <i>understand the significance of the difference between revenue and capital expenditure</i></p> <p>v.) <i>analyse and evaluate ways of managing working capital – the control of working capital</i></p>	<ul style="list-style-type: none"> <i>at A level the significance of the distinction between revenue and capital spending can be made effectively after dealing with profit and loss accounts and balance sheets in Unit 6 – these two types of spending have different effects on the final accounts.</i> 		
b) Sources of capital			
<p>Students should be able to:</p> <p>i.) understand the main sources / types of short and long term business finance, both internal and external</p> <p>ii.) analyse the advantages and disadvantages of these .</p>	<ul style="list-style-type: none"> a well planned visit and talk from a bank manager/official can work effectively especially if linked to case studies or simulations. If “Young Enterprise” type businesses are set up then ask the bank manager to judge the business plan and decide whether to lend or not to each business large posters of sources of finance, short/long term and internal/external can be kept in class and act as a useful revision source. 	<ul style="list-style-type: none"> as above plus 9707/2 June 2001 Q2c; 9707/3 Nov 2002 Qc; try leading banks for details of their interest rates to businesses and financial services to industry. 	<p>Use bank web sites to discover financial options for industry e.g. www.natwest.co.uk and www.barclays.co.uk. Use own country newspapers for articles on businesses raising finance e.g. www.brecorder.com (Pakistan); www.buenosariesherald.com (Argentina); www.bangkokpost.com (Thailand); www.lexpress-net.com (Mauritius).</p>

<p>iii.) <i>evaluate these sources of finance and make recommendations of suitable finance to meet particular business requirements</i></p> <p>iv.) <i>analyse and discuss the factors that influence the finance decision</i></p>	<ul style="list-style-type: none"> • <i>past paper 3 case studies can be used as business scenarios. Students can be asked to suggest the most suitable sources of finance for each business, assuming it is planning to expand</i> 		
c) Money and Capital market institutions			
<p>Students should be able to:</p> <p>i.) understand the functions of banks and specialist lending institutions.</p> <p>ii.) understand the functions of the Stock Exchange</p>	<ul style="list-style-type: none"> • newspapers can provide useful source material – articles on finance and institutions as well as adverts for banks and specialist lending agencies. Students need to question why there is such a range of institutions and their functions. 	<ul style="list-style-type: none"> • as above 	<p>Try bank sites plus www.londonstockexchange.com and http://www.worldbank.org</p>
<p>iii.) <i>analyse the role of the World Bank and International Monetary Fund as sources of finance especially in developing economies</i></p>	<ul style="list-style-type: none"> • <i>simple treatment only required – no need to go into great detail on structural adjustment programmes etc. Students could do own research on internet.</i> 		

UNIT 6: Business Accounting

Recommended prior knowledge: None concerning accounting but it is assumed that students will have already covered Unit 5. Students who are also following Accounting AS/A level may have an advantage in certain sections of this unit. However, this will not be great as the Business Studies course focuses not on accounting concepts and double entry bookkeeping problems but on the analysis and use of accounting information to assist managers in making business decisions. A level students should be encouraged to question the possible reasons why published accounts might not provide a complete or entirely accurate measure of company performance.

The unit in context: This unit provides important coverage of how accounting information – mainly in the form of final business accounts – can be of use to managers in controlling a business and in decision making for the future. Using accounts to assess the performance of the business can lead to important decisions which may well impact on the other functional areas of business such as marketing and operations management.

Outline: The unit does not focus on bookkeeping but on the final accounts of businesses – mainly limited companies. No specific questions will be set on sole trader or partnership accounts. The unit gives considerable weight to the interpretation and analysis of these final accounts. In addition, there are sections that cover cash flow forecasting, budgeting and investment appraisal.

Learning Outcomes	Suggested Teaching and Student Activities	Resources	Online Resources
a) The need for business accounts			
<p>Students should be able to:</p> <p>i.) understand the main internal and external users of accounting information</p> <p>ii.) analyse the uses to which this accounting data might be put by different users</p> <p>iii.) understand the main differences between financial and management accounting</p>	<ul style="list-style-type: none"> start at the end! By using copies of plc published accounts, students can get a real feel for the depth of information available and can usually suggest who might find it useful and why. Avoid setting challenging tasks at an early stage, though. ask “why would these published accounts be of little use to managers of the business?” This leads to discussion of management accounting. if a student business was set up in Unit 5 use this opportunity for students to present simple accounts for the enterprise. 	<ul style="list-style-type: none"> Stimpson Chapter 26 and Trinidad Tourist Flights exercise. Barratt and Mottershead Chapter 33 	<p>Use published accounts of plc’s to investigate contents and suitability for different users. Either contact web sites directly or use www.carol.co.uk.</p> <p>Try to use own country examples too.</p>

b) The foundations of accounting (not a core item)			
Students should be able to:			
i.) understand the significance of the main accounting concepts and conventions (no complex or numerical questions will be set on these)	<ul style="list-style-type: none"> keep this simple – straightforward examples of how each concept applies and why. Only use the simplest of numerical examples – examination questions will not test these areas numerically. 	<ul style="list-style-type: none"> Stimpson Chapter 26 Barratt and Mottershead Chapter 33 	
c) What the published accounts contain			
Students will be expected to:			
ii.) understand the purposes and structure of profit and loss accounts and balance sheets	<ul style="list-style-type: none"> if published accounts have not yet been used then they should now be introduced. Careful (simple) explanations of the main accounts will be needed to avoid “information overload” especially for non-numerate students. show students the main section of these two main accounts – they may differ slightly from company to company so teachers should make sure they can explain the link between the textbook examples and the published accounts, if these exist. depreciation best taught by referring to school/college fixed assets. Ask students to discuss what would happen to the accounts if these were not “depreciated”. 	<ul style="list-style-type: none"> Stimpson Chapter 27 and all the activities and exercises it contains. Barratt and Mottershead Chapters 35 and 36 and mini case studies on PP400 and 413 Jewell Chapters 24 and 25 9707/2 Nov 2001 Q2 a and b. 9707/1 Nov 2002 Q4a) 9707/1 Nov 2001 Q7 9707/1 June 2002 Q4 	Use published accounts from companies’ own web sites. http://web.utk.edu/~jwachowi/wachoworld.html This is a superb site for linking to financial information, spreadsheets, OHP’s and links to most sites dealing with finance and accounting (US).
iii.) understand the main asset and liability categories on balance sheets			
iv.) understand the layout and main headings of simple profit and loss accounts			
v.) understand the purpose of depreciation provisions on accounts and calculate depreciation using the straight line method			
vi.) make simple amendments to existing balance sheets and profit and loss accounts			

<p>vii.) draw up simple balance sheets and profit and loss accounts from given data</p> <p>viii.) understand the purpose of cash flow statements and the main contents</p> <p>ix.) calculate depreciation provisions using the diminishing balance method</p> <p>x.) understand the differences between the two depreciation methods and evaluate these two methods.</p> <p>xi.) understand what goodwill is, how it arises and how it is dealt with in published accounts</p> <p>xii.) understand that valuation of stocks may be adjusted by net realizable value.</p>	<p>depreciation etc.</p> <ul style="list-style-type: none"> • give simple structure to cash flow statement and discuss what it shows and how users would find it useful. • go back to previous depreciation examples and work through using diminishing balance method – ask students to note differences to annual depreciation charge and net book value. Students should be able to discuss when firms would use one method rather than the other. • simple examples of both goodwill and net realizable value – can refer back to accounting concepts and conventions. 		
d) Analysis of published accounts			
<p>Students should be able to:</p> <p>i.) recall the main profitability and liquidity ratios</p> <p>ii.) calculate these from given data</p> <p>iii.) analyse / evaluate results of these ratios and evaluate ways in which they might be improved for a given business.</p>	<ul style="list-style-type: none"> • it must be made clear to students that there is no “right” or “wrong” result for ratio calculations. Interpreting results carefully is almost more important than accurate calculation. Results must be assessed in terms of past results, results of other businesses, current external environment and the objectives of the business. 	<ul style="list-style-type: none"> • Stimpson Chapter 28 and exercises “How is my business doing?”, ICI, Habib Manufacturing and Burton Paper . Revision questions P442 • Barratt and Mottershead Chapter 38. Mini case study on P 445. 	<p>Use published accounts – make comparisons between businesses in the same industry e.g. supermarkets or pharmaceutical companies such as:</p> <p>SmithKline Beecham which makes its Annual Report available in “The Company” section. Financial highlights have been clearly represented using bar charts and financial ratios look at profitability, gearing and dividend per share - www.sb.com and compare with GlaxoWellcome at</p>

<p>iv.) recall financial efficiency, gearing and investor ratios</p> <p>v.) analyse / evaluate results of these ratios and evaluate ways in which they might be improved for a given business</p> <p>vi.) analyse business performance by using trend analysis and inter firm comparisons.</p> <p>vii.) evaluate the usefulness of ratio analysis</p>	<ul style="list-style-type: none"> ratio formulae need to be noted down by students and the meaning of each result made clear. practice at calculations is essential – but so is careful interpretation of results and suggestions for “remedial” action if needed. encourage students to make links between ratios e.g. how can gross profit margin be increasing yet net profit margin falling? the usefulness of ratio analysis should not be overstated and students should be able to judge the significance of it in different situations. Encourage discussion on why ratios do not provide a “complete picture” of a firms operations/performance. 	<ul style="list-style-type: none"> Jewell Chapter 27 and end of chapter exercises. 9707/3 June 2002 Qb 9707/2 Nov 2001 Q2b. 	<p>www.glaxowellcome.co.uk</p> <p>Published accounts of UK listed companies may be ordered from http://ft.ar.wilink.com</p>
<p>e) Investment appraisal</p>			
<p>Students should be able to:</p> <p>i.) understand the meaning of investment appraisal and the need to forecast cash flows.</p> <p>ii.) recognise the difficulties involved in forecasting future cash flows</p> <p>iii.) calculate payback period and understand/analyse results</p> <p>iv.) calculate average rate of return and understand/analyse results</p>	<ul style="list-style-type: none"> investment must not be confused with “savings” – it is spending money for future returns. The basic idea of profit is easy for students to grasp. Speed of return (or payback) needs to be explained carefully with the help of simple examples. Choose two projects with different cash flows – one with higher ARR and the other with quicker payback. Debate with students which is the “better” project. This is a useful way of introducing the need for <i>discounting (NPV and IRR)</i>. 	<ul style="list-style-type: none"> Stimpson Chapter 29 and all activities within the chapter plus “Investing to stay competitive”. Revision questions Page 455. Barratt and Mottershead Chapter 39 and mini case study P 456 Jewell Chapter 30 and end of chapter exercises. 9707/2 June 2003 Q2c 9707/3 Nov 2002 Qb. 	<p>Use examples from the general business studies sites given at the start of the scheme of work e.g. www.bized.ac.uk.</p>

v.) understand the qualitative factors that could influence investment decisions	<ul style="list-style-type: none"> • use actual examples of recent investment decisions to discuss the other factors – non financial – that could have influenced the final decision. 	<ul style="list-style-type: none"> • 9707/2 June 2002 Q1c. • 9707/2 June 2001 Q1c. 	
vi.) <i>understand the concept of discounting future cash flows</i> vii.) <i>calculate net present value and understand/analyse results</i> viii.) <i>identify internal rate of return from a net present value graph and understand/analyse results.</i>	<ul style="list-style-type: none"> • <i>allow students to gain practice at using discount factors to calculate NPV. Do not spend too long on IRR – a simple understanding is sufficient.</i> 		
f) Managing cash flows			
Students should be able to: i.) understand the importance of cash flow to a business – and why it is not the same as profit ii.) understand the purpose and construction of cash flow forecasts iii.) understand how cash flow might be improved for a business iv.) <i>evaluate ways of improving the cash flow of a business.</i>	<ul style="list-style-type: none"> • cash flow is something all students should have experience of! Stress the importance of cash/liquidity for business survival. Give simple examples to explain the difference between a profitable transaction and one that leads to a positive cash flow. • let students gain experience of constructing and amending simple cash flow forecasts. Ask them to debate the usefulness of these (useful to whom and how useful?) • ask for suggestions as to how forecast negative cash flows might be reversed and <i>discuss the possible drawbacks to all of these option in different situations..</i> 	<ul style="list-style-type: none"> • Stimpson Chapter 30 and activities “Tourist Trinkets” and “Setting up in business”. Revision questions P 467. • Barratt and Mottershead Chapter 34 and mini case study P 390 • Jewell Chapter 28 • 9707/2 Nov 2002 Q1b • 9707/3 June 2002 Qb • 9707/3 June 2003 Qc 	Use general business studies web sites. IGCSE CD Rom. Try www.osl-ltd.co.uk and www.businessteacher.co.uk

g) Budgets and budgeting			
<p>Students should be able to:</p> <p>i.) <i>understand the purpose of budgets and the advantages of budgeting</i></p> <p>ii.) <i>analyse variances from budget in terms of adverse and favourable (not price/volume analysis).</i></p>	<ul style="list-style-type: none"> • <i>stress the difference between budgets and forecasts. Why should budgets be established and what purposes do they have? Use college/school examples of cost/profit centers that could have budgets set for them. What would be the benefits of staff being involved in setting these budgets?</i> • <i>reviewing performance – simple variance analysis should be used to identify the major reasons why actual performance differs from planned.</i> 	<ul style="list-style-type: none"> • Stimpson Chapter 30 and activities West Indian Carpets and Kinibali Timber Co. Ltd. 	

UNIT 7: Information for Decision Making

Recommended prior knowledge: It is assumed that this is the last unit to be studied and students will then benefit from having understood the issues involved in the collection of marketing and other data.

The unit in context: Decision making is the key to successful business operations. It would be inappropriate to consider all decision making techniques at the end of the course so several important topics in this unit have already been considered earlier in the specification such as critical path analysis (Unit 3 of the Scheme of Work) and investment appraisal (Unit 6). Other material in this unit could also be taught within the schemes for other units e.g. presentation of information would fit in well after the section on market research (Unit 2 of the Scheme of Work).

Outline: Business managers make many tactical and strategic decisions. This unit covers the information needed to take effective decisions and the techniques that can be adopted to improve the quality of decisions.

Learning Outcomes	Suggested Teaching and Student Activities	Resources	Online Resources
a) Sources and reliability of information			
<p>Students should be able to:</p> <p>i.) make references to the main national and international sources of information.</p> <p>ii.) understand the likely limitations and possible unreliability of such information sources.</p>	<ul style="list-style-type: none"> this could be taught at the same time as market research data sources (See Unit 2 of the scheme of Work) the limitations of national and international sources of data e.g. economic data, are those that relate to all secondary data. stress that using such data as a basis for business decision making is potentially risky and businesses should also plan for other eventualities. 	<ul style="list-style-type: none"> Stimpson Chapter 31 pp474/475 Barratt and Mottershead Chapter 12 Jewell Chapter 15 	Refer back to market research sites in Unit 2 of the Scheme of Work.
b) Collection of information			
Students should be able to make reference to the techniques of market research referred to in Unit 2 of the Scheme of Work			

c) Presentation of information			
<p>Students should be able to:</p> <p>i.) interpret and construct the main forms of numerical data presentation</p> <p>ii.) <i>evaluate the effectiveness of each of these methods of data presentation</i></p>	<ul style="list-style-type: none"> best introduced by using examples of published statistical data and discussing how it has been presented – and whether these are the most appropriate ways. Students will gain from some experience in using these techniques but do not spend too long on this. Perhaps, if a class project has been undertaken on starting a small business then the market research data collected for this could be presented in a variety of suitable ways. 	<ul style="list-style-type: none"> Stimpson Chapter 8 and Chapter 31. Barratt and Mottershead Chapter 13 Jewell Chapter 5 	<p>Use newspaper articles that contain statistical data to show how it should (or perhaps should not) be presented. The Financial Times web site, www.ft.com is very useful but try own country papers too.</p>
d) Data analysis and evaluation			
<p>Students should be able to:</p> <p>i.) calculate the mean, mode and median from ungrouped frequency distributions</p> <p>ii.) calculate the mean from grouped frequency distributions</p> <p>iii.) analyse and evaluate the use of these measures of central tendency in given situations.</p>	<ul style="list-style-type: none"> straightforward calculations will be required here – and, just as importantly, the results should be analysed and interpreted from a business viewpoint. Stress the usefulness or possible limitations of these measures of average. 	<ul style="list-style-type: none"> Stimpson Chapter 31 and Activity on p479. Revision questions p488. Barratt and Mottershead Chapter 14 and mini case study p157. Jewell Chapter 5 	<p>Use general business studies web sites for examples and exercises.</p> <p>Cost benefit analysis could be considered descriptively by studying any major investment e.g. a public sector investment in roads or airports, and analyzing the wider consequences. Use newspaper sites or Government sites for information.</p>
<p>iv.) <i>construct simple decision trees.</i></p> <p>v.) <i>calculate expected values from decision trees</i></p> <p>vi.) <i>evaluate this technique</i></p>	<ul style="list-style-type: none"> <i>keep decision trees simple – some texts go into too much detail for this specification. Students should be able to construct a tree from data given.</i> 	<ul style="list-style-type: none"> <i>Stimpson Chapter 31 and activities p486, 489 – 491</i> <i>Barratt and Mottershead Chapter 15 and mini case study p175</i> 	

<p>vii.) understand the purpose of cost benefits analysis and undertake simple cost benefit analysis from given data</p> <p>viii.) use linear programming (blending) model to answer simple resource allocation problems.</p> <p>ix.) evaluate both cost benefit analysis and linear programming (blending) techniques.</p>	<ul style="list-style-type: none"> • the importance of combining probability and economic outcomes/payoffs is crucial. • spend some time on evaluating this technique – students should not accept the results it gives as being a 100% guideline for business decisions. • introduce cost-benefit analysis by looking at a major (possibly public sector) investment project. Discuss the distinctions between private and external costs and benefits. • simple blending exercises to demonstrate how the technique can be used to help identify the optimum use of limited resources. • as always, students should be able to judge and weigh up the usefulness of both cost benefit analysis and the blending technique. 	<ul style="list-style-type: none"> • Jewell Chapter 31 and end of chapter exercises. 	
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