

Revision Checklist for IGCSE Business Studies 0450

How to use this guide

The guide describes what you need to know about your IGCSE Business Studies examination.

It will help you to plan your revision programme and will explain what the examiners are looking for in the answers you write. It can also help you to revise by using the tick boxes in Section 3, 'What you need to know' to check what you know and which topic areas of Business Studies you have covered.

The guide contains the following sections:

Section 1: How will you be tested?

This section will give you information about the different examination Papers that you will take.

Section 2: What will be tested?

This section describes the areas of knowledge, understanding and skills that the examiners will test you on.

Section 3: What you need to know

This shows the syllabus content in a simple way so that you can check:

- which topics you need to know about;
- details about each topic area in the syllabus;
- how much of the syllabus you have covered.

Appendices

This section covers the importance of the command words the examiners use in the examination Papers.

Section 1: How will you be tested?

1.1 The examination Papers you will take

You will take **two** written Papers, Papers 1 and 2. In addition, your teacher may offer you the option of Coursework, Paper 3. You will, therefore, need to check with your teacher whether or not you are going to do Coursework (Paper 3).

1.2 Business Studies (without Coursework)

The table below gives you information about the examination Papers you will take.

| <i>Paper number</i> | <i>How long and how many marks?</i> | <i>What's in the Paper?</i> | <i>What's the % of the total examination?</i> |
|----------------------------|--|---|--|
| Paper 1 | 1 hour 45 mins (100 marks) | Short-answer questions and structured/data response questions. There will be no choice of questions. | 50% |
| Paper 2 | 1 hour 45 mins (100 marks) | You will be presented with a business situation or problem, and asked to answer questions about it. There will be no choice of questions. | 50% |

Total 100%

The marks for Papers 1 and 2 count equally towards your final mark and so are equally important to your final grade.

1.3 Business Studies (with Coursework)

The table below gives you information about which examination Papers you will take. Your teacher will give you further guidance on your Coursework.

| <i>Paper number</i> | <i>How long and how many marks?</i> | <i>What's in the Paper?</i> | <i>What's the % of the total examination?</i> |
|----------------------------|--|--|--|
| Paper 1 | 1 hour 45 mins (100 marks) | Short-answer questions and data response questions. There will be no choice of questions | 40% |
| Paper 2 | 1 hour 45 mins (100 marks) | You will be presented with a business situation | 40% |

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| | | or problem and asked to answer short questions about it. There will be no choice of questions. | |
| Paper 3 (Coursework) | no fixed time (50 marks) | You will need to write 3000-4000 words about a particular business investigation or problem. | 20% |

Total 100%

You can ask your teacher for more information on the difference between the coursework and non-coursework options, and how it relates to the differences in the weighting between the Papers.

Section 2: What will be tested?

The syllabus sets out the knowledge, understanding and skills that will be tested in the examination Papers.

For IGCSE Business Studies four skill areas will be assessed. Each skill area is considered to be equally important and is given the same percentage of marks in the examination overall.

You will develop these skill areas during your lessons and the examination will test the progress you have made. Your teacher will be able to give you more information about how each skill area is tested in the different examination Papers, and in both the coursework and non-coursework options.

The table shows you the range of skills you should develop.

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| Skill | What this skill means | What you need to be able to do |
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| A: Knowledge and understanding | Knowing and remembering facts, terms etc. | <ul style="list-style-type: none"> • Explain facts, terms, concepts and conventions • Explain theories and techniques used in business studies • Describe them accurately and in detail • Use them appropriately |
| B: Application | Being able to apply a range of knowledge and understanding to particular business problems and issues | <ul style="list-style-type: none"> • Show which terms, concepts, facts, or conventions apply to a particular business problem or situation • Answer the question from the point of view of the business itself |
| C: Analysis | Being able to select, analyse, order and interpret | <ul style="list-style-type: none"> • Select information from text, tables, graphs, diagrams, drawings • Put this information in order to make |

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| | information | <p>sense of it, e.g. this could involve graphing information provided in a table, or performing a calculation on selected data</p> <ul style="list-style-type: none"> • Identify patterns in the information provided, e.g. trends in business performance • Interpret what it means, e.g. what problems are outlined in the text |
| D: Evaluation | Be able to evaluate | <ul style="list-style-type: none"> • Draw conclusions about a particular situation • Justify a recommended course of action for a business to take • Give reasons for particular explanations • Show understanding of particular courses of action • Show understanding of the consequences of some course of action |

2.2 Skill areas and command words

Examiners use different command words in the questions to indicate which skill areas are being tested to help you understand what they are looking for in your answer. It is very important that you understand the meaning of these command words so that you can demonstrate the skill areas needed, otherwise you may not be able to gain high marks.

The meaning of different command words is explained in the Appendix.

2.3 Number of marks

You also need to pay attention to the number of marks available, which will provide you with a guide to how much you should write in your answer.

For example, if a question says, 'State **two** examples of ...' for 2 marks, then you need to give only two examples and do not need to explain anything.

However, if a question says 'Explain what is meant by ...' and 3 marks are available, then more than one simple statement is needed. Usually 3 marks will mean that you need to write more than one sentence in order to gain 3 marks.

For a question which asks you 'Which would be the best method?' with 10 marks available, you would need to write several short paragraphs giving the advantages and disadvantages of the different methods, then a conclusion selecting a particular method with a justification as to why you think it is the best one. There isn't usually one single right answer here, it is up to you to explain and justify the one you have chosen.

Section 3: What you need to know

A table is provided below which describes the topics you may be tested on in your examination Papers.

You can use the table throughout your course to check the topic areas you have covered. You can also use it as a revision aid. When you think you have a good knowledge of a topic, you can tick the appropriate box in the checklist column. The main headings in the topic areas are usually followed by details of what you should know. You can test yourself as follows:

- cover up the details in the table with a piece of paper
- try to remember the details
- when you have remembered the details correctly, put a tick in the appropriate box on the table

If you use a pencil to tick the boxes you can retest yourself whenever you want by simply rubbing out the ticks. If you are using the table as a checklist of which topics you have covered, you can put a tick in the topic column next to the appropriate bullet point.

The column headed comments can be used:

- to add further information about the details for each bullet point , or to give examples
- to highlight areas of difficulty/ things which you need to ask your teacher about

| Theme | Topic | You should be able to: | Checklist | Comments |
|---|-------------------|--|--|-----------------|
| Business and the Environment in which it operates | Business Activity | <p>Demonstrate an understanding of business activity in:</p> <ul style="list-style-type: none"> • adding value • helping to satisfy the needs of customers in a changing competitive environment <p>Explain the purpose of business activity in terms of the objectives of non-profit making activity, private enterprise and public enterprise</p> | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | |
| | | <p>Describe and classify business activity in terms of primary, secondary and tertiary sectors</p> <p>Demonstrate an awareness of and show understanding of:</p> <ul style="list-style-type: none"> • the changes that have taken place in primary, secondary and tertiary sectors within your own country • the changing importance of these categories within your own country, in terms of employment and the contribution to national wealth | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | |
| | | <p>Show knowledge of:</p> <ul style="list-style-type: none"> • how to measure the size of a business • the problems of measuring the size • why businesses grow and expand • the problems connected with expansion and how they might be overcome | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | |
| | | Demonstrate an awareness of the impact that business activity may have on the environment | <input type="checkbox"/> | |

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| | The organisation | Describe and explain: <ul style="list-style-type: none"> the private sector and the public sectors the role of the different groups involved in business activity and their objectives: consumers, employees, managers, owners, finance providers and shareholders | <input type="checkbox"/> <input type="checkbox"/> | |
| | | Demonstrate an awareness of: <ul style="list-style-type: none"> the aims of private enterprises the aims of public enterprises the objectives of private enterprises the objectives of public enterprises | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | |
| | Changing business environment | State what role the government plays in influencing decisions within: <ul style="list-style-type: none"> local contexts national contexts international contexts Explain how businesses might react to government influencing decisions | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | |
| | | Demonstrate an awareness of: <ul style="list-style-type: none"> the impact changes in taxes may have on business decisions the impact changes in interest rates may have on business decisions | <input type="checkbox"/> <input type="checkbox"/> | |

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| | | <p>Explain:</p> <ul style="list-style-type: none"> the impact that technological change has on business the impact of the internet and e-commerce on business | <input type="checkbox"/> <input type="checkbox"/> | |
| | | <p>Show an understanding of:</p> <ul style="list-style-type: none"> why markets change how businesses might respond to these market changes | <input type="checkbox"/> <input type="checkbox"/> | |
| | Economic environment | <p>Show an appreciation of:</p> <ul style="list-style-type: none"> a mixed economy a market economy | <input type="checkbox"/> <input type="checkbox"/> | |
| | | <p>Show an appreciation of:</p> <ul style="list-style-type: none"> how international trade influences an economy how international trade influences a country's business sectors (through creating opportunities for growth, giving increased competition and providing more consumer choice) | <input type="checkbox"/> <input type="checkbox"/> | |
| | | <p>Demonstrate an understanding of the problems a business may have when entering a new market abroad</p> | <input type="checkbox"/> | |
| | | <p>Demonstrate an understanding of the effects of competition on business</p> | <input type="checkbox"/> | |
| | | <p>Show an appreciation of the implications of the following on businesses which trade internationally:</p> <ul style="list-style-type: none"> changes in tariff barriers on business changes in quotas on business | <input type="checkbox"/> <input type="checkbox"/> | |

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| | | <ul style="list-style-type: none"> • changes in the exchange rate on business | <input type="checkbox"/> | |
| Business structure, organisation and control | Ownership and internal organisation | <p>Discuss</p> <ul style="list-style-type: none"> • if a particular form of business organisation will enable a business to achieve its objectives • If the particular form of business organisation is appropriate to allow a business to meet its objectives | <input type="checkbox"/> <input type="checkbox"/> | |
| | | <p>Identify and explain:</p> <ul style="list-style-type: none"> • sole trader • partnership • Private Limited company (Ltd) • Public Limited company (plc) • Franchise • Joint venture | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | |
| | | Explain the difference between limited and unlimited liability | <input type="checkbox"/> | |
| | | <p>Be able to</p> <ul style="list-style-type: none"> • State what is meant by a multinational business • Identify the reasons for the importance of multinational business • identify the reasons for the growth of multinational business | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | |

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| | | <p>Show an understanding of:</p> <ul style="list-style-type: none"> • how businesses are controlled using a simple organisation chart • the levels of responsibility found in a business <p>Be able to:</p> <ul style="list-style-type: none"> • draw a simple organisational chart • interpret and explain an organisational chart • comment on the main features of an organisational chart • explain what is meant by chain of command • explain what is meant by span of control • explain what is meant by hierarchy • discuss the role of management in the organisation chart | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | |
| | | <p>Explain:</p> <ul style="list-style-type: none"> • internal communication • external communication • the different types of internal and external communication • when different types of communication are the most appropriate to use • what barriers to effective communication might arise in a business • how barriers to effective communication might be overcome • the need for effective internal communication | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | |

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| | Financial business activity | <p>Identify:</p> <ul style="list-style-type: none"> • the main need for funds by a business • the difference between short and long term finance • the internal and external sources of funds available to a business <p>Understand:</p> <ul style="list-style-type: none"> • the impact on business of using different sources of finance • and explain the basis upon which the choice of sources of funds is made | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | |
| Business activity to achieve objectives | Marketing | <p>Describe what role marketing plays in a business</p> <p>Appreciate why market research is needed</p> <p>Understand how a business can carry out market research – both primary and secondary</p> <p>Explain the limitations of both primary and secondary research</p> <p>Appreciate when the different types of primary or secondary research methods might be the most appropriate to use in a particular situation</p> <p>Understand the factors that influence the accuracy of market research (i.e. why market research results may not be accurate)</p> | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | |

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| | | <p>Understand the importance of pricing in the marketing mix</p> <p>Explain:</p> <ul style="list-style-type: none"> • cost-plus pricing • penetration pricing • price skimming • competitive pricing • promotional pricing <p>Select an appropriate pricing strategy for a particular product</p> <p>Understand what is meant by price elasticity of demand (elastic demand and inelastic demand).</p> <p>Understand the effect on demand for the product if demand is either elastic or inelastic</p> | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | |
| | | <p>Understand the role of promotion in the marketing mix (promotion includes - advertising, promotion, personal selling, public relations)</p> <p>Explain the difference between persuasive and informative advertising</p> <p>Explain the different types of promotion and appreciate when they would be appropriate to use (e.g. free gifts, competitions, point of sale displays, money off coupons, after sales service)</p> | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | |

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| | | <p>Explain the different types of advertising and appreciate when they would be appropriate to use (e.g. TV, radio, newspapers and magazines, cinema, posters/billboards, Internet, leaflets/direct mail)</p> <p>Select appropriate forms of promotion for a particular product</p> | <input type="checkbox"/> <input type="checkbox"/> | |
| | | <p>Understand the role place plays in the marketing mix</p> <p>Appreciate the different channels of distribution</p> <p>Appreciate the role of the wholesaler</p> <p>Appreciate the factors that affect which channel of Distribution to use and be able to select an appropriate channel of distribution to use for a particular situation</p> <p>Explain the different types of transport available to transport a product (e.g. road haulage, rail, river and canal, sea freight, air freight, pipeline)</p> <p>Select the most suitable type of transport available for a particular product</p> | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | |
| | | <p>Understand how a marketing strategy can be developed by linking the four P's of the marketing mix together.</p> <p>Select and justify a suitable marketing mix appropriate to a given situation</p> <p>Appreciate how a marketing strategy can influence consumer demand</p> | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | |

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| | | Understand how the marketing mix will need to change as a product goes through the different stages of the product life cycle | <input type="checkbox"/> | |
| | | Show an awareness of the need for a marketing budget | <input type="checkbox"/> | |
| | Production (Operations management) | Understand how a business can use resources to help it meet its objectives of producing goods and services Explain what is meant by: <ul style="list-style-type: none"> • job production • batch production • flow production Appreciate when the different methods of production would be suitable to use | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | |
| | | Identify and explain economics of scale (e.g. financial, managerial, marketing, risk-bearing, technical/production) | <input type="checkbox"/> | |
| | | Identify and explain diseconomies of scale | <input type="checkbox"/> | |
| | | Understand what is meant by lean production | <input type="checkbox"/> | |
| | | State, explain and give examples of: <ul style="list-style-type: none"> • fixed costs • variable costs • direct costs • indirect costs | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | |

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| | | <p>Show the ability to:</p> <ul style="list-style-type: none"> draw a simple break-even chart interpret and use a simple break-even chart | <input type="checkbox"/> <input type="checkbox"/> | |
| | | Appreciate the importance of quality control to a business | <input type="checkbox"/> | |
| | | <p>Show an understanding of the main factors which influence the location of a business (manufacturing or service based)</p> <p>Show an understanding of the main factors which influence the relocation of a business</p> | <input type="checkbox"/> <input type="checkbox"/> | |
| | | <p>Show an understanding of what is meant by productivity</p> <p>To show an appreciation of how production can be made more efficient e.g. automation, new technology</p> | <input type="checkbox"/> <input type="checkbox"/> | |
| | Financial information and decision making | <p>Explain the importance of cash to a business</p> <p>Construct a simple cash flow statement</p> <p>Interpret a simple cash flow statement</p> | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | |
| | | <p>Appreciate:</p> <ul style="list-style-type: none"> what is meant by profit why profit matters to a business | <input type="checkbox"/> <input type="checkbox"/> | |

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| | | <p>Identify and calculate working capital</p> <p>Understand why financial budgets are important to businesses</p> <p>Know which groups (stakeholders) may be interested in interpreting financial accounts</p> <p>Understand what these groups may gain from looking at financial accounts</p> | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | |
| People in Business | Human needs and wants | <p>Explain:</p> <ul style="list-style-type: none"> • why people work (to satisfy human needs) • the different methods of financial rewards (e.g. salary, time rate, piece rate, bonus, profit sharing) • the different methods of non-financial rewards (e.g. free accommodation, company car, free health care) <p>Appreciate when these financial and non-financial rewards may be appropriate for a particular situation</p> | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | |
| | | <p>Explain why motivation is important to a business</p> <p>Understand how workers can be motivated (motivation theories would be useful here e.g. Taylor, Maslow, McGregor)</p> <p>Appreciate which methods of motivation are appropriate in particular situations</p> | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | |

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| | | <p>Explain the different management styles (Laissez-faire, Autocratic, Democratic)</p> <p>Appreciate when the different management styles may be appropriate to use</p> | <input type="checkbox"/> <input type="checkbox"/> | |
| | <p>Manpower</p> | <p>Explain the recruitment and selection process including:</p> <ul style="list-style-type: none"> • Job analysis • Job description • Job (person) specification • Job advertisement • Interviews/selection process • Induction training <p>Understand when internal or external recruitment is appropriate in particular situations</p> <p>Explain different training methods (on the job training and off the job training)</p> <p>Appreciate when different training methods would be appropriate to use in particular situations</p> <p>Be aware of why businesses need to train and develop their employees</p> | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | |

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| | | <p>Explain the difference between dismissal and redundancy (retrenchment)</p> <p>Appreciate why the number of employees may need to be reduced</p> | <input type="checkbox"/> <input type="checkbox"/> | |
| Regulating and controlling business activity | Reasons for regulation | <p>Explain why the government needs to intervene in business activity in the following examples:</p> <ul style="list-style-type: none"> • Employee protection • Consumer protection • Environmental protection • Promotion of competition • Location of business <p>Explain how the government intervenes in business activity in the following examples:</p> <ul style="list-style-type: none"> • Employee protection (including health and safety requirements) • Consumer protection • Environmental protection • Promotion of competition • Location of business | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | |
| | Influences on business activity | <p>Explain:</p> <ul style="list-style-type: none"> • what is meant by a trade union • why employees might belong to a trade union • what forms of industrial action members of a trade union may take and when they would be appropriate | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | |

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| | | <ul style="list-style-type: none"> • how a trade union influences business behaviour • how conflict can be resolved | <input type="checkbox"/> <input type="checkbox"/> | |
| | | <p>Know what is meant by ethical considerations in business activity.</p> <p>Know how these ethical considerations might affect business activity</p> | <input type="checkbox"/> <input type="checkbox"/> | |
| | | <p>Know what is meant by:</p> <ul style="list-style-type: none"> • social costs • social benefits <p>Understand how business activity can create these social costs and benefits</p> <p>Understand how these social costs and benefits might influence government decisions</p> | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | |
| | | <p>Appreciate:</p> <ul style="list-style-type: none"> • what is meant by exchange rates • how changes in the exchange rate affects businesses when exporting or importing | <input type="checkbox"/> <input type="checkbox"/> | |
| | | <p>Appreciate:</p> <ul style="list-style-type: none"> • what is meant by the business cycle • the possible effects of a boom on businesses • the possible effects of a recession on businesses | <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> | |

Appendix

Command words which Examiners use in IGCSE Business Studies to test the four skill areas are described below.

A: Knowledge with understanding

This is tested by the type of question that asks you to describe or explain a particular term, or e.g. 'What is meant by market segment?'

Command words which test this skill area include:

Explain ..., Describe..., State..., List..., Outline..., What is...

Give..., Define..., Identify..., Name...

B: Application. This means the examiner is testing if you can apply your answer to the business given in the examination. For example 'What do you think the business in the case could do to increase sales?' Your answer must not just be a general explanation of how a business could increase sales but how this particular business could increase sales.

Command words which test this skill area include:

Explain..., Why..., Calculate..., Show..., Use..., What might ...

Give an example of..., How..., Use, e.g. Company X to explain...

C: Analysis. To show the skill of analysis involves being able to select information from text, tables, graphs, diagrams, drawings. You should be able to put this information in order to make sense of it, e.g. this could involve graphing information provided in a table. You should be able to analyse what the information is showing, e.g. say if it shows there is an upward trend in the business performance, or interpret what some information means, e.g. what problems are outlined in the text.

Command words, which test this skill area include:

Explain..., Discuss..., Calculate..., Show..., Identify...

Which..., Compare..., Use the information in the figure/table..., Which...

Analyse

D: Evaluation. This requires you to draw conclusions, make judgements or make recommendations, but you must be able to justify your answer to achieve high marks. For example, 'Which would be the best form of finance for this business to pay for the expansion of its factory?'

Command words which test this skill area include:

Explain why..., Discuss..., Justify..., Consider..., Decide...

Which..., Evaluate..., Why do you think..., ...

To what extent..., Do you agree..., Advise..., Assess...