

## **IMPORTANT NOTICE**

### **University of Cambridge International Examinations (CIE) in the UK and USA**

With effect from the June 2003 examination University of Cambridge International Examinations will only accept entries in the UK and USA from students registered on courses at CIE registered Centres.

UK and USA private candidates will not be eligible to enter CIE examinations unless they are repatriating from outside the UK/USA and are part way through a course leading to a CIE examination. In that case a letter of support from the Principal of the school which they had attended is required. Other UK and USA private candidates should not embark on courses leading to a CIE examination after June 2003.

This regulation applies only to entry by private candidates in the UK and USA. Entry by private candidates through Centres in other countries is not affected.

Further details are available from Customer Services at University of Cambridge International Examinations.

**You can find syllabuses and information about CIE teacher training events on the CIE Website ([www.cie.org.uk](http://www.cie.org.uk)).**

# **BUSINESS STUDIES**

## **GCE Ordinary Level/School Certificate 7115**

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### **NOTE**

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Copies of syllabuses, past papers and Examiners' reports are available on CD-ROM and can be ordered using the Publications Catalogue, which is available on CIE Online at <http://www.cie.org.uk/CIE/WebSite/qualificationsandawardshub/orderpublications/orderpublications.jsp>.

## AIMS

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The aims of the syllabus are the same for all students. These aims are set out below and describe the educational purposes of a course in Business Studies for the O level examination. They are not listed in order of priority.

The aims are to enable students to:

1. make effective use of relevant terminology, concepts and methods and recognise the strengths and limitations of the ideas used
2. apply their knowledge and critical understanding to current issues and problems in a wide range of appropriate contexts
3. distinguish between facts and opinions, and evaluate qualitative and quantitative data in order to help build arguments and make informed judgements
4. appreciate the perspectives of a range of stakeholders in relation to the environment, individuals, society, government and enterprise
5. develop knowledge and understanding of the major groups and organisations within and outside business and consider ways in which they are able to influence objectives, decisions and activities
6. develop knowledge and understanding of how the main types of business and commercial institutions are organised, financed and operated and how their relations with other organisations, consumers, employees, owners and society are regulated
7. develop skills of numeracy, literacy, enquiry, selection and employment of relevant sources of information, presentation and interpretation
8. develop an awareness of the nature and significance of innovation and change within the context of business activities

Teachers should note that not all of the above aims are necessarily subject to formal assessment.

# ASSESSMENT OBJECTIVES

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The four assessment objectives in Business Studies are:

- A Knowledge and Understanding
- B Application
- C Analysis
- D Evaluation

A description of each assessment objective follows.

## A KNOWLEDGE AND UNDERSTANDING

Students should be able to:

1. demonstrate knowledge and understanding of facts, terms, concepts and conventions appropriate to the syllabus;
2. demonstrate knowledge and understanding of theories and techniques commonly applied to or used as part of business behaviour.

## B APPLICATION

Students should be able to:

3. apply their knowledge and understanding of facts, terms, concepts and conventions to business problems and issues;
4. apply their knowledge and understanding of theories and techniques commonly applied to business problems and issues.

## C ANALYSIS

Students should be able to:

5. distinguish between evidence and opinion in a business context;
6. order, analyse and interpret information, in narrative, numerical and graphical forms, using appropriate techniques.

## D EVALUATION

Students should be able to:

7. present reasoned explanations, develop arguments, understand implications and draw inferences;
8. make judgements, recommendations and decisions.

### Specification grid

Assessment Objective	Paper 1	Paper 2
A Knowledge and Understanding	30 ± 4	20 ± 4
B Application	30 ± 4	20 ± 4
C Analysis	20 ± 4	30 ± 4
D Evaluation	20 ± 4	30 ± 4
Total marks	100	100
Weighting	50%	50%

# ASSESSMENT

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## *Scheme of Assessment*

Candidates must be entered for the following papers:

- (i) Paper 1
- (ii) Paper 2

## *Weighting of papers*

Paper	Weighting
1	50%
2	50%

## *Description of papers*

### **Paper 1** (1¾ hours)

A paper containing short-answer questions and structured/data response questions.

There will be no choice of questions.

### **Paper 2** (1¾ hours)

Candidates will be presented with a business situation or problem, and required to answer questions arising from it.

There will be no choice of questions.

# CURRICULUM CONTENT

## 1.0 Business and the environment in which it operates

### 1.1 Business Activity

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|-------|---|---|
| 1.1.1 | Business activity as a means of adding value and meeting customer needs                 | <p>Demonstrate understanding of business activity in adding value and helping to satisfy the needs of customers in a changing competitive environment</p> <p>Explain the purpose of business activity in terms of the objects of non-profit making activity, private enterprise and public enterprise</p> |
| 1.1.2 | Classification of local and national firms into primary, secondary and tertiary sectors | <p>Describe and classify business activity in terms of primary, secondary and tertiary sectors</p> <p>Demonstrate an awareness of the changes that have taken place in these sectors within own country</p>   |
| 1.1.3 | Business growth and measurement of size   | <p>Show knowledge of the methods and problems of measuring the size of business units</p> <p>Why businesses grow and expand, problems connected to this and how they might be overcome</p>  |
| 1.1.4 | Key features of own national economy  | <p>Demonstrate an awareness of the impact that business activity may have on the environment</p> <p>Show understanding of the changing importance of these categories within their own national economy, in terms of employment and contribution to national wealth</p>                                   |

### 1.2 The organisation

- |       |   |  |
|-------|---|--|
| 1.2.1 | Business objectives and their importance      | Describe and explain the private and public sectors as a way of organising business activity   |
| 1.2.2 | Stakeholders and their differing objectives   | State and explain the role of the different groups involved in business activity and their objectives; consumers, employees, managers, owners, financiers and shareholders |
| 1.2.3 | Aims of private and public sector enterprises | Demonstrate an awareness of the aims and objectives of enterprises in both private and public sectors  |

### 1.3 Changing business environment

- |       |   |   |
|-------|---|---|
| 1.3.1 | Government influence over decision-making by using economic policy measures | <p>State the role of the government in influencing decisions within local, national and international contexts and explain how business may react</p> <p>Demonstrate an awareness of the impact that tax and interest rate changes might have on business decisions</p> |
| 1.3.2 | Impact of technology on business  | <p>Explain the impact that technological change has on a business</p> <p>Internet and e-commerce</p>  |

1.3.3	Business reaction to market changes	Show understanding of market changes and how these might be responded to by business
<b>1.4 Economic environment</b>		
1.4.1	Mixed and market economies	
1.4.2	International trade (access to markets/tariffs)	Show an appreciation of how international trade influences an economy and its business sector by creating opportunities for growth, increased competition and consumer choice
1.4.3	Problems of entering new markets abroad	Demonstrate an understanding of the problems of a business when entering a new market abroad
1.4.4	Competition and business	
1.4.5	Concept of exchange rates and how changes in them affect business	Appreciate the implications of tariff barriers, quotas and exchange rate changes for businesses that trade internationally
<b>2.0 Business structure, organisation and control</b>		
<b>2.1 Ownership and internal organisation</b>		
2.1.1	Relationship between objectives, growth and business organisation	Discuss the appropriateness of a given form of organisation in enabling a business to achieve its objectives
2.1.2	Types of business organisation (sole trader, partnerships, limited companies, franchise, joint venture)	Identify and explain the main features of different forms of business organisation
2.1.3	Growth of multinational companies	Identify reasons for the importance and growth of multinational business
2.1.4	Control and responsibility	Draw, interpret and explain simple organisational charts  Comment on the central features of organisational structure
2.1.5	Limited and unlimited liability	Understand the role and function of entrepreneurship
2.1.6	Internal organisation (organisation structure, hierarchy, span of control)	Discuss the role of management
2.1.7	Internal and external communication	Explain the different means of communication  Awareness of the barriers to effective communication  Understand how the barriers to communication can be overcome  Comment on the appropriateness of different means of communication

2.1.8	Internal communication (effective communication and its attainment)	Understanding of methods of internal and external communication  Understand the need for effective internal communication
<b>2.2 Financing business activity</b>		
2.2.1	Use of funds	Identify the main needs for funds
2.2.2	Short and long term financial needs	Appreciate the difference between short and long term finance
2.2.3	Sources of internal and external funds (short and long term)	Identify internal and external sources of funds available to business  Understand the impact on business of different sources of funds
2.2.4	Factors affecting the methods of finance chosen	Explain the basis upon which the choice of sources of funds is made
<b>3.0 Business activity to achieve objectives</b>		
<b>3.1 Marketing</b>		
3.1.1	Role of marketing	Describe the role of marketing
3.1.2	Market research (primary and secondary)	Appreciate the need for market research  Understand how a business carries out market research; limitations of market research  Understand the factors that influence the accuracy of market research
3.1.3	Presentation and use of results	Present, analyse and interpret simple market research
3.1.4	Market segmentation (purpose and methods)	Understand how and why market segmentation is carried out
3.1.5	Mass market; niche market	Appreciate the difference between mass marketing and niche marketing
3.1.6	Marketing mix	Identify and explain the elements of the marketing mix
3.1.7	Product (design, brand, packaging, life cycle)	Demonstrate an understanding of the product life cycle
3.1.8	Price (price elasticity of demand, pricing methods and strategies)	Understand how pricing decisions are made  Understand the significance of price elasticity of demand (calculations will not be required)
3.1.9	Distribution channels	Appreciate the importance of distribution channels and the factors that determine the selection of them



3.1.10	Promotion (advertising, sales, point of sale)	Understand the role of promotion
3.1.11	Marketing strategy	Understand how the mix can be used to influence consumer purchasing  Understand how the marketing mix can change as the product goes through its life cycle  Select and justify marketing methods appropriate to a given situation
3.1.12	Marketing budget	Awareness of the need for a marketing budget
3.2	<i>Production (Operations Management)</i>	
3.2.1	Using resources to produce goods and services	Understand how resources can be used and managed to help organisations achieve their objectives
3.2.2	Methods of production (job, batch, flow)	Explain job, batch and flow production methods
3.2.3	Scale of production	Understand economies and diseconomies of scale
3.2.4	Lean production	
3.2.5	Costs and cost classification	State and explain the cost structure of a business  Classify costs into fixed and variable/direct/indirect
3.2.6	Break-even analysis and simple cost based decision-making	Explain, interpret and use a simple break-even chart
3.2.7	Quality control	Appreciate the importance of quality control
3.2.8	Location decisions	Show understanding of the main factors influencing a firm's location and relocation decisions
3.2.9	An appreciation of how production can be made more efficient	Understand the concept of productivity  Awareness of methods of improving efficiency e.g. automation, new technology
3.3	<i>Financial information and decision-making</i>	
3.3.1	Cash and cash flow forecasts	Explain the importance of cash  Construct and interpret a simple cash flow statement
3.3.2	Profit (what it is and why it matters)	Explain the concept of profit
3.3.3	Purpose and main elements of profit/loss account	Understand the main elements of a profit/loss account statement  Explain the function of profit  Distinguish between cash and profit
3.3.4	Purpose and main elements of balance sheet	Understand the main elements of a balance sheet

3.3.5	Simple interpretation of financial statements using ratios	Gross and net profit, current and acid test ratio, return on capital employed (ROCE)  Alternative ways that businesses can judge their success e.g. ROCE, market share  Interpret the performance of a business by using simple accounting ratios (return on capital, profit margin, gross and net profit, current ratio)
3.3.6	Working capital	Identify and calculate working capital
3.3.7	Financial budgets	Understand the function of financial budgets
3.3.8	Users of accounts	What they might gain from analysing accounts
<b>4.0 People in Business</b>		
<i>4.1 Human needs and rewards</i>		
4.1.1	Role of work in satisfying human needs	Explain the role of work in satisfying human needs
4.1.2	Methods of financial rewards	Identify the different methods of financial reward
4.1.3	Non-financial rewards	Understand the significance of different methods
4.1.4	Management styles and motivation methods	Explain the concept of motivation  Understand how motivation can be influenced  Appreciate the role of management in motivating employees  Explain the different styles of management  Have an awareness of their appropriateness in different situations
<i>4.2 Manpower</i>		
4.2.1	Stages of recruitment and selection	Explain the methods of recruiting and selecting employees  Understand the importance of job descriptions and job advertisements
4.2.2	Training methods	Identify and explain different training methods (internal and external)  Awareness of the need to train and develop staff
4.2.3	Dismissal and redundancy	Explain the difference between dismissal and redundancy  Appreciate why the manpower of a business may need to be reduced

**5.0 Regulating and controlling business activity**

*5.1 Reasons for regulations*

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|-------|---|--|
| 5.1.1 | Impact of business decisions on people, the economy and environment | Explain why intervention in business activity is required so that social and economic objectives of the state can be better achieved |
|       |   | Show an awareness of how business decisions have an impact on others (society, environment and people)                               |
|       |   | Show an awareness of the main methods of government intervention   |

*5.2 Influences on business activity*

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|-------|--|---|
| 5.2.1 | Location decisions   | Show awareness of how the government can influence such factors                             |
| 5.2.2 | Workforce and the working environment (health and safety, employment protection) | Describe the work of trade unions   |
|       |  | Show an awareness of how trade unions can influence business behaviour                      |
|       |  | Show an awareness of ethical considerations in business activity                            |
|       |  | Demonstrate an understanding of the importance of health and safety requirements            |
|       |  | Understand the main features of employment contracts and employment legislation             |
| 5.2.3 | The consumer   | Understand how and why consumer interests are protected                                     |
| 5.2.4 | External costs and benefits  | Appreciate the concepts of social costs and benefits  |
|       |  | Show an understanding of how business activity can create them                              |
|       |  | Apply such concepts to a given business decision  |
| 5.2.5 | Exchange rates   | Understand how importing/exporting decisions might be affected by changes in exchange rates |
| 5.2.6 | Business cycle   | The main phases of the cycle  |
|       |  | Impact of boom/recession on business  |

In all of the above candidates will be required to apply their understanding to a variety of simple business situations. Thus they should be able to make simple decisions based upon evaluation of the information provided.

# RESOURCE LIST

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## Student Support

### Recommended Textbooks

Karen Borrington & Peter Stimpson, IGCSE Business Studies, (2<sup>nd</sup> Edition), 2002, John Murray, 0 7195 7268 1, accompanying CD-ROM IGCSE Business Studies, 2002, John Murray, 0 7195 7269 X. Additional material including case studies and exam practice.

David Butler, GCSE Business Studies, 1996, Oxford University Press, 0 1983 2797 8

Ian Chambers, Susan Squires & Linda Hall, Business Studies for GCSE, (2<sup>nd</sup> Edition), 1997, Longman, 0 5823 0902 6

Neil Denby, Peter Thomas, GCSE Business Studies Workbook, 2000, Hodder & Stoughton Educational, Student Book 03407 72328

Neil Denby, Peter Thomas, Case studies for Business, 2002, Hodder & Stoughton Educational, 0 340 80381 9

David Dyer & Ian Chambers, Business Studies: An Introduction, 1987, Longman Group, 0 5823 5603 2

Hammond, Business Studies, 1994, Longman, 0 5822 4479 X

S Ison, J Capel & K Pye, Longman GCSE Revise Guides: Business Studies, 1997, Longman, 0 5823 1538 7

A Jenkins, GCSE A-Z Business Studies Handbook, 1997, Hodder & Stoughton Educational, 03406 8366x

P Kennerdell, A Williams, M Schofield, OCR GCSE Business Studies, 2001, Hodder & Stoughton Educational, 03407 90520

D R Lawrence, Dealing with Data for GCSE, 1999, Longman, 0 5823 1952 8

Chris J. Nuttall, Business Studies: IGCSE, 2002, Cambridge University Press, 0 521 75095 4

B Owens & L Rogers, GCSE Business & Communication Systems, 2001, Hodder & Stoughton Educational, Student Book 03408 02006

R Parsons, GCSE Business Studies: The Revision Guide (1<sup>st</sup> Edition), 2000, Co-ordination Group Publications, 1 84146 309 4

Valerie Tayfoor, Examining Business Studies, 1992, Nelson Thornes, 0 1744 8113 6

D Wallace, Coursework In Business Studies and Commerce: A Student Guide, 1987, Causeway Press, 0 9461 83376

A Whitcomb, Comprehensive Business Studies, (5<sup>th</sup> Edition), 1999, Longman, 0 5823 3775 5

A Whitcomb, B Bowen, Essential Business Studies, 1997, Hodder & Stoughton Educational, 03406 97741

### CD-ROMS

D Lines, I Marcouse, B Martin, The Complete A-Z Business Studies, 2000, Hodder & Stoughton Educational, CD ROM (for Windows) 03406 88475

Borrington, Stimpson, Vasey, IGCSE Business Studies, 2002, John Murray, 0 7195 7269 X

## **Teachers' Resources**

### **Recommended Textbooks**

Neil Denby, Peter Thomas, GCSE Business Studies Workbook, 2000, Hodder & Stoughton Educational, Teacher's Book 03407 72336

B Owens & L Rogers, GCSE Business & Communication Systems, 2001, Hodder & Stoughton Educational, Teacher's Book 03408 02014

### **Packs**

Diane Wallace, Business Studies and Commerce Coursework Pack, 1988, Causeway Press, 0 9461 8346 5, *This is a photocopiable pack of 42 workcards*