

# INTERNATIONAL GCSE

## Business (9-1)

### GETTING STARTED GUIDE

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Pearson Edexcel International GCSE in Business (4BS1)

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## Introduction

This Getting Started Guide provides an overview of the new Pearson Edexcel International GCSE Business specification, to help you understand the changes we have made to the content and assessment.

## What's new?

The Pearson Edexcel International GCSE in Business has changed. Here is a brief summary of the main changes.

- The International GCSE has been reformed to ensure that the demand is comparable to the UK GCSE, that it is internationally appropriate and that it supports progression to Level 3 qualifications.
- The new model has two examination papers rather than one, making it more comparable with UK GCSEs. Two papers also helps to reduce student reliance on performance in one paper and prepares students more appropriately for A level.
- Case-study scenarios use real businesses and will have a clear focus on international (not UK based) businesses.
- Both papers are shorter (80 marks in 90 minutes) compared to the current qualification (100 marks in 120 minutes).
- Very similar specification content, with some slight changes to the content to make the qualification more contemporary e.g. 1.5.1 Globalisation and 4.3.4 Promotion (the use of technology in promotion).
- The weightings of the two examination papers are equal (Paper 1 = 50% and Paper 2 = 50%), with both papers covering the whole specification. Paper 1 considers the specification content from the angle of a small business and Paper 2 considers the specification from the perspective of a large business.
- There is a clear and consistent structure to each paper – helping students to learn the structure of the examination papers from year to year.
- There is a clear and consistent set of mark schemes, similar to the mark schemes used for the UK GCSE, allowing inter-changeability between the two qualifications.
- The qualification name has been simplified to 'Business' to match GCSE and A level.

## Key features of the qualification

### Why choose the Pearson Edexcel International GCSE in Business?

We have listened to feedback from all parts of the international/UK schools community and universities during the development of this qualification, to ensure it is fit for purpose and prepares learners fully for Level 3 study. This qualification has been designed to be truly international in context supporting progression to A levels/ International A levels in Business/Economics, BTEC National in Business and the International Baccalaureate Diploma Programme.

The content and assessment for this new qualification has been designed to meet international students' needs in the following ways:

- **Two paper assessment** – there are two examination papers, with an identical structure. Paper 1 investigates small businesses (businesses with up to 49 employees) and Paper 2 investigates larger businesses (businesses with more than 250 employees). Both of these papers are equally weighted, each worth 50% of the total assessment marks. Each paper has the same time allocation of 90 minutes for 80 marks. There are 4 questions per paper with each paper using a consistent set of command words. Two papers allows greater opportunity for students to demonstrate their knowledge and skills and prepares them for A level study.
- **Ramped examination papers** –there are four questions, with sub-questions, within each question paper. As students progress through the examination paper the demands placed on them gets increasingly harder. Initially the examination paper asks questions testing Knowledge (AO1) and Application (AO2) but increase in difficulty towards the end of each question. As students work their way through the paper, an increased number of questions are presented that test an increasing number of questions are presented that test the higher-order skills of Analysis (AO3) and Evaluation (AO4). The design of this 'ramped' approach ensures the papers are accessible to students of all abilities.
- **Real case-studies** – The case-studies used in the examination will always be based on a real international business. For instance, in the sample assessment materials the business used in Paper 1 is Haji Biryani, a real business based in Dhaka, Bangladesh and in Paper 2 the business used is Apple. Paper 2 will always be based on a large multinational business most students will have heard of, ensuring the assessment is globally relevant and engaging.
- **Clear and straightforward question papers** – the number of command words used in the two examination papers has been rationalised (from 12 to 9) and there is a clear and consistent approach to how these questions will be marked. Each command word will have a consistent mark tariff. No questions will rely on a correct response to the proceeding question. Both papers have an identical structure and there is seamless inter-changeability between the Edexcel

International GCSE and the Edexcel GCSE. For instance, a 3-mark 'explain' question will be assessed using the same principles in both the International GCSE and the GCSE. Therefore, if centres have groups that sit both the Edexcel International GCSE and Edexcel GCSE, students can change between the two qualifications without having to learn a new set of rules as to how questions will be assessed. The only difference between the Edexcel International GCSE and the Edexcel GCSE will be a slightly different ordering of the questions and an internationally focused set of case-studies which accompany the questions.

- **Contemporary specification content** – the specification has been updated to include modern, student friendly concepts such as the use of technology in promotion and globalisation. This provides teachers with more scope to teach the qualification using modern, innovative methods and case-studies.
- **Clear subject content parameters** – the specification has been re-ordered into clearer themes and the topic guidance section details precisely what students must learn to be able to access the questions. Therefore, centres should be able to precisely isolate the extent to which a given topic should be taught. This will provide more time for enquiry-based learning which supports other post-16 International qualifications.

## Qualification overview

This section provides an overview of the course to help you see what you will need to teach.

### Paper overview

<b>Paper 1: Investigating Small Businesses</b>	*Paper code 4BS1/01
<ul style="list-style-type: none"> <li>■ Externally assessed</li> <li>■ Availability: June</li> <li>■ First assessment: June 2019</li> </ul>	50% of the total International GCSE
<p><b>Content summary</b></p> <p>This paper will draw on topics taken from the whole of the subject content. The question scenarios are based on a small business – up to 49 employees.</p>	
<p><b>Assessment</b></p> <p>Examination of 1 hour 30 minutes, consisting of four compulsory questions, each worth 20 marks – total of 80 marks in Paper 1. The sub-questions are a mixture of multiple-choice, short-answer, data response, and open-ended questions.</p> <p>Calculators may be used in the examination. Information on the use of calculators during the examinations for this qualification can be found in Appendix 5 in the specification.</p>	
<b>Paper 2: Investigating Large Businesses</b>	*Paper code 4BS1/02
<ul style="list-style-type: none"> <li>■ Externally assessed</li> <li>■ Availability: June</li> <li>■ First assessment: June 2019</li> </ul>	50% of the total International GCSE
<p><b>Content summary</b></p> <p>This paper will draw on topics taken from the whole of the subject content. The question scenarios are based on a large business - more than 250 employees.</p>	
<p><b>Assessment</b></p> <p>Examination of 1 hour 30 minutes, consisting of four compulsory questions, each worth 20 marks – total of 80 marks in Paper 2. The sub-questions are a mixture of multiple-choice, short-answer, data response, and open-ended questions.</p> <p>Calculators may be used in the examination. Information on the use of calculators during the examinations for this qualification can be found in Appendix 5 in the specification.</p>	

The overview gives a general summary of each of the examined papers.

**Specification overview**

<b>Topic</b>	<b>Sub-topic</b>
<b>1. Business activity and influences on business</b>	1.1 Business objectives
	1.2 Types of organisations
	1.3 Classification of businesses
	1.4 Decisions on location
	1.5 Business and the international economy
	1.6 Government objectives and policies
	1.7 External factors
	1.8 What makes a business successful
<b>2. People in business</b>	2.1 Internal and external communication
	2.2 Recruitment and selection process
	2.3 Training
	2.4 Motivation and rewards
	2.5 Organisation structure and employees
<b>3. Business Finance</b>	3.1 Business finance- sources
	3.2 Cash flow forecasting
	3.3 Costs and break-even analysis
	3.4 Financial documents
	3.5 Accounts analysis
<b>4. Marketing</b>	4.1 Market research
	4.2 The market
	4.3 The marketing mix
<b>5. Business Operations</b>	5.1 Economies and diseconomies of scale
	5.2 Production
	5.3 Factors of production
	5.4 Quality



### Assessment overview

<b>Paper 1 – Investigating Small Businesses</b>	<b>Paper 2 – Investigating Large Businesses</b>
<b>50% of total assessment</b>	<b>50% of total assessment</b>
<b>80 marks</b>	<b>80 marks</b>
<b>90 minutes (1 hour and 30 minutes)</b>	<b>90 minutes (1 hour and 30 minutes)</b>
This paper will draw on topics from the whole of the specification content. The question scenarios will be based on real international small businesses. The paper will have four questions which get progressively more challenging.	This paper will draw on topics from the whole of the specification content. The question scenarios will be based on real international multinational businesses. The paper will have four questions which get progressively more challenging.

### Assessment objectives

<b>AO</b>	<b>Description</b>	<b>Weighting in qualification</b>
<b>AO1 Knowledge</b>	Recall, select and communicate knowledge and understanding of business terms, concepts and issues.	27-28%*
<b>AO2 Application</b>	Apply knowledge and understanding using appropriate business terms, concepts, theories and calculations effectively in specific contexts.	38-39%
<b>AO3 Analysis</b>	Select, organise and interpret business information from sources to investigate and analyse issues.	22-23%
<b>AO4 Evaluation</b>	Evaluate business information to make reasoned judgements and draw conclusions.	11-12%
		100%

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

### Content Guidance

#### Topic 1: Business Activity and Influences on Business

This theme is designed to get students thinking about businesses and the various factors that can lead to a business being successful and those which can cause it to fail.

##### 1.1 Business objectives

Note that for the purposes of this topic, students do not need to understand the distinction between aim and an objective. These are treated as synonyms for the purposes of this topic. Teachers do not need to cover the distinction. Instead, students should be aware of the distinction between financial and non-financial objectives.

##### 1.1.1 Businesses can have several objectives:

Financial objectives are those which relate to money in terms of the business. Financial objectives to be considered are: survival, profit, sales, market share and financial security. To survive, a business needs to make a profit, although in the short-term this might not be the case or even possible. Non-financial objectives to be considered are social objectives (for example, providing a product/service which is beneficial to the environment), personal satisfaction, challenge, independence and control. A useful exercise is to allow opportunities for students to meet entrepreneurs/small business owners to question them about their objectives. Inviting entrepreneurs into school can provide these opportunities. Comparison studies can be made when several entrepreneurs have been interviewed. There will also be a range of different local businesses within each country where an interesting comparison of objectives can be made.

##### 1.1.2 Why business aims and objectives change as businesses evolve:

As a business grows or the market changes, its objectives will change. For instance, improved technology may reduce costs which allows profit to be maximised. Internet access may provide new distribution channels which could increase market share. Students could examine how a business has grown over time and how its objectives could have changed during that time.

##### 1.2 Types of organisations

The aim of this topic is to allow students to be able to recognise what is meant by each type of business and be able to recognise the most appropriate business type to a given business situation.

### 1.2.1 The main types of business ownership:

Students should be able to recognise the advantages and disadvantages of sole traders, partnerships, private and public limited companies as a form of business ownership. Students must also recognise that a public corporation (an organisation in the public/government sector) is different from a public limited company. Students could be given cards with the names/logos of local businesses on and they then must group these into sets which represent each of the different business types.

### 1.2.2 Characteristics relating to size:

Students are expected to have an understanding that small businesses are more likely to be either sole traders, partnerships or private limited companies. They must also recognise that sole traders and partnerships are unincorporated and therefore owners of these business types face a higher level of risk due to unlimited liability. Small businesses, where owners may face significant risks, are more likely to be private limited companies so that the shareholders of the company will have the added protection of limited liability. Students also need to recognise that sources of finance are also dependent on the type of business in question. For instance, share capital is not applicable to a sole trader or partnership, whereas personal savings are inappropriate to a private limited company. Similarly, banks may be unwilling to lend to smaller businesses due to the higher risks involved and they may have to rely on retained profit (assuming the business is not a start-up business). With smaller businesses, it is likely that the owners of the business will also be the people responsible for the running of the business. Students could be given a range of local business names and decide the most appropriate type of legal structure for the business in question and justify their recommendation.

Students must also consider larger businesses such as public limited companies. These businesses are likely to have a separation between ownership and control and will probably have greater ability to access share and loan capital due to their size and lower risk profile. These business types should be contrasted with public corporations. These are government owned and students need to be aware of the benefits (economies of scale, potential for lower prices) and drawbacks (potential inefficiency, lack of innovation, restrictions on investment) of government ownership of businesses. Students could be asked to consider the pros and cons of a government owned organisation within their home country as an independent research task.

Students need to be able to recognise the most appropriate business type for a given enterprise and can justify their suggestions. For instance, a restaurant would probably be formed as a private limited company to give their shareholders the protection of limited liability.

### 1.2.3 Different forms of business organisation:

A franchise is an alternative type of business ownership. Students should understand the terms franchisor and franchisee, and can state the advantages and disadvantages of franchise as a type of ownership. Note that it is not the intention for students to consider combinations of types of ownership, such as franchise and sole trader. Teachers are advised to allow students to search for franchise opportunities using a franchise directory, such as [www.franchisedirect.co.uk](http://www.franchisedirect.co.uk) (or the national equivalent) to identify some of the costs, support and conditions connected to different franchise opportunities.

Students need to be aware of what social enterprises are and that the objectives of this type of business will be different to normal enterprises. Students need to consider the advantages and disadvantages of this type of business. Again, social enterprises will not be considered together with other business types e.g. social enterprise private limited companies.

Students need to know what a multinational is and the benefits and drawbacks of their operations and their effects on stakeholders such as employees, suppliers, shareholders, the local community, customers etc. (Teachers should note that there is a clear link with 1.5.2 here and multinationals could be taught at this point or later in Theme 1).

### 1.3 Classification of businesses

Students need to be able to identify which sectors of the economy a sole trader, partnership and company they are part of. It may be interesting to consider what proportion of a given nation's GDP comes from each sector to ascertain the relative importance of a given sector to a country's economy.

#### 1.3.1 Primary, secondary and tertiary activities:

Students should know the difference between different sectors of an individual nation's economy. This could be taught through a card-sorting exercise where students must identify which local businesses are in which sector of a given nation's economy. The primary sector includes extractive industries and agriculture and fishing. The secondary sector includes all manufacturing businesses that produce physical goods. The tertiary sector includes all businesses which provide services e.g. tourism and education.

### 1.4 Decisions on location

Students need to be able to consider the importance of a range of factors that determine the location of a business and can recognise which factors are dominant for a specific business e.g. a labour-intensive industry such as textiles production is likely to consider low labour costs as the primary reason to locate in each location.

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

Consider the implications of the following on the decision to locate a business in each location: proximity to market, labour, materials and competitors. The nature of the business will influence the location decision. For example, a plumbing business may choose to locate close to an area with high population. Whereas a mining company will have less flexibility since it is looking for a specific set of geological conditions. Consideration should be given to how e-commerce might affect location decisions. Increasingly, through the Internet, it is easier to set up and run a business as the physical location is less important than the product being offered and fast and efficient courier services provide the customer with more convenience compared to a physical fixed retail outlet. Students should consider whether there are legal reasons why one location is more desirable than another e.g. no minimum wages or more relaxed environmental laws and whether locating within a trade bloc such as the EU or ASEAN is primary factor in determining the location of a business.

#### **1.5 Business and the International Economy**

The concept of the international economy gets students to think about the fact that markets for goods and services are now interdependent and that students cannot consider competition from just coming from other domestic producers. Students need to consider that businesses within their domestic economy now face potential competition from a wide variety of businesses that are not located within their national boundaries. Likewise, opportunities exist within the global market that businesses can exploit.

##### **1.5.1 Globalisation:**

Globalisation is the process of the blurring of national boundaries and markets leading to the creation of a single inter-connected global market. This global market provides opportunities for businesses in terms of a wider market to sell to, but also creates threats through intense international competition.

##### **1.5.2 The importance and growth of multi-nationals:**

There is a link in this section to 1.2.3 (different forms of business organisation). As was mentioned in 1.2.3 students need to consider the benefits and drawbacks of multi-national operations and their effects on stakeholders such as employees, suppliers, shareholders, the local community, the environment, customers etc. Student should also consider whether multinational investment is ultimately beneficial to the host nation.

##### **1.5.3 Exchange rate calculation**

Students will be required to calculate prices and costs in one currency in terms of another foreign currency through an exchange rate calculation. The International GCSE will be using a range of different international contexts for its questions so any global currency can be used. Paper 1 in the SAMs illustrates this with question 1 considering the exchange rate between the Bangladeshi Taka and the Indian Rupee.

### 1.5.4 The impact of exchange rate changes:

Students are expected to know that a weakening currency will make exports from that country cheaper in terms of a different nation's currency which will lead to an increase in demand. Likewise, imports into a given country will become more expensive since the domestic currency now purchases less of the foreign currency the import is priced in. Thus, imported raw materials will become more expensive. However, imported manufactured goods will now be less price competitive compared to domestically produced products.

### 1.6 Government objectives and policies

This topic considers the impact that the actions of the government can have on a business. Depending on the country and its attitude towards government spending, legislation etc. this could impact on the business in a significant/insignificant way.

#### 1.6.1 Government spending:

The government of a country spends money within the economy to provide key public services such as education and healthcare. The government generates the money to fund this spending through taxation. Thus, taxation acts as a constraint on the amount of spending the government can afford unless it decides to borrow money.

#### 1.6.2 How governments can affect business activity:

The actions of governments can improve or decrease the profit-making opportunities faced by businesses. For instance, the provision of better roads and railways can make the transportation of people and freight more efficient, which in turn will reduce the costs faced by businesses. Legislation will differ depending on the country and the passing of laws such as environmental protection laws can increase the costs faced by businesses which could result in falling profits. Membership of trading blocs such as ASEAN (Association of South East Asian Nations) could result in the removal of tariffs (taxes) on imports providing an opportunity for businesses to sell to other countries within the bloc, which could boost revenues and profitability. However, this will cause competition to increase which could force prices down limiting profit margins.

#### 1.6.3 The effect of interest rates on:

Interest rates are the price of borrowing money/the return on saving money. Rising interest rates can make loan capital more expensive, reducing the profitability of any investment project e.g. extending a factory. Rising interest rates make saving more attractive and the cost of credit more expensive. This provides consumers with an incentive to spend less within the economy, reducing the profit-making activities for some businesses.

## 1.7 External factors

There are a range of factors that can act as a constraint on businesses and thus affect business decisions. It is likely that this topic is best taught considering an external constraint that has recently had an impact on a market within a given country e.g. Brexit in the UK.

### 1.7.1 The external factors affecting business decisions:

In the same way that a small business is likely to have to respond to changes in internal factors, such as rising costs, so they are likely to have to respond to changes in external factors too. A Business may be affected by social change e.g. a change in customer expectations, technological change e.g. increased use of robotics, environmental change e.g. climate change and political change e.g. the decision to join/leave a trading bloc.

## 1.8 What makes a business successful?

Students need to know what business success means and that it can be measured in a variety of ways. Not every business is obsessed with profitability. Whilst businesses can be successful, they can also fail and students need to understand why businesses can fail.

### 1.8.1 Measuring success in business:

Students need to know the various measures of business success. Students need to know that success can be measured using a variety of different measures. These include revenue, market share, customer satisfaction, profit, employee and shareholder satisfaction. Success can also be measured by considering the growth in revenue, profit and market share.

### 1.8.2 Reasons for business failure:

Poor cash flow/lack of finance represents the main reason for business failure and this topic is explored in more depth in Theme 3 (Business finance). Failure can also be caused by failing to adapt to changes in the market or a lack of competitiveness. There are plenty of case-studies within individual countries that highlight the failure of high-profile businesses with a given country. These should be used as a teaching aid.

## Topic 2: People in Business

This topic examines human resources and considers how workers are employed, and how businesses can get the best out of their workforce and the benefits to the business from doing so.

### 2.1 Internal and external communication

This explores the importance of communication within the business. It examines how communication takes place within the business and the barriers to effective communication and how these can be removed. This topic could be taught using the game of 'Chinese Whispers' or through sending students numerous emails and getting them to sort them in order of importance to the business.

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

Students need to understand the different forms of communication i.e. verbal (communication through listening), written (communication through reading) and non-verbal (communication through observation and inference) and the benefits and limitations of these methods. Students should also understand the benefits and drawbacks of using IT to facilitate communication e.g. video conferencing and email.

### **2.1.2 Barriers to communication:**

Students need to understand the importance of good communication (increased worker motivation, improved efficiency etc.) and the barriers to good communication that result in ineffective communication e.g. the use of jargon, too many layers in the business hierarchy etc. Students should also have an appreciation of how ineffective communication can be removed e.g. restructuring the hierarchy, training etc.

## **2.2 Recruitment and selection process**

This topic considers the process of employing a worker, from identifying the type of worker the business wants to employ through to the shortlisting and interview process. This topic could be taught using a mock recruitment process where students are given fictitious application forms and CVs. The students then must decide which applicants to shortlist and ultimately appoint given the job description and person specification.

### **2.2.1 Types of employment:**

Students need to understand the difference between full-time and part-time employment as well what job sharing and temporary employment mean.

### **2.2.2 Recruitment documents:**

A job description describes the role and duties the potential employee is expected to perform. This can be contrasted with the person specification which shows the specific qualities and personal characteristics the prospective employee should possess. Both documents are produced by the employer. The application form is also produced by the employer and provides a standardised document for prospective employees to complete as part of the application process. A curriculum vitae (CV)/resume is written by the prospective employee, allowing them to outline their education, skills and experience in the best possible light. There is no set template for a CV/resume.

Students do not need to have an in-depth understanding of these documents. They just need to know what they are and the differences between them.



### 2.2.3 Internal and external recruitment

Internal recruitment comes from within the business and external recruitment is where a new employee is appointed from outside the business. To appoint the employee, the business will write a job advertisement and then select candidates whose qualifications, skills, personal qualities and experience best match the job description and person specification. The process of selecting prospective candidates for interview is called shortlisting, and those candidates that are on the short list will then be asked to an interview, after which a candidate will be appointed.

Students do not need to possess an in-depth understanding of this process. They just need to know what the process of employing a worker is.

### 2.2.4 Legal controls over employment and their effects:

Students need to know that certain countries have laws relating to equal opportunities and discrimination. Some countries also have minimum wage legislation. Since the aim is to use an international context, the extracts within the exam paper will clearly define what laws are in place within a given country. There is no requirement to learn the legislation that is in place in each country. Students should simply know what the legal controls are trying to do e.g. prevent exploitation and the effects on a business e.g. minimum wages may increase costs.

## 2.3 Training

This topic considers the importance of training to both the worker and the business. Students should recognise that rather than generate extra costs trained workers can be a source of competitiveness through enhanced productivity and improved customer service.

### 2.3.1 Importance of training to a business and workers:

Training is a way of improving both worker motivation and productivity. Therefore, training workers is a way of improving efficiency and can be used to both recruit and retain key employees. New employees will be given initial training in the form of an induction process within the workplace. Students need to recognise the difference between on-the-job training (training whilst working for the business) and off-the-job training (training whilst not working for the business). Students must also appreciate that some training may be required so that employees do not break the law e.g. food hygiene regulations and therefore it is a necessary cost that the business must incur.

## 2.4 Motivation and rewards

In this topic, students should recognise what motivation is and the ways it can be generated in the work place. Students should have an appreciation of why a business will ultimately benefit from having a motivated workforce.

### 2.4.1 The importance of motivation in the workplace:

Motivation is the desire of a worker to complete a set task. High levels of motivation will make it easier and less costly to attract new employees to the business and will help retain high-quality employees that already work for the business. This will allow the business to reduce training costs for new employees. Motivation also improves productivity. This is defined as output per person per hour and with improved productivity levels, the labour cost is divided up over more units of output. This reduces average total costs which gives the business the scope to either reduce prices or make a higher profit on each item sold.

Students should know the motivational theories of Maslow (hierarchy of needs), Herzberg (two factor theory) and Taylor who took a scientific approach to motivation based around using piece rates and commission to motivate workers.

### 2.4.2 How businesses motivate employees:

Students need to know the difference between financial methods of motivating workers and non-financial methods of motivating workers. Students need to know what remuneration is and the difference between bonuses, commission, promotion and fringe benefits. Non-financial methods include job rotation, job enrichment and autonomy.

## 2.5 Organisation structure and employees

This topic is linked to the other topics within this wider theme. The organisational chart sets out the structure of the business, which in turn can determine motivation and quality of communication within the business. Many schools have organisational charts and this may be a starting point to introduce the topic to students.

### 2.5.1 Organisational charts for different types of businesses.

Students need to understand the difference between a flat and hierarchical organisational structure and the difference between a centralised (where decision making must go through head office) and decentralised (where decisions can be delegated to individual branch manager level) business structure. Students will need to understand the benefits and drawbacks of these different organisational structures e.g. speed of communication compared to loss of control. Students should be able to recognise a simple organisational chart for a flat and hierarchical business.

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

This topic is linked to the previous one. Students should be able to look at an organisational chart and see the chain of command by looking at the number of layers within the business on the chart. Equally, students should be able to calculate the span of control by adding up the number of subordinates each manager is responsible for. By examining the organisational structure students should be able to see that successful delegation will be more important in a flat hierarchy with a larger span of control.

### 2.5.3 The different functional areas within a business:

Students should have a simple recognition of the different functional areas of a business. There is no need for in-depth understanding of each of the business areas. The specification on page 14 lists what each functional area is and what the areas of human resources, finance, marketing and production do. No further detail will be required beyond this simple knowledge.

## Topic 3: Business Finance

The aim of this theme is to get students to consider the financial constraints a business faces as it starts up and expands in size. All businesses need to be profitable to survive in the long-term and have robust cash flow (liquidity) to survive in the short-term. This theme considers these issues and how an understanding of business finance is critical in making informed business decisions.

### 3.1 Business finance - sources

This topic considers whether the business is using the appropriate sources of finance, considering the length of time the finance is required for, the size of the finance required, whether the business is starting up or expanding and the legal status of the business.

#### 3.1.1 The need for finance

Students need to be able to match the appropriate source of finance with the situation the business faces e.g. starting up a sole trader means that personal savings and/or loan capital would be appropriate. It cannot use share capital (it is not a company) or retained profit (it is a start-up so there is no retained profit). This can be contrasted with an expanding company where the capital required to expand could come from a combination of retained profit, loan capital or share/venture capital.

#### 3.1.2 Internal sources of finance

Students should know the advantages and disadvantages of using internal sources of finance such as personal savings (for sole traders and partnerships), retained profit (for businesses that are not start-ups) and selling assets (for businesses that are not start-ups and have spare assets to sell).

#### 3.1.3 External sources of finance

Students should know the advantages and disadvantages of using external sources of finance such as overdrafts, trade payables, loan capital, share capital, venture capital and crowdfunding. Students are also expected to know why a company may decide to float on a stock market and need to recognise which of these external sources of finance are short-term and long-term and the appropriate external source of finance for a given situation. E.g. Using a bank loan, rather than an overdraft, to fund the purchase of an expensive building that the business is expected to hold for a long period.

Examples of crowd funding should be provided, such as through [www.crowdcube.com](http://www.crowdcube.com), where real business case studies can be viewed. Each individual country will have its own selection of crowdfunding websites.

### 3.2 Cash flow forecasting

This topic is designed to highlight the importance of cash flow to a business. Indeed, poor cash flow is the main reason a business may fail. Students critically need to recognise that cash and profit are related, but not identical concepts.

#### 3.2.1 The importance of cash to a business

Cash is money and is needed by a business for several reasons. Primarily cash is needed to pay workers, suppliers and for overheads. If a business cannot pay any of these outgoings it risks insolvency.

Students need to understand the difference between cash and profit. This distinction can be made in simple terms.

- Profit is recorded straight away after a sale
- Cash (inflows and outflows) is recorded when it is received or spent.

For example, a website developer might build a website for a customer with terms of payment received in 60 days. The sale is recorded as profit as soon as the customer places the order, but the website developer will incur cash outflows as soon as they start work on the website. The cash inflows will not be realised until the customer pays in cash after the 60-day trade receivables period has ended. Thus, profit is affected straight away and cash flow then takes a period of time to catch up.

The principle of cash flow is important. Cash flows into a business as receipts, for example from the sale of products or from loans. These are cash inflows. On the other hand, cash flows out of a business as payments - for wages, suppliers, loans, advertising, etc. These are cash outflows. Net cash flow is the difference between cash inflows and cash outflows during a period of time.

#### 3.2.2 Calculation and interpretation of cash flow forecasts

Students may be provided with information on the cash flow position of a business and be asked to comment on this position. A cash flow table may be provided with missing figures where students must provide the correct figures. This table will include an opening and closing balance for the business' current account and will contain various cash inflows and outflows or the net cash flow of the business during a given time period.

Students are expected to be able interpret cash flow figures and tables to explain what is happening, or to evaluate the cash flow position of the business. For example, a business where net cash flow is negative over a period of time may well be under threat of insolvency and may require an overdraft or some other cash inflow to prevent failure.

### 3.3 Costs and break-even analysis

Students will need to be able to perform basic business calculations and be able to interpret a break-even diagram.

#### 3.3.1 The concept and calculation of revenue etc.

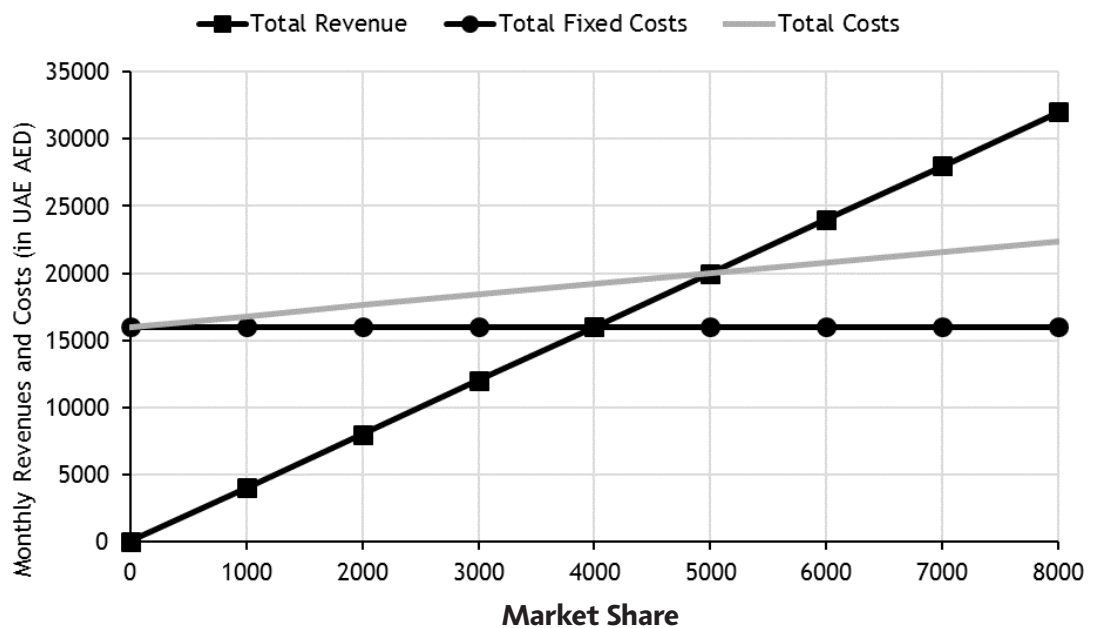
Students are required to calculate the following:

- Revenue = selling price x sales volume
- Fixed costs - found by adding total fixed costs. These will include rent, advertising, insurance, interest on bank loans and salaries.
- Variable costs = variable cost per unit x quantity sold. Variable costs will include raw materials, wages and packaging.
- Total costs - Fixed costs + Variable costs
- Profit and loss = Revenue - Total costs (losses result in a negative figure for profit)

Students should show the units for any calculations they are required to carry out.

#### 3.3.2 The concept of break-even and the calculation of break-even

Break-even is the level of output where total costs are equal to total revenue. Students should be able to identify the break-even level of output on a break-even diagram but they will not be required to draw a break-even diagram. Diagrams will be presented in the following format:



In addition to identifying the break-even level of output from a diagram, students may be required to use the contribution method to identify break-even output. Contribution per unit is calculated by:

Selling price - variable costs per unit.

Break-even output using the contribution method is found by:

$$\frac{\text{Total fixed costs}}{\text{Contribution per unit}}$$

### 3.3.3 Interpretation of break-even charts

Students could be provided with a break-even diagram and asked to identify effects of changes in revenue and costs on the level of break-even output. For example, consider the effects of the business increasing the selling price of its product (break-even output will fall).

Students should also be able to consider the limitations of the break-even model in that the assumptions made (standard selling price, the business can sell everything that it produces, constant variable cost per unit) are unrealistic in the real world. The model also cannot cope with a multi-product business, further diminishing its value as a planning tool used by businesses.

### 3.4 Financial documents

Students should make use of appendix 6 on pages 39 and 40 of the specification. This lists all of phraseology that will be used in questions on financial documents. Students will be given a selected amount of financial information and may be asked to interpret it or make a calculation using this information. The formulae for the calculations the students may have to make are listed in appendix 4 on page 35 of the specification. Students will not be expected to construct a Statement of Comprehensive Income or a Statement of Financial Position.

#### 3.4.1 The purpose of statements of comprehensive income

Students may be asked to calculate, cost of sales, gross profit, other operating expenses and operating profit as per appendix 4 on page 35 of the specification.

Students will be expected to be able to interpret the statement of comprehensive income and recognise which items have constrained the profitability of the business.

Students need to recognise that profit is one of the main aims of a business and that it represents a reward for the risk taken by the entrepreneurs that started the business. Profit is also a valuable source of finance and there is a link here to 3.1.2 (internal sources of finance).

### 3.4.2 The purpose of statements of financial position

Students need to recognise the terms used in the statement of financial position (as listed in appendix 6 on pages 39 and 40 of the specification).

Students will be expected to be able to interpret information from a statement of financial position and decide whether the business is in a 'healthy' financial position. This can be done together with section 3.5 Accounts analysis.

## 3.5 Accounts analysis

This topic is linked to 3.4 *Financial documents* and it encourages students to analyse the statement of comprehensive income and statement of financial position using accounting ratios. Students should be able to decide whether the business is successful and whether there is any risk of failure following the analysis of the accounts of the business.

### 3.5.1 Calculating and analysing accounting ratios

Students could be asked to calculate any of the formulae from appendix 4 on page 35 of the specification from selected information provided to the students. Students should know the correct units for these calculations and that ratios have no units. Students should be able to interpret what an answer means in terms of how successful the business is and whether it is likely to face any problems.

### 3.5.2 Liquidity

Liquidity is the ability for a business to meet its current liabilities with its current assets. The liquidity of the business can be assessed using the current ratio and acid-test ratios from 3.5.1. Students may be given information about the liquidity position of a variety of businesses and may be required to decide whether the business has a healthy level of liquidity or is in danger of insolvency.

### 3.5.3 The use of financial documents

Students need to be able to apply the accounting ratios to both the statement of comprehensive income and statement of financial position to determine whether the business is successful and to inform decision making e.g. a low acid-test ratio may indicate that the business is holding too much inventory (stock), especially if the current ratio is healthy. Students need to be able to use this information to suggest solutions e.g. hold less inventory (stock) and consider adopting a just in time stock management system.

### Theme 4: Marketing

This theme examines the importance of marketing, from collecting market research to having the correct blend of price, product, promotion and place within the marketing mix. Without marketing, it is unlikely that a business will have a competitive advantage. This is because it will not have any information about consumer preferences and, as a result, may not tailor their operations around the needs of the consumer.

#### 4.1 Market research

In order to meet customer needs and generate market orientation, market research is critical especially in dynamic markets (markets subject to rapid change) where there is significant competition and change in customer preferences.

##### 4.1.1 The purpose of market research:

Entrepreneurs use market research to identify what customers want. This research has many uses, from helping an entrepreneur to identify gaps in the market (market niches) and business opportunities, and therefore to reduce the risk associated with a business idea. Research data should be used on an ongoing basis to inform business decisions helping to retain competitive advantage.

##### 4.1.2 Methods of market research:

Primary research involves obtaining data first hand by the business to match the specific needs of the business. Examples include survey, questionnaire, focus group and observation. A test market could also be used before a full market launch to gather information about whether customers like the product. Today, social media can be a valuable means for a business of collecting market research data, for example through feedback from Facebook and Twitter accounts. Internet, market reports secondary research includes data from other sources, such as MINTEL, and individual national government reports. Quantitative data is numerical and can be analysed statistically.

The advantages and disadvantages of both primary and secondary research should be explored based on cost and accuracy to determine which is the more appropriate based on the size of the business. Small businesses are unlikely to be able afford extensive market research exercises. Students should explore sample size but are not expected to look at sampling techniques.

##### 4.1.3 The use of data in market research:

Qualitative data comes from interviews and in-depth studies, where the information gathered cannot easily be converted to data. For example, an entrepreneur/business may discuss their plans for new products with customers. This feedback can inform their plans, but can not easily be tabulated. Effective market research will link the quantitative and qualitative findings to help build a picture of likely customer preferences and behaviour, enabling the business to identify and anticipate customer needs and wants more effectively.



## 4.2 The market

Businesses need to recognise that the market is where they sell their products. Therefore, they need to sell products in a way that meets the needs of the market. This topic could be taught by examining failed businesses that did not respond to the changing preferences of the market.

### 4.2.1 Importance of marketing:

Marketing is about understanding what consumer needs are and satisfying them. By giving the consumer the most highly valued mix of goods and services (market orientation), this will build customer relationships with the business leading to customer/brand loyalty. This in turn will allow the business to build market share at the expense of its rivals.

Students need to know the difference between product orientation and market orientation. This can be taught using numerous restaurant improvement shows that are available to watch on the Internet e.g. Ramsay's Kitchen Nightmares, which is about a celebrity chef working with failing restaurants to identify their issues and turn them into a success. The reason for the failure of the restaurant is often because the chef is producing food that the local market does not want to buy.

Students also need to know the difference between niche marketing (focusing on a small specialised market segment) a strategy that small businesses tend to follow due to their lack of economies of scale, and mass marketing which is where the business focuses on much broader, larger market segments. Mass markets are normally more competitive due to the larger profit making opportunities, therefore price tends to become a critical component in allowing the business to gain competitive advantage.

### 4.2.2 Responding to changes in the market:

If the market is dynamic (fast moving) customer needs, technology and competition are constantly changing. This can be contrasted with a static market where the speed of change in these variables is much slower. To remain market oriented, a business needs to respond to changes in the market speedily making effective market research more important.

### 4.2.3 How businesses use market segmentation to target customers:

Market segmentation is the division of a market into groups, each of which has distinct customer preferences. Segments to be considered are by location, demographics, lifestyle, income and age. Businesses provide products that are often aimed at specific market segments. Teachers are encouraged to use local small businesses to explore the extent to which their products/services are aimed at particular market segments.

## 4.3 The marketing mix

The marketing mix, for this qualification, is defined as the combination of price, product, promotion and place (the 4Ps). Students should be encouraged to explore the 'mix' in this phrase, given the competitive environment in which a business operates. For a business on a busy high street with lots of competitors, price may be a key element of the marketing mix. For a web developer working from home, product - the quality of their creative work and functionality of their website - may be more important.

### 4.3.1 Product

Students need to understand that there is a difference between goods (tangible product) and a service (intangible product) and that goods and services comprise the overall product that the business produces. The difference between goods and services can be taught using a simple card matching activity where students must identify which products are services and which are goods. Students need to understand that the development of a new product involves research and development and that this is a costly process. However, new product development is a source of added value, differentiation and can create USPs. This in turn will help determine the pricing strategy and promotion used by the business. Packaging of the product is a further factor that can enhance the perception of the quality of the product and is a further source of differentiation and potential USPs. Packaging also protects the product from damage.

Students need know that the product life cycle shows sales of a product over time. The stages of the product life cycle for International GCSE are: Introduction, Growth, Maturity and Decline. There is no requirement to consider the profitability of the product over the product life cycle. Extension strategies are designed to extend the length of the product life cycle and include lowering prices, advertising, enhancing the product, re-packaging and repositioning the product into a different market segment.

Students need to know what the **Boston Matrix** is and should understand the following diagram, since they may be asked to identify elements of the Boston Matrix.

		Market Share	
		High	Low
Market Growth	High	Stars	Question mark (?)/Problem child
	Low	Cash cows	Dogs

The Boston Matrix helps businesses to have a balanced product portfolio. Therefore, the cash cows generate the positive net cash flow for the problem children and stars to develop. Students should be aware that a balanced product portfolio involves the business not having too many products in one stage of the Boston Matrix. There is a link between the Boston Matrix and the Product Life Cycle in that problem children relate to the introduction phase, stars relate to the growth phase, cash cows relate to the maturity phase and dogs relate to the decline phase. This topic can be taught by considering a range of products a specific business sells to determine whether its product portfolio is balanced.

#### 4.3.2 Price

Students need to know that cost plus pricing involves adding a percentage mark-up on to the average total cost of the product. This is a simple pricing strategy that does not take into consideration the market (e.g. the amount of competition, willingness to pay etc.) Penetration pricing involves pricing at a level close to average total cost or below average total cost to allow the product to build market share. It is usually used for new products that have just entered the market. Competitive pricing is used in markets where there is lots of competition. It involves low prices with small profit margins since to price at a higher level would involve loss of sales to competitors. A skimming pricing strategy would normally be used when the product has significant USPs/differentiation and the product can be priced at a high level with a large profit margin, perhaps because there is limited competition when the product was first launched. Promotional pricing involves short-term discounts to the price of the product to try and encourage initial sales or increase sales for a specific period of time. With promotional pricing the price charged will be close to the average total cost or below it. This topic can be taught by considering a range of products which are likely to have different pricing strategies applied to them.

The topic of pricing should not be considered in isolation since the pricing strategy used is often influenced by the other elements of the marketing mix (product, promotion and place). The pricing strategy used is also influenced by the stage of the product life cycle the product is in. For instance, in the decline phase it is likely that promotional pricing will be used as an extension strategy, whereas in the introduction phase skimming or penetration pricing may be used.

#### 4.3.3 Place

Place involves the method of distribution used to get the product to the consumer. Place does not mean geographic location. The specification only considers the use of retailers andetailing (direct supply). Eetailing via the internet will involve lower costs than using retailers since there are no fixed costs involved with a physical building therefore etailing will have a cost and hence price advantage. Eetailing can also reach a wider market than having a fixed set of retail stores. However, retailing is arguably more suitable for products that need to be purchased immediately e.g. food or items where the customer needs to be provided with advice or where a comparison needs to be made e.g. electrical products. This topic area could be taught by comparing Amazon to a host of local retailers to consider the price

advantage etailers have. Students could investigate which products are more suitable to be distributed using an etailing rather than retailing approach.

### 4.3.4 Promotion

Promotion can occur through a variety of channels. These include: advertising, sponsorship, product trials, special offers and branding. The aim of promotion is to encourage sales but also to enhance the perception of the product so that a higher price can be achieved in the market place. The concept of branding here is key since this drives customer loyalty and repeat purchase.

The importance of different promotional techniques is dependent on the other elements of the marketing mix and should not be considered in isolation. For instance, promotion adds to the costs of the business. Therefore, high levels of promotion may be counter-productive to a business that relies on low prices for its competitive advantage.

Public relations are not trying to promote a specific product but provide a positive brand image for the whole business. This topic could be taught by looking at the websites of major oil companies who go to great lengths to focus on sustainability and the environment rather than the fact that they produce hydrocarbons.

This topic also considers the use of technology in promotion as a low fixed cost method of sending out a promotional message to the market. Students need to know that etailers target specific consumers using their search history online so they see adverts relevant to what they have searched for. This has a link to market orientation. Students also need to know what viral advertising is. This could be taught as a research task where students must discover the most successful viral advertising campaigns and the reasons for their success. Students also need to know that promotion using technology is most successful with certain market segments e.g. the young and with certain products e.g. smartphones.

## Topic 5: Business Operations

This theme looks at the operational constraints of a business and considers how the business can improve efficiency to drive down average total costs and improve quality to add value in the market place to reduce the emphasis on low prices, allowing the business to enjoy a large profit margin.

### 5.1 Economies and diseconomies of scale

Students do not need to know an exhaustive list of the various factors that cause economies and diseconomies of scale to occur. Students will need to be able to explain some examples. Critically they need to know what will happen to the average total costs as the business increases its output if the whole industry increases in size. There is no need to draw average total cost curves.

#### 5.1.1 Economies of scale:

There is no requirement for this topic area to be taught in depth with every conceivable

source of economies of scale considered. Students need to know that internal economies of scale provide cost advantages to larger firms since the average total cost will fall as output increases. Students should know two examples of why this may occur e.g. bulk buying, managerial economies of scale.

External economies of scale allow the average total cost of a business to fall as the entire industry increases in size. Again, there is no requirement for students to understand all the factors that can cause external economies of scale to occur. Two examples will be enough e.g. Improved infrastructure, improved training/education.

This section has a nice link to 4.3.2 price in the previous theme. This is because without economies of scale it is unlikely that a small business will be able to adopt a competitive price due to average total costs being too high.

### **5.1.2 Diseconomies of scale:**

Diseconomies of scale occur when the business increases its output and average total costs increase. This could occur because the business has grown too large and it is now suffering from poor communication and poor co-ordination. These both lead to mistakes which cause the average total cost to increase.

## **5.2 Production**

This topic considers how the production process can be made most efficient, allowing the business to take advantage of lower average total costs.

### **5.2.1 Production processes:**

Students need to know the advantages and disadvantages of job, batch and flow production and the scenarios where certain production processes would apply. For instance, hand-crafted footwear would be produced on a job basis since the much higher production costs can be recouped through a very high selling price. Whereas a chocolate bar is likely to be mass produced using a capital-intensive production process. Essentially, the correct production process is determined by the nature of the product and the market the product is going to be sold to e.g. McLaren sports cars are produced in batches since a flow process would produce too many of them when the market for super cars is limited in size.

Students must be able to calculate productivity from a set of figures provided (output per person per hour) and understand that improved productivity will decrease average total costs.

### **5.2.2 Principles of lean production:**

Lean production encompasses just-in-time stock/inventory control, Kaizen (continuous improvement and the importance of using resources efficiently (waste minimisation)). Students need to know the advantages e.g. lower warehousing costs, improved liquidity

since cash is no longer tied up in stock/inventory and drawbacks of using just-in-time (JIT) stock management e.g. cannot cope with surges in demand, requires very strong supplier relationships. Students must also be able to recognise where just-in-time would work best e.g. in a dynamic market where inventory depreciates rapidly.

Students must also know what Kaizen (continuous improvement) is and the impact that it has on quality, efficiency/productivity and quality. However, Kaizen is hard to implement due to the need for cultural change within the business. Students could explore numerous examples within Japanese car manufacturing to see JIT and Kaizen in operation.

Ultimately, students must understand that lean production is about trying to produce the highest quality product for the lowest average total cost so that the business can take advantage of increased profit margins.

### **5.2.3 Impact of technology in production:**

There are numerous YouTube clips that can be used to show a highly capital-intensive production process where robots are used to produce the product. Robots are expensive, but significantly improve productivity, so the high fixed costs of them are divided up over many more units of output. Therefore, robots are a way of reducing the average total costs of production and are normally used in the production of products where the market size is large enough to cope with high levels of production. Robots also provide a consistent standard of production and are best used for simple repetitive tasks e.g. welding joints in a car. However, the use of robots will not be suitable in every situation and it depends on the product under consideration. For instance, robots are not used in clothing production since the technology does exist and it would lack the flexibility and quality to assemble clothes efficiently.

### **5.3 Factors of production**

Students need to know what the four factors of production are and the distinction between capital and labour intensive production.

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

Students need to know the three factors of production: Enterprise (Entrepreneurship), Capital (machinery), Land (to include raw materials) and Labour (workers) and recognise that entrepreneurs/businesses choose to blend factors of production in a way which allows the production of a product at maximum efficiency. Thus, there is a link in this topic to average total costs and productivity/efficiency. Therefore, this topic could be taught elsewhere alongside other specification content.

Students need to understand the difference between capital-intensive and labour-intensive methods of production. Capital-intensive production is where products are primarily made by machines e.g. soft drinks. Labour-intensive production is where products are primarily made using workers e.g. clothing production.

## 5.4 Quality

Quality is a difficult concept to define. A McDonalds hamburger could be deemed high-quality once the price and targeted market segment are taken into consideration, just as a Gucci handbag is considered high-quality in its respective market segment. This topic considers how quality is achieved in the provision of products and how quality can be a source of competitive advantage. A way of starting this topic could be to get students to rank certain items in terms of quality/perceived quality. Students will probably rank them in terms of price which makes an interesting point of discussion at the start of this topic.

### 5.4.1 The concept of quality and its importance in:

Quality control is where quality is checked at the end of the product production process. It is inferior to Total Quality Management (TQM) since TQM is about cultural change within the business where every employee within the business is focused on quality and treats the employee in the next stage of the production process as if they were the customer. In this way, quality is 'built-in' to the production of the product.

Quality is an important source of differentiation and can be linked to brand loyalty and repeat purchase. A reputation for quality can provide a business with a competitive advantage and reduces the reliance on having a competitive price in the market place. This topic could be taught by examining customer satisfaction ratings for cars and comparing them to the price of the car.

## Assessment Guidance

### Assessment Overview

Our new assessments have been designed in collaboration with teachers and universities to ensure they are appropriate and accessible to all candidates to allow successful progression to Level 3 study and beyond. Careful consideration has been given to the design and structure of the papers, including organisation of the paper, length of paper, question types and the level of demand of the paper.

There are a range of question types, including multiple-choice questions, short-answer questions (1-, 2- and 3-marks), open response questions (6-marks) and extended writing questions (9- and 12-marks). This range of question types enables the papers to differentiate effectively across the full 9 to 1 grading scale.

There are two equally-weighted exam papers which have a consistent approach and assessment structure. Paper 1 will draw on the full content of the specification in a small business context and Paper 2 will assess the full content of the specification in a large business context. For the purposes of this qualification, we are defining a small business as a business with up to 49 employees and a large business as a business with more than 249 employees.

### Assessment objectives

Assessment Objective (AO)	Description	Weighting in qualification
<b>AO1 Knowledge</b>	Recall, select and communicate knowledge and understanding of business terms, concepts and issues.	27-28%*
<b>AO2 Application</b>	Apply knowledge and understanding using appropriate business terms, concepts, theories and calculations effectively in specific contexts.	38-39%
<b>AO3 Analysis</b>	Select, organise and interpret business information from sources to investigate and analyse issues.	22-23%
<b>AO4 Evaluation</b>	Evaluate business information to make reasoned judgements and draw conclusions.	11-12%
		100%

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



## Command word taxonomy

For this new qualification, we have reduced the number of command words and given each command word a consistent mark tariff. The table below lists the command words that may be used in the question papers, the number of marks the question is worth, along with an outline of what is required for each command word.

Command word	Mark Tariff	Assessment Objective	Requirements
(Multiple-choice question – MCQ)	1	AO1	There will be six multiple-choice questions (MCQ) in each examination paper. Candidates must select the correct answer from a choice of four options. All of the MCQs will be in question 1 on both examination papers. These questions are designed to test recall of knowledge from the specification content. (AO1).
Define	1	AO1	There will be three 'Define' questions in Paper 1 and two in Paper 2. In Paper 1 there will be two 'Define' questions in question 1 and one in question 3. In Paper 2 there will be two 'Define' questions in question 1. These questions are designed to test recall of knowledge (AO1).  Candidates will be required to define a term from the specification content.
Give	1	AO1	Give an answer testing recall of knowledge from the specification content.
State	1	AO2	There will be three 'State' questions in each examination paper. There will be one 'State' question in question 1 and two in question 2. These questions are designed to test application (AO2).  Candidates are required to give an answer, no longer than a sentence, referring to a piece of contextual information.
Identify	1	AO2	Select the correct answer from reading a graph or table of data.
Complete the table	1	AO2	Work out the values missing from the presented table of data.
Calculate	2	AO2	There will be three 'Calculate' questions in each examination paper. There will be one 'Calculate' question in question 1, one in question 3 and one in question 4. These questions are designed to test application (AO2). Business specific formulae will appear on the second page of each examination paper.  Candidates will use mathematical skills to reach the answer, based on given data. Calculators may be used and workings should be given.

## A Getting started for teachers

Command word	Mark Tariff	Assessment Objective	Requirements
Outline	2	AO2	<p>There will be one 'Outline' question in each examination paper. This will appear in question 3. These questions are designed to test application (AO2).</p> <p>Candidates are required to provide two linked points about a business concept or issue, placed in context from the question.</p>
Explain	3	AO1	<p>There will be four 'Explain' questions in each examination paper. There will be one 'Explain' question in question 1 and three in question 2. These questions are designed to test knowledge (AO1).</p> <p>Candidates are required to give a statement of fact, with two further expansion points. These may expand on each other, or both from the same fact. There is no context in these questions.</p>
Analyse	6	AO2 – 3 marks AO3 – 3 marks	<p>There will be three 'Analyse' questions in each examination paper. There will be one 'Analyse' question in question 1, one in question 3 and one in question 4. These questions are designed to test Application (AO2) and Analysis (AO3).</p> <p>Candidates need to write an extended answer, requiring expansion and exploration of a business concept or issue. The answer should be placed in context by the question.</p>
Justify	9	AO2 – 3 marks AO3 – 3 marks AO4 – 3 marks	<p>There will be two 'Justify' questions in each examination paper. There will be one 'Justify' question in question 2, and one in question 3. These questions are designed to test Application (AO2), Analysis (AO3) and Evaluation (AO4).</p> <p>Candidates are required to write an extended answer, using the information provided in order to recommend one of two options to a business.</p>
Evaluate	12	AO1 – 3 marks AO2 – 3 marks AO3 – 3 marks AO4 – 3 marks	<p>There will be one 'Evaluate' question in each examination paper at the end of question 4. These questions are designed to test Knowledge (AO1), Application (AO2), Analysis (AO3) and Evaluation (AO4).</p> <p>Candidates are required to write an extended answer, using knowledge of the specification content, to reach a supported conclusion about a business situation.</p>

## Understanding the question types and mark schemes

There are two 'types' of mark scheme used in the new assessment: **points-based** and **levels-based** mark schemes. A points-based mark scheme is used for 1-3 mark questions and a levels-based mark scheme is used for 6-12 mark questions. The mark schemes have been designed to clearly identify the skills being assessed within each question type.

### Points-based mark schemes

Points-based mark schemes are used for all short-answer questions. These mark schemes show:

- the number of marks for the question
- the assessment objectives for each question
- example responses that would typically be expected
- any additional guidance.

The correct response is shown for multiple-choice questions and calculations.

To provide clarity, short-answer questions with a points-based mark scheme are mapped to one assessment objective. Short-answer AO2 questions have the context in the question, not the response. Candidates are not required to bring contexts into their answers to gain these marks, but they will need to give correct answers in the context asked. Examples of these are provided in the sample assessment materials.

The example responses in the mark schemes show typical responses expected from candidates but are not intended to be exhaustive.

### 'Multiple Choice' Questions (MCQs)

An exemplar is shown below. There will be six multiple-choice questions (MCQ) in each examination paper. Candidates must select one correct answer from a choice of four options. All of the MCQs will be in question 1 on both examination papers. Two quantitative skills marks will be targeted using MCQs, these marks will test Application (AO2). All other MCQs will test simple knowledge (AO1).

- (ii) Which of the following describes a person who pays to use another business's products and branding?

(1)

<input type="checkbox"/>	<b>A</b> Franchisor
<input type="checkbox"/>	<b>B</b> Entrepreneur
<input type="checkbox"/>	<b>C</b> Franchisee
<input type="checkbox"/>	<b>D</b> Shareholder

The correct answer is 'C'.

## 'Define' questions

An exemplar is shown below. There will be three 'Define' questions in paper 1 and two in paper 2. In paper 1 there will be two 'Define' questions in question 1 and one in question 3. In paper 2 there will be two 'Define' questions in question 1. These questions are designed to test simple Knowledge (AO1).

(a) Define the term '**current liabilities**'.

(1)

Question number	Answer	Mark
3(a)	<p style="text-align: center;"><b>AO1 1 mark</b></p> <p>Award 1 mark for a written response or formula.</p> <p>Debts that the company must pay in the short term (1) or trade payables plus overdrafts (1).</p>	<b>(1)</b>

The answer must indicate that these are 'short term debts that the business must pay'.

## 'Explain' questions

An exemplar is shown below. There will be four 'Explain' questions in each examination paper. There will be one 'Explain' question in question 1 and three in question 2. These questions are designed to test knowledge (AO1).

(e) Explain **one** benefit to a business of having motivated employees.

(3)

Question number	Answer	Mark
2(d)	<p style="text-align: center;"><b>AO1 3 marks</b></p> <p>Award 1 mark for identification of a disadvantage, plus 2 further marks for explaining why product orientation is a disadvantage for businesses, for a maximum of 3 marks.</p> <p>Products may not suit the needs of customers (1) and so potential customers may purchase from rival businesses (1). As a result, the business will lose market share (1).</p> <p><b>NB</b> Answers that list more than one disadvantage with no explanation will get a maximum of 1 mark.</p> <p><b>Accept any other appropriate response.</b></p>	<b>(3)</b>

**'State' questions**

An exemplar is shown below. There will be three 'State' questions in each examination paper. There will be one 'State' question in question 1 and two in question 2. These questions are designed to test Application (AO2). The answers must be placed in context.

(a) State **one** barrier to communication for Apple.

(1)

Question number	Answer	Mark
<b>2(a)</b>	<b>AO2 1 mark</b>	
	Award 1 mark for a valid barrier in the context of the business.	
	Use of jargon/technical language between phone development teams (1).	
	Breakdown of communication equipment from offices in different parts of the world (1).	
	<b>Accept any other appropriate response.</b>	<b>(1)</b>

The answer must demonstrate the skill of Application (AO2) to gain the mark. For instance, if a candidate wrote 'use of jargon' they would score 0 marks. However, if they wrote 'the use of jargon by iphone developers' they would score a mark since the second example included the use of context which the question is designed to test.

**'Calculate' questions**

An exemplar is shown below. There will be three 'Calculate' questions in each examination paper. There will be one 'Calculate' question in question 1, one in question 3 and one in question 4. These questions are designed to test application (AO2). Business specific formulae will appear on the second page of each examination paper.

Figure 1 shows selected information from Haji Biriyani's statement of comprehensive income in 2015.

	million Tks
Revenue	16
Cost of sales	(7)
Gross profit	9
Other operating expenses	(5)

**Figure 1**

(e) Calculate Haji Biriyani's operating profit margin in 2015. You are advised to show your working.

Question number	Answer	Additional guidance	Mark
1(e)	<p><b>AO2 2 marks</b></p> <p><math>(4m \text{ Tks}/16 \text{ Tks}) \times 100</math></p> <p>Answer: 25%</p>	<p>Award 1 mark for correctly substituting numbers into formula.</p> <p>Award full marks for correct numerical answer without working.</p>	<b>(2)</b>

If the candidate simply wrote the correct answer '25%' they would score 2 marks. When the candidate gets the answer wrong, examiners then go back and look at the workings to decide if there is any merit in the response. If the answer given was '20%' but the workings were correct the candidate would receive 1 mark. Note that because this question tests Application (AO2) there are no marks awarded for stating the formula, especially since most of the formulae are stated on page 2 of the question paper.

### 'Outline' questions

An exemplar is shown below. There will be one 'Outline' question in each examination paper. This will appear in question 3. These questions are designed to test application (AO2).

- (b) Outline **one** reason why a restaurant group is best described as being in the tertiary sector.

(2)

Question number	Answer	Mark
3(b)	<p><b>AO2 2 marks</b></p> <p>Award 1 mark for identifying a reason why a restaurant group, such as Haji Biryani is part of the tertiary sector of the Bangladesh economy, plus 1 further mark for linking it to the context of the question.</p> <p>Haji Biryani serves food (1). This means that it provides a service to consumers (1).</p> <p><b>NB</b> Do not accept reasons that would not be appropriate for the context of Haji Biryani.</p> <p><b>Accept any other appropriate response.</b></p>	<b>(2)</b>

The answer must demonstrate the skill of Application (AO2) to gain both marks. For instance, if a candidate wrote 'This is because they provide a service and they are not a manufacturer' they would score 1 mark, despite the presence of development. However, if they wrote 'This is because they provide a service by serving food, therefore they are not a manufacturer' they would score 2 marks since the answer has development and now includes evidence of application through the use of the word 'food'. Questions which are designed to test Application (AO2) must include some reference to the case-study scenario to score all of the marks.

(e) Explain **one** benefit to a business of having motivated employees.

(3)

Question number	Answer	Mark
2(d)	<p style="text-align: center;"><b>AO1 3 marks</b></p> <p>Award 1 mark for identification of a method, plus 2 further marks for explaining how this method may motivate employees, for a maximum of 3 marks.</p> <p>Giving employees a bonus (1), therefore employees will feel valued by the business (1). As a result, the employees will satisfy their esteem needs in Maslow's hierarchy (1).</p> <p><b>NB</b> Answers that list more than one method with no explanation will get a maximum of 1 mark.</p> <p><b>Accept any other appropriate response.</b></p>	<b>(3)</b>

### Levels-based mark schemes

Questions with 6 or more marks have a levels-based mark scheme. These clearly show:

- the number of marks for the question
- the assessment objectives within each question
- indicative content
- a levels grid which describes the qualities and skills expected within responses.

The number of marks and assessment objectives within each question highlight the skills being assessed. Each assessment objective 'strand' has a maximum of 3 marks to ensure that there is no over emphasis on any one type of skill in the questions.

The indicative content in the mark schemes shows the typical types of responses expected but are not used as a basis for marking (see *Using the levels-based mark schemes* on page 39).

The levels grids have been designed to make clear the skills and attributes expected for each question and within each level. These are based on the assessment objectives and definitions summarised in the Command Word section – pages 31–32 of this guide. These skills will appear consistently across the mark schemes; however, as different question types target different assessment objectives, there is a different levels-based grid for discuss, analyse, justify and evaluate questions. These levels-based grids will always be consistent within the question type and a summary of the levels based grids for each question type can be seen below.

Evaluation has been further divided into 'judgements' and 'conclusions' to ensure the focus of the evaluation for a given response is clear. The 9-mark 'Justify' questions require candidates to reach a judgement because they are given two options and are asked to make a business decision and justify their response. The 12-mark 'Evaluate' question requires candidates to draw a conclusion.

### Using the levels-based mark schemes

The open response and extended answer questions have levels-based mark schemes to give candidates the opportunity to demonstrate what they know and understand and reward them appropriately. Each candidate can approach an answer quite differently but they will be rewarded for the overall *quality* of their response rather than for the *quantity* of points made.

### Finding the right level

The first stage when applying the levels-based mark schemes is to decide which level the answer should be placed in. To do this, examiners use a 'best-fit' approach, deciding which level most closely describes the quality of the answer.

Answers can display characteristics from more than one level, and where this happens examiners use their professional judgement to decide which level is most appropriate.

### Placing a mark within a level

After a level has been decided on, the next stage is to decide on the mark within the level. The guidance below describes how to place an answer within the level. However, indicative content should also be used for guidance.

Examiners should be prepared to use the full range of marks available in a level and not restrict marks to the middle. Markers should start at the middle of the level (or the upper middle mark if there is an even number of marks) and then move the mark up or down to find the best mark. To do this, they should take into account how far the answer meets the requirements of the level:

- If it meets the requirements fully, markers should be prepared to award full marks within the level. The top mark in the level is used for answers that are as good as can realistically be expected within that level.
- If it only barely meets the requirements of the level, markers should consider awarding marks at the bottom of the level. The bottom mark in the level is used for answers that are the weakest that can be expected within that level.
- The middle marks of the level are used for answers that have a reasonable match to the descriptor. This might represent a balance between some characteristics of the level that are fully met and others that are only barely met.

### 'Analyse' questions

There will be three 'Analyse' questions in each examination paper. There will be one 'Analyse' question in question 1, one in question 3 and one in question 4. These questions are designed to test Application (AO2) and Analysis (AO3). They are marked using a levels of response mark scheme which is shown below. To reach level 3, a candidate's answer must contain 'detailed application' to satisfy the Application (AO2) descriptor. To satisfy the



Analysis (AO3) descriptor candidates must demonstrate ‘detailed interconnected points’. It is recommended candidates have at least five logical interconnections within their answer.

(b) Analyse the possible impact of a rise in Bangladeshi interest rates on Haji Biriyani.

(6)

Question number	Indicative content	
4(b)	<b>AO2 (3 marks)/AO3 (3 marks)</b>	
	<p><b>AO2</b></p> <ul style="list-style-type: none"> <li>• This means that any loans that Haji Biriyani take out from banks to fund the fourth restaurant will become more expensive.</li> <li>• People living in Dhaka will now have to pay more money on their loans, resulting in less spare income being available to allow them to visit restaurants.</li> </ul> <p><b>AO3</b></p> <ul style="list-style-type: none"> <li>• Therefore, the fixed costs of the business will rise. As a result, more revenue will be required to break even, resulting in a lower break-even point for the restaurant group.</li> <li>• Therefore, demand for Haji Biriyani’s food will decrease, leading to lower revenues and falling cash inflows. This would increase the risk of business failure.</li> </ul>	
Level	Mark	Descriptor
	0	No rewardable material.
<b>Level 1</b>	1–2	<ul style="list-style-type: none"> <li>• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2)</li> <li>• Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3)</li> </ul>
<b>Level 2</b>	3–4	<ul style="list-style-type: none"> <li>• Sound application of knowledge and understanding of business concepts and issues to the business context, although there may be some inconsistencies. (AO2)</li> <li>• Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3)</li> </ul>
<b>Level 3</b>	5–6	<ul style="list-style-type: none"> <li>• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2)</li> <li>• Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3)</li> </ul>

If a candidate wrote the following: ‘Higher interest rates will reduce profits at Haji Biriyani because customers will now have pay to back more on their existing loans, this means that they have less income to spend on other things. As a result, they are less likely to go to Haji Biriyani. Therefore, demand for their products will go down resulting in lower revenues. Therefore, the business will struggle to pay their costs, and will make less profit’. For this answer the candidate would score 3 marks. Whilst there are detailed interconnected points which satisfy the level 3 criteria for Analysis, there is no Application (AO2) at all, so for this skill, the answer scores level 0. As can be seen, answers will be marked according to the skills demonstrated using a best fit approach. So, top level 3 for one skill, can be undone by level 0 in the other skill – hence the 3 marks that were awarded.

## 'Justify' questions

An exemplar is shown below. There will be three 'Justify' questions in each examination paper. There will be one 'Analyse' question in question 2 and one in question 3. These questions are designed to test Application (AO2), Analysis (AO3) and Evaluation (AO4). They are marked using a levels of response mark scheme which is shown below. To reach level 3, a candidate's answer must contain 'detailed application' to satisfy the Application (AO2) descriptor. To satisfy the Analysis (AO3) descriptor candidates must demonstrate 'detailed interconnected points'. It is recommended candidates should have at least five logical interconnections within their answer. To satisfy the Evaluation (AO4) descriptor the student must make a judgement (a choice between the two options) and provide a clear justification for it having considered the drawbacks of the choice made and degree to which they may offset the benefits of the choice made. In Justify questions, a candidate can reach full marks by just considering one of the two options. There is no need to consider both options as part of an answer.

Apple is considering increasing the amount of money it spends on product development.

In order to fund product development, Apple has two options.

**Option 1:** Issue new shares.

**Option 2:** Use retained profits.

(e) Justify which **one** of these two options Apple should choose.

(9)

Question number	Indicative content
3(e)	<p style="text-align: center;"><b>AO2 (3 marks)/AO3 (3 marks)/AO4 (3 marks)</b></p> <p><b>AO2</b></p> <ul style="list-style-type: none"> <li>Option 1 – Apple is a successful technology company. Issuing new shares will raise a significant sum of capital to finance product development.</li> <li>Option 2 – Apple will have significant retained profits since, in 2015, it made US \$53.4Bn in profit, which can be used to finance product development.</li> </ul> <p><b>AO3</b></p> <ul style="list-style-type: none"> <li>Option 1 – This source of capital is cheaper than using a bank loan, which will allow Apple to minimise interest costs, enabling the company to maintain its profitability and not be subject to increased levels of risk.</li> <li>Option 2 – Retained profits are the cheapest source of finance. Using this method overcomes the drawback of diluting the control of existing Apple shareholders, something which would occur if new share capital was issued.</li> </ul> <p><b>AO4</b></p> <ul style="list-style-type: none"> <li>Option 1 – However, issuing new share capital will dilute the existing shareholders' percentage ownership of the company, and the costs of issuing new shares may be expensive.</li> <li>Option 2 – However, by using retained profit there will be less profit available for distribution. As a result, shareholders may be frustrated in the short term since dividends may fall to fund Apple's desire to innovate.</li> </ul>

Level	Mark	Descriptor
	0	No rewardable material.
<b>Level 1</b>	1–3	<ul style="list-style-type: none"> <li>Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2)</li> <li>Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3)</li> <li>Makes a judgement, providing a simple justification based on limited evaluation of business information and issues relevant to the choice made. (AO4)</li> </ul>
<b>Level 2</b>	4–6	<ul style="list-style-type: none"> <li>Sound application of knowledge and understanding of business concepts and issues to the business context, although there may be some inconsistencies. (AO2)</li> <li>Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3)</li> <li>Makes a judgement, providing a justification based on sound evaluation of business information and issues relevant to the choice made. (AO4)</li> </ul>
<b>Level 3</b>	7–9	<ul style="list-style-type: none"> <li>Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2)</li> <li>Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3)</li> <li>Makes a judgement, providing a clear justification based on a thorough evaluation of business information and issues relevant to the choice made. (AO4)</li> </ul>

If a candidate wrote a totally generic answer which consisted of no application, they would be placed in level 0 for the skill of Application (AO2). If the answer also lacked any Evaluation (AO4), they would again be placed in level 0 for this skill. If the answer had four logical interconnected points (not the five recommended to reach level 3), the candidate's answer would be placed at the top of level 2 for Analysis (AO3). Using a best fit approach, this would lead to 2 marks. A candidate's answer is marked according to their performance in each of the skills the question is designed to test.

### 'Evaluate' questions

An exemplar is shown below. There will be one 'Evaluate' question in each examination paper at the end of question 4. These questions are designed to test of the skills – Knowledge (AO1), Application (AO2), Analysis (AO3) and Evaluation (AO4). They are marked using a levels of response mark scheme which is shown below. To reach level 3, a candidate's answer must contain 'detailed application' to satisfy the Application (AO2) descriptor. To satisfy the Analysis (AO3) descriptor candidates must demonstrate 'detailed interconnected points'. It is recommended they have at least five logical interconnections within their answer. To satisfy the Evaluation (AO4) descriptor the student must make a judgement (a choice between the two options) and provide a clear justification for it having considered the drawbacks of the choice made and degree to which they may offset

the benefits of the choice made. In Justify questions, a candidate can reach full marks by just considering one of the two options. There is no need to consider both options as part of an answer.

In 2015, Haji Biryani considered introducing a home delivery service where food ordered on the internet is delivered to customers at their homes.

- (c) Evaluate whether the introduction of a home delivery service would increase Haji Biryani's profits. You should use the information provided as well as your own knowledge of business.

(12)

Question number	Indicative content
4(c)	<p style="text-align: center;"><b>AO1 (3 marks)/AO2 (3 marks)/AO3 (3 marks)/AO4 (3 marks)</b></p> <p><b>AO1</b></p> <ul style="list-style-type: none"> <li>• Home delivery would result in increased customer satisfaction.</li> <li>• Home delivery could allow Haji Biryani to move into the takeaway market.</li> </ul> <p><b>AO2</b></p> <ul style="list-style-type: none"> <li>• This is because customers can now place their orders over the internet and the food will be delivered to their homes.</li> <li>• This market is bigger since customers no longer have to travel from inconvenient parts of Dhaka to eat Haji Biryani's food.</li> </ul> <p><b>AO3</b></p> <ul style="list-style-type: none"> <li>• Therefore, this means customers no longer have to travel across Dhaka, wasting time. As a result, customers may be willing to pay more for the home delivery service, increasing the profits of the business.</li> <li>• As a result, the potential demand will increase significantly, resulting in much higher potential revenues which should lead to higher profits.</li> </ul> <p><b>AO4</b></p> <ul style="list-style-type: none"> <li>• However, Haji Biryani is a restaurant not a takeaway and, therefore, customers may enjoy dining in the restaurant, a luxury which they would not get from a home delivery service. As a result, the new service may simply increase costs but not improve revenues by as much, resulting in lower, rather than higher, profits.</li> <li>• However, the takeaway market may be much more competitive than the restaurant market and, with many other restaurants also offering a home delivery service, the extra revenues generated by Haji Biryani may not be high. Therefore, with the extra costs of employing drivers to deliver the food, profits may be lower in the short term until customers start to become loyal to the new service.</li> </ul>

Level	Mark	Descriptor
	0	No rewardable material.
<b>Level 1</b>	1–4	<ul style="list-style-type: none"> <li>• Demonstrates elements of knowledge and understanding of business concepts and issues, with limited business terminology used. (AO1)</li> <li>• Limited application of knowledge and understanding of business concepts and issues to the business context. (AO2)</li> <li>• Attempts to deconstruct business information and/or issues, finding limited connections between points. (AO3)</li> <li>• Draws a conclusion, supported by generic assertions from limited evaluation of business information and issues. (AO4)</li> </ul>
<b>Level 2</b>	5–8	<ul style="list-style-type: none"> <li>• Demonstrates mostly accurate knowledge and understanding of business concepts and issues, including appropriate use of business terminology in places. (AO1)</li> <li>• Sound application of knowledge and understanding of business concepts and issues to the business context, although there may be some inconsistencies. (AO2)</li> <li>• Deconstructs business information and/or issues, finding interconnected points with chains of reasoning, although there may be some logical inconsistencies. (AO3)</li> <li>• Draws a conclusion based on sound evaluation of business information and issues. (AO4)</li> </ul>
<b>Level 3</b>	9–12	<ul style="list-style-type: none"> <li>• Demonstrates accurate knowledge and understanding of business concepts and issues throughout, including appropriate use of business terminology. (AO1)</li> <li>• Detailed application of knowledge and understanding of business concepts and issues to the business context throughout. (AO2)</li> <li>• Deconstructs business information and/or issues, finding detailed interconnected points with logical chains of reasoning. (AO3)</li> <li>• Draws a valid and well-reasoned conclusion based on a thorough evaluation of business information and issues. (AO4)</li> </ul>

If a candidate wrote an answer which showed excellent use of terminology and demonstrated full understanding of concepts, it would be placed at the top of level 3 for Knowledge (AO1). However, if the answer was totally generic and consisted of no application, it would be placed in level 0 for the skill of Application (AO2). If the answer had excellent Evaluation (AO4), it would be placed in level 3 for this skill. If the answer then had two logical interconnected points (not the five recommended to reach level 3), the student's answer would be placed at the bottom of level 2 for Analysis (AO3) for this skill. Using a best fit approach, this would lead to 7 marks. A candidate's answer is marked according to their performance in each of the skills the question is designed to test.

### Delivery of the qualification – transferable skills

#### Why transferable skills?

Ensuring that International GCSE qualifications will help improve student outcomes through the acquisition of transferable skills, as well as subject content and skills, is a key aim for Pearson.

In recent years, higher education institutions and employers have consistently flagged the need for students to develop a range of transferable skills to enable them to respond with confidence to the demands of undergraduate study and the world of work.

Through our teaching materials and support offered we want to:

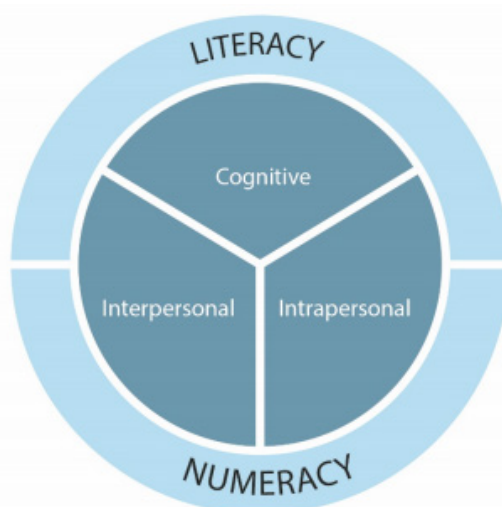
1. increase awareness of transferable skills that are already being assessed (for both students and teachers)
2. indicate where, for teachers, there are opportunities to teach additional skills that won't be formally assessed, but that would be of benefit to students.

#### What are transferable skills?

The Organisation for Economic Co-operation and Development (OECD) defines skills, or competencies, as 'the bundle of knowledge, attributes and capacities that can be learned and that enable individuals to successfully and consistently perform an activity or task and can be built upon and extended through learning<sup>1</sup>.

To support the design of our qualifications, the Pearson Research Team selected and evaluated seven global 21st-century skills frameworks. Following on from this process, we identified the National Research Council's (NRC) framework<sup>2</sup> as the most evidence-based and robust skills framework, and have used this as a basis for our adapted skills framework.

The framework includes cognitive, intrapersonal skills and interpersonal skills.



[1] (OECD (2012), Better Skills, Better Jobs, Better Lives (2012):<http://skills.oecd.org/documents/OECDskillsStrategyFINALENG.pdf>)

[2] Koenig, J. A. (2011) Assessing 21st Century Skills: Summary of a Workshop, National Research Council)

## Course planner

This section contains a course planner for each of the papers within the qualifications.

The course planner follows the specification in topic order.

This is only a suggested course planner and it does not need to be followed. However, it may be useful when working through the specification for the first time.

### Timings

The following tables show the suggested timings for each topic.

Term	Year	Topic/Paper	Guided Learning Hours	Notes
1	10	Business activities and influences on business	25	1.1 -1.5 inclusive
2	10	Business activities and influences on business People in business	20	1.6-1.8 inclusive 2.1-2.3 inclusive
3	10	People in business Business finance	20	2.4-2.5 inclusive 3.1-3.3 inclusive
1	11	Business finance Marketing	25	3.4-3.5 inclusive 4.1-4.2 inclusive
2	11	Marketing Business Operations	20	4.3 5.1-5.2 inclusive
3	11	Business Operations Revision	15	5.3-5.4 inclusive

### Support for delivering the new specification

Our package of support to help you plan and implement the new specification includes:

**Planning** – In addition to the relevant sections in this guide, we will be providing a course planner and an editable scheme of work that you can adapt to suit the needs of your department.

**Teaching and learning** – To support you in delivering the new specification, we will be providing suggested resource lists and suggested activities.

**Understanding the standard** – Sample Assessment Materials are provided for Papers 1 and 2 and we have also included a further set of Sample Assessment Materials (Specimen Papers) for Papers 1 and 2. This will provide you with two full sets of examination papers to use as mock assessment before the first live examination in 2019.

**Tracking learner progress** – ResultsPlus provides the most detailed analysis available of your students' exam performance. Using the Mock Analysis feature can help you identify topics and skills where students could benefit from further learning.

**Support** – Our subject advisor service and online community will ensure you receive help and guidance from us, as well as allowing you to share ideas and information with each other. To keep up-to-date with qualification and industry news, it is recommended that you sign-up to receive the monthly newsletters from your dedicated subject advisor, Colin Leith. Email Colin at: [teachingbusiness@pearson.com](mailto:teachingbusiness@pearson.com)



## Suggested resources

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### Textbooks

Edexcel International GCSE (9-1) in Business *(This textbook has been written for the new specification.)*

Rob Jones

Pearson, 2017

ISBN: 978 0 435 18863 4

Edexcel GCSE (9-1) Business

H. Coupland-Smith, A. Redfern, C. Richards, I. Rowbory, J. Smith

Pearson, 2017

ISBN: 978 1 292 17984 1

Edexcel International GCSE in Business Studies

Rob Jones

Pearson, 2011

ISBN: 978 0 435 04674 3

<http://www.businessed.co.uk/>

<https://www.tes.com/resources/>

## Why study the Pearson Edexcel International GCSE in Business?

This course will enable you to:

- develop an interest in and enthusiasm for the study of business
- develop an understanding of business concepts, business terminology, business objectives and the integrated nature of business activity
- understand how the main types of business are organised, financed and operated
- develop and apply knowledge, understanding and skills to contemporary business issues in a wide range of businesses from small enterprises to large multinationals and businesses operating in local, national and global context
- develop critical-thinking and enquiry skills to distinguish between facts and opinion, calculating, interpreting and evaluating business data, to help build arguments and make informed judgements
- develop an understanding of the dynamics of business activity and the related considerations of ethics and sustainability for global businesses.

## What do I need to know, or be able to do, before taking this course?

We recommend that students are able to read and write in English at Level B2 of the Common European Framework of Reference for Languages; otherwise, there are no prior learning requirements for this qualification.

## Is this the right subject for me?

Have a look at our qualification overview to get an idea of what's included in this qualification. Then, why not get in touch with our student services team by emailing, [students@pearson.com](mailto:students@pearson.com), to discuss any outstanding questions you might have? You could also visit <http://qualifications.pearson.com/en/support/support-for-you/students.html> to read about all the student support available from Pearson. This page also includes useful insight from students who have studied our qualifications.

## How will I be assessed?

You will be assessed through 100% external examination.

## What can I do after I have completed the course?

You can progress on to the further study of Business and other similar subjects at Level 3 and then continue on to higher education.

## What next?

Talk to your Business teacher at school or college for further guidance.

For information about Edexcel, BTEC or LCCI qualifications  
visit [qualifications.pearson.com](http://qualifications.pearson.com)

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