

# Syllabus

Cambridge O Level Business Studies

Syllabus code 7115

For examination in June and November 2011



UNIVERSITY *of* CAMBRIDGE  
International Examinations

**Note for Exams Officers:** Before making Final Entries, please check availability of the codes for the components and options in the E3 booklet (titled "Procedures for the Submission of Entries") relevant to the exam session. Please note that component and option codes are subject to change.

# Contents

## Cambridge O Level Business Studies Syllabus code 7115

|  |    |
|--|----|
| 1. Introduction .....                              | 2  |
| 1.1 Why choose Cambridge?                          |    |
| 1.2 Why choose Cambridge O Level Business Studies? |    |
| 1.3 How can I find out more?                       |    |
| 2. Assessment at a glance .....                    | 4  |
| 3. Syllabus aims and assessment .....              | 5  |
| 3.1 Aims of the syllabus                           |    |
| 3.2 Assessment objectives                          |    |
| 3.3 Specification grid                             |    |
| 3.4 Exam combinations                              |    |
| 4. Curriculum content.....                         | 9  |
| 5. Resource list.....                              | 27 |

# 1. Introduction

## 1.1 Why choose Cambridge?

University of Cambridge International Examinations (CIE) is the world's largest provider of international qualifications. Around 1.5 million students from 150 countries enter Cambridge examinations every year. What makes educators around the world choose Cambridge?

### Developed for an international audience

International O Levels have been designed specially for an international audience and are sensitive to the needs of different countries. These qualifications are designed for students whose first language may not be English and this is acknowledged throughout the examination process. The curriculum also allows teaching to be placed in a localised context, making it relevant in varying regions.

### Recognition

Cambridge O Levels are internationally recognised by schools, universities and employers as equivalent to UK GCSE. They are excellent preparation for A/AS Level, the Advanced International Certificate of Education (AICE), US Advanced Placement Programme and the International Baccalaureate (IB) Diploma. CIE is accredited by the UK Government regulator, the Qualifications and Curriculum Authority (QCA). Learn more at [www.cie.org.uk/recognition](http://www.cie.org.uk/recognition).

### Support

CIE provides a world-class support service for teachers and exams officers. We offer a wide range of teacher materials to Centres, plus teacher training (online and face-to-face) and student support materials. Exams officers can trust in reliable, efficient administration of exams entry and excellent, personal support from CIE Customer Services. Learn more at [www.cie.org.uk/teachers](http://www.cie.org.uk/teachers).

### Excellence in education

Cambridge qualifications develop successful students. They not only build understanding and knowledge required for progression, but also learning and thinking skills that help students become independent learners and equip them for life.

### Not-for-profit, part of the University of Cambridge

CIE is part of Cambridge Assessment, a not-for-profit organisation and part of the University of Cambridge. The needs of teachers and learners are at the core of what we do. CIE invests constantly in improving its qualifications and services. We draw upon education research in developing our qualifications.

# 1. Introduction

## 1.2 Why choose Cambridge O Level Business Studies?

International O Levels are established qualifications that keep pace with educational developments and trends. The International O Level curriculum places emphasis on broad and balanced study across a wide range of subject areas. The curriculum is structured so that students attain both practical skills and theoretical knowledge.

Cambridge O Level Business Studies is accepted by universities and employers as proof of an understanding of business concepts and techniques across a range of different types of businesses. Successful Cambridge O Level Business Studies students gain lifelong skills, including:

- understanding different forms of business organisations, the environments in which businesses operate and business functions such as marketing, operations and finance;
- an appreciation of the critical role of people in business success;
- confidence to calculate and interpret business data;
- communication skills including the need to support arguments with reasons;
- ability to analyse business situations and reach decisions or judgements.

The syllabus provides both a foundation for further study at A Level, and an ideal preparation for the world of work.

Students may also study for a Cambridge O Level in a number of related subjects including Commerce, Commercial Studies, Economics and Principles of Accounts. In addition to Cambridge O Levels, CIE also offers Cambridge IGCSE and International A & AS Levels for further study in both Business Studies as well as other Social Science subjects. See [www.cie.org.uk](http://www.cie.org.uk) for a full list of the qualifications you can take.

## 1.3 How can I find out more?

### If you are already a Cambridge Centre

You can make entries for this qualification through your usual channels, e.g. your regional representative, the British Council or CIE Direct. If you have any queries, please contact us at [international@cie.org.uk](mailto:international@cie.org.uk).

### If you are not a Cambridge Centre

You can find out how your organisation can become a Cambridge Centre. Email either your local British Council representative or CIE at [international@cie.org.uk](mailto:international@cie.org.uk). Learn more about the benefits of becoming a Cambridge Centre at [www.cie.org.uk](http://www.cie.org.uk).

## 2. Assessment at a glance

### Cambridge O Level Business Studies Syllabus code 7115

Candidates take 2 exam papers.

| Candidates take:  |  |
|---|--|
| <b>Paper 1</b> 1¾ hours   | <b>Paper 2</b> 1¾ hours  |
| Short-answer questions and structured/data response questions.<br>There will be no choice of questions. | Questions arising from a given case-study (not pre-released).<br>There will be no choice of questions. |
| 50% of total marks.   | 50% of total marks.  |

# 3. Syllabus aims and assessment

## 3.1 Aims of the syllabus

The aims, which are not listed in order of priority, are to enable candidates to:

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

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

# 3. Syllabus aims and assessment

## 3.2 Assessment objectives

The four assessment objectives in Business Studies are:

AO1: Knowledge and understanding

AO2: Application

AO3: Analysis

AO4: Evaluation

### AO1: Knowledge and understanding

Candidates should be able to:

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

### AO2: Application

Candidates should be able to:

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

### AO3: Analysis

Candidates should be able to:

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

### AO4: Evaluation

Candidates should be able to:

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

# 3. Syllabus aims and assessment

## 3.3 Specification grid

| Assessment Objective             | Paper 1 | Paper 2 |
|----------------------------------|---------|---------|
| AO1: Knowledge and understanding | 35 ± 5  | 25 ± 5  |
| AO2: Application                 | 35 ± 5  | 25 ± 5  |
| AO3: Analysis                    | 15 ± 5  | 25 ± 5  |
| AO4: Evaluation                  | 15 ± 5  | 25 ± 5  |
| Total marks                      | 100     | 100     |
| Weighting                        | 50%     | 50%     |

# 3. Syllabus aims and assessment

## 3.4 Exam combinations

Candidates can combine this syllabus in an exam session with any other CIE syllabus, except:

- syllabuses with the same title at the same level
- 0450 Business Studies
- 0615 Business Studies (Botswana)
- 7085 Business Studies (Singapore)

Please note that O Level, Cambridge International Level 1/Level 2 Certificates and IGCSE syllabuses are at the same level.

# 4. Curriculum content

In all of the following, candidates are required to apply their understanding to a variety of simple business situations. Candidates should be able to make simple decisions based upon evaluation of the information provided.

| 1. Business and the environment in which it operates |   |   |
|--|---|---|
| 1.1 Business Activity                                |   |   |
| 1.1.1  | Business activity as a means of adding value and meeting customer needs                 | Demonstrate understanding of business activity in adding value and helping to satisfy the needs of customers in a changing competitive environment. <ul style="list-style-type: none"> <li>• Understand the purpose of business activity</li> <li>• Understand the concept of adding value</li> <li>• Understand the concepts of needs, wants and scarcity</li> </ul> |
|  |   | Explain the purpose of business activity in terms of the objects of non-profit making activity, private enterprise and public enterprise. <ul style="list-style-type: none"> <li>• Demonstrate an awareness that different business activities pursue different goals</li> <li>• Understand the reasons for the existence of these different goals</li> </ul>         |
| 1.1.2  | Classification of local and national firms into primary, secondary and tertiary sectors | Describe and classify business activity in terms of primary, secondary and tertiary sectors <ul style="list-style-type: none"> <li>• Understand the basis of the classification</li> <li>• Use examples to demonstrate understanding</li> </ul>   |
|  |   | Demonstrate an awareness of the changes that have taken place in these sectors within own country <ul style="list-style-type: none"> <li>• Identify the key features of the structure of their own national economy [business activities]</li> </ul>  |
| 1.1.3  | Business growth and measurement of size   | Show knowledge of the methods and problems of measuring the size of business units <ul style="list-style-type: none"> <li>• Show understanding of the different methods of measuring the size of business units, e.g. number of employees, capital employed</li> <li>• Show awareness of the problems of using the different methods</li> </ul>                       |
|  |   | Why businesses grow and expand, problems connected to this and how they might be overcome <ul style="list-style-type: none"> <li>• Understand the different ways by which a business can grow</li> <li>• Explain reasons why businesses seek to grow</li> <li>• Describe the problems connected with the growth of a business</li> </ul>                              |

# 4. Curriculum content

|                             |   |  |
|-----------------------------|---|--|
| 1.1.4                       | Key features of own national economy          | Demonstrate an awareness of the impact that business activity may have on the environment <ul style="list-style-type: none"> <li>• Use examples to illustrate concepts such as pollution and global warming</li> <li>• Understand some of the issues with regards to 'sustainable development'</li> <li>• Show awareness of the possible impact of business development upon depletion of natural resources</li> </ul> |
|                             |   | Show understanding of the changing importance of these categories within their own national economy, in terms of employment and contribution to national wealth <ul style="list-style-type: none"> <li>• Show awareness of the structure and importance of different sectors in your own national economy</li> <li>• Illustrate such changes with reference to appropriate examples</li> </ul>                         |
| <b>1.2 The organisation</b> |   |  |
| 1.2.1                       | Business objectives and their importance      | Demonstrate an understanding that businesses can have several objectives – and the importance of these can change <ul style="list-style-type: none"> <li>• Understand the need for objectives in business</li> <li>• Identify the importance of businesses having objectives</li> <li>• Demonstrate understanding of different objectives such as growth, profitability and market share</li> </ul>                    |
| 1.2.2                       | Stakeholders and their differing objectives   | State and explain the role of the different groups involved in business activity and their objectives; consumers, employees, managers, owners, financiers and shareholders <ul style="list-style-type: none"> <li>• Identify, describe and explain the objectives of different stakeholder groups</li> <li>• Use examples to illustrate such objectives</li> </ul>   |
| 1.2.3                       | Aims of private and public sector enterprises | Demonstrate an awareness of the aims and objectives of enterprises in both private and public sectors <ul style="list-style-type: none"> <li>• Describe and explain the different objectives of organisations in the different sectors in an economy</li> </ul>  |

# 4. Curriculum content

| <b>1.3 Changing business environment</b> |   |   |
|--|---|---|
| 1.3.1                                    | Government influence over decision making by using economic policy measures | <p>State the role of the government in influencing decisions within local, national and international contexts and explain how business may react</p> <ul style="list-style-type: none"> <li>• Identify need for intervention</li> <li>• Show understanding of the impact of intervention in terms of business decisions e.g. what is produced and how</li> <li>• Give examples of intervention both to support and control the impact of business activity on people, the economy and the environment</li> </ul> |
|  |   | <p>Demonstrate an awareness of the impact that tax and interest rate changes might have on business decisions</p> <ul style="list-style-type: none"> <li>• Know how interest rates affect business</li> <li>• Know how different tax changes affect business</li> <li>• Understand how business decisions will be affected by such changes</li> </ul>   |
| 1.3.2                                    | Impact of technology on business  | <p>Explain the impact that technological change has on a business</p> <ul style="list-style-type: none"> <li>• Understand the impact on costs, labour requirements, methods of production and marketing of technological change</li> </ul>  |
|  |   | <p>Internet and e-commerce</p> <ul style="list-style-type: none"> <li>• Define and explain the concept of e-commerce</li> <li>• Evaluate the benefits and threats to both consumers and business of e-commerce</li> </ul>   |
| 1.3.3                                    | Business reaction to market changes   | <p>Show understanding of market changes and how these might be responded to by business</p> <ul style="list-style-type: none"> <li>• Show understanding of why consumer spending patterns may change</li> <li>• Show understanding of why markets have become more competitive</li> <li>• Evaluate impact of increased competition on consumers and business</li> </ul>   |

# 4. Curriculum content

| <b>1.4 Economic environment</b> |   |   |
|---------------------------------|---|---|
| 1.4.1                           | Mixed and market economies  | Show an awareness of the main differences between these two market systems <ul style="list-style-type: none"><li>• Understand the reasons behind the existence of these two types of systems</li><li>• Appreciate the different outcomes of the systems in terms of choice, prices and availability of goods/services</li></ul>                                 |
| 1.4.2                           | International trade (access to markets/tariffs)                   | Show an appreciation of how international trade influences an economy and its business sector by creating opportunities for growth, increased competition and consumer choice <ul style="list-style-type: none"><li>• Explain how international trade creates opportunities and problems [threats] for business units</li></ul>                                 |
| 1.4.3                           | Problems of entering new markets abroad                           | Demonstrate an understanding of the problems of a business when entering a new market abroad <ul style="list-style-type: none"><li>• Understanding of problems such as lack of local knowledge, no contacts, lack of appreciation of national cultures and tastes</li><li>• Awareness of methods of dealing with such problems</li></ul>                        |
| 1.4.4                           | Competition and business  | <ul style="list-style-type: none"><li>• Identify the impact of competition on business in terms of consumer choice and sales</li><li>• Show awareness of the potential for consumer exploitation in uncompetitive markets</li></ul>   |
| 1.4.5                           | Concept of exchange rates and how changes in them affect business | Appreciate the implications of tariff barriers, quotas and exchange rate changes for businesses that trade internationally <ul style="list-style-type: none"><li>• Awareness of how restrictions on trade impact on businesses that export and import</li><li>• Understand the impact of exchange rate movements on competitiveness and profitability</li></ul> |

# 4. Curriculum content

| 2. Business structure, organisation and control |   |  |
|---|---|--|
| 2.1 Ownership and internal organisation         |   |  |
| 2.1.1   | Relationship between objectives, growth and business organisation                                       | <p>Discuss the appropriateness of a given form of organisation in enabling a business to achieve its objectives</p> <ul style="list-style-type: none"> <li>Recommend suitable forms of business organisation to the owners and management in a given situation</li> </ul>  |
| 2.1.2   | Types of business organisation (sole trader, partnerships, limited companies, franchise, joint venture) | <p>Identify and explain the main features of different forms of business organisation</p> <ul style="list-style-type: none"> <li>Describe the main features of sole traders, partnerships, limited companies, franchises and joint ventures</li> <li>Understand the differences between sole traders and partnerships</li> <li>Understand the differences between unincorporated businesses and limited companies</li> </ul>   |
| 2.1.3   | Growth of multinational companies   | <p>Identify reasons for the importance and growth of multinational business</p> <ul style="list-style-type: none"> <li>Explain why multinational companies are created</li> <li>Understand the potential impact of multinationals on the countries [economies] where they are located by looking at the advantages and disadvantages that they create [e.g. employment, inward technology, repatriation of profits]</li> </ul> |
| 2.1.4   | Control and responsibility  | <p>Draw, interpret and explain simple organisational charts</p> <ul style="list-style-type: none"> <li>Understanding of the roles, responsibilities and inter-relationship of people within organisations</li> <li>Understand the concepts of span of control, hierarchy, chain of command and delegation</li> </ul>   |
|   |   | <p>Comment on the central features of organisational structure</p> <ul style="list-style-type: none"> <li>Show analytical awareness of the features of a given chart</li> <li>Appreciate that organisational charts change as a business expands</li> </ul>  |
| 2.1.5   | Limited and unlimited liability   | <p>Understand the role and function of entrepreneurship</p> <ul style="list-style-type: none"> <li>Understand the concepts of risk and ownership</li> <li>Understand the concept of limited liability</li> </ul>   |

# 4. Curriculum content

|       |  |   |
|-------|--|---|
| 2.1.6 | Internal organisation (organisation structure, hierarchy, span of control) | <p>Discuss the role of management</p> <ul style="list-style-type: none"> <li>• Knowledge of the functions of management</li> <li>• Understanding of the concepts of ownership and control</li> </ul>  |
| 2.1.7 | Internal and external communication  | <p>Explain the different means of communication</p> <ul style="list-style-type: none"> <li>• Understand the concept of communication</li> <li>• Appreciate the importance of communication within a business</li> <li>• Understand how communication takes place</li> </ul> |
|       |  | <p>Awareness of the barriers to effective communication</p> <ul style="list-style-type: none"> <li>• Knowledge of the barriers to effective communication</li> <li>• Understanding of why such barriers exist</li> </ul>  |
|       |  | <p>Understand how the barriers to communication can be overcome</p> <ul style="list-style-type: none"> <li>• Explain how barriers can be overcome</li> </ul>  |
|       |  | <p>Comment on the appropriateness of different means of communication</p> <ul style="list-style-type: none"> <li>• Understanding of when to use a given method of communication</li> </ul>  |
| 2.1.8 | Internal communication (effective communication and its attainment)        | <p>Understanding of methods of internal and external communication</p> <ul style="list-style-type: none"> <li>• Knowledge and understanding of different methods</li> <li>• understanding of the difference between internal and external communication</li> </ul>          |
|       |  | <p>Understand the need for effective internal communication</p> <ul style="list-style-type: none"> <li>• Knowledge of the concept of effective communication</li> <li>• Understanding of the consequences of a breakdown in effective communications</li> </ul>             |

# 4. Curriculum content

| <b>2.2 Financing business activity</b> |   |   |
|--|---|---|
| 2.2.1                                  | Use of funds  | Identify the main needs for funds <ul style="list-style-type: none"><li>• Understand why a business needs funds</li></ul>   |
| 2.2.2                                  | Short- and long-term financial needs                          | Appreciate the difference between short and long term finance <ul style="list-style-type: none"><li>• Understand the difference between short and long term capital needs</li></ul>   |
| 2.2.3                                  | Sources of internal and external funds (short- and long-term) | Identify internal and external sources of funds available to business <ul style="list-style-type: none"><li>• Understand the difference between internal sources of capital and external sources</li><li>• Knowledge of the different sources available to a business</li></ul>   |
|  |   | Understand the impact on business of different sources of funds <ul style="list-style-type: none"><li>• Show awareness of the possible impact of debt capital compared to owners funds</li></ul>  |
| 2.2.4                                  | Factors affecting the methods of finance chosen               | Explain the basis upon which the choice of sources of funds is made <ul style="list-style-type: none"><li>• Understanding of the factors to be considered in determining an appropriate source of funds</li><li>• Show appreciation of the significance of size of the business, capital need, length of time and risk</li><li>• Recommend and justify an appropriate method(s) of finance in a given situation</li></ul> |

# 4. Curriculum content

| 3. Business activity to achieve objectives |   |   |
|--|---|---|
| 3.1 Marketing                              |   |   |
| 3.1.1                                      | Role of marketing                         | Describe the role of marketing <ul style="list-style-type: none"> <li>Understand the role of marketing in a business</li> </ul>   |
| 3.1.2                                      | Market research (primary and secondary)   | Appreciate the need for market research <ul style="list-style-type: none"> <li>Understand the concept of a market orientated business</li> <li>Show awareness of the use of market research information to a business</li> </ul>  |
|  |   | Understand how a business carries out market research; limitations of market research <ul style="list-style-type: none"> <li>Knowledge of the difference between primary and secondary research, advantages and disadvantages of each</li> <li>Knowledge and understanding of how market research can be carried out</li> </ul>   |
|  |   | Understand the factors that influence the accuracy of market research <ul style="list-style-type: none"> <li>Appreciation of the reasons why market research data might be inaccurate or of limited use</li> </ul>  |
| 3.1.3                                      | Presentation and use of results           | Present, analyse and interpret simple market research <ul style="list-style-type: none"> <li>Analyse and interpret market research data shown in the form of graphs, charts and diagrams</li> <li>Draw simple conclusions from data</li> </ul>  |
| 3.1.4                                      | Market segmentation (purpose and methods) | Understand how and why market segmentation is carried out <ul style="list-style-type: none"> <li>Show how markets can be segmented according to age, socio-economic groupings, location or gender</li> <li>Demonstrate an understanding of why such segmentation can be of use to a business</li> <li>Select and justify a method of segmentation appropriate to given circumstances</li> </ul> |
| 3.1.5                                      | Mass market; niche market                 | Appreciate the difference between mass marketing and niche marketing <ul style="list-style-type: none"> <li>Understand the difference and significance of mass and niche markets in terms of size and customer needs</li> </ul>   |
| 3.1.6                                      | Marketing mix                             | Identify and explain the elements of the marketing mix <ul style="list-style-type: none"> <li>Show knowledge and awareness of the four main elements of the marketing mix [product, price, place and promotion]</li> </ul>  |

# 4. Curriculum content

|        |  |   |
|--------|--|---|
| 3.1.7  | Product<br>(design, brand,<br>packaging, life<br>cycle)                        | <p>Demonstrate an understanding of the product life cycle</p> <ul style="list-style-type: none"> <li>• Knowledge and understanding of the importance of packaging</li> <li>• Awareness of the concept of a brand name in influencing sales</li> <li>• Knowledge of the stages of a product life cycle</li> <li>• Draw and interpret a product life cycle diagram</li> <li>• Understanding of the significance of the four main stages of the product life cycle</li> <li>• Show awareness of extension strategies</li> </ul>  |
| 3.1.8  | Price (price<br>elasticity of<br>demand, pricing<br>methods and<br>strategies) | <p>Understand how pricing decisions are made</p> <ul style="list-style-type: none"> <li>• Understand the main methods of pricing: cost plus, competitive, psychological, penetration, price skimming</li> <li>• Show awareness of the implications of the methods</li> </ul> <p>Understand the significance of price elasticity of demand (calculations will not be required)</p> <ul style="list-style-type: none"> <li>• Appreciate the difference between a price elastic demand and a price inelastic demand</li> <li>• Understand the importance of the concept in pricing decisions</li> <li>• Calculations, knowledge of formula and detailed analysis using the concept are NOT required</li> </ul> |
| 3.1.9  | Distribution<br>channels   | <p>Appreciate the importance of distribution channels and the factors that determine the selection of them</p> <ul style="list-style-type: none"> <li>• Knowledge and understanding of a distribution channel</li> <li>• Recommend and justify an appropriate channel in a given situation</li> </ul>   |
| 3.1.10 | Promotion<br>(advertising,<br>sales, point of<br>sale)                         | <p>Understand the role of promotion</p> <ul style="list-style-type: none"> <li>• Understand the aims of promotion</li> <li>• Identify, explain and give examples of different forms of promotions</li> <li>• Understand how promotions influence sales</li> <li>• Justify an appropriate method of promotion in a given situation</li> </ul>  |

# 4. Curriculum content

|   |   |   |
|---|---|---|
| 3.1.11  | Marketing strategy                            | Understand how the mix can be used to influence consumer purchasing   |
|   |   | Understand how the marketing mix can change as the product goes through its life cycle  |
|   |   | Select and justify marketing methods appropriate to a given situation <ul style="list-style-type: none"> <li>• Understanding of the importance of the different elements of the marketing mix and the ways in which they can be used separately or together to influence consumer purchases</li> <li>• Recommend and justify a marketing strategy in a given situation</li> </ul> |
| 3.1.12  | Marketing budget                              | Awareness of the need for a marketing budget <ul style="list-style-type: none"> <li>• Knowledge of the concept of a marketing budget</li> <li>• Understanding of the importance of such a budget in terms of money available for the marketing function</li> <li>• Awareness of the concept of cost effectiveness</li> </ul>  |
| <b>3.2 Production (Operations Management)</b> |   |   |
| 3.2.1   | Using resources to produce goods and services | Understand how resources can be used and managed to help organisations achieve their objectives <ul style="list-style-type: none"> <li>• Understand the difference between production and productivity</li> <li>• Identify factors that increase productivity</li> </ul>  |
| 3.2.2   | Methods of production (job, batch, flow)      | Explain job, batch and flow production methods <ul style="list-style-type: none"> <li>• Describe the main features of different production methods</li> <li>• Explain the advantages of the different methods</li> <li>• Select and justify methods appropriate to a given situation</li> </ul>   |
| 3.2.3   | Scale of production                           | Understand economies and diseconomies of scale <ul style="list-style-type: none"> <li>• Explain the concepts of economies and diseconomies of scale [theoretical knowledge NOT required]</li> <li>• Understand the reasons why economies and diseconomies occur</li> <li>• Identify examples of economies and diseconomies of scale</li> </ul>                                    |
| 3.2.4   | Lean production                               | <ul style="list-style-type: none"> <li>• Identify and explain ways of implementing lean production methods</li> </ul>   |

# 4. Curriculum content

|       |  |  |
|-------|--|--|
| 3.2.5 | Costs and cost classification                                | State and explain the cost structure of a business <ul style="list-style-type: none"> <li>• Demonstrate understanding as to why the process of production generates costs</li> </ul>   |
|       |  | Classify costs into fixed and variable/direct/indirect <ul style="list-style-type: none"> <li>• Identify examples of different types of costs using the fixed and variable classification</li> </ul>   |
| 3.2.6 | Break-even analysis and simple cost-based decision-making    | Explain, interpret and use a simple break-even chart <ul style="list-style-type: none"> <li>• Construct a simple breakeven chart</li> <li>• Interpret a given chart and use it to analyse a situation</li> <li>• Show understanding of the limitations of a break even chart</li> </ul>  |
| 3.2.7 | Quality control  | Appreciate the importance of quality control <ul style="list-style-type: none"> <li>• Understand the concept of quality control</li> <li>• Explain why quality control matters to a business</li> </ul>  |
| 3.2.8 | Location decisions   | Show understanding of the main factors influencing a firm's location and relocation decisions <ul style="list-style-type: none"> <li>• Identify and explain factors relevant to the location decisions of a manufacturing business</li> <li>• Identify and explain factors relevant to the location of a service based business</li> <li>• Show awareness of factors that a business considers in determining which country to locate itself</li> <li>• Recommend and justify an appropriate location for a business in a given situation</li> </ul> |
| 3.2.9 | An appreciation of how production can be made more efficient | Understand the concept of productivity <ul style="list-style-type: none"> <li>• Awareness of the concept of turning resource inputs into an output</li> </ul>  |
|       |  | Awareness of methods of improving efficiency e.g. automation, new technology <ul style="list-style-type: none"> <li>• Show awareness of the implication of change for production methods and labour skills</li> </ul>  |

# 4. Curriculum content

| <b>3.3 Financial information and decision making</b> |  |  |
|--|--|--|
| 3.3.1  | Cash and cash flow forecasts                     | <p>Explain the importance of cash</p> <ul style="list-style-type: none"> <li>• Understand why cash is important to a business</li> <li>• Understand the concept of a cash flow forecast</li> <li>• Show awareness of the importance of cash flow forecasts</li> </ul>  |
|  |  | <p>Construct and interpret a simple cash flow statement</p> <ul style="list-style-type: none"> <li>• Show analytical understanding of the significance of timing in cash flow forecasting</li> </ul>   |
| 3.3.2  | Profit (what it is and why it matters)           | <p>Explain the concept of profit</p> <ul style="list-style-type: none"> <li>• Show understanding of why profit matters to a private sector business</li> <li>• Show awareness of the distinction between retained and distributed profit</li> </ul>  |
| 3.3.3  | Purpose and main elements of profit/loss account | <p>Understand the main elements of a profit/loss account statement</p> <ul style="list-style-type: none"> <li>• Interpret a simple profit/loss account</li> <li>• Use profit and loss accounts as an aid to decision making</li> </ul>   |
|  |  | <p>Explain the function of profit</p> <ul style="list-style-type: none"> <li>• Explain the importance of profit as a reward for enterprise and risk taking</li> </ul>  |
|  |  | <p>Distinguish between cash and profit</p> <ul style="list-style-type: none"> <li>• Show awareness of why cash and profit differ</li> </ul>  |
| 3.3.4  | Purpose and main elements of balance sheet       | <p>Understand the main elements of a balance sheet</p> <ul style="list-style-type: none"> <li>• Understand the difference between assets and liabilities</li> <li>• Interpret a balance sheet and deduce simple conclusions such as to determine how a business is financing its activities and what assets it owns</li> </ul> |

# 4. Curriculum content

|       |  |  |
|-------|--|--|
| 3.3.5 | Simple interpretation of financial statements using ratios | Gross and net profit, current and acid test ratio, return on capital employed (ROCE)   |
|       |  | Alternative ways that businesses can judge their success e.g. ROCE, market share   |
|       |  | Interpret the performance of a business by using simple accounting ratios (return on capital, gross and net profit margin, current ratio) <ul style="list-style-type: none"> <li>• Using accounting ratios make evaluative comments on the success and performance of a business</li> <li>• Understand the concept of liquidity</li> <li>• Use a balance sheet to aid decision making</li> </ul> |
| 3.3.6 | Working capital  | Identify and calculate working capital <ul style="list-style-type: none"> <li>• Understand the concept and importance of working capital</li> </ul>  |
| 3.3.7 | Financial budgets  | Understand the function of financial budgets <ul style="list-style-type: none"> <li>• Awareness of the concept of a financial budget</li> </ul>  |
| 3.3.8 | Users of accounts  | What they might gain from analysing accounts <ul style="list-style-type: none"> <li>• Show awareness of the different users of accounts</li> <li>• Show knowledge of what users might look for in the accounts of a business</li> <li>• Show how users such as lenders [e.g. a bank] might use accounts as the basis upon which to make decisions</li> </ul>                                     |

# 4. Curriculum content

| 4. People in business       |  |   |
|-----------------------------|--|---|
| 4.1 Human needs and rewards |  |   |
| 4.1.1                       | Role of work in satisfying human needs   | <p>Explain the role of work in satisfying human needs</p> <ul style="list-style-type: none"> <li>Understand the concept of human needs such as physiological and social needs</li> <li>Understand how work can help satisfy such needs</li> </ul>   |
| 4.1.2                       | Methods of financial rewards             | <p>Identify the different methods of financial reward</p> <ul style="list-style-type: none"> <li>Explain the different payment systems such as time rates, piece rates, bonus payments, performance rates and profit sharing</li> <li>Evaluate the merits of different systems in given situations</li> </ul> |
| 4.1.3                       | Non-financial rewards                    | <p>Understand the significance of different methods</p> <ul style="list-style-type: none"> <li>Show understanding of non financial methods such as fringe benefits</li> <li>Understand when benefits such as discounts on products, free accommodation, use of company car might be used</li> </ul>           |
| 4.1.4                       | Management styles and motivation methods | <p>Explain the concept of motivation</p> <ul style="list-style-type: none"> <li>Understand what is meant by motivation</li> <li>Explain why employee motivation is important to a business</li> </ul>   |
|                             |  | <p>Understand how motivation can be influenced</p> <ul style="list-style-type: none"> <li>Knowledge of factors that influence motivation such as job satisfaction, job rotation and job enrichment</li> </ul>   |
|                             |  | <p>Appreciate the role of management in motivating employees</p> <ul style="list-style-type: none"> <li>Understanding of the importance of the role of management in motivating employees</li> </ul>  |
|                             |  | <p>Explain the different styles of management</p> <ul style="list-style-type: none"> <li>Knowledge and understanding of management styles such as autocratic, democratic and laissez-faire</li> </ul>   |
|                             |  | <p>Have an awareness of their appropriateness in different situations</p> <ul style="list-style-type: none"> <li>Recommend and justify an appropriate management style in a given situation</li> </ul>  |

# 4. Curriculum content

| <b>4.2 Manpower</b> |                                     |  |
|---------------------|-------------------------------------|--|
| 4.2.1               | Stages of recruitment and selection | <p>Explain the methods of recruiting and selecting employees</p> <ul style="list-style-type: none"> <li>• Understand the difference between internal and external recruitment</li> <li>• Understand the main stages in recruitment and selection of employees</li> </ul>     |
|                     |                                     | <p>Understand the importance of job descriptions, job specifications and job advertisements</p> <ul style="list-style-type: none"> <li>• Draw up a job description</li> <li>• Draw up a job specification</li> <li>• Chose suitable ways of advertising a vacancy</li> </ul> |
| 4.2.2               | Training methods                    | <p>Identify and explain different training methods (internal and external)</p> <ul style="list-style-type: none"> <li>• Analyse and evaluate on the job and off the job training</li> </ul>  |
|                     |                                     | <p>Awareness of the need to train and develop staff</p> <ul style="list-style-type: none"> <li>• Analyse and evaluate the relevance of training [including induction training] to both management and employees</li> </ul>   |
| 4.2.3               | Dismissal and redundancy            | <p>Explain the difference between dismissal and redundancy</p> <ul style="list-style-type: none"> <li>• Use examples to demonstrate the difference</li> </ul>  |
|                     |                                     | <p>Appreciate why the manpower of a business may need to be reduced</p> <ul style="list-style-type: none"> <li>• Understand the circumstances when downsizing manpower occurs e.g. automation, closure of a factory</li> </ul>   |

# 4. Curriculum content

| <b>5. Regulating and controlling business activity</b> |   |   |
|--|---|---|
| <b>5.1 Reasons for regulations</b>                     |   |   |
| 5.1.1  | Impact of business decisions on people, the economy and the environment | <p>Explain why intervention in business activity is required so that social and economic objectives of the state can be better achieved</p> <ul style="list-style-type: none"> <li>• Give examples of intervention both to support and control the impact of business activity on people, the economy and the environment</li> <li>• Use the examples to show how outcomes differ [following intervention] and are more in line with the objectives of the state e.g. to create employment, minimise resource depletion</li> </ul> <hr/> <p>Show an awareness of how business decisions have an impact on others (society, environment and people)</p> <ul style="list-style-type: none"> <li>• Use examples to show how business decisions create externalities</li> </ul> <hr/> <p>Show an awareness of the main methods of government intervention</p> <ul style="list-style-type: none"> <li>• Show awareness of the main methods of intervention such as legislation</li> <li>• Show awareness of the influence of other agencies such as trade unions and pressure groups</li> <li>• Knowledge of specific legislation or specific pressure groups is NOT required</li> </ul> |
| <b>5.2 Influences on business activity</b>             |   |   |
| 5.2.1  | Location decisions  | <p>Show awareness of how the government can influence such factors</p> <ul style="list-style-type: none"> <li>• Understanding of the effects of measures such as government grants, subsidies and planning regulations</li> <li>• Use examples with reference to own national economy</li> <li>• Knowledge of specific measures NOT required</li> </ul>   |

# 4. Curriculum content

|       |  |  |
|-------|--|--|
| 5.2.2 | Workforce and the working environment (health and safety, employment protection) | <p>Describe the work of trade unions</p> <ul style="list-style-type: none"> <li>• Understand the concept of a trade union</li> <li>• Show awareness of the benefits that union membership can provide for employees</li> </ul> <p>Show an awareness of how trade unions can influence business behaviour</p> <ul style="list-style-type: none"> <li>• Use examples to show how business behaviour might be modified in terms of levels of pay and treatment of employees</li> </ul> <p>Show an awareness of ethical considerations in business activity</p> <ul style="list-style-type: none"> <li>• Show awareness of the possible conflict between the profit motive and ethical considerations such as exploitation of employees [e.g. using child labour]</li> </ul> <p>Demonstrate an understanding of the importance of health and safety requirements</p> <ul style="list-style-type: none"> <li>• Use examples to show how businesses might have to change their behaviour to conform to legislation regarding conditions at work [e.g. protection from dangerous machinery, safety equipment and clothing, hygienic conditions and hours of work]</li> </ul> <p>Understand the main features of employment contracts and employment legislation</p> <ul style="list-style-type: none"> <li>• Describe the main features of an employment contract</li> <li>• Understand why employees need protection against discrimination and unfair dismissal</li> <li>• Use examples to demonstrate such protection in terms of racial and gender discrimination</li> <li>• Knowledge of specific legislation is NOT required</li> </ul> |
| 5.2.3 | The consumer   | <p>Understand how and why consumer interests are protected</p> <ul style="list-style-type: none"> <li>• Demonstrate an understanding of the ways in which consumer protection benefits consumers e.g. protection against dangerous products and substances, misleading selling</li> <li>• Use examples to illustrate the need for such protection</li> </ul>   |

# 4. Curriculum content

|       |                             |   |
|-------|-----------------------------|---|
| 5.2.4 | External costs and benefits | Appreciate the concepts of social costs and benefits <ul style="list-style-type: none"> <li>Understand the difference between a social cost and social benefit and a financial cost and a financial benefit</li> </ul>  |
|       |                             | Show an understanding of how business activity can create them <ul style="list-style-type: none"> <li>Use examples to show how business decisions create social costs and benefits</li> </ul>   |
|       |                             | Apply such concepts to a given business decision <ul style="list-style-type: none"> <li>Evaluate the possible consequences to stakeholders of a given business decision</li> </ul>  |
| 5.2.5 | Exchange rates              | Understand how importing/exporting decisions might be affected by changes in exchange rates <ul style="list-style-type: none"> <li>Understand the concept of a rate of exchange of a currency</li> <li>Understand what is meant by an appreciation and depreciation of a currency</li> <li>Show awareness of the importance of exchange rate changes to importing and exporting businesses</li> </ul> |
| 5.2.6 | Business cycle              | The main phases of the cycle <ul style="list-style-type: none"> <li>Describe the main stages of a business cycle</li> </ul>   |
|       |                             | Impact of boom/recession on business <ul style="list-style-type: none"> <li>Understand the impact of the stages on a business in terms of sales, profits and business costs</li> </ul>  |

# 5. Resource list

## Endorsed Books

| Author                      | Title  | Date | Publisher                  | ISBN         |
|-----------------------------|--|------|----------------------------|--------------|
| K. Borrington & P. Stimpson | IGCSE Business Studies, (3 <sup>rd</sup> Edition)  | 2006 | John Murray                | 10034092649X |
| K. Borrington & P. Stimpson | IGCSE Study Guide for Business Studies This is a <u>study guide</u> only (suitable for exam revision). | 2005 | Hodder Murray              | 0719579015   |
| C. Nuttall                  | Business Studies: IGCSE  | 2002 | Cambridge University Press | 0521750954   |

## Other books

| Author                                    | Title   | Date | Publisher                        | ISBN                        |
|---|---|------|----------------------------------|-----------------------------|
| D. Butler & J. Hardy                      | GCSE Business Studies (3 <sup>rd</sup> Edition)                     | 2001 | Oxford University Press          | 0198328354                  |
| I. Chambers, L. Hall & S. Squires         | GCSE Business Studies, (3 <sup>rd</sup> Edition),                   | 2001 | Longman                          | 0582453951                  |
| N. Denby, P. Thomas                       | GCSE Business Studies Workbook                                      | 2000 | Hodder & Stoughton Educational   | Student Book<br>03407 72328 |
| D. Dyer & I. Chambers                     | Business Studies: An Introduction                                   | 1987 | Longman Group                    | 0582356032                  |
| P. Kennerdell, A. Williams & M. Schofield | OCR GCSE Business Studies   | 2001 | Hodder & Stoughton Educational   | 0340790520                  |
| I. Marcouse, B. Martin & D. Lines         | Complete A-Z of Business Studies Handbook (5 <sup>th</sup> Edition) | 2006 | Hodder Arnold                    | 0340915161                  |
| B. Owens & L. Rogers                      | GCSE Business & Communication Systems                               | 2001 | Hodder & Stoughton Educational   | Student Book<br>0340802006  |
| R. Parsons                                | GCSE Business Studies: The Revision Guide                           | 2005 | Co-ordination Group Publications | 1841463094                  |
| A. Whitcomb                               | Comprehensive Business Studies, (5 <sup>th</sup> Edition)           | 1999 | Longman                          | 0582337755                  |

# 5. Resource list

## Teachers' Resources

| Author                                      | Title  | Date | Publisher                            | ISBN                         |
|---|--|------|--------------------------------------|------------------------------|
| K. Borrington                               | Teaching and Assessing Skills in Business Studies<br><i>(This uses CIE IGCSE or O Level Business Studies as an exemplar throughout.)</i> | 2004 | Cambridge University Press           | Teachers' Book<br>0521543665 |
| K. Borrington,<br>P. Stimpson &<br>P. Vasey | IGCSE Business Studies<br>CD-ROM   | 2002 | Hodder Murray                        | 071957269X                   |
| N. Denby &<br>P. Thomas                     | GCSE Business Studies Workbook   | 2000 | Hodder &<br>Stoughton<br>Educational | Teachers' Book<br>0340772336 |
| N. Denby &<br>P. Thomas                     | Case Studies for Business<br><i>Photocopiable resource</i>   | 2002 | Hodder Arnold                        | 0340803819                   |
| B. Owens &<br>L. Rogers                     | GCSE Business & Communication<br>Systems   | 2001 | Hodder &<br>Stoughton<br>Educational | Teachers' Book<br>0340802014 |
| Valerie Tayfoor                             | Examining Business Studies   | 1992 | Nelson Thornes                       | 0174481136                   |

University of Cambridge International Examinations  
1 Hills Road, Cambridge, CB1 2EU, United Kingdom  
Tel: +44 (0)1223 553554 Fax: +44 (0)1223 553558  
Email: [international@cie.org.uk](mailto:international@cie.org.uk) Website: [www.cie.org.uk](http://www.cie.org.uk)

© University of Cambridge International Examinations 2008