

INTERNATIONAL GCSE

Business (9-1)

SPECIFICATION

Pearson Edexcel International GCSE in Business (4BS1)

For first teaching September 2017

First examination June 2019



Paper 1 and Paper 2

Externally assessed

Description

Students need to demonstrate specified knowledge and critical understanding of the following sections:

1. Business activity and influences on business
2. People in business
3. Business finance
4. Marketing
5. Business operations.

Section 1: introduces the nature and types of business in an economy. Students will be encouraged to examine the interaction between businesses and the environment in which they operate.

Sections 2–5: focuses on the main functional areas of business administration, finance, marketing and operations.

While the five sections of content are listed as discrete topics, it is important for students to recognise that, because business is dynamic, these five areas interrelate.

How content relates to examination papers

The examination for Paper 1 and Paper 2 can draw on the knowledge and understanding from across the entire specification content. The five sections of business content interrelate and can be applied to real-life business scenarios that cover both small and large businesses.

Paper 1 will focus on a small business of up to 49 employees that has a local/national market.

Paper 2 will focus on a large business of more than 250 employees that has a multinational/global market.

1 – Business activity and influences on business

Subject content	What students need to learn
1.1 Business objectives	<p>1.1.1 Businesses can have several objectives:</p> <ul style="list-style-type: none"> • financial aims and objectives - survival, profit, sales, market share, financial security • non-financial aims and objectives - social objectives, personal satisfaction, challenge, independence and control. <p>1.1.2 Why business aims and objectives change as businesses evolve:</p> <ul style="list-style-type: none"> • in response to market conditions, technology, performance, legislation, internal reasons.
1.2 Types of organisations	<p>1.2.1 The main types of business ownership:</p> <ul style="list-style-type: none"> • sole trader • partnerships • limited companies (private and public) • public corporations. <p>1.2.2 Characteristics relating to size:</p> <ul style="list-style-type: none"> • concepts of risk, ownership and limited liability • public corporations – reasons for and against public ownership • ownership, control, sources of finance, use of profits, stakeholders and shareholders • appropriateness of different forms of ownership. <p>1.2.3 Different forms of business organisation:</p> <ul style="list-style-type: none"> • franchises • social enterprises • multinationals.
1.3 Classification of businesses	<p>1.3.1 Primary, secondary and tertiary activities:</p> <ul style="list-style-type: none"> • primary sector – extracting raw materials from the earth • secondary sector – converting raw materials into finished or semi-finished goods • tertiary sector – provision of a wide variety of services.

Subject content	What students need to learn
1.4 Decisions on location	<p>1.4.1 The main factors influencing location decisions and relocation of a business:</p> <ul style="list-style-type: none"> • proximity to market, labour, materials and competitors • nature of the business activity • the impact of the internet on location decisions - e-commerce and/or fixed premises • legal controls and trade blocs.
1.5 Business and the international economy	<p>1.5.1 Globalisation:</p> <ul style="list-style-type: none"> • concept of globalisation • opportunities and threats of globalisation for businesses. <p>1.5.2 The importance and growth of multinationals:</p> <ul style="list-style-type: none"> • benefits of a business becoming a multinational • benefits to a country and/or economy where a multinational company is located • possible drawbacks to a country and/or economy where a multinational is located. <p>1.5.3 Exchange rate calculation.</p> <p>1.5.4 The impact of exchange rate changes:</p> <ul style="list-style-type: none"> • on international competitiveness • on importers and exporters.
1.6 Government objectives and policies	<p>1.6.1 Government spending:</p> <ul style="list-style-type: none"> • to provide public service • taxation and constraints on public spending. <p>1.6.2 How governments can affect business activity:</p> <ul style="list-style-type: none"> • infrastructure provision • legislation • trade policy - membership of trading blocs, tariffs. <p>1.6.3 The effect of interest rates on:</p> <ul style="list-style-type: none"> • businesses • consumer spending.
1.7 External factors	<p>1.7.1 The external factors affecting business decisions:</p> <ul style="list-style-type: none"> • social • technological • environmental • political.

Subject content	What students need to learn
1.8 What makes a business successful?	<p>1.8.1 Measuring success in business:</p> <ul style="list-style-type: none"> • revenue • market share • customer satisfaction • profit • growth • owner/shareholder satisfaction • employee satisfaction. <p>1.8.2 Reasons for business failure:</p> <ul style="list-style-type: none"> • cash flow problems/lack of finance • not competitive • failure to adapt to changes in the market.

2 – People in Business

Subject content	What students need to learn
2.1 Internal and external communication	<p>2.1.1 Importance of good communication and the problems of ineffective communication:</p> <ul style="list-style-type: none"> the different communication methods used, including information technology (IT) and the benefits and limitations of each method. <p>2.1.2 Barriers to communication:</p> <ul style="list-style-type: none"> how communication barriers arise problems of ineffective communication and how they can be removed.
2.2 Recruitment and selection process	<p>2.2.1 Types of employment:</p> <ul style="list-style-type: none"> full-time part-time job share casual/seasonal/temporary. <p>2.2.2 Recruitment documents:</p> <ul style="list-style-type: none"> job description person specification application form curriculum vitae (CV)/résumé. <p>2.2.3 Internal and external recruitment:</p> <ul style="list-style-type: none"> job advertisement shortlisting interviewing. <p>2.2.4 Legal controls over employment and their effects:</p> <ul style="list-style-type: none"> equal opportunities – gender, race, disability, religion, sexual preference, age minimum wage laws.
2.3 Training	<p>2.3.1 Importance of training to a business and workers:</p> <ul style="list-style-type: none"> different types of training and the main purpose <ul style="list-style-type: none"> induction on-the-job off-the-job compliance with health and safety laws benefits and limitations of training.

Subject content	What students need to learn
2.4 Motivation and rewards	<p>2.4.1 The importance of motivation in the workplace:</p> <ul style="list-style-type: none"> • attracting employees, retaining employees, productivity • motivational theories of Herzberg, Maslow and Taylor. <p>2.4.2 How businesses motivate employees:</p> <ul style="list-style-type: none"> • financial methods: <ul style="list-style-type: none"> ○ remuneration ○ bonus ○ commission ○ promotion ○ fringe benefits • non-financial methods: <ul style="list-style-type: none"> ○ job rotation ○ job enrichment ○ autonomy.
2.5 Organisation structure and employees	<p>2.5.1 Organisational charts for different types of business:</p> <ul style="list-style-type: none"> • hierarchical and flat • centralised and decentralised. <p>2.5.2 Roles and responsibilities of employees in terms of compliance and accountability:</p> <ul style="list-style-type: none"> • span of control • chain of command • delegation. <p>2.5.3 The different functional areas within a business:</p> <ul style="list-style-type: none"> • human resources – workforce planning, recruitment and selection, training, health and safety, staff welfare, employment issues, industrial relations, disciplinary and grievance procedure, dismissal, unfair dismissal and redundancy • finance – wages/salaries, cash-flow forecasting, budgets and accounting • marketing – market research, product planning, pricing, sales promotion, advertising, customer service, public relations, packaging and distribution • production – manufacturing the product, designing new products, quality control and stock control.

3 – Business finance

Subject content	What students need to learn
3.1 Business finance – sources	<p>3.1.1 The need for finance:</p> <ul style="list-style-type: none"> • short-term needs • long-term needs • to start up or expand. <p>3.1.2 Internal sources of finance:</p> <ul style="list-style-type: none"> • personal savings • retained profit • selling assets. <p>3.1.3 External sources of finance:</p> <ul style="list-style-type: none"> • overdraft and trade payables • loan capital, share capital, including stock market flotation (public limited companies) • venture capital • crowdfunding.
3.2 Cash flow forecasting	<p>3.2.1 The importance of cash to a business:</p> <ul style="list-style-type: none"> • to pay suppliers, overheads and employees • to prevent business failure (insolvency) • the difference between cash and profit. <p>3.2.2 Calculation and interpretation of cash-flow forecasts:</p> <ul style="list-style-type: none"> • cash inflows • cash outflows • net cash flow • opening and closing balances.
3.3 Costs and break-even analysis	<p>3.3.1 The concept and calculation of:</p> <ul style="list-style-type: none"> • revenue • fixed and variable costs • total costs • profit and loss. <p>3.3.2 The concept of break-even and calculation of break-even (from formula or diagram):</p> <ul style="list-style-type: none"> • break-even level of output. <p>3.3.3 Interpretation of break-even charts:</p> <ul style="list-style-type: none"> • the impact of changes in revenue and costs • limitations of break-even charts.

Subject content	What students need to learn
3.4 Financial documents	<p>3.4.1 The purpose of statements of comprehensive income:</p> <ul style="list-style-type: none"> • main features – sales, cost of sales, gross profit, expenses, operating profit • the use of statements of comprehensive income in decision making (students will not be required to construct an income statement) • the nature of profit and its importance. <p>3.4.2 The purpose of statements of financial position:</p> <ul style="list-style-type: none"> • main features – current and non-current assets, current and non-current liabilities, capital employed • interpret a statement of financial position (students will not be required to construct a statement of financial position).
3.5 Accounts analysis	<p>3.5.1 Calculating and analysing accounting ratios:</p> <ul style="list-style-type: none"> • gross profit margin • operating profit margin • markup • return on capital employed (ROCE) • current ratio • acid test ratio. <p>(Formulae for use in this qualification can be found in <i>Appendix 4</i>. Students will be provided with these formulae in the examination.)</p> <p>3.5.2 Liquidity:</p> <ul style="list-style-type: none"> • the concept and importance of liquidity • comparisons with previous years and/or with other business organisations. <p>3.5.3 The use of financial documents:</p> <ul style="list-style-type: none"> • assess the performance of the business • inform decision making.

4 – Marketing

Subject content	What students need to learn
4.1 Market research	<p>4.1.1 The purpose of market research:</p> <ul style="list-style-type: none"> • to identify and understand customer needs • to identify gaps in the market • to reduce risk • to inform business decisions. <p>4.1.2 Methods of market research:</p> <ul style="list-style-type: none"> • primary research: <ul style="list-style-type: none"> ○ survey ○ questionnaire ○ focus group ○ observation ○ test marketing • secondary research: <ul style="list-style-type: none"> ○ internet ○ market reports ○ government reports. <p>4.1.3 The use of data in market research:</p> <ul style="list-style-type: none"> • qualitative and quantitative data • the role of social media in collecting market research data • the importance of the reliability of market research data.
4.2 The market	<p>4.2.1 Importance of marketing:</p> <ul style="list-style-type: none"> • satisfying customer needs • building customer relationships • keeping customer loyalty • market orientation and product orientation • market share and analysis • niche and mass marketing. <p>4.2.2 Responding to changes in the market:</p> <ul style="list-style-type: none"> • changing customer needs • changing customer/consumer spending patterns • increased competition.

Subject content	What students need to learn
	<p>4.2.3 How businesses use market segmentation to target customers:</p> <ul style="list-style-type: none"> • identifying market segments: <ul style="list-style-type: none"> ○ location ○ demographics ○ lifestyle ○ income ○ age.
4.3 The marketing mix	<p>4.3.1 Product:</p> <ul style="list-style-type: none"> • development of a new product/service • the difference between goods and services • packaging and its importance • product life cycle – main phases and extension strategies • managing and reviewing the product portfolio (Boston matrix). <p>4.3.2 Price:</p> <ul style="list-style-type: none"> • the main pricing strategies and when they might be applied: <ul style="list-style-type: none"> ○ cost plus ○ penetration ○ competition ○ skimming ○ promotional. <p>4.3.3 Place – distribution channels:</p> <ul style="list-style-type: none"> • methods of distribution <ul style="list-style-type: none"> ○ retailers ○ e-tailers (e-commerce). <p>4.3.4 Promotion:</p> <ul style="list-style-type: none"> • promotion strategies for different market segments: <ul style="list-style-type: none"> ○ advertising ○ sponsorship ○ product trials ○ special offers ○ branding • above the line and below the line promotion techniques • public relations – improving company image/brand

Subject content	What students need to learn
	<ul style="list-style-type: none"> • the use of technology in promotion: <ul style="list-style-type: none"> ○ targeted advertising online ○ viral advertising via social media ○ e-newsletters • the importance of a brand.

5 – Business operations

Subject content	What students need to learn
5.1 Economies and diseconomies of scale	<p>5.1.1 Economies of scale:</p> <ul style="list-style-type: none"> • internal (falling average total costs as output increases) • external (falling average total costs due to external factors). <p>5.1.2 Diseconomies of scale:</p> <ul style="list-style-type: none"> • limits of growth.
5.2 Production	<p>5.2.1 Production processes:</p> <ul style="list-style-type: none"> • different types: <ul style="list-style-type: none"> ◦ job ◦ batch ◦ flow • labour and capital intensive production • the impact of different types of production • calculation of productivity and the impact of productivity improvements. <p>5.2.2 Principles of lean production:</p> <ul style="list-style-type: none"> • just-in-time (JIT) • Kaizen • the importance of using resources effectively. <p>5.2.3 Impact of technology in production:</p> <ul style="list-style-type: none"> • use of robotics • balancing cost, productivity, quality and flexibility.
5.3 Factors of production	<p>5.3.1 Changing relationships between enterprise, capital, land, and labour:</p> <ul style="list-style-type: none"> • difference between capital-intensive and labour-intensive activities.
5.4 Quality	<p>5.4.1 The concept of quality and its importance in:</p> <ul style="list-style-type: none"> • the production of goods and the provision of services: <ul style="list-style-type: none"> ◦ quality control ◦ total quality management (TQM) • allowing a business to gain a competitive advantage.

3 Assessment information

Assessment requirements

Paper number and unit title	Level	Assessment information	Number of raw marks allocated in the paper
Paper 1: Investigating small businesses	1/2	Examination of 1 hour and 30 minutes, set and marked by Pearson. The paper is weighted at 50% of the qualification. Single tier of entry. Students may use a calculator.	80
Paper 2: Investigating large businesses	1/2	Examination of 1 hour and 30 minutes, set and marked by Pearson. The paper is weighted at 50% of the qualification. Single tier of entry. Students may use a calculator.	80

Assessment objectives and weightings

		% in International GCSE
A01	Recall, select and communicate knowledge and understanding of business terms, concepts and issues	27–28*
A02	Apply knowledge and understanding using appropriate business terms, concepts, theories and calculations effectively in specific contexts	38–39
A03	Select, organise and interpret business information from sources to investigate and analyse issues	22–23
A04	Evaluate business information to make reasoned judgements and draw conclusions	11–12

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

Relationship of assessment objectives to units

Unit number	Assessment objective			
	A01	A02	A03	A04
Component 1	13.7%	19.4%	11.3%	5.6%
Component 2	13.7%	19.4%	11.3%	5.6%
Total for International GCSE	27–28%	38–39%	22–23%	11–12%

All components will be available for assessment from June 2019.