



Specification

GCE Business Studies and GCE Economics and Business

Pearson Edexcel Level 3 Advanced Subsidiary GCE in
Business Studies (8BS01)

Pearson Edexcel Level 3 Advanced Subsidiary GCE in
Economics and Business (8EB01)

First examination 2014

Pearson Edexcel Level 3 Advanced GCE in Business Studies
(9BS01)

Pearson Edexcel Level 3 Advanced GCE in Economics and
Business (9EB01)

First examination 2014

Issue 3

About this specification

The Edexcel GCE in Business Studies and the Edexcel GCE in Economics and Business are designed for use in school and colleges. They are part of a suite of GCE qualifications offered by Edexcel.

Key features of the specification

- The qualification is built around a core unit with an enterprise theme, to enable students to think of a new business idea and how they might research and develop it. Students will think about how their learning applies to their own business idea.
- The qualification will introduce students to international business, equipping them either to work in or to manage a business in an international context.
- The GCEs enable progression from GCSEs in Business Studies, Business and Economics, Applied Business and Business and Communications.
- An Advanced GCE in Economics and Business with its economics content will give students enhanced career choice and progression opportunities.
- The specification may be co-taught by two or more teachers.
- Guidance will be given within the specification on possible ways of teaching topic areas.
- A variety of assessment techniques will be used – supported multiple-choice questions, data-response questions, case studies and a decision-making report.

Why choose this specification?

The GCE in Business Studies and the GCE in Economics and Business have the same core business units to allow for **shared teaching and resources**:

- Unit 1: Developing New Business Ideas at Advanced Subsidiary level
- Unit 3: International Business at A2 level.

The different pathways offer flexibility – either a Business pathway allowing achievement in an Advanced Subsidiary or Advanced GCE in Business Studies, or a combined Economics and Business pathway allowing achievement in an Advanced Subsidiary or Advanced GCE in Economics and Business. The unit combinations for each pathway are as follows:

Advanced Subsidiary and Advanced GCE in Business Studies:

AS level – Unit 1: Developing New Business Ideas; Unit 2a: Managing the Business

A2 level – Unit 3: International Business; Unit 4a: Making Business Decisions

Advanced Subsidiary and Advanced GCE in Economics and Business:

AS level – Unit 1: Developing New Business Ideas; Unit 2b: Business Economics

A2 level – Unit 3: International Business; Unit 4b: The Wider Economic Environment and Business

Supporting you

Edexcel aims to provide the most comprehensive support for our qualifications. We endorse a wide range of materials from other publishers to give you a choice of approach.

For more information on our wide range of support and services for these GCEs in Business Studies and in Economics and Business qualifications, visit our GCE website: www.edexcel.com/gce2008

Specification updates

This specification is Issue 3 and is valid for examination from Summer 2014. If there are any significant changes to the specification Edexcel will write to centres to let them know. Changes will also be posted on our website.

For more information please visit www.edexcel.com/ or www.edexcel.com/gce2008

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A Specification at a glance

The tables below show the units for GCE Business Studies at a glance. To gain an AS qualification in Business Studies, students must complete Unit 1 and Unit 2a. To gain an Advanced GCE qualification in Business Studies, students must complete Unit 1, Unit 2a, Unit 3 and Unit 4a.

GCE Business Studies

AS Unit 1: Developing New Business Ideas

*Unit code 6BS01

- Externally assessed
- Availability: June

50%
of the
total AS
marks

25% of
the total
GCE
marks

Content summary:

This unit covers the characteristics students would need to develop to be successful in business and how new or existing businesses generate their product or service ideas and test them through market research. Students should also consider the competition in the market; the economic climate; how the business might be financed; and how much revenue the idea might generate.

Assessment:

Examination of 1 hour 15 minutes in two sections.

- **Section A:** supported multiple-choice questions.
- **Section B:** questions based on data.

AS Unit 2a: Managing the Business

*Unit code 6BS02

- Externally assessed
- Availability: June

50%
of the
total AS
marks

25% of
the total
GCE
marks

Content summary:

This unit covers key activities which students may be involved in if they were to set up and/or manage a business whether small, medium-sized or large. It also introduces students to some basic management tools and models which will be developed in the A2 qualifications.

Assessment:

Examination of 1 hour 15 minutes in two sections.

- **Section A:** supported multiple-choice questions.
- **Section B:** questions based on data.

A2 Unit 3: International Business***Unit code 6BS03**

- Externally assessed
- Availability: June

**50%
of the
total A2
marks**

**25% of
the total
GCE
marks**

Content summary:

The aim of this unit is to introduce the student to the world of international business and issues which a company trading internationally would have to consider.

Assessment:

Examination of 1 hour 30 minutes in two sections.

- **Section A:** questions based on data.
- **Section B:** case study and questions.

A2 Unit 4a: Making Business Decisions***Unit code 6BS04**

- Externally assessed
- Availability: June

**50%
of the
total A2
marks**

**25% of
the total
GCE
marks**

Content summary:

In this unit, students will be able to assess the current competitiveness of a business through performance and non performance indicators. They will analyse corporate objectives and strategy on the basis of these indicators and on external influences to the business. Students will be required to assess the causes and effects of change on a business and examine how the company could manage risk effectively.

Assessment:

Examination of 1 hour 30 minutes in two sections.

- **Section A:** questions based on data.
- **Section B:** decision-making report and questions. (Context of decision-making report pre-released on www.edexcel.com in June of the previous year.)

* See *Appendix 3* for description of this code and all other codes relevant to this qualification.

A Specification at a glance

The tables below show the units for GCE Economics and Business at a glance. To gain an AS qualification in Economics and Business, students must complete Unit 1 and Unit 2b. To gain an Advanced GCE qualification in Economics and Business, students must complete Unit 1, Unit 2b, Unit 3 and Unit 4b.

GCE Economics and Business

AS Unit 1: Developing New Business Ideas	*Unit code 6EB01	
<ul style="list-style-type: none"> Externally assessed Availability: June 	50% of the total AS marks	25% of the total GCE marks

Content summary:

This unit covers the characteristics students would need to develop to be successful in business and how new or existing businesses generate their product or service ideas and test them through market research. Students should also consider the competition in the market; the economic climate; how the business might be financed, and how much revenue the idea might generate.

Assessment:

Examination of 1 hour 15 minutes in two sections.

- Section A:** supported multiple-choice questions.
- Section B:** questions based on data.

AS Unit 2b: Business Economics	*Unit code 6EB02	
<ul style="list-style-type: none"> Externally assessed Availability: June 	50% of the total AS marks	25% of the total GCE marks

Content summary:

This unit considers the market that the business may be operating in; how competition in the market and macroeconomic change is likely to affect it, and how businesses can seek to minimise uncertainty through their actions.

Assessment:

Examination of 1 hour 15 minutes in two sections.

- Section A:** supported multiple-choice questions.
- Section B:** questions based on data.

A2 Unit 3: International Business***Unit code 6EB03**

- Externally assessed
- Availability: June

**50%
of the
total A2
marks****25% of
the total
GCE
marks****Content summary:**

The aim of this unit is to introduce the student to the world of international business and issues which a company trading internationally would have to consider.

Assessment:

Examination of 1 hour 30 minutes in two sections.

Section A: questions based on data.

Section B: case study and questions.

A2 Unit 4b: The Wider Economic Environment and Business***Unit code 6EB04**

- Externally assessed
- Availability: June

**50%
of the
total A2
marks****25% of
the total
GCE
marks****Content summary:**

In this unit, students consider why certain markets fail; how government decision making affects the economy and markets in which companies operate; and the income and welfare of private individuals. The unit should enable students to assess why government economic policy can succeed or fail and why regulation of some markets is necessary.

Assessment:

Examination of 1 hour 30 minutes in two sections.

Section A: questions based on data.

Section B: decision-making report and questions. (Context of decision-making report pre-released on www.edexcel.com in June of the previous year.)

B Specification overview

Summary of assessment requirements

**Advanced Subsidiary and Advanced GCE Business Studies –
Units 1, 2a, 3, 4a**
**Advanced Subsidiary and Advanced GCE Economics and
Business – Units 1, 2b, 3, 4b**

Unit number and unit title	Level	Assessment information	Number of marks allocated in the unit
Unit 1: Developing New Business Ideas	AS	Examination length: 1 hour 15 minutes Section A: supported multiple-choice questions where students write a short justification of why they chose that answer and/or why the other answers are incorrect. Worth 32 marks. Section B: questions based on 'data'. Worth 38 marks.	70 marks
Unit 2a: Managing the Business	AS	Examination length: 1 hour 15 minutes Section A: supported multiple-choice questions where students write a short justification of why they chose that answer and/or why the other answers are incorrect. Worth 24 marks. Section B: questions based on 'data'. Worth 46 marks.	70 marks
Unit 2b: Business Economics	AS	Examination length: 1 hour 15 minutes Section A: supported multiple-choice questions where students write a short justification of why they chose that answer and/or why the other answers are incorrect. Worth 24 marks. Section B: questions based on 'data'. Worth 46 marks.	70 marks
Unit 3: International Business	A2	Examination length: 1 hour 30 minutes Section A: questions based on 'data'. Worth 35 marks. Section B: case study and questions. Worth 45 marks.	80 marks
Unit 4a: Making Business Decisions	A2	Examination length: 1 hour 30 minutes Section A: questions based on 'data'. Worth 30 marks. Section B: decision-making report and questions. Worth 50 marks. Context of decision-making report pre-released on www.edexcel.com in June of the previous year.	80 marks

Unit number and unit title	Level	Assessment information	Number of marks allocated in the unit
Unit 4b: The Wider Economic Environment and Business	A2	Examination length: 1 hour 30 minutes Section A: questions based on 'data'. Worth 30 marks. Section B: decision-making report and questions. Worth 50 marks. Context of decision-making report pre-released on www.edexcel.com in June of the previous year.	80 marks

Note: 'data' represents passages of text which may include graphs, table(s) of information or diagrams.

Assessment objectives and weightings

		% in AS	% in A2	% in GCE
A01	Demonstrate knowledge and understanding of the specified content.	30%	20%	25%
A02	Apply knowledge and understanding of the specified content to problems and issues arising from both familiar and unfamiliar situations.	30%	20%	25%
A03	Analyse problems, issues and situations.	20%	30%	25%
A04	Evaluate, distinguish between and assess appropriateness of fact and opinion, and judge information from a variety of sources.	20%	30%	25%
TOTAL		100%	100%	100%

Relationship of assessment objectives to units

Unit number	Assessment objective				
	A01	A02	A03	A04	Total for A01, A02, A03 and A04
Unit 1	7.5%	7.5%	5%	5%	25%
Unit 2a/b	7.5%	7.5%	5%	5%	25%
Unit 3	5%	5%	7.5%	7.5%	25%
Unit 4a/b	5%	5%	7.5%	7.5%	25%
Total for Advanced GCE	25%	25%	25%	25%	100%

Qualification summary

Subject criteria The General Certificate of Education is part of the Level 3 provision. The Advanced Subsidiary GCE and Advanced GCE in Business Studies draw on the subject criteria for Business Studies, which are prescribed by the regulatory authorities and are mandatory for all awarding bodies. The joint Advanced Subsidiary GCE and Advanced GCE in Economics and Business Studies will cover approximately 50% of the subject criteria for Business Studies and approximately 50% of the subject criteria for Economics.

Aims**The Edexcel Advanced Subsidiary and Advanced GCE in Business Studies specification aims to encourage students to:**

- develop an interest in and enthusiasm for the study of business
- gain a holistic understanding of business
- develop a critical understanding of organisations and their ability to meet society's needs and wants
- understand that business behaviour can be studied from a range of perspectives
- generate enterprising and creative solutions to business problems and issues
- be aware of the ethical dilemmas and responsibilities faced by organisations and individuals
- acquire a range of relevant business and generic skills, including decision making, problem solving, the challenging of assumptions and the quantification and management of information.

The Edexcel Advanced Subsidiary and Advanced GCE in Economics and Business specification aims to encourage students to:

- develop an interest in and enthusiasm for the study of economics
- appreciate the contribution of economics to the understanding of the wider economic and social environment
- develop an understanding of a range of economic concepts and an ability to use these economic concepts in a variety of different contexts
- use an enquiring, critical and thoughtful approach to the study of economics and an ability to think as an economist.

AS/A2 knowledge and understanding**This Advanced Subsidiary and Advanced GCE in Business Studies specification requires students to:**

- investigate different types of business organisations which could be set up to develop and sell a product or service idea in a local, national or international marketplace. At A2 level, students will study the ways in which companies grow bearing in mind the markets in which companies are operating
- be able to analyse numerical information to identify, for example, poor cash flow or labour productivity and the reasons for this
- promote a holistic understanding of business through considering how a new business idea is developed, understanding how a business is managed, how its performance is analysed and how it could trade overseas.

The Advanced GCE in Economics and Business specification requires students to:

- use case studies to develop an understanding of economic concepts and theories through a critical consideration of current economic issues, problems and institutions that affect everyday life
- analyse, explain and evaluate the strengths and weaknesses of the market economy and the effectiveness of government policy and action within it
- develop a critical approach to economic models and methods of enquiry.

AS/A2 skills**The Advanced Subsidiary and Advanced GCE in Business Studies specification requires students to:**

- use both qualitative and quantitative methods to make justifiable decisions, taking into account opportunity cost.

The Advanced Subsidiary and Advanced GCE in Economics and Business specification requires students to:

- select, interpret and use appropriate economic data from a range of sources.

C Business Studies and Economics and Business unit content

Unit 1 Developing New Business Ideas	15
Unit 2a Managing the Business	21
Unit 2b Business Economics	27
Unit 3 International Business	33
Unit 4a Making Business Decisions	39
Unit 4b The Wider Economic Environment and Business	43

Course structure

Edexcel Advanced Subsidiary and Advanced GCE in Business Studies

Edexcel's Advanced GCE in Business Studies comprises four units and contains an Advanced Subsidiary subset of two AS units.

- The Advanced Subsidiary GCE in Business Studies is the first half of the GCE course and consists of Units 1 and 2a. It may be awarded as a discrete qualification or contribute 50 per cent of the total Advanced GCE marks.
- The full Advanced GCE in Business Studies award consists of the two AS units (Units 1 and 2a), plus two A2 units (Units 3 and 4a) which make up the other 50 per cent of the Advanced GCE. Students wishing to take the full Advanced GCE must, therefore, complete all four units.

Edexcel Advanced Subsidiary and Advanced GCE in Economics and Business

Edexcel's Advanced GCE in Economics and Business comprises four units and contains an Advanced Subsidiary subset of two AS units.

- The Advanced Subsidiary GCE in Economics and Business is the first half of the GCE course and consists of Unit 1 and 2b. It may be awarded as a discrete qualification or contribute 50 per cent of the total Advanced GCE marks.
- The full Advanced GCE in Economics and Business award consists of the two AS units (Unit 1 and Unit 2b), plus two A2 units (Unit 3 and Unit 4b) which make up the other 50 per cent of the Advanced GCE. Students wishing to take the full Advanced GCE must, therefore, complete all four units.

The structure of these qualifications allows teachers to construct a course of study which can be taught and assessed either as:

- distinct modules of teaching and learning with related units of assessment taken at appropriate stages during the course; or
- a linear course which is assessed in its entirety at the end.

1.1 Unit description

About this unit

This unit covers the characteristics students need to develop to be successful in business and how new or existing businesses generate their product or service ideas and test them through market research. Students should also consider the competition in the market, the economic climate, how the business might be financed and how much revenue the idea might generate.

1.2 Assessment information

Examination length: 1 hour 15 minutes

Section A: supported multiple-choice questions — 32 marks

Section B: questions based on 'data' — 38 marks

Total marks: 70

Note: students may be asked to carry out calculations and interpret or use data from graphs, tables or diagrams.

'Data' represents passages of text which may include graphs, table(s) of information or diagrams.

1.3 Unit content

1.3.1 Characteristics of successful entrepreneurs

This topic focuses on the people skills and personal qualities that entrepreneurs need to succeed. It also touches on why people set up businesses in the first place.

Content	What students need to know	Teacher guidance
Characteristics of entrepreneurs	Initiative, hard-working, resilient, creative, self-confident, take calculated risks.	Students should consider whether or not they have sufficient entrepreneurial skills to set up their own business and, if not, how they could develop them.
What motivates entrepreneurs?	Significance of profit and non-profit motives, ethical stance.	Students should explore possible reasons why people set up businesses, for example desire to work independently or work from home. Some may start businesses for social purposes, for example an organic farm.
Leadership styles	Use of appropriate leadership style for situation or for dealing with employees: autocratic, paternalistic, democratic, McGregor's Theory X and Theory Y.	Students could reflect on their own preferred leadership style and which styles are better to use in certain situations.

1.3.2 Identifying a business opportunity

Students need to realise that identifying a new business opportunity is not enough in itself. They have to analyse factors which may affect demand and the interaction of demand and supply.

Content	What students need to know	Teacher guidance
What makes a market? What should firms supply?	The relationship between price and supply, factors affecting supply.	Students could explore the changes in the market and prices for mobile phones – from when mobile phones were first supplied to now. What do they conclude about the interaction between price and supply and demand?
Identifying what consumers want or need	Factors affecting demand. Interaction of supply and demand. Benefits of market orientation.	Students could try to identify a market need for a business idea of their own. Why do they think that there is potential demand for it?

1.3.3 Evaluating a business opportunity

Students could carry out limited primary and secondary research for several product or service ideas and position them against the nearest competitive offering. They could then analyse the possible trade-off of choosing one product or service idea against another.

Content	What students need to know	Teacher guidance
Researching demand for the business idea	Primary (quantitative and qualitative) and secondary research, used to quantify demand and gain insight into consumer behaviour, problems with sample size, sampling method used and potential bias.	Students could gain new business ideas from websites dedicated to start-up businesses. They could obtain secondary data on the local area where a new business may be set up by using the postcode of the school or college with www.upyourstreet.com or local population statistics from www.statistics.gov.uk . They may carry out their own survey using quantitative and qualitative questions to ascertain demand for several business ideas.
Is there a market for the business idea?	Market size, potential market growth, market segmentation analysis, identification of market niches.	Market summaries for different product or service areas can be found on www.keynote.co.uk . Students can see if the market for their product or service is growing. Using the respondent classification data from their questionnaires they may gain some segmentation information, for example gender, where they live.
Positioning the business idea	Strengths and weaknesses of existing suppliers, how they differentiate themselves, market mapping. Competitive advantage of product or service idea in context, adding value.	Students could identify the competition in the market and use a market map to position their business idea against it.
Product trial	Test marketing of a product to assess likely demand levels, consideration of how to turn product trial into repeat purchases.	Students could consider the benefits of trialling a product or service before it is launched.
Opportunity costs of developing one business idea as opposed to another	Trade-offs between opportunities, effects on stakeholders.	Looking at the results of their research, students could consider which business idea seems to have the most demand and the price(s) they could charge. What are the trade-offs of going with one particular business idea?

1.3.4 Economic considerations

Teachers should use real economic data to see the extent to which recent government economic decisions would impact on their new business idea. They could also look at the likely impact on a new or existing business of an increase in local unemployment.

Content	What students need to know	Teacher guidance
Current economic climate	Implications of government decisions for business, such as a change in interest rates, effect of government spending or taxation, consequences for business of unemployment and inflation, changes in exchange rate.	Using the latest economic data—students could analyse the effect of changes in interest rates on borrowing, exchange and inflation rates on cost of supplies, inflation rates on labour wages, any local unemployment on potential demand for the product or service.

1.3.5 Financing the new business idea

It is important to cover internal and external sources of finance, as existing businesses may use retained profit or sell assets to finance new product developments.

Content	What students need to know	Teacher guidance
Sources of finance	Internal sources: retained profit, sale of assets. External sources: loans, debentures, venture capital, ordinary share capital, overdrafts, leasing, trade credit.	Students could consider the total cost of a commercial loan and the loan repayment period from different financial providers. They could weigh this up against the benefit of gaining a personal loan from family or friends and any interference in the business that this may result in. Reasons for choosing different fund sources should be explored.
	Sources of finance appropriate for sole trader and company organisations, implications of limited or unlimited liability.	Students should match the appropriate form of finance against the organisation type. They should consider the implications of unlimited liability.

1.3.6 Measuring the potential success of a business idea

Students may have identified several products or services that they want to offer and therefore they are asked to calculate break-even revenue level and then evaluate whether or not this is achievable. Product or service case studies could be used instead of students using their real-life product or service ideas. At this point, students can evaluate whether or not their new business idea is viable.

Content	What students need to know	Teacher guidance
Estimation of sales levels, costs and profit	Identification of pricing strategy to be used, sales volume, fixed and variable costs to calculate potential profit.	Students may use their own pricing and cost information for their business idea gathered by research. Case study information could be used.
Break-even revenue level	Identification of the contribution from a potential range of products or services. Identification of break-even revenue. Assessment of whether the break-even revenue level is achievable. Desired margin of safety.	The point of calculating break-even level is to see whether or not it is achievable bearing in mind potential demand. $\text{Contribution} = \text{selling price(s)} \text{ (derived from research)} \text{ minus variable cost per unit.}$ $\text{Break-even revenue} = \text{total fixed costs} + \text{total variable costs} = \text{total sales revenue at a given level of output.}$
Measurement of profit	Basic profit and loss, sales revenue less deductions to identify gross and operating profit), calculation and use of gross and operating profit margins.	Students should identify ways in which the profit level could be improved.

1.3.7 Putting a business idea into practice

If the decision is to proceed with developing the business idea, then the entrepreneur would prepare a business plan to gain financial support for it.

Content	What students need to know	Teacher guidance
Creation of a business plan	Purpose – to gain finance, its key features – product or service to be produced, marketing plan, production plan, premises and equipment needed, human resources involved in implementing the business idea, sources of finance, profit and loss statement, cash flow forecast.	Only a brief overview of this topic is necessary and it could be used to identify the topics already covered in Unit 1 and as an introduction to the main sections of Unit 2a. Students could be given a business plan to evaluate, no need for them to construct one.

2.1a Unit description

About this unit

This unit covers key activities which students may be involved in if they were to set up and manage a business whether small, medium-sized or large. It introduces students to some basic management tools and models which will be developed in the A2 qualifications.

2.2a Assessment information

Examination length: 1 hour 15 minutes

Section A: supported multiple-choice questions — 24 marks

Section B: questions based on 'data' — 46 marks

Total marks: 70

Note: students may be asked to carry out calculations and interpret or use data from graphs, tables or diagrams.

'Data' represents passages of text which may include graphs, table(s) of information or diagrams.

2.3a Unit content

2.3.1a Marketing plan

Students should be encouraged to identify an appropriate marketing mix for new or existing products or services.

Content	What students need to know	Teacher guidance
Marketing objectives and strategy	<p>Marketing objectives – based on market research, sales or profit forecasts for the product or service idea.</p> <p>Strategy – niche or mass marketing, benefits and limitations of these strategies.</p>	Students could refer back to their sales and profit calculations in topic 1.3.6 to set marketing objectives for their business idea. They could apply the appropriate marketing strategy to their business idea. They may like to think how they could move from serving a niche market to serving a mass market.
Identification of marketing mix (4Ps – Product, Price, Promotion, Place)	Identification of a marketing mix which meets the needs of the market.	Students could consider the marketing mix that they would offer for their business idea and how they might improve the marketing mix for a current product.
	Product life cycle and Boston Matrix, product extension strategies, branding, purpose of trademarks and patents.	The implications for cash flow and marketing of the product should be considered in the light of its position in the product life cycle or Boston Matrix. Students could consider the position of different Cadbury products in their portfolio.
	How current social trends may affect the composition of the marketing mix: for example ethical trading, sourcing of sustainable materials, food miles labelling, reduction/recycling of packaging, environmental factors, online retailing, retailer purchasing power.	Use current social trends to examine how they might affect the marketing mix for a company, for example use of organic ingredients or inclusion of details of the carbon footprint of the product on packaging.
Price elasticity of demand	Effect on businesses of price changes, implications for pricing strategies, effects on total revenue.	Students should be able to calculate price elasticity of demand, interpret results of the calculation and consider what creates inelastic demand for products.

2.3.2a Managing the provision process

Students do not need to know job, batch or flow production methods, but some teachers may find that they use these terms when explaining capital versus labour intensive methods. Students should consider the most appropriate ways of producing a product or providing a service in a way which creates the least waste.

Content	What students need to know	Teacher guidance
Product or service design	Product or service design to meet identified market needs, design mix: function, aesthetics, economic manufacture.	Although many successful products stay the same, there are increasing changes in the type of materials and technology used in making the product which can create efficiencies.
Productivity and efficiency	Amount of capital and labour intensity dependent on: availability of finance, technology used, suitable labour, and production method. Apply also to a service sector context.	Students could be taught this topic in a factory or service context, for example setting up a café or using their new business idea. Students should realise that companies are constrained by the labour, technology or equipment they can afford.
Capacity utilisation	Implications of under- and over-utilisation of capacity, ways of improving capacity utilisation.	This topic is important as it allows students to consider how they could improve productivity. It could also be taught in the context of improving the throughput of customers in a café or restaurant.
Stock control	Analysis of stock control graphs, how stock control could be improved, problems of cash tied up in stock.	Invite a representative from your local supermarket to talk about how they handle stock control and wastage.
Lean management	Just in time (JIT) management of stock. Competitive advantage of short product development lead-times. Minimising waste of resources.	Students should consider the advantages and disadvantages of JIT. A visit to a car factory would be useful. Short product development lead-times could be taught in conjunction with product design.
Quality management techniques	Quality assurance versus quality control, Total Quality Management as part of company culture.	Students could consider how a culture of quality is created, for example through management expectations of continuous improvement (Kaizen), quality assurance processes, self checking. They should also consider why quality control inspections may still be used by some firms. Case study examples of different quality management techniques used by firms would be useful here.
Consumer protection legislation	Purpose of legislation – to ensure goods or services are fit for purpose, do not 'harm' the consumer, that information on packaging does not mislead, awareness of associated cost with implementation of legislation, need to deal with customer complaints.	Use a website such as (www.gov.uk) for information on legislation. Students do not need to know the names or dates of Acts, just the purpose of consumer protection legislation.

2.3.3a How does a company budget efficiently?

This section concentrates on cash flow forecasting and the importance of maintaining regular cash flow for the survival of the business, especially when it is first set up. Reasons why businesses fail may be brought in at appropriate points throughout the teaching of this section and links should be made with other sections of the specification when appropriate.

Content	What students need to know	Teacher guidance
Budgets	Purpose of budgets, preparation using historical figures, zero based. Comparison with actual figures to provide elementary variance analysis.	Students should consider the difficulties of budgeting when there is no historical information to go on, problems inherent in using historical figures.
Sales forecast	Difficulties of estimation, identification of potential ways of increasing sales.	Invite a business owner or bank representative to give a talk on the subsequent financial topic areas to explain how crucial it is to manage sales and cash flow effectively for the survival of the business.
Cash flow forecasting	How to construct a simple cash flow forecast, use of a cash flow forecast to manage finances.	Simple cash flow exercises should be undertaken. Students should be able to interpret the cash flow forecast.
Managing working capital	Identification of cash shortfalls on a monthly basis, contingency finance planning such as an overdraft or loan, managing customer and supplier credit terms and payments, holding appropriate levels of stock.	
Differences between cash and profit	Introduction of extra cash into the business by the owner, timing of payments, purchase of fixed assets, importance of cash in the short run, profit in the long run.	Case study scenarios should be used to demonstrate that taking a profitable contract can mean a negative cash flow in the short run, due to cost of stock or labour to fulfill the deal. Similarly, that a business can't survive or continue to trade with negative cash flow unless they obtain additional finance. In the long run, retained profit can be used to invest in the business.
Why businesses fail	Poor management of cash flow, overestimation of sales, poor stock control, changing market conditions.	

2.3.4a Managing other people

This section is designed to get students to focus on human resource issues they may have to face if running or managing a business. They should consider how staff can be effectively managed.

Content	What students need to know	Teacher guidance
Different types of organisational structures	Tall, flat, chain of command, span of control, decentralisation and centralisation, how the organisational structure affects the ability to manage the business effectively.	Students may consider how they might organise the number of staff they would have to recruit to implement their business idea, how an organisational structure may affect communications between employer and employee.
Recruitment and training	Number of staff needed, internal or external recruitment, recruitment for positive attitude versus recruitment for skills, cost of recruitment and training, value of low labour turnover.	Students should consider the advantages and disadvantages of internal or external recruitment. Students should realise that some employers recruit for positive attitude and then train for skill. Low labour turnover should be linked to staff motivation.
Motivation of staff	Motivation theory – Taylor, Herzberg, Maslow. Financial incentives – piecework, bonus, profit share, performance related pay.	Don't spend too long on the motivation theorists. Criticisms of motivational theorists should be considered. Students should realise that financial incentives may not be possible for a new business.
How managers can get the best from staff	Delegation, consultation, empowerment, team working, flexible working, job enrichment, job rotation.	Case studies should be used to consider these techniques within a context – see www.times100.co.uk
Reduction of labour costs	Use of a flexible workforce, staff dismissal and redundancy, voluntary labour turnover.	Benefits and disadvantages of a flexible workforce should be considered. A brief overview of the rights of staff when dismissed or made redundant is likely to promote discussion.

2.1b Unit description

About this unit

This unit considers the market in which the business may be operating, how the level of competition in the market and macroeconomic change is likely to affect it and how businesses can seek to minimise uncertainty through their actions.

2.2b Assessment information

Examination length: 1 hour 15 minutes

Section A: supported multiple-choice questions — 24 marks

Section B: questions based on 'data' — 46 marks

Total marks: 70

Note: students may be asked to do calculations and interpret or use data from graphs, tables or diagrams.

'Data' represents passages of text which may include graphs, table(s) of information or diagrams.

2.3b Unit content

2.3.1b How businesses respond to their markets

Markets change all the time, responding to shifts in the conditions of demand and supply. This affects businesses and they need to be able to recognise and act upon these market signals. It may involve tactical and strategic changes.

Content	What students need to know	Teacher guidance
The nature of markets	Dynamic nature of markets.	Students should be encouraged to look at a wide range of markets and examples to illustrate their dynamic nature.
Changes in demand and supply	The profit signalling mechanism and the allocation of resources.	Students should look at the standard examples of changes in demand and supply and the impact of consumer sovereignty.
Changes in price	How changes in the conditions of demand and supply affect price and output, implications for business.	Practical examples are useful here and students should be encouraged to produce clear diagrams showing the effect of changes.
Price elasticity of demand	Effect on businesses of price changes, implications for pricing strategies, effects on total revenue. Determinants of Price Elasticity of Demand (PED) values.	Students should grasp the importance of PED when it comes to firms making pricing decisions.
Changes in income	Effect on businesses of income changes, implications for products and marketing. Determinants of Income Elasticity of Demand (YED) values.	Again, students need a practical grasp of how income changes and YED affect the decisions a firm might make.
The purpose of marketing in changing markets	Use of marketing to defend or gain market share – relevant marketing strategies, marketing ethics.	Is marketing the process of making a profit by identifying and satisfying customer requirements or of getting people to buy products that they may or may not need?

2.3.2b How does market structure affect business?

Students need to appreciate that markets vary in terms of size, complexity and the number of suppliers. This will affect the nature and extent of competition present in that market and this has an implication for the behaviour of businesses and ultimately affects the consumer.

Content	What students need to know	Teacher guidance
How does competition affect the market?	The effect of the degree of competition on market price and output. The effects of changes on the nature of competition – the development of e-commerce and online retailing, the 'long tail'.	Students may well be able to contribute their own experiences here as to how markets have changed, for example eBay, Amazon and iTunes. The growth of e-tailing has, and will have, a profound effect on business and consumers alike, as supply and consumer knowledge increase. The 'long tail' can be used to illustrate this.
Different market structures	Monopoly, oligopoly, imperfect and perfect competition and the spectrum of competition.	Students should consider the key characteristics of the different market structures which influence the way firms in the various markets behave. They should consider possible barriers to entry and exit in the market, the likely effect on profit levels, pricing, promotion, company efficiency and consumer choice of products.

2.3.3b What makes firms effective?

Students need to consider the key factors which influence the effectiveness of businesses in their markets. It would be useful for students to consider businesses that operate in markets that exhibit rapid change and in markets that are slow to change.

Content	What students need to know	Teacher guidance
Different types of organisational structures	How the organisational structure, for example the chain of command, span of control, decentralisation and centralisation affect the ability to manage the business effectively.	Students may consider how an organisational structure may affect the performance of the business in that market.
How managers can get the best from staff	Delegation, consultation, empowerment, team working, flexible working, Total Quality Management as part of company culture.	Company case studies should be used to consider these techniques within a market context – see www.times100.co.uk
Productivity and efficiency	Amount of capital and labour intensity used.	Students should realise that the amount of capital or labour intensity could affect the company’s ability to deal with market change.
	Implications of under and over-utilisation of capacity, ways of improving capacity utilisation.	This topic is important as it allows students to consider how they could improve productivity.
Lean management	Just in time (JIT) management of stock. Competitive advantage of short product development lead-times. Minimising waste of resources to give competitive advantage.	Students should consider the advantages and disadvantages of JIT.

2.3.4b Businesses big and small

Businesses come in all shapes and sizes. Students need to understand the reasons behind this and to appreciate the relative advantages and disadvantages that may apply. The size of the business will also affect other stakeholders in both positive and negative ways. The standard assumption is that bigger is better but the majority of firms are classed as small.

Content	What students need to know	Teacher guidance
Reasons for bigger businesses	Increased market share, profitability, sales turnover and power.	It might be useful here to follow the changing nature of an industry over time, for example car manufacturing or food retailing, and use them to illustrate the theory. Both these industries started out with many small firms and evolved into oligopolies with considerable market power.
How increasing size affects costs	Economies of scale and falling average cost, implications for business and links to competitive advantage, Minimum Efficient Scale and diseconomies of scale.	
How size affects market power	Characteristics of monopoly/ monopsony power, effects of monopoly power on business and stakeholders, disadvantages and advantages.	
Small is beautiful	Why small businesses exist and flourish despite the lack of economies of scale, niche markets, micro marketing.	At the same time, small firms can still flourish by exploiting niche markets and developing e-tailing to access wider markets. There are many practical examples out there.

2.3.5b An uncertain future

Students need to appreciate that all business is dominated by uncertainty and risk. This section looks at the factors that cause this and what businesses can do to try and reduce it.

Content	What students need to know	Teacher guidance
Causes of uncertainty	Shock, macroeconomic change, exchange rate movements, government intervention.	Shock means any unusual events from the extreme, such as 9/11, war and natural disaster to the everyday, such as the response of a competitor. The other elements here are the result of macroeconomic change.
Why uncertainty is a problem	Effects of uncertainty on business planning and strategic decisions.	Students need to understand that all businesses want to minimise uncertainty and therefore risk.

Content	What students need to know	Teacher guidance
How businesses can try to reduce uncertainty	Use of macroeconomic indicators, planning, research and development (R&D), market orientation and market research.	Whilst the measures described here can do much to reduce uncertainty it is important to stress that indicators and/or market research hold many pitfalls for the unwary firm.

2.3.6b How does macroeconomic change affect business?

Students need to consider current macroeconomic change and the extent to which it may affect a business or businesses in a particular industry.

Content	What students need to know	Teacher guidance
What is the economic cycle?	Cycle of changes in growth and output of Gross Domestic Product, implications for business of stages of the economic cycle. Why some businesses are affected more than others by the economic cycle and in different ways. Real and nominal values.	Case studies make theory seem more accessible. Up-to-date statistics to illustrate trends can be accessed on websites such as: <ul style="list-style-type: none"> ■ http://www.statistics.gov.uk/ ■ http://www.hm-treasury.gov.uk ■ www.bized.co.uk.
How does inflation affect us all?	Uncertainty, re-distribution of wealth, loss of competitiveness, skills shortages.	
What is unemployment and how does it affect us all?	Unemployment, costs to economy, opportunity cost, social cost.	The changing nature of employment involves not just changes in occupational trends but also changes in who works and the way we work. Students need to appreciate that economies are in a constant state of change and that the resultant structural changes have far reaching consequences for business. A look at how unemployment in the local area has changed over the last 50 years would be useful. Students should also consider how the nature of local businesses has changed.
What is structural change?	The development of an economy over time, changing nature of employment and output patterns.	
What are the implications for business?	Responding and adapting to change, implications of change for the future, rise of the knowledge economy.	

3.1 Unit description

About this unit

The aim of Unit 3 is to introduce the student to the world of international business and issues that a company trading internationally would have to consider.

3.2 Assessment information

Examination length: 1 hour 30 minutes

Section A: questions based on 'data' — 35 marks

Section B: case study and questions — 45 marks

(The case study is **not** pre-released.)

Total marks: 80

Note: students may be asked to carry out calculations and interpret or use data from graphs, tables or diagrams.

'Data' represents passages of text which may include graphs, table(s) of information or diagrams.

3.3 Unit content

3.3.1 Why does a business seek international markets?

Students will consider why some companies wish to sell overseas and could review case studies of companies that have done so successfully or unsuccessfully.

Content	What students need to know	Teacher guidance
Product or market conditions that may prompt a business to trade internationally	Extending the product life cycle through selling in new markets or of selling product innovations in multiple markets, global sourcing, limited growth in domestic markets, foreign competition in home markets, improvements in transportation and communication links with countries.	Look at examples of companies that have sold a backward innovation to developing countries, for example the windup radio, launched a product worldwide, for example Xbox 360 or sought new country markets due to domestic competition, for example the Body Shop.
	Increasing trade liberalisation through reduction of international trade barriers, ability to trade within a trading bloc, for example the European Union.	This is a very short introduction as to why international trade is increasing. Students should consider the opening up of new markets due to reduction of trade barriers by WTO, and the benefits and constraints of trading within the European Union.

3.3.2 Key players in the world economy

Students are to briefly consider how firms and individuals may be affected by the growing economic power of India and China. Students should consider how a national business may seek to trade with India or China.

Content	What students need to know	Teacher guidance
What will be the likely impact of the growing economic power of China and India on individuals, national and multinational firms in the 21st century?	Implications of their population size, economic growth and export rates, increased purchasing power and foreign investment, predicted economic power compared with US and EU, barriers to market entry, trade opportunities for UK firms, differences between China and India, for example state ownership of firms.	Students should consider what makes these countries economically powerful, how they impact on individuals or firms with their manufacturing exports (China) and call centres (India) and how a national firm may seek to trade with these countries (see articles and case studies on Cobra beer).

3.3.3 How does a company decide which countries to target?

Students should consider the attractiveness of country markets to companies based on the product or service being offered. Students are not expected to remember figures or details about countries in examinations, but may have to analyse such information if it is provided in the examination.

Content	What students need to know	Teacher guidance
Assessment of country markets	Assessment of potential country markets is based on corporate policy (which countries the company wants to target) and market attractiveness.	Assessment of market attractiveness may be based on: geographic proximity of the market, government policies, natural resources, commodity prices, exchange rate movement, political and legal system, level of economic development (country ranking by GDP and/or Human Development Index), potential labour force, level of technology and likely return on investment. Using one example case study, students should consider whether a product or service could be offered in a particular country market and give their recommendations.
Comparative advantage and the role of specialisation by countries	Advantages for a company of trading with a country which can produce a good or service more cheaply through specialisation.	For example the advantages and disadvantages for companies of using call centres in India could be examined.

3.3.4 Other considerations before trading internationally

This topic addresses the practical issues of trading internationally such as creating an international brand, how to sell and cultural differences in doing business.

Content	What students need to know	Teacher guidance
Responsibility to stakeholders	Ethical decisions as to what and where to manufacture, balance between capital and labour, where to sell, pay and working conditions, environmental factors, for example emissions, waste disposal. Potential conflicts of socially responsible and ethical behaviour with profit-based and other objectives.	www.anitaroddick.com provides useful resources and talking points on trading ethically.
Social/cultural differences in doing business	Different promotional message for different countries, international branding, distribution channel, joint ventures, pricing strategy for different countries.	There are numerous examples of companies getting their promotional message wrong when trading internationally. It is important to emphasise that a business person needs to know the social/cultural differences in order to do business in a certain country. Some companies prefer to use agents as they have local knowledge and appropriate language skills.
The purpose of tariffs, laws, import quotas.	Why tariffs, laws or import quotas are used, for example to protect domestic industries or balance of trade. Constraints on businesses that these barriers provide.	Only a brief overview is required.

3.3.5 Globalisation This topic is intended as a brief introduction as to why some companies trade globally and the similarities in global niches.

Content	What students need to know	Teacher guidance
Global industries	Global strategy versus global localisation, role of takeovers/mergers in strengthening company position, sourcing, ability to balance resource investments in countries.	Some industries such as banking, clothing, tourism, aircraft, computers are global. Students could cover all three topic areas in 3.3.5 through examination of one company such as Microsoft, Disney, Mercedes, Gucci.
Global marketing	Concentration on product markets, emphasis on the similarities of customers' aspirations or tastes and access to media. Promotional message may be the same leading to reduced average marketing costs. Sales incentives used may vary due to differences in local market segments.	Disney will concentrate on selling their films to cinemas in countries where there is an existing film distribution and similar media infrastructure. They may be able to use the same promotional message for their film in each country reducing the average cost of marketing. For some products, sales incentives may be necessary due to the use of different distribution channels, for example agents or distributors.
Global market niches	Companies may identify a target market across countries that is much larger than a single domestic market, for example for luxury goods.	International trends or subcultures may exist for some products or services, because they meet shared values and perceptions. For example, the Mercedes brand is respected worldwide, due to the innovative design and quality of their cars.

3.3.6 Are multinationals a force for good or should they be controlled?

This topic should enable students, through the examination of case studies, to look at the good and bad behaviour of multinationals operating overseas and what can be done to control their actions.

Content	What students need to know	Teacher guidance
Benefits that multinationals bring to overseas countries	How multinationals have contributed to an improvement in local living standards, employment and economic growth in overseas countries.	Students should consider examples of contributions to local economies from different companies, such as the Body Shop and Starbucks which pay premium prices for produce.
Potential negative impact of multinationals on overseas countries	Influence on foreign governments to gain concessions, exploitation of labour in developing countries, implementation of working practices which would be unacceptable in their home country, sale of unsafe products to consumers, use of unsustainable resources, degradation of the local environment.	www.corporatewatch.org.uk should give some topical examples of the impact of multinationals, especially on the environment.
Can multinational firms be controlled?	Political, legal or economic constraints, competition policy, pressure groups.	Students need only need brief knowledge of the possible ways of controlling multinationals.

4.1a Unit description

About this unit

In this unit, students will be able to assess the current competitiveness of a business through performance and non-performance indicators. They will analyse corporate objectives and strategy on the basis of these indicators and on external influences to the business. Students will be required to assess the causes and effects of change on a business and examine how the company could manage risk effectively.

4.2a Assessment information

Examination. length: 1 hour 30 minutes

Section A: questions based on 'data' — 30 marks

Section B: decision-making report and questions — 50 marks

The decision-making material will be pre-released on www.edexcel.com in June of the previous year.

Total marks: 80

Note: students may be asked to carry out calculations and interpret or use data from graphs, tables or diagrams.

'Data' represents passages of text which may include graphs, table(s) of information or diagrams.

4.3a Unit content

4.3.1a Corporate objectives and strategy

In this section the student considers stakeholder influences on corporate objectives and the potential conflict between profit based and other objectives. They are also introduced to how corporate strategy is developed and influenced by the competitive environment.

Content	What students need to know	Teacher guidance
Corporate objectives	Development of corporate objectives from mission statement/corporate aims. Critical appraisal of mission statements.	Use company annual reports and accounts, company websites or Times 100 case studies (www.times100.co.uk) to identify company mission statements, corporate aims and objectives.
Stakeholder influences on corporate objectives	Different influences on objectives, conflicting and common aims between stakeholders.	Use examples of conflicts between stakeholder objectives, for example a supermarket wanting to build a new store to create profit for their shareholders compared with local community concerns over traffic growth.
	Potential conflicts of socially responsible and ethical behaviour with profit-based and other objectives.	Examine the business principles and objectives of a multinational company and consider how these conflict with stories about their unethical behaviour.
	Corporate social responsibility (CSR.)	Define corporate social responsibility and consider the CSR policies of major companies such as Cadbury and Coca Cola.
Corporate culture	Strong and weak cultures, classification of company cultures, how corporate culture is formed, difficulties in changing an established culture.	Consider power, role, task, person cultures (Charles Handy). Look at any company stories, heroes, sagas and symbols that may have influenced the corporate culture. Also use the mission statements and corporate objectives considered earlier to see how they may have influenced the business culture.
Corporate strategy	Development of corporate strategy, aim of portfolio analysis, achieving competitive advantage through distinctive capabilities, effect of strategic and tactical decisions on human, physical, and financial resources, Porter's strategic matrix.	Definition of 'portfolio' in context, how the Boston Consulting Group Matrix contributes to corporate planning. Distinctive capabilities explained as the basis for competitive advantage.
	Competition versus co-operation: resource implications and the difficulty of changing corporate strategy in response to the influence of a competitive environment, political, legal or other influences that encourage co-operation between companies on strategy.	

4.3.2a Making strategic decisions

This topic covers the various techniques that may be used by the business to inform their strategic decision making. Students should consider non-financial information as well information generated by the techniques to aid decision making.

Content	What students need to know	Teacher guidance
Decision making model	Use of Ansoff Matrix to communicate intended strategic direction.	Ansoff Matrix and organic growth could be taught together, for example internal company growth by growing products and markets.
Decision-making techniques:		
– investment appraisal	Simple payback, Average Rate of Return, Discounted Cash Flow (Net Present Value only), calculations and interpretations of figures generated by these techniques, limitations of technique.	
– decision trees	Construction and interpretation of simple decision tree diagrams, limitations of technique.	
– project planning and network analysis	Nature and purpose of Critical Path Analysis, be able to draw simple networks, calculate Earliest Start Time and Latest Finish Time, identify the critical path and calculate the total float. Limitations of technique.	
– contribution; special order decisions	Whether an unexpected order is worth accepting based on the contribution it will bring.	
Business contingency planning	Need for contingency planning, for example consideration of risk of operating in a country or seeking growth in new overseas markets, risk reduction through information from decision-making models.	Use the Ansoff Matrix to consider why a company may seek to invest in a factory overseas, for example to reduce dependence on domestic market through planning for growth.

4.3.3a Assessing competitiveness

Students will use a limited number of ratios with simplified financial statements to assess a company's performance. They will also use labour productivity and turnover calculations. Students should consider whether the results of financial and human resource analyses confirm current corporate objectives/strategy or whether new corporate objectives/strategy should be created.

Content	What students need to know	Teacher guidance
Interpretation of financial statements	Ratio analysis using simplified financial statements to determine Profitability (Gross and Net Profit Margin), Return on Capital, Liquidity (Current and Acid Test Ratio), and Gearing, examination of a company's performance over time, limitations of ratios as a decision making tool, likely corporate responses to results of ratio analysis, how level of assets can influence the level of financial borrowing permitted.	Students could be provided with simplified financial statements from which to calculate ratios. Teachers should also provide simplified financial statements when giving students their own financial ratio exercises.
Human resource competitiveness	Use of labour productivity and labour turnover calculations in monitoring organisational effectiveness (for example, in different country offices), developing strategies based on the results.	Productivity calculations based on labour/inputs/outputs. Labour turnover calculations, including unavoidable leavers. Use and limitations of such analyses. Ask a representative from a business to give a talk on their labour turnover and productivity, reasons behind the figures and how they seek to improve them.

4.3.4a Company growth

Students will consider how and why companies grow and problems that company growth can create.

Content	What students need to know	Teacher guidance
Nature of company growth	Organic and external growth, examples of different types of growth, differences between mergers and takeovers, why growth is necessary, role of competition law. Case study examples used can illustrate horizontal, vertical and conglomerate, but these terms will not be specifically examined.	Use a television or national newspaper website to look for articles on recent mergers and takeovers, historical articles should reveal if the Competition Commission intervened. Ansoff's matrix and corporate culture are useful concepts here.
Effects of growth	Problems resulting from organisational restructuring, for example diseconomies of scale.	

4.1b Unit description

About this unit

In this unit, students consider why certain markets fail; how government decision making affects the economy; the markets in which companies operate; and the income and welfare of private individuals. The unit should enable students to assess why government economic policy can succeed or fail and why regulation of some markets is necessary.

4.2b Assessment information

Examination length: 1 hour 30 minutes

Section A: questions based on 'data' — 30 marks

Section B: case study and questions — 50 marks

The decision-making material will be pre-released on www.edexcel.com in June of the previous year.

Total marks: 80

Note: students may be asked to carry out calculations and interpret or use data from graphs, tables or diagrams.

'Data' represents passages of text which may include graphs, table(s) of information or diagrams.

4.3b Unit content

4.3.1b Do markets always work?

Markets can be efficient mechanisms for allocating resources but they can have a social cost. This section looks at what we mean by market failure both in terms of what markets fail to provide as well as the unwanted side-effects they produce. This leads to a look at what the government can do about market failure.

Content	What students need to know	Teacher guidance
What market failure means	Less than optimum allocation of resources, public and merit/demerit goods. Equity and equality.	Look at market failure in terms of what isn't provided/or for which there is insufficient provision, for example defence/lighthouses (public goods) and health/education (merit goods). Also in terms of what is provided but what we don't need, for example drugs/pollution.
What externalities are and how they affect an economy	Social costs and benefits, examples of externalities, environmental and social, difficulties in measuring externalities, impact of externalities in short versus long run.	A practical look at what we mean by these terms and some of the difficulties in measuring them. What they mean to business and the economy, for example climate change.
To what extent are externalities acceptable?	Social benefit and social cost, cost-benefit analysis – its limitations and usefulness in decision making.	How much of an externality should we accept? Can we use decision making tools such as cost-benefit analysis to help here? Are they effective?
What the government can do about it	Control of externalities by legislation, regulation, taxation, tradable permits. Effectiveness of various policies.	There are many case studies available to help illustrate this section, both from the UK and abroad. Websites from pressure groups such as Greenpeace, Transport 2000 and others can be used to look at alternative and even radical solutions, as well as opposing points of view. These can form the basis of useful class discussion and practise in evaluating alternative policy options.

4.3.2b Should markets be regulated?

This unit looks particularly at how markets can work against the public interest and how the consumer can be adversely affected. It also looks at how the government tries to protect the public and the instruments it uses. Finally, the unit looks at how effective this intervention is and the impact it has on businesses in the UK.

Content	What students need to know	Teacher guidance
Why regulation is needed	Protection of consumers. Cartels, collusion, restrictive practices. Effects of restrictive trade practices on prices and competition; consequences for businesses and the consumer. Issue of natural monopolies.	There are opportunities here to use real-life case studies to illustrate the theory. Useful websites include: <ul style="list-style-type: none"> ■ http://www.competition-commission.org.uk/ ■ http://ec.europa.eu/comm/competition/index_en.html ■ http://www.offt.gov.uk/
What the government does	Role of Office of Fair Trading, Competition Commission and EU Commission. Use of regulatory bodies. Provision of legal framework and consumer protection. Consequences for businesses.	Use the above websites for extra information. A look at recent cases and how they have impacted on businesses would be useful as would those cases where expansion plans have been halted by the Competition Commission. The above websites have plenty of examples that could be used here. It would be worth spending some time in class evaluating the effectiveness of these cases in actually changing behaviour and to what extent they benefit consumers and businesses.
The effects of these policies and the implications for business	Effectiveness of policy, government failure and reasons for it. Effects of regulation on businesses such as costs and competitiveness.	

4.3.3b Can the government control the economy?

The government uses various policies to try and influence the course our economy takes. This section looks at these policies, the difficulties in implementing them and how effective they are in their outcome. It also looks at the impact they have on businesses, their output and competitiveness.

Content	What students need to know	Teacher guidance
What the government does	Government policy, fiscal, monetary and supply side. What they are and how they work.	It would be useful to be aware of current trends and the state of some of the leading economic indicators. Although technically the government does not set the base rate it is still one of the ways in which the UK economy is controlled. Useful information can be gained from the media, for example newspapers.
The effectiveness of government action	Effectiveness of policy and the difficulties in controlling the economy. Short and long term. Importance of other factors such as shock and global trends. Trade-offs involved in policy choices. Effects on business, profitability and competitiveness.	

4.3.4b Should government intervene in society and what effects will it have?

Students need to consider the reasons for government intervention in society and how this affects not just business but the economy as a whole. Students need to be aware that this intervention can be controversial and that there is no 'right' answer to the situation. The use of current issues is an integral part of the unit. At the time of writing road use and road pricing are high on the agenda.

Content	What students need to know	Teacher guidance
Why the government redistributes wealth	Equity and equality, causes of inequality. Impact of inequality and poverty on business and the economy. The poverty trap. Impact of redistribution on business and economic welfare.	Useful figures as to the levels of taxation and expenditure can be found at: <ul style="list-style-type: none"> ■ http://www.statistics.gov.uk/ ■ http://www.hm-treasury.gov.uk/
How and why the government intervenes to regulate behaviour. The extent to which government should intervene	Use of case studies to tackle these issues: <ul style="list-style-type: none"> ■ healthcare obesity/alcohol ■ the environment and re-cycling ■ transport, cars and public transport. Students should examine potential policies which could be used to address these cases.	There is current material in the media as well as on government websites and www.bized.ac.uk . Students should be encouraged to conduct their own investigations into the issues and also to evaluate possible solutions. It may be useful to follow the suggestions outlined in 4.3.1b and look at various pressure groups' websites. Students could be encouraged to prepare cases for and against the issues in a debate, for example 'Road pricing is the best way to reduce road use' or 'The government should do more to combat climate change'.
The implications for business	Changing pattern of demand for goods and services. Regulation and competitiveness. Opportunities for innovation and growth. Threat to some established businesses. Effect on trade.	Students should be encouraged to look into the implications of previous case studies for businesses. For example, 'How will the imposition of a fat tax affect the food industry?'

D Assessment and additional information

Assessment information

Assessment requirements	For a summary of assessment requirements and assessment objectives, see <i>Section B, Specification overview</i> .
Entering candidates for this qualification	Details of how to enter students for the examinations for this qualification can be found in Edexcel's Information Manual, a copy of which is sent to all examinations officers. The information can also be found on Edexcel's website: www.edexcel.com .
Resitting of units	<p>There is no limit to the number of times that a student may retake a unit prior to claiming certification for the qualification. The best available result for each contributing unit will count towards the final grade.</p> <p>After certification all unit results may be reused to count towards a new award. Students may re-enter for certification only if they have retaken at least one unit.</p> <p>Results of units held in the Edexcel unit bank have a shelf life limited only by the shelf life of this specification.</p>
Awarding and reporting	<p>The grading, awarding and certification of this qualification will comply with the requirements of the current GCSE/GCE Code of Practice, which is published by the Office of Qualifications and Examinations Regulation (Ofqual). The AS qualification will be graded and certificated on a five-grade scale from A to E. The full GCE Advanced level will be graded on a six-point scale A* to E. Individual unit results will be reported.</p> <p>A pass in an Advanced Subsidiary subject is indicated by one of the five grades A, B, C, D, E of which grade A is the highest and grade E the lowest. A pass in an Advanced GCE subject is indicated by one of the six grades A*, A, B, C, D, E of which Grade A* is the highest and Grade E the lowest. To be awarded an A* students will need to achieve an A on the full GCE Advanced level qualification and an A* aggregate of the A2 units. Students whose level of achievement is below the minimum judged by Edexcel to be of sufficient standard to be recorded on a certificate will receive an unclassified U result.</p>

D Assessment and additional information

Performance descriptions

Performance descriptions give the minimum acceptable level for a grade. See *Appendix 1* for the performance descriptions for this subject.

Unit results

The minimum uniform marks required for each grade for each unit:

Units 1, 2a, 2b, 3, 4a, 4b.

Unit grade	A	B	C	D	E
Maximum uniform mark = 100	80	70	60	50	40

Candidates who do not achieve the standard required for a grade E will receive a uniform mark in the range 0–39.

Qualification results

The minimum uniform marks required for each grade:

Advanced Subsidiary Business Studies Cash-in code 8BS01

Advanced Subsidiary Economics and Business Cash-in code 8EB01

Qualification grade	A	B	C	D	E
Maximum uniform mark = 200	160	140	120	100	80

Candidates who do not achieve the standard required for a grade E will receive a uniform mark in the range 0–79.

Advanced GCE Business Studies Cash-in code 9BS01

Advanced GCE Economics and Business Cash-in code 9EB01

Qualification grade	A	B	C	D	E
Maximum uniform mark = 400	320	280	240	200	160

Candidates who do not achieve the standard required for a grade E will receive a uniform mark in the range 0–159.

Language of assessment

Assessment of this specification will be available in English only. Assessment materials will be published in English only and all work submitted for examination and moderation must be produced in English.

Quality of written communication

Students will be assessed on their ability to:

- write legibly, with accurate use of spelling, grammar and punctuation in order to make the meaning clear
- select and use a form and style of writing appropriate to purpose and to complex subject matter
- organise relevant information clearly and coherently, using specialist vocabulary when appropriate
- students will be given the opportunity to demonstrate quality of written communication in long answer or essay questions:
 - ◆ Unit 1: Developing New Business Ideas – *Section B*
 - ◆ Unit 2a: Managing the Business or Unit 2b: Business Economics – *Section B*
 - ◆ Unit 3: International Business – *Section A* and *Section B*
 - ◆ Unit 4a: Making Business Decisions and Unit 4b: The Wider Economic Environment and Business – *Section B*.

Assessment objectives and weighting

		% in AS	% in A2	% in GCE
A01	Demonstrate knowledge and understanding of the specified content.	30%	20%	25%
A02	Apply knowledge and understanding of the specified content to problems and issues arising from both familiar and unfamiliar situations.	30%	20%	25%
A03	Analyse problems, issues and situations.	20%	30%	25%
A04	Evaluate, distinguish between and assess appropriateness of fact and opinion, and judge information from a variety of sources.	20%	30%	25%
TOTAL		100%	100%	100%

Synoptic assessment

In synoptic assessment there should be a concentration on the quality of assessment to ensure that it encourages the development of the holistic understanding of the subject.

Synopticity requires students to connect knowledge, understanding and skills acquired in different parts of the Advanced GCE course.

Synoptic assessment in Advanced GCE Business will be met through Unit 3: International Business and Unit 4a: Making Business Decisions and in Advanced GCE Economics and Business through Unit 3: International Business and Unit 4b: The Wider Economic Environment and Business. In Unit 3 students are required to draw on their knowledge of how a business operates and apply it to an overseas context. Units 4a and 4b will be assessed via a decision-making report designed to test the ability of students to think at a higher strategic level to address complex issues and problems. The context of the decision-making report will be pre-released on www.edexcel.com.

Stretch and challenge

Students can be stretched and challenged in A2 units through the use of different assessment strategies, for example:

- using a variety of stems in questions – such as, explain, examine, assess, compare, provide the case for and against, justify, analyse, evaluate
- ensuring connectivity between sections of questions – for example through use of data response questions where answers are applied to the supplied context
- a requirement for extended writing in Units 3, 4a and 4b
- use of a wider range of question types to address different skills – for example open-ended questions, case studies, decision-making report etc
- use of supplied data to enable students to make deductions that support answers.

Additional information

Malpractice and plagiarism

For up-to-date advice on malpractice and plagiarism, please refer to the latest *Joint Council for Qualifications (JCQ) Instructions for Conducting Coursework* document. This document is available on the JCQ website: www.jcq.org.uk.

For additional information on malpractice, please refer to the latest *Joint Council for Qualifications (JCQ) Suspected Malpractice in Examinations And Assessments: Policies and Procedures* document, available on the JCQ website.

Access arrangements and special requirements

Edexcel's policy on access arrangements and special considerations for GCE, GCSE, and Entry Level is designed to ensure equal access to qualifications for all students (in compliance with the Equality Act 2010) without compromising the assessment of skills, knowledge, understanding or competence.

Please see the Joint Council for Qualifications (JCQ) website (www.jcq.org.uk) for their policy on access arrangements, reasonable adjustments and special considerations.

Please see our website (www.edexcel.com) for:

- the forms to submit for requests for access arrangements and special considerations
- dates to submit the forms.

Requests for access arrangements and special considerations must be addressed to:

Special Requirements
Edexcel
One90 High Holborn
London
WC1V 7BH

Equality Act 2010

Please see our website (www.edexcel.com) for information on the Equality Act 2010.

Prior learning and progression

Prior learning

There are no prior knowledge requirements for this qualification. The specification builds on, but does not depend upon, students having followed a course in GCSE Business, GCSE Economics or GCSE Business and Economics.

Progression

The qualification provides a solid foundation for studies at a higher level in the following subject areas: business management, business administration, accountancy and finance, human resource management, marketing, retail management, tourism management and international business.

The qualification may also lead on to a career in the commercial world, for example in banking, sales, product management or general management. Business and management skills are also considered desirable skills to have in public sector organisations or charities.

Combinations of entry

Forbidden combinations are:

- Advanced Subsidiary and Advanced GCE in Economics and Business and Advanced Subsidiary and Advanced GCE in Economics.
- Advanced Subsidiary and Advanced GCE in Economics and Business and Advanced Subsidiary and Advanced GCE in Business Studies.

Student recruitment

Edexcel's access policy concerning recruitment to our qualifications is that:

- they must be available to anyone who is capable of reaching the required standard.
- they must be free from barriers that restrict access and progression.
- equal opportunities exist for all students.

The wider curriculum

This qualification provides opportunities for developing an understanding of spiritual, moral, ethical, social and cultural issues, together with an awareness of citizenship, environmental issues, health and safety considerations, and European developments consistent with relevant international agreements appropriate as applied to Business and Economics and Business. *Appendix 2: Wider curriculum* maps the opportunities available.

E Resources, support and training

Resources to support the specification

In addition to the resources available in the *Getting Started* guide book, Edexcel produces a wide range of resources to support this specification.

Edexcel's own published resources

Edexcel aims to provide the most comprehensive support for our qualifications. We have therefore published our own dedicated suite of resources for teachers and students written by qualification experts. These resources include:

- schemes of work
- student guide
- mapping document to previous GCE specifications
- lesson materials.

Edexcel publications

You can order further copies of the specification and specimen examination papers from:

Edexcel Publications
Adamsway
Mansfield
Notts NG18 4FN

Telephone: 01623 467467
Fax: 01623 450481
Email: publication.orders@edexcel.com
Website: www.edexcel.com

Additional resources endorsed by Edexcel

Edexcel also endorses additional materials written to support this qualification.

Any resources bearing the 'Endorsed by Edexcel' logo have been through a rigorous endorsement quality assurance process to ensure complete and accurate support for the specification. For up-to-date information about endorsed resources, please visit www.edexcel.com/endorsed.

Please note that while resources are checked at the time of publication, materials may be withdrawn from circulation and website locations may change.

The resources listed are intended to be a guide for teachers and not a comprehensive list. Further suggestions can be found in *Appendix 4: Further resources and support*.

Please see www.edexcel.com/gce2008 for up-to-date information.

Edexcel support services

Edexcel support services

Edexcel has a wide range of support services to help you implement this qualification successfully.

ResultsPlus – ResultsPlus is an application launched by Edexcel to help subject teachers, senior management teams, and students by providing detailed analysis of examination performance. Reports that compare performance between subjects, classes, your centre and similar centres can be generated in 'one-click'. Skills maps that show performance according to the specification topic being tested are available for some subjects. For further information about which subjects will be analysed through ResultsPlus, and for information on how to access and use the service, please visit www.edexcel.com/resultsplus

Ask the Expert – to make it easier for our teachers to ask us subject specific questions we have provided the **Ask the Expert** Service. This easy-to-use web query form will allow you to ask any question about the delivery or teaching of Edexcel qualifications. You'll get a personal response, from one of our administrative or teaching experts, sent to the email address you provide. You can access this service at www.edexcel.com/ask

Support for Students

Learning flourishes when students take an active interest in their education; when they have all the information they need to make the right decisions about their futures. With the help of feedback from students and their teachers, we've developed a website for students that will help them:

- understand subject specifications
- access past papers and mark schemes
- learn about other students' experiences at university, on their travels and when entering the workplace.

We're committed to regularly updating and improving our online services for students. The most valuable service we can provide is helping schools and colleges unlock the potential of their learners. www.edexcel.com/students

Training

A programme of professional development and training courses, covering various aspects of the specification and examination, will be arranged by Edexcel each year on a regional basis. Full details can be obtained from:

Training from Edexcel
Edexcel
One90 High Holborn
London WC1V 7BH

Email: trainingbookings@pearson.com
Website: www.edexcel.com/training

F Appendices

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Introduction

Performance descriptions have been created for all GCE subjects. They describe the learning outcomes and levels of attainment likely to be demonstrated by a representative candidate performing at the A/B and E/U boundaries for AS and A2.

In practice most candidates will show uneven profiles across the attainments listed, with strengths in some areas compensating in the award process for weaknesses or omissions elsewhere. Performance descriptions illustrate expectations at the A/B and E/U boundaries of the AS and A2 as a whole; they have not been written at unit level.

Grade A/B and E/U boundaries should be set using professional judgement. The judgement should reflect the quality of candidates' work, informed by the available technical and statistical evidence. Performance descriptions are designed to assist examiners in exercising their professional judgement. They should be interpreted and applied in the context of individual specifications and their associated units. However, performance descriptions are not designed to define the content of specifications and units.

The requirement for all AS and A level specifications to assess candidates' quality of written communication will be met through one or more of the assessment objectives.

The performance descriptions have been produced by the regulatory authorities in collaboration with the awarding bodies.

AS performance descriptions for Business Studies

Assessment objectives	Assessment objective 1	Assessment objective 2	Assessment objective 3	Assessment objective 4
A/B boundary performance descriptions	<p>Demonstrate knowledge and understanding of the specified content.</p> <p>Candidates characteristically:</p> <p>a demonstrate knowledge and understanding of the key business concepts in the AS specification, with few significant omissions.</p>	<p>Apply knowledge and understanding to problems and issues arising from both familiar and unfamiliar situations.</p> <p>Candidates characteristically:</p> <p>a demonstrate the ability to apply relevant knowledge to familiar and unfamiliar business contexts</p> <p>b show knowledge and understanding of the issues arising from these situations.</p>	<p>Analyse problems, issues and situations.</p> <p>Candidates characteristically:</p> <p>a analyse problems, issues and situations:</p> <ul style="list-style-type: none"> ■ build logical arguments ■ use appropriate numerical and non-numerical techniques. 	<p>Evaluate, distinguish between and assess appropriateness of fact and opinion, and judge information from a variety of sources.</p> <p>Candidates characteristically:</p> <p>a distinguish between fact and opinion</p> <p>b assess the appropriateness of information from a variety of sources</p> <p>c make a reasoned evaluation of the sources considered.</p>
E/U boundary performance descriptions	<p>Candidates characteristically:</p> <p>a demonstrate a basic knowledge and some understanding of the business concepts in the AS specification.</p>	<p>Candidates characteristically:</p> <p>a demonstrate the ability to apply a basic level of relevant knowledge to familiar business contexts</p> <p>b show some knowledge and understanding of the issues arising from these situations.</p>	<p>Candidates characteristically:</p> <p>a provide partial analysis of problems, issues and situations:</p> <ul style="list-style-type: none"> ■ build arguments ■ use appropriate numerical and non-numerical techniques. 	<p>Candidates characteristically:</p> <p>a make some distinction between fact and opinion</p> <p>b assess at a basic level the appropriateness of information from one or more sources</p> <p>c make a partial evaluation of the sources considered.</p>

A2 performance descriptions for Business Studies

Assessment objectives	Assessment objective 1	Assessment objective 2	Assessment objective 3	Assessment objective 4
A/B boundary performance descriptions	<p>Demonstrate knowledge and understanding of the specified content.</p> <p>Candidates characteristically:</p> <ul style="list-style-type: none"> a demonstrate precise knowledge and understanding of key business concepts drawn from the A2 specification, with few omissions b show knowledge and understanding of the links between business concepts. 	<p>Apply knowledge and understanding to problems and issues arising from both familiar and unfamiliar situations.</p> <p>Candidates characteristically:</p> <ul style="list-style-type: none"> a demonstrate effective application of relevant knowledge to familiar and unfamiliar business contexts b show knowledge and understanding of the issues arising from these situations. 	<p>Analyse problems, issues and situations.</p> <p>Candidates characteristically:</p> <ul style="list-style-type: none"> a critically analyse business problems, issues and situations: <ul style="list-style-type: none"> ■ build logical arguments ■ use appropriate numerical and non-numerical techniques b analyse a business strategy c develop a business strategy. 	<p>Evaluate, distinguish between and assess appropriateness of fact and opinion, and judge information from a variety of sources.</p> <p>Candidates characteristically:</p> <ul style="list-style-type: none"> a distinguish between fact and opinion b assess critically the appropriateness of information from a wide variety of sources c make a well-reasoned evaluation of the sources considered.
E/U boundary performance descriptions	<p>Candidates characteristically:</p> <ul style="list-style-type: none"> a demonstrate knowledge and some understanding of business concepts drawn from the A2 specification b show some knowledge and understanding of the links between business concepts. 	<p>Candidates characteristically:</p> <ul style="list-style-type: none"> a demonstrate the application of relevant knowledge to familiar and unfamiliar business contexts b show some knowledge and understanding of the issues arising from these situations. 	<p>Candidates characteristically:</p> <ul style="list-style-type: none"> a provide a simple analysis of business problems, issues and situations: <ul style="list-style-type: none"> ■ build arguments ■ use appropriate numerical and non-numerical techniques b outline a business strategy. 	<p>Candidates characteristically:</p> <ul style="list-style-type: none"> a distinguish between fact and opinion b assess the appropriateness of information from several sources c make an evaluation of the sources considered.

AS performance descriptions for Economics

Assessment objectives	Assessment objective 1	Assessment objective 2	Assessment objective 3	Assessment objective 4
A/B boundary performance descriptions	<p>Demonstrate knowledge and understanding of the specified content.</p> <p>Candidates characteristically:</p> <ol style="list-style-type: none"> demonstrate detailed knowledge of a range of facts and concepts included in the AS specification demonstrate clear understanding of: <ul style="list-style-type: none"> terminology institutions models. 	<p>Apply knowledge and understanding of the specified content to problems and issues arising from both familiar and unfamiliar situations.</p> <p>Candidates characteristically:</p> <ol style="list-style-type: none"> apply: <ul style="list-style-type: none"> concepts numerical and graphical techniques theories and models terminology to issues arising in familiar and unfamiliar situations. 	<p>Analyse economic problems and issues.</p> <p>Candidates characteristically:</p> <ol style="list-style-type: none"> select relevant concepts, models, theories and techniques demonstrate, for the most part, development of logical explanations of economic problems and issues with focus and relevance. 	<p>Evaluate economic arguments and evidence, making informed judgements.</p> <p>Candidates characteristically:</p> <ol style="list-style-type: none"> evaluate straightforward economic arguments and evidence by: <ul style="list-style-type: none"> prioritising evidence and arguments making judgements reaching and presenting conclusions.
E/U boundary performance descriptions	<p>Candidates characteristically:</p> <ol style="list-style-type: none"> demonstrate knowledge of some facts and concepts included in the AS specification demonstrate some understanding of: <ul style="list-style-type: none"> terminology institutions models. 	<p>Candidates characteristically:</p> <ol style="list-style-type: none"> apply in part some of the following: <ul style="list-style-type: none"> concepts numerical and graphical techniques theories and models terminology to issues arising in familiar situations. 	<p>Candidates characteristically:</p> <ol style="list-style-type: none"> demonstrate some evidence of selecting relevant concepts, models, theories and techniques demonstrate partial explanations of economic problems and issues. 	<p>Candidates characteristically:</p> <ol style="list-style-type: none"> evaluate straightforward economic arguments and evidence at a simple level, for example by: <ul style="list-style-type: none"> offering judgements stating conclusions.

A2 performance descriptions for Economics

Assessment objectives	Assessment objective 1	Assessment objective 2	Assessment objective 3	Assessment objective 4
A/B boundary performance descriptions	<p>Demonstrate knowledge and understanding of the specified content.</p> <p>Candidates characteristically:</p> <p>demonstrate, across the AS and A2 specifications:</p> <p>a detailed knowledge of a range of facts and concepts</p> <p>b clear understanding of:</p> <ul style="list-style-type: none"> ■ terminology ■ institutions ■ models <p>c detailed knowledge and clear understanding of the interconnections between the different elements of the subject content.</p>	<p>Apply knowledge and understanding of the specified content to problems and issues arising from both familiar and unfamiliar situations.</p> <p>Candidates characteristically:</p> <p>a apply clearly and effectively:</p> <ul style="list-style-type: none"> ■ concepts ■ numerical and graphical techniques ■ theories and models ■ terminology <p>to complex issues arising in familiar and unfamiliar situations.</p>	<p>Analyse economic problems and issues.</p> <p>Candidates characteristically:</p> <p>a select relevant concepts, models, theories and techniques</p> <p>b demonstrate, for the most part, development of logical explanations for complex economic problems and issues, with focus and relevance.</p>	<p>Evaluate economic arguments and evidence, making informed judgements.</p> <p>Candidates characteristically:</p> <p>a evaluate effectively complex economic arguments:</p> <ul style="list-style-type: none"> ■ prioritise evidence and arguments ■ make reasoned judgements ■ reach and present supported conclusions ■ make reasoned recommendations.
E/U boundary performance descriptions	<p>Candidates characteristically:</p> <p>demonstrate, across the AS and A2 specifications:</p> <p>a knowledge of some facts and concepts</p> <p>b some understanding of:</p> <ul style="list-style-type: none"> ■ terminology ■ institutions ■ models <p>c some knowledge and understanding of the interconnections between the different elements of the subject content.</p>	<p>Candidates characteristically:</p> <p>a apply appropriately some:</p> <ul style="list-style-type: none"> ■ concepts ■ numerical and graphical techniques ■ theories and models ■ terminology <p>to complex issues arising in a range of situations, some of which may be unfamiliar.</p>	<p>Candidates characteristically:</p> <p>a demonstrate some evidence of selecting relevant concepts, models, theories and techniques</p> <p>b demonstrate partial development of logical explanations for complex economic problems and issues.</p>	<p>Candidates characteristically:</p> <p>a demonstrate some evaluative skills in relation to complex economic arguments and evidence:</p> <ul style="list-style-type: none"> ■ make judgements ■ reach and present conclusions with some supporting evidence ■ make recommendations.

Signposting

Issue	Unit 1	Unit 2	Unit 3	Unit 4
Spiritual	✓			
Moral		✓	✓	
Ethical	✓	✓	✓	
Social		✓	✓	✓
Cultural			✓	✓
Citizenship			✓	
Environmental			✓	✓
European initiatives			✓	✓
Health and safety		✓		

Development suggestions

Issue	AS/A2 units	Opportunities for development or internal assessment
Spiritual	Unit 1	How leaders/managers motivate employees and how people are motivated at work. What motivates entrepreneurs, for example profit and non profit motives.
Moral	Unit 2	Recruitment, training and employment practices in the light of equal opportunities legislation.
	Unit 3	Exploitation of workers by multinationals through payment of low labour wages.
Ethical	Unit 1	Characteristics of entrepreneurs – ethical stance.
	Unit 2	Use of restrictive trade practices by businesses to gain unfair advantage.
	Unit 3	Ethical decisions by companies as to what and where to manufacture etc. Potential conflicts of ethically responsible behaviour with profit-based and other objectives. Harm that multinationals can do – use of agents to bribe government of company officials in order to gain market entry or competitive advantage in a foreign country.

Issue	AS/A2 units	Opportunities for development or internal assessment
Social	Unit 2	Social cost of unemployment, structural unemployment.
	Unit 3	Increased trade worldwide creating a negative influence on employment in highly industrialised countries. Attractiveness of country markets in the light of their culture and social infrastructure and their likely impact on the ability of the business to trade or set up in the market. Different promotional messages necessary for trading in different countries
	Unit 4	To what extent should the government intervene to regulate behaviour with issues like obesity, binge drinking etc? Changing pattern of demand for goods and services. Threat to some established businesses.
Cultural	Unit 3	Attractiveness of country markets in the light of their culture and social infrastructure and their likely impact on the ability of the business to trade or set up in the market. Different promotional messages necessary for trading in different countries
	Unit 4	Classification of company cultures and their influence on corporate objectives.
Citizenship	Unit 3	Can multinationals be controlled – pressure groups.
Environmental	Unit 3	Implications of trading internationally, for example emissions, waste disposal. Harm that multinationals can do – use of unsustainable resources in a foreign country.
	Unit 4	To what extent should the government intervene to regulate behaviour, for example to protect the environment, promote recycling, reduce the use of cars etc.
European initiatives	Unit 3	European union – facilitation of trade and constraints of EU membership.
	Unit 4	Role of EU Commission in regulating markets.
Health and safety	Unit 2	Induction training – legal requirement for health and safety training for new recruits.

Type of code	Use of code	Code number
National classification codes	Every qualification is assigned to a national classification code indicating the subject area to which it belongs. Centres should be aware that students who enter for more than one GCE qualification with the same classification code will have only one grade (the highest) counted for the purpose of the school and college performance tables.	Business Studies — 3210 Economic and Business — 3230
National Qualifications Framework (NQF) codes	Each qualification title is allocated a National Qualifications Framework (NQF) code. The National Qualifications Framework (NQF) code is known as a Qualification Number (QN). This is the code that features in the DfE Section 96, and on the LARA as being eligible for 16-18 and 19+ funding, and is to be used for all qualification funding purposes. The QN is the number that will appear on the student's final certification documentation.	The QNs for the qualifications in this publication are: Business Studies AS — 500/2444/9 Advanced GCE — 500/2443/7 Economics and Business AS — 500/2462/0 Advanced GCE — 500/2442/5
Unit codes	Each unit is assigned a unit code. This unit code is used as an entry code to indicate that a candidate wishes to take the assessment for that unit. Centres will need to use the entry codes only when entering candidates for their examination.	Business Studies Unit 1 – 6BS01 Unit 2a – 6BS02 Unit 3 – 6BS03 Unit 4a – 6BS04 Economics and Business Unit 1 – 6EB01 Unit 2b – 6EB02 Unit 3 – 6EB03 Unit 4b – 6EB04
Cash in codes	The cash-in code is used as an entry code to aggregate the student's unit scores to obtain the overall grade for the qualification. Centres will need to use the entry codes only when entering candidates for their qualification.	Business Studies AS – 8BS01 Advanced GCE – 9BS01 Economics and Business AS – 8EB01 Advanced GCE – 9EB01
Entry codes	The entry codes are used to: 1 enter a candidate for the assessment of a unit 2 aggregate the candidate's unit scores to obtain the overall grade for the qualification.	Please refer to the Edexcel Information Manual available on the Edexcel website.

Please note that while resources are checked at the time of publication, materials may be withdrawn from circulation and website locations may change at any time.

The following resources may be useful.

Books

Anderton A – *A Level Economics for Edexcel* (Pearson Education, 2008) ISBN 9781405892285

Anderton A – *A Level Economics for Edexcel Teaching and Assessment Pack* (Pearson Education, 2008) ISBN 9781405892292

Anderton A, Chambers I, Gray D, Hall D, Jones R, Raffo C – *Business Studies* (Causeway Press, 2008) ISBN 9781405892315

Etherington I, Smith C and Smith M – *Revision Express AS and A2 Economics* (Pearson Education, 2008) ISBN 9781408206522

Gillespie A – *Oxford Revision Guides: AS and A level Business Studies Through Diagrams* (OUP, 2005) ISBN 9780199150687

Gillespie A – *AS and A Level Economics Through Diagrams* (OUP, 2009) ISBN 9780199180899

Hearn J – *AS/A-level Economics Essential Word Dictionary* (Philip Allan, 2000) ISBN 9780860033707

Jewell M – *Key Definitions for Economics A Level Revision: For Edexcel Students* (Anforme, 2008) ISBN 9781905504244

Lines D, Marcoué I – *Business Case Studies AS and A level* (Longman, 2002) ISBN 9780582406360

Marcoué I – *A-Z Business Studies Handbook* (Philip Allan, 2009) ISBN 9780340987292

Marcoué I, Gillespie A, Surridge M, Birchall N, Brewer M, Hammond A, Watson N – *Business Studies for A Level* (Hodder Education, 2011) ISBN 9781444122756

Parsons R – *AS-Level Business Studies Complete Revision & Practice* (CGP, 2008) ISBN 9781847621337

Parsons R – *A2-Level Business Studies Complete Revision & Practice* (CGP, 2009) ISBN 9781847622730

Smith P – *Edexcel AS Economics* (Philip Allan, 2008)
ISBN 9780340948040

Smith P – *Edexcel A2 Economics* (Philip Allan, 2009)
ISBN 9780340949269

Wall N – *A-Z Economics and Business Handbook* (Philip Allan, 2010)
ISBN 9780340991107

Unit 1: Developing New Business Ideas and Unit 2a: Managing the Business

Burke R – *Small Business Entrepreneur* (Burke Publishing, 2006)
ISBN 0958239169

Burke R – *Entrepreneurs Toolkit* (Burke Publishing, 2006)
ISBN 0958239142

Brook J, Glegg P and Wall N – *Developing New Business Ideas for AS Level* (Anforme, 2012) ISBN 9781905504725

Ellis B – *Edexcel AS Business Studies/Economics and Business: Student Unit Guide: Developing New Business Ideas: Unit 1* (Philip Allan, 2011) ISBN 9781444147940

Waterson D – *Managing the Business for AS* (Anforme, 2012)
ISBN 9781905504756

Unit 2b: Business Economics

Ellis B – *Business Economics for AS Level* (Anforme, 2008)
ISBN 9781905504268

Dransfield R – *Key Ideas in Economics* (Nelson Thornes, 2003)
ISBN 9780748770816

Hewison A – *Revision Guide to AS Level Economics and Business* (Anforme, 2011) ISBN 9781905504640

Gavin M – *Edexcel AS Economics Student Unit Guide, Unit 1: Competitive Markets: How They Work and Why they Fail* (Philip Allan, 2011) ISBN 9781444147827

Grant S, Ellams A and Vidler C – *Heinemann Economics AS for Edexcel* (Heinemann, 2005) ISBN 9780435330774

Unit 3: International Business

Dahringer L, Leihls H and Muhlbacher H – *International Marketing.*

A Global Perspective (Cengage Learning, 2006)
ISBN 9781844801329

Deresky H – *International Management: Managing Across Borders and Cultures* (Prentice Hall, 2007) ISBN 9780136143260

Ellis B – *Edexcel A2 Business Studies/Economics and Business Unit 3: International Business: Student Unit Guide* (Philip Allan, 2011) ISBN 9781444147971

Gooderham P and Nordhaug O – *International Management: Cross-boundary Challenges (Management, Organizations and Business* (Wiley Blackwell, 2003) ISBN 9780631233428

Hartman L – *Perspectives in Business Ethics* (McGraw-Hill Higher Education, 2004) ISBN 9780071238267

Hewison A and Wall N – *International Business for A2* (Anforme, 2010) ISBN 9781905504411

Unit 4a: Making Business Decisions – Section 4.3.1a

Black R – *Organisational Culture: creating the influence needed for strategic success* (Dissertation.com, 2003) ISBN 158112211X

Handy C – *Understanding Organizations* (Penguin, 1993)
ISBN 9780140156034

Parker M – *Organizational Culture and Identity* (Sage, 1999)
ISBN 9780761952435

Unit 4a: Making Business Decisions — Section 4.3.2a

Katsioloudes M — *Strategic Management* (Butterworth, 2006)
ISBN 9780750679664

Unit 4a: Making Business Decisions — Section 4.3.3a

Atrill P and McLaney E — *Accounting and Finance for Non-specialists*
(Financial Times/Prentice Hall, 2010) ISBN 9780273745969

Brooks I — *Organisational Behaviour* (Financial Times/Prentice Hall,
2008) ISBN 9780273715368

Fridson M — *Financial Statement Analysis* (John Wiley & Sons,
2011) ISBN 9780470635605

Hall L, Torrington D, Taylor S and Atkinson C — *Human
Resource Management* (Financial Times/Prentice Hall, 2011)
ISBN 9780273756927

Unit 4a: Making Business Decisions — Section 4.3.4a

Korah V — *An Introductory Guide to EC Competition Law and
Practice* (Hart Publishing, 2007) ISBN 9781841137544

Unit 4b: The Wider Economic Environment and Business

Etherington I and Wall N — *The Wider Economic Environment and
Business for A2* (Anforme, 2009) ISBN 9781905504336

Nutter R — *Business Economics: Microeconomics for A2* (Anforme,
2012) ISBN 9781905504794

Nutter R — *A2 Economics: Multiple Choice Workbook* (Philip Allan,
2005) ISBN 9781844897698

Useful websites

www.acas.gov.uk

www.bized.co.uk — Business studies resources and revision materials for teachers and students

www.gov.uk — Government website providing information about government departments and policies

Business Review magazine (www.philipallan.co.uk) — Business topics/articles and examination tips aimed at students

www.competition-commission.org.uk — Competition Commission

The Economist magazine www.student-subscription-service.co.uk/magazine-the-economist.asp — Has an online subscription service with student rates

www.fairtrade.org.uk — The Fairtrade Foundation

FlashRevise Pocketbook (www.hoddereducation.co.uk) — Card per business topic for revision purposes

The Grocer Magazine (www.thegrocer.co.uk) — Product and marketing information for items supplied in supermarkets etc

www.guardian.co.uk/business/economics — Topical newspaper articles on economics

www.keynote.co.uk — Individual market summaries for products or services, usually includes market trend and size information

www.offt.gov.uk — Office of Fair Trading

www.statistics.gov.uk — National statistics online

www.tutor2u.net — Quizzes, revision notes and presentations on major business topic areas

www.zoopla.com — Provides ACORN profile for a geographic postcode – useful for market segmentation information

www.whystudyeconomics.ac.uk — Why Study Economics?

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