

Understanding the implementation of the International Advanced Level in Business Studies

June 2013

Final Draft

Pearson Edexcel International Advanced Level (IAL) qualification in Business Studies

Summary of content coverage: comparison of 2008 and 2013 specifications

Key:

Numbering in bold (e.g. **1.3.1**) relates to 2013 IAL specification

Numbering in italics (e.g. *1.3.1*) relates to 2008 GCE specification

	Heading
	No change to content (i.e. content in the 2013 IAL specification is unchanged from the 2008 specification)
	Minimal change to content (i.e. content in the 2013 IAL specification was partially covered in the 2008 specification, may include some new content elements)
	New content topic (i.e. content in the 2013 IAL specification is new, and was not previously explicitly covered in the 2008 specification)

In the IAL specification the word 'including' means that everything included must be taught. When you see 'e.g.' you may use the examples provided or substitute your own examples.

Example 1

Factors to consider, including:

- A
- B
- C

This means that you must teach A, B and C. You may choose to teach additional content items, but you must cover those listed.

Example 2

Environmental considerations e.g. emissions, waste disposal

This means that when you teach environmental considerations you may teach the students about emissions and waste disposal but, if you prefer, you can substitute your own examples.

Overview of changes to the units

The opportunity has been taken to (i) update the specification in the light of developments in business, (ii) build on the experience of previous specifications and (iii) to target the qualification closely to its international market. Such additions are not deemed to be great and it is believed that they will not add greatly to the teaching of the specification as many of them have probably been referred to in the past. A wide range of examples have been provided to enable in-depth understanding of the content.

Unit 1 has been renamed 'Business Enterprise' and the emphasis is now on business (including all types and sizes of organisations) rather than the entrepreneur.

The content of Unit 3 and Unit 4 from the Edexcel Advanced GCE in Business Studies (9BS01) has been reversed – this reflects the international character of this specification.

Please note that IAS terminology has been used throughout, and previous UK GAAP terms used have been amended. Please see Appendix 3 of the new specification for further guidance.

Unit 1: Business Enterprise
(previously *Unit 1: Developing New Business Ideas*)

Pearson Edexcel IAL in Business Studies - 2013	Edexcel Advanced GCE in Business Studies (9BS01) - 2008
1.3.1 Entrepreneurship	
1 Characteristics	<p>Content previously covered in <i>Unit 1: Topic 1.3.1 – Characteristics of successful entrepreneurs.</i></p> <p>Characteristics remain the same although the emphasis is on the individual and effective communication has been added.</p>
2 Motivations	<p>Content previously covered in <i>Unit 1: Topic 1.3.1 – Characteristics of successful entrepreneurs.</i></p> <p>There are now clearer examples of the reasons in the IAL specification e.g. the distinction between profit maximisation, profit satisficing.</p>
3 Role	<p>New content: initial idea, creating and setting up a business, running a business, expanding a business, innovation within a business.</p>
4 Company structures	<p>New content: different ways of structuring a business, other forms of business organisation, including franchises.</p> <p>It is unlikely that this represents a large increase in content as these structures are likely to have been taught or referred to previously.</p>
5 Stakeholders	<p>Content previously covered in <i>Unit 1: Topic 1.3.3 – Evaluating a business opportunity.</i></p> <p>Stakeholders have been moved from 1.3.3 as they are important to entrepreneurship and should be considered at the start of the specification. They are defined and clear examples are given.</p>
6 Opportunity cost	<p>Content previously covered in <i>Unit 1: Topic 1.3.3 – Evaluating a business opportunity.</i></p> <p>Opportunity cost has been moved from 1.3.3 with an added emphasis of choice. The impact on decision-making has been included.</p>

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1.3.2 Researching a business opportunity		
1	Market research	<p>Content partially covered in <i>Unit 1: Topic 1.3.3 – Evaluating a business opportunity</i>, with market orientation taken from <i>Unit 1: Topic 1.3.2 – Identifying a business opportunity</i>.</p> <p>New content: the distinction between product and market orientation; social networking to support market research.</p> <p>New content requires the study of the increasing use of ICT and social networking to support market research and this has been recognised by its inclusion at this point.</p>
2	The market	<p>Content previously covered in <i>Unit 1: Topic 1.3.3 – Evaluating a business opportunity</i>.</p> <p>Clearer definitions for the term market and product trial are provided with further exemplification for clarity.</p>
3	Positioning	
4	Product trial	

1.3.3 Supply and demand		
1	Demand	<p>Content previously covered in <i>Unit 1: Topic 1.3.2 – Identifying a business opportunity</i>.</p> <p>The opportunity has been taken for greater clarity in what is required for demand and supply with a clear definition of both terms and greater exemplification.</p>
2	Supply	
3	Interaction of supply and demand	

1.3.4 Finance		
1	Sources of finance	<p>Content partially covered in <i>Unit 1: Topic 1.3.5 – Financing the new business idea</i>, with relevance of a business plan in obtaining finance moved from <i>Unit 1: Topic 1.3.7 – Putting a business idea into practice</i>.</p> <p>New content: alternative sources; secured and unsecured loans; the appropriateness of sources to the company structure; the need for a business plan when obtaining finance.</p>

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1.3.5 Measuring business performance		
1	Pricing, sales revenue, costs and profit	Content previously covered in <i>Unit 1: Topic 1.3.6 – Measuring the potential success of a business idea.</i>
2	Break-even	Examples provided in the IAL specification, include a clear need to study how a business may improve its profitability to give greater clarity for students. UK GAAP terms have been updated to IAS terminology.
3	Measuring and improving profit	
4	Importance of cash flow	Content partially covered in <i>Unit 2a: Topic 2.3.3a – How does a company budget efficiently?</i> New content: distinction between profit and cash flow. The importance of cash flow has been moved to Unit 1 of the IAL specification.

1.3.6 The wider business environment		
1	Government influences	Content partially covered in <i>Unit 1: Topic 1.3.4 – Economic considerations and Unit 2a: Topic 2.3.2a – Managing the provision process.</i> New content: consumer protection legislation.
2	Economic influences	Content previously covered in <i>Unit 1: Topic 1.3.4 – Economic considerations.</i>
3	Social influences	New content: impacts of digital economy, ethical considerations, environmental considerations and demographic change on businesses. In this element, the emphasis is on how social influences impact on business.

Unit 2: Business Structures and Processes
(previously titled **Managing the Business**)

Pearson Edexcel IAL in Business Studies - 2013		Edexcel Advanced GCE in Business Studies (9BS01) - 2008
2.3.1 Marketing		
1	Marketing objectives and strategy	Content previously covered in <i>Unit 2: Topic 2.3.1a – Marketing plan.</i>
2	Marketing mix	
3	Price elasticity of demand (PED)	The marketing mix is defined as the 4Ps and this is all that will need to be studied. How current social trends may impact on the marketing mix is included to meet changing conditions.
4	Income elasticity of demand (YED)	New content: normal and inferior goods, effect on businesses of changes in income, calculation and interpretation of YED and implications for businesses. The addition of YED logically follows content on PED and will support learner progression.

2.3.2 Managing operations		
1	Productivity and efficiency	Content partially covered in <i>Unit 2: Topic 2.3.2a – Managing the provision process.</i> New content: distinction between labour and capital intensive production. Productivity and efficiency are clearly defined including the factors that influence both, with a distinction between labour and capital intensive production required.
2	Product or service design	Content previously covered in <i>Unit 2: Topic 2.3.2a – Managing the provision process.</i>
3	Capacity utilisation	Content partially covered in <i>Unit 2: Topic 2.3.2a – Managing the provision process.</i> New content: calculation of capacity utilisation.
4	Inventory control	Content previously covered in <i>Unit 2: Topic 2.3.2a – Managing the provision process.</i> UK GAAP terms have been updated to IAS terminology.
5	Lean production and quality management	

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2.3.3 Managing finance		
1	Budgets	Content previously covered in <i>Unit 2: Topic 2.3.3a – How does a company budget efficiently.</i>
2	Sales forecast	
3	Managing working capital	Exemplification for each element, in particular is the purpose of sales forecast, the importance of working capital, the difference between cash and profit in the short and long run respectively.
4	Why businesses fail	

2.3.4 Managing people		
1	Organisational structures	Content previously covered in <i>Unit 2: Topic 2.3.4a – Managing other people.</i>
2	Recruitment, selection and training	<p>Content partially covered in <i>Unit 2: Topic 2.3.4a– Managing other people.</i></p> <p>New content: selection, types of training.</p> <p>This is for clarification purposes; selection has been specified with recruitment and training, and types of training has been added.</p>
3	Leadership styles	<p>Content partially covered in <i>Unit 1: Topic 1.3.1 – Characteristics of successful entrepreneurs.</i></p> <p>New content: laissez-faire.</p> <p>The content relating to leadership styles has been moved to relate to the management of people, and laissez-faire included.</p>
4	Motivation of staff	<p>Content previously covered in <i>Unit 2: Topic 2.3.4a – Managing other people.</i></p> <p>Exemplification on the motivation of staff. Mayo has been added as a motivational theorist and financial incentives and non-financial techniques both now covered within this section.</p>
5	Reduction of labour costs	<p>Content previously covered in <i>Unit 2: Topic 2.3.4a – Managing other people.</i></p> <p>Exemplification on the reduction of labour costs for clarification.</p>

**Unit 3: Strategic Business Decisions
(previously titled Making Business Decisions)**

Pearson Edexcel IAL in Business Studies - 2013	Edexcel Advanced GCE in Business Studies (9BS01) - 2008
3.3.1 Corporate objectives and strategy	
1 Corporate objectives	Content previously covered in <i>Unit 4: Topic 4.3.1a – Corporate objectives and strategy.</i>
2 Stakeholder influences on corporate objectives	
3 Corporate culture	Corporate culture is now defined and greater exemplification has been given.
4 Corporate strategy	Content partially covered in <i>Unit 4: Topic 4.3.1a – Corporate objectives and strategy.</i> New content: the Boston Matrix. Porter’s strategic matrix has been defined for clarity.

3.3.2 Making strategic and tactical decisions	
1 Decision making models	Content partially covered in <i>Unit 4: Topic 4.3.2a – Making strategic decisions.</i> New content: SWOT analysis.
2 Investment appraisal	Content previously covered in <i>Unit 4: Topic 4.3.2a – Making strategic decisions.</i> For contribution it is now necessary to be able to calculate and interpret the information obtained.
3 Decision trees	
4 Critical Path Analysis (CPA)	
5 Contribution	
6 Business contingency planning	

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3.3.3 Assessing competitiveness		
1	Interpretation of financial statements	Content previously covered in <i>Unit 4: Topic 4.3.3a – Assessing competitiveness.</i> Students required to calculate given ratios, use them to interpret a corporate response to them and be aware of their limitations. UK GAAP terms have been updated to IAS terminology. Formulas have been specified for areas where there may be various approaches.
2	Human resource competitiveness	

3.3.4 Company growth		
1	Nature of company growth	Content previously covered in <i>Unit 4: Topic 4.3.4a – Company growth.</i> Types of mergers and takeovers are now exemplified. Economies of scale have to be studied as a reason for growth. Positive and negative effects of growth are now exemplified. Joint ventures, as a form of company growth, have been specified for clarity.
2	Effects of growth	

**Unit 4: Business in a Global Context
(previously titled International Business)**

Pearson Edexcel IAL in Business Studies - 2013	Edexcel Advanced GCE in Business Studies (9BS01) - 2008
4.3.1 International markets	
1 Reasons for the increased growth of international trade	Content previously covered in <i>Unit 3: Topic 3.3.1 – Why does a business seek international markets?</i>
2 Conditions that prompt businesses to trade internationally	
3 Global mergers and takeovers	Content previously covered in <i>Unit 3: Topic 3.3.5 – Globalisation.</i>

4.3.2 Changing global economy	
1 Growing economies	<p>Content partially covered in <i>Unit 3: Topic 3.3.2 – Key players in the world economy.</i></p> <p>New content: growth indicators, consideration of more countries.</p> <p>Helping increase the relevancy for international centres.</p>

4.3.3 Business location	
1 Assessment of a country as a market	Content previously covered in <i>Unit 3: Topic 3.3.3 – How does a country decide which countries to target?</i>
2 Assessment of a country as a production location	<p>Content partially covered in <i>Unit 3: Topic 3.3.5 – Globalisation.</i></p> <p>New content: consideration factors.</p>

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4.3.4 Other considerations before trading internationally		
1	Trade barriers	Content previously covered in <i>Unit 3: Topic 3.3.4 – Other considerations before trading internationally.</i> A clear statement of what has to be studied is achieved for all three elements by greater exemplification and, for the final element, clarity by clear considerations listed.
2	Ethical considerations	
3	Social/cultural differences in doing business	

4.3.5 Global marketing		
1	Global marketing	Content previously covered in <i>Unit 3: Topic 3.3.5 – Globalisation.</i> Marketing approaches have been given clarity with a clear statement of what has to be studied. Exemplification provides additional clarity and the adaptation of the marketing mix for global markets is clearly stated.
2	Global niche markets	

4.3.6 Multinational corporations (MNCs)		
1	Potential positive impact of multinationals on overseas countries	Content previously covered in <i>Unit 3: Topic 3.3.6 – Are multinationals a force for good or should they be controlled?</i>
2	Potential negative impact of multinationals on overseas countries	
3	Controlling multinationals	