

Level 2 Certificate in Business Principles and Practice



International
Qualifications from EDI

Syllabus

Effective from: 1 March 2012

On Demand Examinations available from 1 June 2012

INTRODUCTION

Education Development International (EDI) is a leading international awarding body that was formed through the merger of the London Chamber of Commerce and Industry Examinations Board (LCCI) and a leading online assessment provider GOAL. EDI now delivers LCCI International qualifications (LCCI IQ) through a network of over 5000 registered centres in more than 120 countries worldwide. Our range of business-related qualifications is trusted and valued by employers worldwide and recognised by universities and professional bodies.

Level 2 Certificate in Business Principles and Practice

Aims

The aims of the qualification are to develop candidates' knowledge and understanding of the:

- nature and context of business activity and the impact of the business environment on business activity
- different types of business ownership and organisational structures
- functions and importance of management, leadership and communication within business organisations
- different aspects of business operations and how business operations are financed and supported by financial services
- importance of good public image and customer service to businesses.

This qualification is accredited on the National Qualifications Framework (NQF) in the UK as EDI Level 2 Certificate in Business Principles and Practice (VRQ) 600/4349/0.

Target Audience and Candidate Progression

The qualification is suitable for people who want to develop their knowledge and understanding of how businesses operate and interact with the commercial world and the role it plays in society. It provides a good foundation for candidates intending to progress to the Level 3 Certificate in Business Principles and Practice or other similar qualifications and is an ideal preparation for entry level positions across the functional areas of businesses.

This qualification can be taken as a standalone qualification or as a part of a range of Diplomas. Please see the LCCI International Qualification Guide for the specific Diploma titles. Information is also available on the LCCI International Qualifications website.

It is recommended that candidates achieve the Introductory Certificate in Marketing qualification to supplement and extend their understanding of how businesses relate to, and interact with their customers

Structure of the qualification

The Level 2 Certificate in Business Principles and Practice is a single unit qualification that consists of the following four topic areas:

- 1 The Nature of Business Activity
- 2 Organisation and Management of Businesses
- 3 Business Operations and Finance
- 4 Importance of Good Public Image and Customer Service to a Business

ASSESSMENT

Assessment Objectives

The examination will assess the candidate's ability to demonstrate knowledge and understanding of the:

- nature of business activity in terms of its purpose, sector classification, stakeholder groups and the business environment
- role and importance of mission statements, business objectives and entrepreneurship in business activity
- main features of different types of business ownership and formal organisational structures (including organisational charts) and the context in which each is most suitable
- role and importance of management and leadership in terms of management functions and responsibilities and the different leadership roles and qualities
- different methods of communication used within a business, the context in which each is used and the importance of effective communications
- business operations in terms of the concepts of production and productivity, factors of production and the location and size of businesses
- different sources of finance for businesses and the services available from commercial banks and insurance companies to support business operations
- importance of a good public image, how this can be promoted and the importance of customers and good customer service to a business.

Assessment Method

The assessment method for this qualification has been designed to provide an appropriate and fit-for-purpose assessment of a candidate's ability to achieve the assessment objectives. It has been levelled to match Level 2 of the National Qualification Framework, the qualifications framework for England, Wales and Northern Ireland.

This qualification is assessed by a written examination paper consisting of four questions of 25 marks each, covering all four topic areas within the syllabus. Candidates must answer all four questions. Questions will be presented in the form of a business situation, problem or issue with a number of tasks to be completed. The time allowance for the examination is 2 hours.

The examination is available on demand only.

All examinations must be carried out in accordance with the *Examination Guide for LCCI Centres* and the *Examination Regulations*, which is sent to centres with the examination papers.

Coverage of Topic Areas in the Examination

The written examination will cover the topic areas as follows:

| Topic Areas | | Approximate weighting of topic areas within the examination |
|--------------------|--|--|
| 1 | Nature of Business Activity | 25% |
| 2 | Organisation and Management of Businesses | 30% |
| 3 | Business Operations and Finance | 25% |
| 4 | Importance of Good Public Image and Customer Service to a Business | 20% |

Answer Format

Candidates will be asked to provide answers in the form of information sheets, short notes, diagrams or charts, bullet points or short paragraphs. Some questions may ask for relevant examples to be provided. Appropriate business language should be used and any relevant charts or diagrams should be properly labelled.

Mark Allocation

A positive marking approach is used. Marks are not deducted for spelling or grammatical errors.

Certification

Successful candidates will be awarded the Level 2 Certificate in Business Principles and Practice based on the achievement of the marks and grades below:

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| Pass | 50% |
| Merit | 60% |
| Distinction | 75% |

Centres will receive certificates within a maximum of 6 weeks of the receipt of the scripts at EDI.

Topic 1 Level 2 The Nature of Business Activity

| Learning outcomes | Assessment Criteria | Indicative Content |
|--|--|--|
| <i>The learner will:</i> | <i>The learner can:</i> | |
| 1. Understand what is meant by a business and the need for business activity. | 1.1 Explain what is meant by a 'business'. 1.2 Explain the purposes of business activity. 1.3 Describe how consumer needs and wants affect business activity. | <i>Purposes include: providing for customer needs and wants; profit for owner; providing a service</i> |
| 2. Understand the different classifications of business activity. | 2.1 Describe the 3 main sectors in which business activity may be classified. 2.2 Identify the appropriate sector for a given business activity. 2.3 Explain the importance of each of these sectors in different countries. | <i>Primary; secondary; tertiary</i> <i>For example: primary sector may be more important in countries that are rich in raw materials</i> |
| 3. Understand the nature of mission statements and business objectives and their importance to businesses. | 3.1 Explain the difference between a 'mission statement' and a 'business objective'. 3.2 Explain why it is important for businesses to have mission statements and business objectives. 3.3 Identify the key words used in writing mission statements. 3.4 Write mission statements in the context of different businesses. 3.5 Identify the key business objectives that businesses are likely to have. | <i>Reasons include: to show overall aims and core values; to set goals for management to aim for; to allow for delegation to take place</i> <i>Examples include: value; service; quality; customers</i> <i>To make a profit; to expand the business; to improve added value; to provide goods and services; to ensure business survival, to improve market share</i> |

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| <p>4 Understand how the main stakeholder groups are involved in a business.</p> | <p>4.1 Define the term 'stakeholder'.</p> <p>4.2 Describe the roles and responsibilities of the different stakeholder groups involved in a business.</p> <p>4.3 Explain how changing business objectives may affect stakeholders.</p> | <p><i>Stakeholder groups include: Shareholders/owners; Managers; Employees; Customers; Government; Community; Suppliers; Lenders</i></p> |
| <p>5. Understand the role and importance of entrepreneurship to business activity and a country's economy.</p> | <p>5.1 Define the term 'entrepreneur'.</p> <p>5.2 Describe the qualities an entrepreneur needs to succeed in business.</p> <p>5.3 Explain how entrepreneurship contributes to the development of business and a country's economy.</p> | <p><i>Qualities include: creativity; innovation; flexibility, goal-oriented, persistence, motivated, willingness to take risks</i></p> <p><i>Contribution includes: provides innovative ideas and inventions; provides employment; supplies needed goods and services</i></p> |
| <p>6 Understand the business environment and how it affects business activity.</p> | <p>6.1 Explain the term 'the environment of business'.</p> <p>6.2 Explain the differences between the public sector and the private sector.</p> <p>6.3 Describe ways in which government policies may affect business activity.</p> <p>6.4 Describe the effects of technological, social and environmental changes on business activity.</p> <p>6.5 Define the term 'global market'.</p> <p>6.6 Explain reasons for the global market and the effects of the global market on local businesses.</p> | <p><i>Ways include: legislation; taxation; assistance such as grants, subsidies and information</i></p> <p><i>Reasons include: greater demand for a wider range of goods and services; need to earn foreign currency; to dispose of surpluses</i></p> |

Topic 2 Level 2 Organisation and Management of Businesses

| Learning outcomes | Assessment Criteria | Indicative Content |
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| <p><i>The learner will:</i></p> <p>1. Understand the main types of private business ownership and the context in which each is most appropriate.</p> | <p><i>The learner can:</i></p> <p>1.1 Describe the main features of the different types of business ownership:</p> <ul style="list-style-type: none"> ▪ sole traders ▪ partnerships ▪ private limited companies ▪ public limited companies ▪ co-operatives. <p>1.2 Explain the concepts of 'limited liability' and 'separate legal entity' and their importance.</p> <p>1.3 State the advantages and disadvantages of each of the types of business ownership.</p> <p>1.4 Identify and apply the factors to be considered when choosing a type of business ownership.</p> | <p><i>Features in terms of ownership; setting up; control and management; continuity and sources of finance</i> <i>(NB a detailed knowledge of the legal procedure for setting up a business will not be required)</i></p> <p><i>Factors include: capital requirements; legal liability and risk; flexibility; number of owners; taxes; personal preference; size of business</i></p> |
| <p>2. Understand the internal organisation of businesses.</p> | <p>2.1 Describe the role of the main functional areas within a business and how they contribute to the aims and objectives of a business.</p> <p>2.2 Describe the three main types of formal organisational structures.</p> <p>2.3 Identify the most suitable structure for a particular situation.</p> <p>2.4 Explain what is meant by an 'organisational chart'.</p> <p>2.5 State the advantages and the disadvantages of using organisational charts.</p> | <p><i>Main functional areas are: Finance; Human Resources; Customer Service; Marketing & Sales; Research & Development; Administration/IT Support; Production/Operations; Purchasing; Distribution</i></p> <p><i>Functional; hierarchical; matrix</i></p> <p><i>Advantages include: clear way of showing the role and position of staff and who reports to whom</i></p> |

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| | 2.6 Interpret and construct simple organisational charts. | <i>Disadvantages include: dangers of complexity; out of date quickly</i> |
| 3. Understand the nature and role of management and the importance of good leadership in business organisations. | <p>3.1 Describe the main functions of management.</p> <p>3.2 Describe the responsibilities of management to owners, employees, customers, society and government.</p> <p>3.3 Explain the purpose of leadership in business organisations.</p> <p>3.4 Identify different leadership roles within business organisations.</p> <p>3.5 Identify the essential qualities of a good leader.</p> | <p><i>Functions are: planning; organising; directing; controlling; co-ordinating; delegating; motivating</i></p> <p><i>Purposes such as: to gain trust, respect and loyalty; to motivate; to deal with emergencies</i></p> <p><i>Roles include: Board of Directors; managers; supervisors; team leaders</i></p> <p><i>Inspirational; confident; good communicator; committed; people-oriented</i></p> |
| 4. Understand the different methods of communicating within business organisations and the importance of effective communications. | <p>4.1 Identify the main methods of communication used within a business.</p> <p>4.2 State the advantages and disadvantages of using each method of communication within a business.</p> <p>4.3 Identify the most suitable method of communication in different circumstances.</p> <p>4.4 Describe how the development of ICT has affected business communications within a business.</p> <p>4.5 Explain why effective communications within a business organisation is important.</p> | <p><i>Face-to-face; telephone; email; reports; intranet; video/teleconferencing</i></p> <p><i>Use of intranet; email; video/teleconferencing</i></p> |

Topic 3 Level 2 Business Operations and Finance

| Learning outcomes <i>The learner will:</i> | Assessment Criteria <i>The learner can:</i> | Indicative Content |
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| <p>1. Understand the nature of production.</p> | <p>1.1 Explain the difference between 'production' and 'productivity'.</p> <p>1.2 Explain the importance of 'productivity' to the success of business operations.</p> <p>1.3 Describe the factors needed to produce goods and services and their importance in the production process:</p> <ul style="list-style-type: none"> ▪ land ▪ labour ▪ capital ▪ entrepreneurship. <p>1.4 Explain the difference between 'capital intensive' and 'labour intensive' production.</p> | |
| <p>2. Understand the factors determining the location and size of business operations.</p> | <p>2.1 Describe the main factors affecting the location of a business.</p> <p>2.2 Explain how the importance of these factors may vary according to the type of business.</p> <p>2.3 Describe the main factors affecting the size of a business.</p> <p>2.4 State the advantages and disadvantages of small businesses.</p> <p>2.5 Identify the different ways in which businesses may grow.</p> | <p><i>Factors are: geographic; demographic; legal; political; infrastructure; closeness of resources to markets</i></p> <p><i>Factors include: location; financial resources; type of product/service; ownership and management</i></p> <p><i>Internal (organic) growth: inventing new products; increasing market share; improved marketing; more efficient service than competitors</i></p> <p><i>External growth: horizontal or vertical mergers; franchising; diversification</i></p> |

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| <p>3. Understand the need for, and sources of finance for businesses.</p> | <p>3.1 Explain the uses of finance in a business.</p> <p>3.2 Identify the sources of finance for short-term needs.</p> <p>3.3 Identify the sources of finance for long-term needs.</p> <p>3.4 Explain the importance of internal finance.</p> <p>3.5 Describe factors to be considered when choosing a source of finance.</p> | <p><i>Uses include: to start up or expand the business; to pay for daily expenses; to purchase fixed assets; to undertake research and development</i></p> <p><i>Sources include: Loans; bank overdraft; trade credit; credit card; hire purchase; lease; debt factoring</i></p> <p><i>Sources include: share capital; debentures; bank loans; retained profits; government grants; venture capital; mortgage; taking a partner</i></p> <p><i>Factors include: amount of money required; how quickly the money is required; cost of finance (interest rates); length of time finance is required; purpose; availability</i></p> |
| <p>4. Understand how commercial banks and insurance companies support business operations.</p> | <p>4.1 Describe the different types of services offered by commercial banks.</p> <p>4.2 Explain how these services contribute to the operations of a business.</p> <p>4.3 Explain what is meant by 'insurance' and 'the pooling of risks'.</p> <p>4.4 Explain why it is important for businesses to have insurance.</p> | <p><i>Services include: payment services; deposit and withdrawal of money (current and deposits accounts); financial advice; lending;</i></p> <p><i>Importance include: protection against financial loss; confidence to conduct business; legal requirement</i></p> |

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| | 4.5 Describe the different types of insurance that would be necessary for business organisations. | <i>Types of insurance such as: public, product and employer's liability; property; key employee; business interruption; vehicle</i> |
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Topic 4 Level 2 Importance of Good Public Image and Customer Service to a Business

| Learning outcomes | Assessment Criteria | Indicative Content |
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| <i>The learner will:</i> | <i>The learner can:</i> | |
| 1. Understand the concept of 'public image' and its importance to a business. | 1.1 Explain the term 'public image'. 1.2 Explain why it is important to a business to have a good public image. 1.3 Identify factors that may affect the public image of a business. 1.4 Describe some ways of improving the public image of a business. | <p><i>Reasons include: to remain competitive; to improve market share; to retain customers; to keep employees</i></p> <p><i>Factors include: business ethics; customer service quality; communication with stakeholders; physical environment; community involvement; type of industry; marketing methods used</i></p> <p><i>Ways include: improving customer service; forming community links; better employee training; improving marketing materials</i></p> |
| 2. Understand the role of individual employees in promoting a good public image. | 2.1 Explain why individual employees are important in the promotion of a good public image in a business. 2.2 Describe ways in which individual employees can promote a good public image of a business. | <p><i>Ways include: greeting visitors; effective communication skills; creating a positive impression; good personal appearance</i></p> |

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| <p>3. Understand the importance of customers and their needs to a business.</p> | <p>3.1 Explain what is meant by a 'customer'.</p> <p>3.2 Explain the importance of customers to businesses.</p> <p>3.3 Identify ways in which the needs of individual customers may vary.</p> | <p><i>Importance include: buy goods and services; provide revenue; provide repeat business; making recommendations to others</i></p> <p><i>Ways include: product knowledge; price prepared to pay; quality expected; after sales service; credit terms requested</i></p> |
| <p>4. Understand the importance of providing good customer service and the need for monitoring the effectiveness of such.</p> | <p>4.1 Define the term 'customer service'.</p> <p>4.2 Explain why good customer service is important.</p> <p>4.3 Describe ways in which good customer service can be provided.</p> <p>4.4 Explain reasons for monitoring the effectiveness of customer service.</p> <p>4.5 Identify ways of monitoring customer service.</p> | <p><i>Reasons include: gaining and retaining customer; improving reputation; achieving customer satisfaction and loyalty</i></p> <p><i>Ways include: staff – communication skills, helpfulness; information – up-to-date, clear; premises – accessible, tidy, clean, facilities offered; equipment – working, safe; delivery of goods – quick reliable; after sales service – guarantees, exchange of goods</i></p> <p><i>Reasons include: finding out if business meets customer needs and expectations; how it can be improved</i></p> <p><i>Ways include: surveys (questionnaires); comment boxes; mystery shoppers; direct mailing; monitoring level of complaints</i></p> |

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| <p>5. Communication with customers and the effects of ICT (Information Communications Technology) on customer service.</p> | <p>5.1 Identify methods of communication used when communicating with customers.</p> <p>5.2 Explain the circumstances when each method would be used.</p> <p>5.3 Describe the effects of ICT on customer service.</p> | <p><i>Methods include: speech/face to face; telephone; email; letter</i></p> |
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ADDITIONAL INFORMATION

Diversity, access and inclusion

EDI qualifications address diversity, access and inclusion issues through a) guidance provided to authors of assessment material, b) assessment arrangements and c) guidance to centres.

The assessments generated by EDI are designed to be inclusive and free from bias. This is built into the task-setting specifications on which the assessments are based. EDI administers external assessments in line with the latest recommended procedures for ensuring accessibility and fair treatment of all.

EDI has procedures in place for making reasonable adjustments to assessments for those learners with particular assessment requirements, provided that this does not invalidate the assessment requirements of the qualification. For guidance on reasonable adjustments, please refer to the *Access Arrangements, Reasonable Adjustments and Special Consideration* document which can be downloaded by EDI approved centres from the Centre Administration area of the LCCI website, www.lcci.org.uk.

Entry requirements

There are no formal entry requirements for this qualification. However, candidates should have a minimum level of English equivalent to the LCCI Level 2 English for Business or JETSET 4 - (Council of Europe B1/Threshold) to meet the communication requirements for this qualification.

Guided Learning Hours

EDI recommends that 100 - 130 Guided Learning Hours (GLHs) provide a suitable course duration for an 'average' candidate at this level. This figure includes direct contact hours as well as other time when candidates' work is being supervised by teachers. Ultimately, however, it is the responsibility of training centres to determine the appropriate course duration based on their candidates' ability and level of existing knowledge. EDI's experience indicates that the number of GLHs can vary significantly from one training centre to another.

Recommended Reading List and Support Materials

Reading List

| Title | Authors(s) | Publisher | ISBN Code |
|---|--|------------------|----------------|
| IGCSE Business Studies | K Borrington P Stimpson | Hodder Arnold | 978-0340926499 |
| Business Studies (4 th Edition) | D Hall, R Jones, C Raffo, A Anderton, I Chambers, & D Gray | Causeway Press | 1405892315 |
| How to Pass Business Practice, Second Level | Mary Trigwell-Jones | EDI | 1 86247 006 5 |

Support Material

A sample paper and answers are available on the qualification page of the website.

How to offer this qualification

To offer this qualification you must be an LCCI IQ registered examination centre. To gain centre approval please contact Customer Support on 08700 818008 between the hours of 0830 and 1700 (GMT) Monday to Friday or by email on centresupport@ediplc.com

Alternatively you may contact your Regional LCCI Office or Co-ordinating Authority.

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and performance

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