

AMENDMENTS TO EDEXCEL ADVANCED SUBSIDIARY AND ADVANCED GCE IN BUSINESS STUDIES (8076/9076)

Key changes to the specification are listed below and will also be identified in a fully revised version of the above AS and Advanced GCE specification available on the Edexcel website (www.edexcel.org.uk). Printed versions will subsequently be available from our publications department. We will notify you through our website when the printed specifications are available.

Unit	Assessment details up to and including January 2003	Assessment details from Summer 2003
6121	Duration: 1 ¼ hrs Weighting: 30% (15% for 9076) Max UMS Marks: 90 Max Raw Marks: 84 Style: 3 compulsory questions. Each with stimulus material and 4 sub sections.	Duration: 1 hr Weighting: 30% (15% for 9076) Max UMS Marks: 90 Max Raw Marks: 63 Style: 3 compulsory questions with 3 sub sections. Pre-release material covering all 3 AS units
6122	Duration: 1½ hrs Weighting: 40% (20% for 9076) Max UMS Marks: 120 Max Raw Marks: 126 Style: Scenario with 6 compulsory questions based on this.	Duration: 1 hr Weighting: 40% (20% for 9076) Max UMS Marks: 120 Max Raw Marks: 63 Style: 3 compulsory questions with sub sections. Pre-release material covering all 3 AS units.
6123	Duration: 1 ¼ hrs Weighting: 30% (15% for 9076) Max UMS Marks: 90 Max Raw Marks: 84 Style: 2 compulsory questions with 4 sub sections based on stimulus material	Duration: 1 hr Weighting: 30% (15% for 9076) Max UMS Marks: 90 Max Raw Marks: 63 Style: 2 compulsory questions with 3 sub sections. Pre-release material covering all 3 AS units

- The balance of the assessment objectives will remain the same within each unit. The weightings will also remain the same.
- There will be a pre-release booklet issued to cover all 3 units. This will be reproduced in the exam and will cut down on reading time for all 3 papers. This alters the structure of the papers slightly but essentially each paper will still have questions based on data supplied.
- The mark allocations will be:
 - 6121 – each question will be out of 20
 - 6122 – each question will be out of 20
 - 6123 – each question will be out of 30
- Please find attached details of revised unit specifications.

Replacement for Page 12

Specification content – Advanced Subsidiary GCE

For first assessment summer 2003

It should be noted that the following themes are fundamental and apply to all units in the specification:

- the application of IT as a business decision-making aid and its benefits and drawbacks as well as its impact on the functional areas of a business and on information systems
- the presentation of business data in the most appropriate form, e.g. written, tabular and graphical.

Unit 1: Business structures, objectives and external influences

This unit aims to introduce students to:

- the structure of business and business objectives
- the external influences and constraints on business which affect the achievement of objectives
- the internal organisation of business, with specific reference to the motivation of employees.

At the end of the unit students should be able to:

- understand, interpret and analyse data relating to structures and objectives
- analyse and evaluate data referring to external influences on business
- assess appropriate strategies for the organisation and motivation of employees in a business organisation.

Content	Explanation of content
1 The structure of business	
Primary, secondary and tertiary sectors	An understanding of differences between primary, manufacturing and service industries.
The mixed economy – private and public sectors	An understanding of the importance of the public and private sectors of the economy and an appreciation of the significance of each. Although this specification concentrates on businesses which trade in goods and services, students are required to be able to contrast these organisations with both the public sector and the not-for-profit ‘sector’, including large, small, local, regional, national and multinational organisations. It will also include an understanding of the role of the entrepreneur.

Replacement for Page 13

Content	Explanation of content
Legal form of business	An understanding of the legal forms of business organisations including sole traders, partnerships, limited liability companies and the role of business franchises. The implications of the legal form of the business for its financing, control and decision-making processes.
Activities of a business: production, marketing, finance	Understanding that a business combines human, physical and financial resources in order to produce a good or a service to sell to consumers.
Competitive influences	An understanding of how business activities and structures are influenced by the degree of competition that businesses face. An understanding that there are many levels of competition: complete market power (monopoly), a strongly competitive market or a market consisting of many small firms.
2 Business objectives and stakeholders	
The nature, role and importance of objectives	An understanding of the importance of objectives in the devising of strategies and in the measurement of performance. An understanding that organisations have a variety of objectives expressed in terms of a hierarchy. This will include:
The hierarchy of objectives	Mission statements, aims, strategic objectives and operational and tactical objectives.
The role and importance of profits	An understanding of the importance of profit as an objective for a business and an appreciation that wealth is created through production and that businesses are engaged in adding value.
Stakeholders in business and their role in setting of objectives in business	An understanding of the role of stakeholders including customer, manager, creditor, owner/shareholder and employee, and their influence on the setting of objectives.
3 Economic influences	
The role of markets Micro-economic factors – the market forces of supply and demand	An understanding of supply and demand and the ability to calculate and utilise the concept of elasticity. This will include price, cross and income elasticities of demand. An understanding of how the market forces of supply and demand affect business decision-making. (A detailed knowledge of economists' theories is not required.)

Replacement for Page 14

Content	Explanation of content
<p><u>Impacts on Business</u></p>	<p><u>Macro-economic variables such as unemployment, inflation and economic growth. The impact of interest and exchange rates on business.</u> An understanding of the ways in which levels of and changes in interest rates affect business decision-making. The focus will be on the consequences of inflation for businesses rather than the causes of inflation: the impact of interest rates rather than their determination.</p>
<p>4 Legal, political and social influences</p>	
<p>Legislation as both a constraint and a framework in which business operates</p> <p>The state as a regulator, as a provider of assistance to business and as a customer</p> <p>The impact of demographic trends, social structures and lifestyles on business organisations</p>	<p>An understanding of the way in which UK and EU legislation impacts upon business using current examples.</p> <p>An understanding of mixed and market economies, of the way in which state regulation acts as a constraint on business enterprise and of the ways in which the state assists business in the UK</p> <p>An understanding of the demographic and social structure of the UK, of social trends and attitudes and of their impact upon businesses.</p>
<p>5 Internal organisation</p>	
<p>Organisational design, the functional areas of management and the internal structure of organisations</p>	<p>An understanding of types of organisational structures including matrix, and of the terms ‘span of control’, ‘chain of command’, ‘authority’ and ‘responsibility’. An understanding of why firms need to organise employees in different ways including by function, product and geography.</p> <p>An evaluation of these methods and their application to different firms with differently sited labour forces, products or services and objectives. Awareness of the difficulties that arise for managers as a result of inappropriate organisational features.</p> <p>An understanding of layering, centralisation and decentralisation and of matrix structures.</p>

Replacement for Page 15

Content	Explanation of content
<p>6 Communication in business</p>	
<p>The role of communications within business organisations</p> <p>Formal and informal communication including methods of electronic communication</p>	<p>An understanding of, and ability to analyse, the process and importance of communication in an organisation. This will include vertical and horizontal communication.</p> <p>An understanding of the ways in which internal communication takes place within business and of the appropriateness of different forms of communication. Analysis of the effects of different forms of communication on the nature and pattern of work. <u>Management Information Systems</u>. Analysis of the causes of communication failure and of the solutions to such failures.</p>
<p>7 Motivation in business</p>	
<p>Motivation in business organisations and the role of the various motivation theories</p> <p>Job design, job enrichment, job enlargement, job rotation</p> <p>Introduction to styles of leadership</p>	<p>An understanding and an analysis of the implications for organisations of various theories concerned with motivation and leadership (eg Maslow, Herzberg, McGregor and Taylor) and the ways in which these influence the individual's motivation at work.</p> <p>An understanding of how different methods of job design will affect productivity, motivation and job satisfaction.</p> <p>Leadership styles: autocratic, paternalistic, democratic and laissez-faire.</p>

Unit 2: Marketing and production

This unit aims to introduce students to methods of:

- identifying and satisfying customer demand
- producing products of appropriate quality as efficiently as possible.

At the end of the unit, students should be able to:

- apply their knowledge in order to evaluate, analyse and apply the most appropriate marketing and production principles to a business depicted in an unseen case study.

Content	Explanation of content
1 Nature and role of marketing	
The role of marketing	An understanding that marketing is the part of management that is concerned with satisfying customer demand. An understanding of market orientation as distinct from product orientation.
Marketing objectives and the effect of competition	An understanding of the ways in which marketing objectives can be set in order to fulfil the aims of the business and to take into account the objectives of competitors.
Marketing mix	The main elements of the marketing mix: product, price, promotion, place. An understanding that each good or service has a unique mix and that this mix will be affected by the market segment(s) at which the product or service is aimed.
2 Market research	
Defining the market – market share and opportunities for growth	An understanding of the role of market research in the making of business decisions. The methods of collecting and analysing data will include: a) primary and secondary research: desk research, market surveys b) questionnaires: interviews, observations and experiments panels c) using and designing questionnaires d) presenting, analysing and evaluating findings.

Replacement for Page 17

Content	Explanation of content
Market segmentation	An understanding of what market segmentation is and the ability to analyse methods of segmenting the market. An understanding that one of the purposes of market research is to identify and differentiate segments of the market.
The need for, and, purposes of sampling	An understanding of the different methods of choosing samples: random, quota, stratified, systematic and cluster. Qualitative understanding of sampling is required and understanding that there is a margin of error in sampling. (Calculations of significance testing involving normal and binomial distributions are not required.)
3 Product	
Branding and packaging	An understanding of the concept that each product requires a different, appropriate and cost-effective combination of these elements.
Product analysis techniques	An understanding of the principal marketing tools related to the product and product development, including product life-cycle, product portfolio analysis: the Boston Matrix.
4 Pricing promotion and place	
Pricing methods	An understanding of each of the following pricing methods – penetration, competitive, skimming, psychological, cost-based and market-based, and of when they might be used. An understanding of the importance of price elasticity of demand in the pricing decision. (Knowledge of different costing methods is not required.)
Techniques of promotion	An understanding of the techniques of personal selling, advertising, sales promotion, public relations, sponsorship and advertising media. Emphasis should be on the cost-effectiveness of the methods appropriate to each case.
Channels of distribution	Emphasis should be on the cost-effectiveness of the channel selected in each case. The channels include: direct sale agents, wholesalers, retailers, mail order and the Internet.

Replacement for Page 18

Content	Explanation of content
5 Operational efficiency	
Methods of organising production	Job, batch, line and flow production. The main features and applications of each system. An analysis of the implications of satisfying customer demand. A basic understanding of the concept of lean production and cell production.
Capacity utilisation	The importance of using capacity efficiently and the consequences of not doing so.
Economies/diseconomies of scale	The sources and types of economies of scale and the benefits and problems of operating on a large scale.
Stock control	Usage patterns, reorder levels, lead times and buffer stocks. Graphical constructions and interpretations of usage patterns will be required. Problems caused by overstocking, understocking and stock out.
Just in time (JIT) and just in case	The rationale and benefits of these systems.
6 Quality	
Quality assurance and quality control	An understanding of quality assurance methods and systems including quality circles, TQM, inspection and bench-marking. The features, advantages and disadvantages of each method and the consequences of poor quality control. The difference between quality control and quality assurance must be emphasised. (Calculations involving normal and binomial distribution are not required.)
Training and development to improve quality	An understanding of the importance of and methods of training and development is required, such as induction, on-the-job and off-the-job training, multi-skilling and retraining.

Unit 3: Financial management

The aim of this unit is to introduce students to:

- the structure and use of accounting and financial information as an aid to financial management and decision making.

At the end of the unit students should be able to:

- analyse the profitability and liquidity of a business by interpretation and analysis of financial and accounting data
- assess how this position may have arisen
- understand budgeting and cost and break-even analysis.

Content	Explanation of content
1 Financial accounts	
Purpose of accounts	An understanding of why and for whom accounts are prepared.
Capital and revenue expenditure	An understanding of the difference between the two, and knowledge of associated terminology such as fixed asset, current asset liability and capital.
Profit and cash	The difference between profit and cash and the importance of each in the financial management of the business.
Structure and format of the balance sheet and profit and loss account	An understanding of the structure of balance sheets and profit and loss accounts. Students will need to know terminology used in company balance sheets, including types of share capital, dividend, share premium and debenture as well as the main sub-headings of a balance sheet. Students may need to make amendments to accounts from information given. Construction of full accounts is not required.
Depreciation	Understanding of the causes of depreciation and how it is calculated. Calculation of depreciation by both straight-line and declining/reducing balance methods.
Working capital	Identification of the method for calculating working capital and understanding its importance in the control of the business.

