

# Management of Business

Singapore-Cambridge General Certificate of Education  
Advanced Level Higher 2 (2019)

(Syllabus 9756)

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## **AIMS**

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To enable candidates to:

- 1.1 understand the nature and scope of business and its role in society
- 1.2 develop an understanding of the:
  - organisation and operation of business enterprises
  - decision making process in business through a problem solving approach
- 1.3 develop skills in:
  - analysing and solving business problems
  - interpreting data and information
  - effective communication

The emphasis should be on the application of concepts and issues to the local context.

## **ASSESSMENT OBJECTIVES**

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The assessment objectives provide a general indication of the skills that the scheme of assessment is designed to test.

Candidates should be able to:

- 2.1 **Knowledge**
  - demonstrate knowledge and understanding of the specified content
- 2.2 **Application**
  - apply this knowledge and understanding to problems and issues in different situations
- 2.3 **Analysis**
  - analyse problems, issues and situations
- 2.4 **Evaluation**
  - 1 assess information from a variety of sources
  - 2 check consistency in conclusions and provide alternative explanations
  - 3 evaluate the reliability of materials

## SPECIFICATION GRID

The relationship between the skills and the scheme of assessment is shown in the following specification grid:

Paper		Knowledge	Application	Analysis	Evaluation	Total	Weighting
1	Sect A	14 ± 4	14 ± 4	12 ± 4	10 ± 4	50	25%
	Sect B	12 ± 4	12 ± 4	12 ± 4	14 ± 4	50	25%
2	Sect A	12 ± 4	12 ± 4	8 ± 4	8 ± 4	40	20%
	Sect B	12 ± 4	12 ± 4	18 ± 4	18 ± 4	60	30%
<b>Total</b>		50	50	50	50	200	100%

## SCHEME OF ASSESSMENT

### Paper 1 (3 hours, 50%)

Section	Type	Number of Questions	Maximum Mark
A	Structured Questions	5 to 7 short answer questions	50
B	Case Study	Questions based on 1 case study	50

### Paper 2 (3 hours, 50%)

Section	Type	Number of Questions	Maximum Mark
A	Data Response	4 to 6 questions based on 1 group of data	40
B	Essay	3 from choice of 6	60

# SYLLABUS CONTENT

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## 5.1 Overview

The syllabus content is organised into six main sections as follows:

- I) Business and The Environment**
  - (a) The Need For and Nature of Business Activity
  - (b) Business and Economic Structure
  - (c) Business Size and Growth
  - (d) Globalisation of Business
  - (e) Decision Making
  
- II) People In Organisations**
  - (a) The Need For and Nature of Organisational Structure
  - (b) Motivation, Leadership and Management
  - (c) Business Communication
  - (d) Human Resource Management
  
- III) Marketing**
  - (a) The Nature of the Market and The Role of Marketing
  - (b) The Marketing Mix
  
- IV) Production**
  - (a) Nature of Production
  - (b) Methods of Production
  - (c) Costs of Production
  - (d) Other Aspects of Production Decision
  
- V) Business Finance**
  - (a) Financial Objectives of Business
  - (b) Finance Decisions
  - (c) Financial Institutions
  - (d) Uses of Financial Information
  
- VI) Information For Decision Making**
  - (a) Sources of Information
  - (b) Nature of Information
  - (c) Collecting Information
  - (d) Analysis and Use

Themes such as innovation and change, social and environmental responsibilities, information technology and ethical considerations should be integrated across the topics.

## 5.2 Management of business syllabus content

### I) Business and the environment

The emphases of this topic are:

- the importance of establishing clear objectives
- how the business environment provides opportunities and imposes constraints as businesses pursue their short-term and long-term objectives

Candidates should be able to:

- suggest and evaluate solutions to the potential conflict between the objectives of different stakeholder interests
- devise and evaluate strategies to anticipate, respond to and manage change in an uncertain business environment

	CONTENT	NOTES FOR GUIDANCE	REMARKS	
(a)	<p><b><u>THE NEED FOR AND NATURE OF BUSINESS ACTIVITY</u></b> Nature of business</p> <p>Public and private sectors of the economy</p> <p>Legal structure: sole proprietorship; partnership; limited companies (private and public) The legal structures which should be studied are:</p> <ul style="list-style-type: none"> <li>• sole proprietorship</li> <li>• partnership</li> <li>• limited companies</li> </ul>	<p>What do business do – meeting the needs of stakeholders What do business need – sources of finance, labour, customers, suppliers, etc.</p> <p>What are the local examples of public and private sectors of the economy</p> <p>What are the local examples of each of these structures and activities</p> <p>What are the main features of these legal structures What are some of the legal elements What are the factors influencing the choice of legal structure</p>	<p>Why is it that ownership and control are separated as structures get larger and more complex Why is the nature of legal entity and limited liability necessary</p> <p>Issue: the choice of the legal structure in given situations</p>	<p><i>Candidates are <b>not</b> required to refer to any particular legislation</i></p>

	CONTENT	NOTES FOR GUIDANCE	REMARKS	
(b)	<p><b><u>BUSINESS AND ECONOMIC STRUCTURE</u></b> Free enterprise and other economic systems</p>	<p>What are the main features of the market economy, planned economy and mixed economy</p>	<p>What are the implications of these economic systems on ownership of assets, competition, decision-making and profit</p>	<p><i>Only an awareness of free market economies and alternative economic systems is required</i></p>
(c)	<p><b><u>BUSINESS SIZE AND GROWTH</u></b> Measuring size of a business</p> <p>Significance of small business</p> <p>Business size and financial requirements</p> <p>Economies of scale</p>	<p>How do we measure the size of business – the different criteria available, e.g. labour force, capitalisation, output, market share, etc., to measure the size of a business</p> <p>What are the advantages and disadvantages of being large</p> <p>What are the advantages and disadvantages of small business</p> <p>What are the problems for small firms seeking to raise capital</p> <p>What is economies of scale: internal and external What is diseconomies of scale</p>	<p>How appropriate are these criteria under different situations</p> <p>What is the role of the small business both as an independent organisation and as a part of the structure of some industries e.g. components firms in motor industry and in engineering generally</p>	

	CONTENT	NOTES FOR GUIDANCE	REMARKS
	<p>State intervention to assist and constrain businesses of different sizes</p> <p>Growth of business</p>	<p>Give examples of local assistance schemes offered by the State to businesses of different sizes</p> <p>Give examples of methods of control imposed by the State to constrain businesses of different sizes</p> <p>How may a firm grow: horizontal, vertical, lateral and conglomerate integration</p>	<p>Issue: why might the State intervene to assist or constrain businesses of different sizes</p> <p>Issue: how could the State intervene to assist or constrain businesses of different sizes</p>
(d)	<p><b><u>GLOBALISATION OF BUSINESS</u></b>            International trade            International business            Multinational business – importance to local business and the State</p>	<p>What is international trade            How has international trade led to global multinational business            Why are international trade and multinational companies important to the local business and the State</p>	<p>Issue: the relationship between multi-nationals and the State, problems encountered by businesses entering a foreign market, e.g. government policies, legislation, culture, management practice, political instability etc.</p>
(e)	<p><b><u>DECISION MAKING</u></b>            Nature of decision making</p> <p>Stages of decision making</p> <p>Business Objectives:            Survival, profit, sales, growth and social objectives</p>	<ul style="list-style-type: none"> <li>• Objectives are central to the whole process of decision making</li> <li>• The process is continuous, with one decision leading to another – hence the cycle</li> <li>• A number of constraints influence how every decision is made and implemented as well as its effectiveness</li> <li>• Different stages of the cycle are most crucial to different types of decision but each stage is important</li> </ul> <p>What is the main objective of business – strive to achieve for survival, profit and growth as the normal objective</p>	<p><i>Refer to proposed model in this syllabus</i></p> <p>E.g. businesses do not always seek to maximise profits but may operate on the basis of a reasonable return on capital employed</p>

	CONTENT	NOTES FOR GUIDANCE	REMARKS
	<p>Prioritising business objectives:</p> <ul style="list-style-type: none"> <li>• each objective has different degree of importance</li> <li>• objectives may conflict from time to time</li> <li>• there is a need to establish priority</li> </ul>	<p>What are the reasons for a particular business to have special objectives at particular times, e.g. market penetration with a new product may be more important than immediate profit during period of economic downturn; market penetration for a new product may be more important than immediate profit, etc.</p> <p>Identify the hierarchy of objectives, describe their nature and the level within the organisation responsible for selecting them</p> <p>Establish priorities to ascertain the importance of business objectives which may even conflict from time to time</p> <p>The need to translate objectives into targets and budgets so that they may become effective planning bases</p>	



	CONTENT	NOTES FOR GUIDANCE	REMARKS
	<p>Objectives and constraints: <u>Political</u> Objectives of the State, e.g. stability, growth, standard of life etc. and the way in which these may require the State to constrain decisions of others</p>	<p>Illustrate a few simple situations on how the objectives of business may be in conflict with those of the State, e.g. location, employment policy, conditions of work, relationships with other businesses, marketing behaviour</p>	<p>Compare and contrast the objectives of business with those of the State to identify conflicts and common interests which might be expected to develop</p>
	<p>This is closely related to: <u>Legal</u> The law intervenes both to support and constrain business activity</p>	<p>What are the main areas of business activity in which the law intervenes What are the reasons for the intervention and whose interests are being protected Give examples of main legal controls/provisions in Singapore, particularly relating to: financial structure; employment; conditions of work; association with other firms; location; marketing</p>	<p><i>In each of these areas, candidates will need to know what is done, but there will be no requirement to quote the actual provisions of the law</i></p>
	<p><u>Physical/Technological</u> Relationship between objectives and resources</p>	<p>Why is there a need to choose between competing uses of resources – businesses do not have infinite resources</p> <p>What are the limitations placed upon business activity by local and national environment – need for international trade arrangements</p>	<p>Issue: the problems of change, and the challenge of continuous adaptation to technologies</p> <p>What are the possible issues arising from reliance upon other businesses for resources, e.g. sources of raw materials, markets for goods</p>

	CONTENT	NOTES FOR GUIDANCE		REMARKS
	<p><u>Social/Ethical/Environmental</u> Business work within an environment where there must be consideration for:</p> <ul style="list-style-type: none"> <li>• needs of people in the locality, e.g. pollution by waste material and by noise</li> <li>• people in the nation as a whole, e.g. location decisions and decisions about monopoly and mergers</li> </ul>	<p>Give local examples of how the needs of people or the State influence business decisions and activities</p>	<p>Issue: how do the legal restrictions on products and activities or control by the State influence the business decisions</p> <p>How is the workforce (e.g. number, nature of employees and their abilities, attitudes) an important consideration to business</p>	
	<p><u>Economic</u> Macroeconomic policies of governments</p>	<p>What are the economic policies of government – fiscal policy, monetary policy and exchange rates</p>	<p>How these policies may impact on business objectives and strategies</p>	
	<p><u>Stakeholders</u> Groups involved in and affected by business activity, e.g. their roles, rights and responsibilities</p>	<p>Who are the stakeholders of the business, i.e. owners, employees, customers, suppliers, creditors, community, government bodies</p> <p>Suggest possible conflicting and common aims of stakeholders with the business objectives</p>	<p>What are the responsibilities of business to shareholders, managers, employees, consumers and society</p> <p>How would business reconcile the conflicting interests between:</p> <ul style="list-style-type: none"> <li>• shareholders, society and future environments</li> <li>• shareholders and employees</li> </ul>	

**II) People in organisations**

The emphasis of this topic is on the various management and organisation structures for a business and its employees.

Candidates should be able to evaluate the implications of the inter-relationships between organisational structure, leadership style and motivation in a business for the effective planning and management of human resources.

	CONTENT	NOTES FOR GUIDANCE	REMARKS	
(a)	<p><b><u>THE NEED FOR AND NATURE OF ORGANISATIONAL STRUCTURE</u></b> The need to develop a structure which will:</p> <ul style="list-style-type: none"> <li>• be flexible</li> <li>• meet the needs of the business</li> <li>• permit growth and development</li> </ul> <p>Approaches to organisational structures: functional, matrix structures</p>	<p>Give examples on how the objectives of the business affect the organisational structure</p> <p>Using a (local) case to illustrate the way in which organisational structures change with growth</p> <p>What are the approaches to organisation in larger firms:</p> <ul style="list-style-type: none"> <li>• by function: common functional areas</li> <li>• by product: teaming up the functions necessary to take a product from first stage to final market</li> <li>• by systems approach: a sense of inter-locking systems which work for the objectives of the firm</li> <li>• by matrix structure: what are the advantages and disadvantages</li> <li>• others: central groups such as management team, committees, research teams, etc.</li> </ul>	<p>What are the advantages and disadvantages of these approaches</p>	<p>The way in which organisational structures change with growth can be well illustrated by following a one-man business, e.g. a small snack bar, through stages of growth to a large catering business (or any other business line which it is easy to illustrate locally)</p>

	CONTENT	NOTES FOR GUIDANCE	REMARKS
	<p>Organisational structure – formal and informal organisations</p> <p>Organisation chart and features of a formal structure:</p> <ul style="list-style-type: none"> <li>• hierarchy</li> <li>• chain of command</li> <li>• span of control</li> <li>• responsibility/accountability</li> <li>• authority</li> <li>• delegation</li> <li>• centralisation/decentralisation</li> <li>• line and staff</li> </ul>	<p>Identify features of the formal structures in an organisation chart</p> <p>Issue: how important is the role of informal groups in organisations:</p> <ul style="list-style-type: none"> <li>• what are some of the problems informal groups pose to organisations</li> <li>• what are the ways to overcome them</li> </ul> <p>Illustrate an organisation chart and comment upon some of its main features, including the following:</p> <p><i>Levels of hierarchy:</i> levels of authority, superiors and subordinates  <i>Chain of Command:</i> formal reporting relationships within the levels of hierarchy  <i>Span of control:</i> what it means  <i>Responsibility:</i> accountability for the outcome of tasks, objectives  <i>Accountability:</i> not just in monetary terms. How superiors check the work of subordinates. How work and progress are assessed  <i>Authority:</i> power conferred by the formal position held by the decision-maker  <i>Delegation:</i> its meaning, advantages and disadvantages  <i>Centralisation/decentralisation:</i> the extent whereby authority and decision-making power are delegated  <i>Line and staff:</i> line positions perform the functions which achieve primary objectives vs staff functions which support the line functions</p> <p>Issue: possible problems/issues with chain of command that is too long or too short</p> <p>Issue: span of control affects efficiency, be varied in different circumstances and still be efficient</p> <p>Issue: the conflicts that might arise between control and trust – what is the impact on motivation</p> <p>What are the advantages and disadvantages of centralisation for management, workers including managers, and customers</p> <p>Issue: the possible conflict between line and staff managers</p>	

	CONTENT	NOTES FOR GUIDANCE	REMARKS	
(b) (i)	<p><b><u>MOTIVATION, LEADERSHIP AND MANAGEMENT</u></b>  <u>Motivation:</u>            The need to motivate            Motivation in theory:            The works of leading theorists which might include Taylor, Mayo and Herzberg.            Other relevant references will be credited: <i>McGregor's Theory X and Theory Y, Herzberg's Hygiene Factors and Motivators as a basis for later discussion of leadership</i></p> <p>Motivation theory and its application to HRM –            Motivation in practice:            Financial and non-financial motivation</p>	<p>Give examples of human needs            What are the needs that people seek to satisfy in the work situation, using Maslow's hierarchy of needs            Why people work, especially for reasons beyond the need for money</p> <p>What incentives can management offer: financial incentives which could motivate people at work, e.g. methods of payment: piecework, performance-related pay, profit-share, share ownership, etc.</p> <p>What are the non-financial motivation incentives which could motivate people at work, e.g. training, effective induction; opportunities for promotion, development, status, job re-design; job-enlargement, empowerment; job enrichment, team working, etc.</p>	<p>Issue: how appropriate are these motivation theories and methods in different circumstances</p> <p>Issue: the appropriateness of monetary rewards and/or non-monetary incentives in different situations</p>	<p><i>Works of particular theorists are <b>not</b> required</i></p>

	CONTENT	NOTES FOR GUIDANCE	REMARKS	
(ii)	<p><u>Leadership:</u> Purpose of leadership</p> <p>Qualities of a good leader Leadership styles</p> <p>Appropriateness of leadership styles</p> <p>Informal leadership – its importance and role in organisation</p>	<p>What is leadership Why is there a need for leadership in organisations – evoke effective response and maintain it so that:</p> <ul style="list-style-type: none"> <li>• targets can be set and met</li> <li>• leadership qualities can be developed in others (this has an impact on the future capacity of the organisation)</li> </ul> <p>What are the qualities of a good leader What are the styles of leadership:</p> <ul style="list-style-type: none"> <li>• autocratic (extreme Theory X)</li> <li>• democratic (balanced)</li> <li>• laissez-faire (extreme Theory Y)</li> </ul> <p>What are some of the most important leadership roles in business, e.g. supervisors, managers, directors, worker-representatives</p> <p>Issue: informal leadership has an influence on the operations of a business</p>	<p>What are the limitations of such broad categorising of leadership What is the essence of leadership – people will follow the leader; targets can be set and met; people work in the absence of the leader and leadership qualities are developed in others</p> <p>Issue: the appropriateness of different leadership styles in different circumstances</p>	<p><i>Relate to McGregor's Theory X and Theory Y</i></p>
(iii)	<p><u>Management:</u></p> <p>The main functions of management Managers as leaders: delegation; chairmanship; recruitment; negotiation; discipline; communication</p>	<p>What is management What are the roles and the importance of management</p> <p>Describe the management functions: planning, organising, staffing, directing and controlling</p>		

	CONTENT	NOTES FOR GUIDANCE	REMARKS
(c)	<p><b><u>BUSINESS COMMUNICATION</u></b> The purpose of communication</p> <p>Barriers to effective communication, e.g. attitudes, perceptions, noise, inappropriate media, etc.</p>	<p>What is the purpose of communication, i.e. to ensure getting the desired response Illustrate with simple examples</p> <p>Identify the barriers to effective communication, such as: Attitudes – what are attitudes How are attitudes formed How do attitudes facilitate or interfere with the process in effective communication</p> <p>Perceptions – what are perceptions What are some of the factors that influence perception, e.g. prejudices, stereotypes, cultural influence How do perceptions facilitate or interfere with the process in effective communication</p> <p>Inappropriate media – what are the various media available for communication and how does the medium of choice facilitate or interfere with the process in effective communication</p>	<p>Issue: the need to be mindful of cultural sensitivities in communication, e.g. language, non-verbal cues, etc.</p>

	CONTENT	NOTES FOR GUIDANCE	REMARKS
	<p>Methods of communication:</p> <ul style="list-style-type: none"> <li>• interpersonal</li> <li>• general</li> <li>• to and within groups</li> </ul> <p>Lines of communication:</p> <ul style="list-style-type: none"> <li>• one/two way</li> <li>• vertical/horizontal within a formal organisation</li> </ul> <ul style="list-style-type: none"> <li>• informal networks</li> </ul>	<p>What are some of the communication methods</p> <p>What are the possible strengths and weaknesses of each of these methods of communication</p> <p>How they are appropriate in different circumstances and for different target audiences</p> <p>Relate to features of formal structure in organisation – what are some of the problems of communicating upwards; vertical and horizontal communication</p> <p>What happens when channels of communication are blocked or inefficient</p> <p>Relate to Informal Leadership – how the development of informal channels of communication, i.e. grapevine affect the efficiency and motivation of people involved</p> <p>Relate to Management – what is the role of management in facilitating communication</p>	<p>Issue: how is the predominant type of communication channel dependent upon the organisational structure</p>



	CONTENT	NOTES FOR GUIDANCE	REMARKS	
(d)	<p><b><u>HUMAN RESOURCE MANAGEMENT</u></b> Purpose of human resource management</p> <p>Roles of human resource management</p> <p>Objectives</p> <p>Personnel:</p> <ul style="list-style-type: none"> <li>• demand for personnel</li> <li>• supply</li> </ul> <p>Employment: Job descriptions, job advertisement, Job evaluation</p>	<p>What is human resource management What is the purpose of human resource management What are the functions of human resource management</p> <p>What are the roles in human resource management: (i) human resource planning (ii) recruitment, selection (iii) training, induction, advisory role (iv) guidance roles</p> <p>What are the objectives of human resource management How is human resource management organised to achieve these objectives</p> <p>Why is there a need for businesses to determine the demand for personnel What are the possible avenues that a business explores to discover the supply for personnel</p> <p>What are job descriptions, job advertisement, contracts of employment What is job evaluation Why job evaluation is necessary How is job evaluation linked with payments, responsibilities, and recruitment</p>	<p>Issues: discipline, employee welfare, redundancy, dismissal, and morale</p>	<p><i>In this section, emphasis is on the main features of the HRM function in a business. Detailed knowledge of terminology or specific working practices is <b>not</b> required</i></p>

	CONTENT	NOTES FOR GUIDANCE	REMARKS
	<p>Methods of payment</p> <p>Labour/management relations:</p> <ul style="list-style-type: none"> <li>• conflict of objectives</li> <li>• structure of employer/employee organisations</li> <li>• conflict management</li> </ul> <p>Managing change and conflict</p>	<p>What are the methods of payment What is the relationship between wages with the forms of motivation, considering the:</p> <ul style="list-style-type: none"> <li>• business and the way it administers a wage system</li> <li>• employee in terms of the wage/salary actually received</li> </ul> <p>What are the various forms of incentive scheme and employee benefits</p> <p>The objectives of management are in conflict with the objectives of the workforce – need for co-operation between management and workforce</p> <p>What are the various organisations to represent employers and employees</p> <p>What are the roles of these organisations:</p> <ul style="list-style-type: none"> <li>• within the place of work</li> <li>• nationally on behalf of workers</li> <li>• within the economy as a whole</li> </ul> <p>What are the reasons for industrial relations problems and the means to prevent and/or manage such problems – negotiations, arbitration</p> <p>Why change occurs Why is there resistance to change What are the ways to manage change</p>	<p>Issue: the role of the State in labour legislation may facilitate or interfere with industrial relations between labour and management</p> <p><i>Detailed structure or working of particular organisations is <b>not</b> required. The emphasis is on the channels that exist, what are they trying to achieve and what are their effects on management</i></p>

**III) Marketing**

The emphasis of this topic is the process of finding and satisfying customers with an emphasis on marketing objectives, strategy and tactics.

Candidates should be able to analyse and evaluate the potential of different marketing strategies, tactics and techniques to identify and adapt to changing market opportunities to achieve their objectives.

	CONTENT	NOTES FOR GUIDANCE	REMARKS	
(a)	<p><b><u>THE NATURE OF THE MARKET AND THE ROLE OF MARKETING</u></b></p> <p>Breadth of marketing activity and its relationship with other business activities</p> <p>Analysing the market:</p> <ul style="list-style-type: none"> <li>• location</li> <li>• size</li> <li>• segmentation</li> <li>• share</li> <li>• competitors, etc.</li> </ul>	<p>Definition of a market – as a process rather than as a physical place The need for most firms in the modern world to be market-orientated</p> <p>What is the role of marketing How marketing is inter-related with other business activities, e.g. production</p> <p>Location and nature of market, e.g. consumers/producers, national/regional, international</p> <p>Size of market – the importance of growth, decline, technological change, fashion, cultural and demographic factors</p> <p>Segments – what is market segmentation How markets can be segmented, e.g. by region, by age, by income, by occupation, by ethnic or other characteristics of the customer, etc.</p>	<p>Market segmentation – how appropriate is the basis of segmentation in different circumstances</p>	<p><i>This section is best taught referring to specific local and national products and the way their markets were discovered and developed</i></p>

	CONTENT	NOTES FOR GUIDANCE	REMARKS
	<p>Niche versus mass marketing</p> <p>Market research and market information:</p> <ul style="list-style-type: none"> <li>• primary and secondary research</li> <li>• methods of gathering information</li> <li>• sampling methods</li> </ul> <p>Primary and secondary research to discover the market – desk and field work</p> <p>Forecasting:</p> <ul style="list-style-type: none"> <li>• information needed for forecasting</li> <li>• methods of forecasting</li> </ul>	<p>Share – distinction between market size and market share</p> <p>Competitors – the significance of competition within markets</p> <p>What is niche marketing What is mass marketing What are the benefits and limitations of niche versus mass marketing</p> <p>What is primary research What is secondary research What are the methods of gathering information – questionnaires, interviews and consumer panels What are the methods of sampling – random, stratified, quota and cluster sampling</p> <p>What is desk work What is field work</p> <p>Why is there a need to forecast – in order to plan What is the information upon which forecasting can be based What are the methods of forecasting – graphical and time series/trend analysis (descriptive treatment only)</p> <p>Issue: how these methods are appropriate to different circumstances in terms of cost effectiveness (treated descriptively)</p>	<p><i>Mathematical understanding of each of these methods is <b>not</b> required</i></p>



	CONTENT	NOTES FOR GUIDANCE	REMARKS
		<p>What are some of the alternative pricing strategies adopted such as:</p> <ul style="list-style-type: none"> <li>• competitive pricing</li> <li>• penetration price strategy</li> <li>• skimming price strategy</li> <li>• price discrimination and the methods of cost plus and contribution pricing</li> </ul>	<p><i>demand for marketing managers is required</i></p>
	<p><b>Distribution</b> Channels Factors in choices of channels</p>	<p>What are the channels of distribution available to a business</p> <p>What are some of the factors to be considered in the choice of distribution channel(s) such as:</p> <ul style="list-style-type: none"> <li>• products</li> <li>• costs involved</li> <li>• nature of markets and their location</li> <li>• present distribution methods of the firm</li> <li>• methods adopted by competitors</li> <li>• segments of the market sought</li> </ul> <p>What are some methods of organising activities in distribution – direct selling to industry, agencies, brokers and types of sales network by region, customer base, product</p>	<p>Issue: what is a suitable distribution strategy in a given situation</p> <p><i>In this section, the primary concern is the distribution choice which is open to the business and the most appropriate channels for given circumstances</i></p> <p><i>Detailed consideration of retail and wholesale outlets is <b>not</b> required</i></p>

**IV) Production**

The emphasis of this topic is how organisations use inputs and manage business processes efficiently to satisfy customers.

Candidates should be able to analyse and evaluate the use of different operations management tools in decision-making to improve efficiency and quality.

	CONTENT	NOTES FOR GUIDANCE	REMARKS	
(a)	<p><b><u>NATURE OF PRODUCTION</u></b> Production – the concept of ‘adding value’</p> <p>What shall be produced</p>	<p>What is ‘added value’ What is production – any activity which adds to value of a product, or promotes its availability to the consumer</p> <p>How do firms decide what to produce – through consumer research, considering the resources available, explore alternatives, research and development (R&amp;D), etc.</p>	<p>Issue: relation of inputs to outputs subject to cost and other constraints</p> <p>Issue: the rapidly changing world requires business to be flexible in making decisions on what to produce</p>	<p><i>This section should be closely linked with marketing and is best taught at the same time, since many of the issues overlap, e.g. product development and product diversification</i></p>
(b)	<p><b><u>METHODS OF PRODUCTION</u></b> Job, batch and flow</p> <p>Production Planning and Scheduling:</p> <ul style="list-style-type: none"> <li>• Master Planning Schedule</li> <li>• Materials Requirements Planning (MRP)</li> <li>• Just-In-Time (JIT) production</li> </ul>	<p>What are the various methods of production How is each of these methods suitable under different circumstances</p> <p>What is Master Production Schedule What is Materials Requirements Planning (MRP) What is Just-In-Time (JIT) production What are the conditions necessary for Just-In-Time production Compare and contrast MRP with JIT</p>	<p>Issue: how appropriate job, batch and flow methods are in different situations</p> <p>Issue: is JIT appropriate under all circumstances</p>	

	CONTENT	NOTES FOR GUIDANCE	REMARKS	
	Network analysis (Critical Path Analysis)	CPA: simple calculation and application of activity float times	<i>An understanding of the main elements of a network diagram, i.e. activities, dummy activities and nodes. Calculation of minimum project duration and identification and significance of critical path</i>	Candidates are <b>not</b> required to know crashing costs
(c)	<p><b><u>COSTS OF PRODUCTION</u></b> Classification of costs</p> <p>Need for and importance of accurate costing</p>	<p>What are the classifications of cost:</p> <ul style="list-style-type: none"> <li>• the economists' view: Fixed; Variable; Marginal</li> <li>• the producers' view: Direct and Indirect</li> </ul> <p>Overheads: What are the methods of allocating overheads Define these costs and give examples to illustrate</p> <p>Why the need for accurate cost data: cost information is used in:</p> <ul style="list-style-type: none"> <li>• pricing decisions</li> <li>• calculating profits</li> <li>• determining resources requirements at different levels of output</li> <li>• payment to factors, particularly productivity agreements or bonuses</li> <li>• controlling business activity</li> </ul>	<p>Issue: problems associated with allocating costs in this way</p> <p><i>Relate to Absorption costing</i></p>	





	CONTENT	NOTES FOR GUIDANCE	REMARKS
(d)	<p><b><u>OTHER ASPECTS OF PRODUCTION DECISION</u></b></p> <p>Total Quality Management:</p> <ul style="list-style-type: none"> <li>• Quality Control</li> <li>• Methods of quality control</li> </ul>	<p>What is Quality Control – determining a level of quality and working to those standards</p> <p>Methods of quality control, e.g. inspection, testing, random sampling, involving the workforce in making their own decisions</p> <p>What are the methods of quality control</p>	<p><i>The emphasis is on the need for quality control and the general methods which may be employed. The mathematics of these methods will <b>not</b> be required</i></p>
	<p>Location: Regional and international location decisions</p> <p>Work Study and Value Analysis:</p> <ul style="list-style-type: none"> <li>• components</li> <li>• measurement</li> <li>• usefulness, limitations</li> </ul>	<p>What are the factors which determine location and relocation</p> <p>Issues:</p> <ul style="list-style-type: none"> <li>• which of these factors are most important in given circumstances</li> <li>• how might the State and other constraining factors influence the decision</li> </ul> <p>What are the components of work study How is work measured and how is it related to employee motivation What are the usefulness and limitations of work study What are the procedures of value analysis What are the uses and limitations of value analysis</p>	<p><i>The emphasis is on understanding of how work study might be implemented and how the results of work study can be used to motivate workforce and increase productivity</i></p>

	CONTENT	NOTES FOR GUIDANCE	REMARKS
	<p>Stock control: Purpose</p> <p>Cost and benefits of holding stock</p> <p>Methods of stock control</p>	<p>What is the purpose of stock within business</p> <p>What are the costs and benefits of holding stock</p> <p>Why is there a need to control stock levels – to manage the problem of minimising the stock holding costs whilst reducing the chance of a ‘stock out’ decision</p> <p>What are the main methods of stock control</p>	<p><i>A descriptive treatment of the main methods, including JIT covered earlier</i></p>
	Determining the desired stock level	What are the factors which a firm will take into account when determining the level of stock to be held – size and regularity of orders, methods of accounting for stock held and stock used	

**V) Business finance**

The emphasis of this topic is on the:

- sources of business finance and the suitability of each in different circumstances
- use of financial information as an aid to decision-making and financial control

Candidates should be able to:

- use a range of performance measures
- evaluate the appropriateness of different financial techniques in decision-making in the context of wider strategic objectives of business

	CONTENT	NOTES FOR GUIDANCE	Remarks
(a)	<b><u>FINANCIAL OBJECTIVES OF BUSINESS</u></b> What are the financial objectives of a business?	What are the different circumstances in which new and existing businesses require finance	Issue: to maximise profit or break-even  <i>This section is to be treated descriptively</i>
(b)	<b><u>FINANCE DECISIONS</u></b> Sources of finance: Short term and long term sources  Internal and external sources	What is the distinction between short and long term sources of finance What is equity finance What is debt finance  What are the internal sources of finance, i.e. retained profits and sale of assets Where are the external sources of finance, i.e. – share capital: ordinary and preference (not cumulative): <ul style="list-style-type: none"> <li>• venture capital</li> <li>• loan capital – overdrafts, bank loans, debentures</li> </ul>	Issue: how are these sources of finance appropriate for different business circumstances  Issue: what are the bases for a firm to choose the source of finance to be used in different business circumstances, e.g. cost, flexibility, need to retain control, the use in which the finance is acquired  <i>Calculations to solve simple problems on finance decision are required</i>  <i>Detailed knowledge of the different types of shares, loan certificates will <b>not</b> be required</i>

	<b>CONTENT</b>	<b>NOTES FOR GUIDANCE</b>	<b>Remarks</b>
<b>(c)</b>	<b><u>FINANCIAL INSTITUTIONS</u></b> Money and capital market institutions	What are banks and lending institutions, i.e. merchant banks, commercial banks, finance companies What are their functions and the services they provide for business	
<b>(d)</b>	<b><u>USES OF FINANCIAL INFORMATION</u></b> The main uses of accounting information: internal and external	Who are the main stakeholder groups who have an interest in a business' accounts – management, shareholders, labour unions, government agencies	

	CONTENT	NOTES FOR GUIDANCE	Remarks
	<p>Financial Statements: Balance Sheet – main asset and liability categories Trading and Profit and Loss Accounts – layout and content of simple versions</p> <p>Analysing information in final accounts using:</p> <ul style="list-style-type: none"> <li>• liquidity ratios</li> <li>• gearing ratios</li> <li>• profitability ratios</li> <li>• investors' ratios</li> </ul>	<p>What are the main sections of a Balance Sheet</p> <p>What are the main features of Trading Account and Profit and Loss Account, i.e.:</p> <ul style="list-style-type: none"> <li>• turnover</li> <li>• cost of goods sold</li> <li>• overhead expenses including depreciation</li> <li>• gross profit</li> <li>• net profit</li> <li>• dividends and retained profit</li> </ul> <p>What is the relevant information to look for in the accounting statements</p> <p>Interpret and comment on this information from the accounting statements, using the following ratios:</p> <p><i>Liquidity ratios:</i></p> <ul style="list-style-type: none"> <li>• current ratio</li> <li>• acid test ratio</li> </ul>	<p><i>The focus is on the use of accounting information rather than on technical procedures and methods in preparing accounting information and statements</i></p> <p><i>The following areas are not required:</i></p> <ul style="list-style-type: none"> <li>• <i>knowledge of complex accounts or partnership accounts</i></li> <li>• <i>draw up T-accounts from given data</i></li> </ul>

	CONTENT	NOTES FOR GUIDANCE	Remarks
		<p><i>Gearing ratio:</i> long term capital divided by capital employed</p> <p><i>Profitability ratios:</i></p> <ul style="list-style-type: none"> <li>• gross profit margin</li> <li>• net profit margin</li> <li>• return on capital employed</li> <li>• return on total assets</li> <li>• return on net assets (return on owner's equity)</li> </ul> <p><i>Investors' ratios:</i></p> <ul style="list-style-type: none"> <li>• dividend yield</li> <li>• earnings per share</li> <li>• price earning ratio</li> </ul>	<ul style="list-style-type: none"> <li>• <i>calculate depreciation</i></li> <li>• <i>goodwill and its treatment on published accounts</i></li> <li>• <i>LIFO and FIFO valuation of stocks</i></li> </ul>
	<p>Budgets and budgeting: The need for budgets The different types of budgets Uses and limitations of budgets Flexible budgets</p> <p>Cash Flow Statement: (cash budgets) Managing cash flows</p>	<p>What is the role of and need for budgetary control in decision-making – budgets translate objectives into quantified targets and expectations Benefits and drawbacks from the use of budgets How budgets may be established <i>Descriptive treatment of flexible budgets and zero budgeting</i></p> <p>What are the possible factors which add to the uncertainty in the calculation of future cash flows</p>	

	CONTENT	NOTES FOR GUIDANCE	Remarks
	<p>Forecasting cash flows</p> <p>Investment appraisal techniques: Quantitative appraisal, i.e. payback, average rate of return and net present value</p> <p>Qualitative factors influencing the final investment decision</p>	<p>What are the ways of improving cash flow e.g. debt factoring, leasing, sale and leaseback and measures to improve control of working capital</p> <p>Quantitative appraisal:</p> <ul style="list-style-type: none"> <li>• payback</li> <li>• average rate of return (ARR)</li> <li>• net present value (NPV)</li> </ul> <p>What are the qualitative factors influencing the final investment decision</p> <p>Comment on how an investment is appraised</p>	<p><i>Internal Rate of Return is <b>not</b> required</i></p> <p>Issue: how qualitative factors might influence investment decisions in given situations, e.g. business objectives and the degree of risk acceptable to managers</p>



**VII) Information for decision making**

The emphasis of this topic is on the:

- different sources of statistical data frequently used in business
- use of decision making techniques

Candidates should be able to suggest on the use of techniques in different business situations and evaluate their effectiveness.

	CONTENT	NOTES FOR GUIDANCE	REMARKS
(a)	<p><b><u>SOURCES OF INFORMATION</u></b> Common sources of information – main national and international sources of information Reliability of information</p>	<p>Where are the sources of statistical information – standard national and international sources of information, government statistics, trade figures, consumer price index and the internet, etc.</p>	<p><i>Candidates do not need to be able to refer to primary and secondary sources in detail but are expected to make sensible suggestions as to where information may be sought in a given situation, and what its value and reliability may be</i></p>
(b)	<p><b><u>NATURE OF INFORMATION</u></b> Value of statistical information  Reliability of sources</p>	<p>How is statistical information useful in decision making What are the limitations of using purely numerate data when making decisions and of ways in which such data may be misused</p> <p>What are the ways to ensure that information gathered is reliable – in the methods and purpose of collection, age, degree of accuracy, appropriate methods of presenting data</p>	

	CONTENT	NOTES FOR GUIDANCE	REMARKS
(c)	<p><b><u>COLLECTING INFORMATION</u></b> see Marketing – Market research techniques</p>	<p>What are the methods of collecting information, e.g. questionnaires, interviews, consumer panels, audits, etc.</p> <p>Suggest suitable ways and select suitable methods in which information may be collected for a particular purpose</p>	
(d)	<p><b><u>ANALYSIS AND USE</u></b> Interpretation and use of measures of central tendency:</p> <ul style="list-style-type: none"> <li>• mean, median, mode</li> <li>• cost-benefit analysis</li> <li>• simple probability, display as decision tree</li> </ul>	<p>Calculate mean, median and mode from information provided Use these measures of central tendency in given situations Select and/or comment on the following techniques used in given situations:</p> <ul style="list-style-type: none"> <li>• decision tree</li> <li>• time series analysis (in Marketing section)</li> <li>• network analysis (in Production)</li> <li>• cost-benefit analysis</li> <li>• investment appraisal (in Business Finance section)</li> </ul>	<p><i>Most of the techniques required are included in other areas of the syllabus, for which guidance has been provided</i></p> <p><i>Questions will <b>not</b> be set on construction of index numbers, calculations and construction of models</i></p>

## RESOURCE LIST

Some of these can be used as textbooks for a course, while others are intended for reference and selected readings. The inclusion of books in this list does not imply a recommendation. It is simply a list from which teachers may like to select.

### **General Texts**

D Hall, R Jones, C Raffo, A Anderton, I Chambers, D Gray	Business Studies, 4th edition, 2008, Causeway Press, 9781405892315
B R Jewell	An Integrated Approach to Business Studies: Students' Book, 4th edition, 2000, Longman, 9780582405424
B R Jewell	An Integrated Approach to Business Studies: Lecturer's Guide, 4th edition, 2000, Longman, 9780582405431
I Marcou��, M Surrige, A Gillespie, N Watson, M Brewer, N Birchall, A Hammond	Business Studies for A Level, 4th edition, 2011, Hodder Education, 9781444122756
D Needham and R Dransfield	Understanding Business Studies, 2004, Nelson Thornes, 9780748733460
P Stimpson and A Farquharson	Cambridge International AS & A Level Business Studies Coursebook with CD-ROM, 2nd edition, 2010, Cambridge University Press, 9780521126564

### **Introductory Texts**

K Borrington and P Stimpson	IGCSE Business Studies, 4th edition, 2013, John Murray, 9781444176587
R Dransfield, D Needham, L Garrett and J King	Business Studies for Cambridge IGCSE, 2010, Nelson Thornes, 9781408506479
R Jones	Heinemann IGCSE Business Studies with student CD, 2010, Heinemann, 9780435991203
C Nuttall and M Houghton	Cambridge IGCSE Business Studies Coursebook, 2010, Cambridge University Press, 9780521122108
B Titley	Complete Business Studies for Cambridge IGCSE and O Level with student CD, 2011, Oxford University Press, 9780198310860

**General Library/Reference Books**

S Cameron	The Business Student's Handbook, 5th edition, 2009, Prentice Hall, 9780273730712
P F Drucker	Managing for Results, 1999, Butterworth-Heinemann, 97807506439197
G Easton	Learning from Case Studies, 2nd edition, 1992, FT Prentice Hall, 9780135286883
J Marcousé	The Complete A-Z Business Studies Handbook, 2009, Philip Allan, 9780340987292
R Stewart	The Reality of Management, 3rd edition, 1999, Butterworth-Heinemann, 9780750642897
P Wetherly and D Otter	The Business Environment: Themes and Issues, 2nd edition, 2011, Oxford University Press, 9780199579600
I Worthington and C Britton	The Business Environment, 6th edition, 2009, FT Prentice Hall, 9780273716754

**People in Organisations**

C B Handy	Understanding Organizations, 4th edition, 2007, Penguin, 9780141927305
D S Pugh and D J Hickson	Writers on Organizations, 6th edition, 2007, Penguin, 9780141029924

**Marketing**

P Kotler and K Keller	Marketing Management, 14th edition, 2011, Pearson Education, 9780273755029
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**Production**

N Slack, S Chambers and R Johnston	Operations Management, 6th edition, 2009, FT Prentice Hall, 9780273731603
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**Business Finance**

P Atrill and E McLaney	Accounting and Finance for Non-specialists, 8th edition, 2012, FT Prentice Hall, 9780273778035
D Cox	Business Accounts, 4th edition, 2012, Osborne Books, 9781905777921
I Harrison	Complete A-Z Accounting Handbook, 3rd edition, 2009, Philip Allan, 9780340991053

**Information for Decision Making**

J Curwin and R Slater	Quantitative Methods for Business Decisions, 7th edition, 2013, Thomson Learning, 9781408060193
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