

GCE AS/A LEVEL



WJEC GCE AS/A LEVEL in BUSINESS

ACCREDITED BY WELSH GOVERNMENT

SPECIFICATION

Teaching from 2015

For award from 2016 (AS)

For award from 2017 (A level)

This Welsh Government regulated qualification is not available to centres in England.



WJEC GCE AS and A Level in BUSINESS

For teaching from 2015

For AS award from 2016

For A level award from 2017

This specification meets the GCE AS and A Level Qualification Principles which set out the requirements for all new or revised GCE specifications developed to be taught in Wales from September 2015.

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GCE AS and A LEVEL BUSINESS (Wales)

SUMMARY OF ASSESSMENT

This specification is divided into a total of 4 units, 2 AS units and 2 A2 units. Weightings noted below are expressed in terms of the full A level qualification.

AS (2 units)

AS Unit 1 Business Opportunities Written examination: 1 hour 15 minutes 15% of qualification	60 marks
Short answer and structured questions. Business opportunities, business start-ups, SMEs and other types of business organisations and the markets in which they operate.	
AS Unit 2 Business Functions Written examination: 2 hours 25% of qualification	80 marks
Data response questions. Covers the full AS content.	

A Level (the above plus a further 2 units)

A2 Unit 3 Business Analysis and Strategy Written examination: 2 hours 15 minutes 30% of qualification	80 marks
Data response plus structured questions. Business strategy and analytical techniques used in the business decision-making process.	
A2 Unit 4 Business in a Changing World Written examination: 2 hours 15 minutes 30% of qualification	80 marks
Case study plus one essay from a choice of three. Covers the full A level content.	

This is a unitised specification which allows for an element of staged assessment. Assessment opportunities will be available in the summer assessment period each year, until the end of the life of the specification.

Unit 1 and Unit 2 will be available in 2016 (and each year thereafter) and the AS qualification will be awarded for the first time in summer 2016.

Unit 3 and Unit 4 will be available in 2017 (and each year thereafter) and the A level qualification will be awarded for the first time in summer 2017.

Qualification Accreditation Numbers

GCE AS: 601/5260/6

GCE A level: 601/5238/2

GCE AS and A LEVEL BUSINESS

1 INTRODUCTION

1.1 Aims and objectives

The WJEC AS and A level in Business encourages learners to:

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

This specification introduces learners to the dynamic business environment and the importance of entrepreneurial activity in creating business opportunities and sustaining business growth. Learners will have the opportunity to develop a wide range of essential skills required for higher education and employment.

The focus of the specification is to nurture an enthusiasm for studying business using contemporary contexts, allowing learners to develop an appreciation of the strategic, complex and inter-related nature of business issues from a local to global perspective.

Learners will have the opportunity to develop awareness of contemporary business issues relevant to the Welsh business environment.

1.2 Prior learning and progression

There are no prior learning requirements. Any requirements set for entry to a course following this specification are at the discretion of centres. It is reasonable to assume that many learners will have achieved qualifications equivalent to Level 2 at KS4. Skills in Numeracy/Mathematics, Literacy/English and Information Communication Technology will provide a good basis for progression to this Level 3 qualification.

Some learners will have already gained knowledge, understanding, and skills through their study of business at GCSE.

Quantitative skills are specified in the subject criteria and repeated in Appendix A of this specification.

This specification provides a suitable foundation for the study of business or a related area through a range of higher education courses, progression to the next level of vocational qualifications or employment. In addition, the specification provides a coherent, satisfying and worthwhile course of study for learners who do not progress to further study in this subject.

This specification is not age specific and, as such, provides opportunities for learners to extend their life-long learning.

1.3 Equality and fair assessment

This specification may be followed by any learner, irrespective of gender, ethnic, religious or cultural background. It has been designed to avoid, where possible, features that could, without justification, make it more difficult for a learner to achieve because they have a particular protected characteristic.

The protected characteristics under the Equality Act 2010 are age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

The specification has been discussed with groups who represent the interests of a diverse range of learners, and the specification will be kept under review.

Reasonable adjustments are made for certain learners in order to enable them to access the assessments (e.g. candidates are allowed access to a Sign Language Interpreter, using British Sign Language). Information on reasonable adjustments is found in the following document from the Joint Council for Qualifications (JCQ): *Access Arrangements and Reasonable Adjustments General and Vocational Qualifications*.

This document is available on the JCQ website (www.jcq.org.uk). As a consequence of provision for reasonable adjustments, very few learners will have a complete barrier to any part of the assessment.

1.4 Welsh Baccalaureate

In following this specification, learners should be given opportunities, where appropriate, to develop the skills that are being assessed through the Core of the Welsh Baccalaureate:

- Literacy
- Numeracy
- Digital Literacy
- Critical Thinking and Problem Solving
- Planning and Organisation
- Creativity and Innovation
- Personal Effectiveness.

1.5 Welsh perspective

In following this specification, learners should be given opportunities, where appropriate, to consider a Welsh perspective if the opportunity arises naturally from the subject matter and if its inclusion would enrich learners' understanding of the world around them as citizens of Wales as well as the UK, Europe and the world.

2 SUBJECT CONTENT

The subject content enables learners to investigate different types and sizes of organisations in various business sectors and environments, drawing on local, national and global contexts, including data which relates to the Welsh business environment. Learners will develop an holistic understanding of business and enterprise and be aware of the opportunities and threats of operating in a global marketplace.

Learners will be expected to be familiar with current issues in business and be able to investigate, analyse and evaluate contemporary business opportunities and problems in a wide range of contexts, whilst recognising how businesses adapt to operate in a dynamic business environment.

Learners will gain an understanding of the important role played by small businesses in the economy of Wales and the rest of the UK. In addition, learners will identify the opportunities that exist for entrepreneurs, as well as the importance of established business and not-for-profit organisations in providing goods and services.

Learners will apply a number of analytical techniques, including decision-making models, investment appraisal tools and ratio analysis, to investigate business opportunities and problems to determine business strategy in a range of contexts.

Learners will be expected to use a range of numerical skills and make justifiable decisions using both quantitative and qualitative methods applied in the context of AS and A level Business as listed in Appendix A.

The knowledge, understanding and skills are set out in two columns. The topic to be studied is in the first column, with amplification in the second column. There is no hierarchy implied by the order in which the content and amplification are presented, nor should the length of the various sections be taken to imply any view of their relative importance.

2.1 AS UNITS

Unit 1 Business Opportunities

Written examination: 1 hour 15 minutes

15% of A level qualification (37.5% of AS qualification)

This unit focuses on new business start-ups and small and medium sized enterprises (SMEs). The content in this section is based around the concept of starting a new business and the issues that surround the process of planning a new business. In addition to covering the main concepts of setting up a new business, learners should be aware of other types of business organisations and the markets they operate in and their various stakeholders.

Learners will need to study the content areas below:

- Enterprise
- Business plans
- Markets
- Market research
- Business structure
- Business location
- Business finance
- Business revenue and costs.

Content	Amplification
Enterprise	<p>Explain the meaning of enterprise and SMEs</p> <p>Explain how satisfying needs and wants can give opportunities to entrepreneurs</p> <p>Identify business opportunities</p> <p>Explain the role of the entrepreneur in creating, setting up, running and developing a business</p> <p>Explain the financial and non-financial motives of entrepreneurs</p> <p>Explain the characteristics and skills of entrepreneurs</p> <p>Explain the importance of entrepreneurs and SMEs to the primary, secondary and tertiary sectors of the Welsh and the rest of the UK economies</p> <p>Evaluate the impact of entrepreneurs and SMEs on businesses and the economy</p> <p>Identify the various stakeholders who are affected by a business</p>
Business plans	<p>Explain the purpose and main components of a business plan</p> <p>Evaluate the importance of a business plan</p> <p>Identify the main sources of information and guidance available to entrepreneurs in Wales and the rest of the UK</p>
Markets	<p>Explain what is meant by a market and competition</p> <p>Identify different types of market, including local/global, mass/niche, trade/consumer, product/service and seasonal</p> <p>Analyse and interpret market data, including market size, market share and market trends</p> <p>Explain what is meant by market segmentation</p> <p>Explain how markets are segmented</p> <p>Evaluate the importance and impact of segmentation to a business and its customers</p> <p>Understand that different markets have differing degrees of competition, ranging from perfect competition to monopoly</p> <p>Explain the features of perfect competition, monopolistic competition, oligopoly and monopoly and their impact on business behaviour</p> <p>Understand the reasons why consumers sometimes need protection from exploitation from businesses</p> <p>Explain what is meant by demand, supply and equilibrium</p> <p>Understand the importance of demand and supply in the market</p>

Content	Amplification
	<p>Explain the factors that lead to a change in demand and supply</p> <p>Explain how a change in demand and supply can impact on price and quantity</p> <p>Construct and interpret demand and supply diagrams</p> <p>Understand the factors that cause the demand and supply curves to shift and the effect this has on equilibrium price and quantity</p> <p>Analyse and evaluate factors which affect demand and supply and equilibrium</p> <p>Understand the concept of price and income elasticity of demand (learners are not required to do calculations)</p> <p>Explain the nature of inferior, normal and luxury goods</p>
Market research	<p>Explain what is meant by market research</p> <p>Explain the value of carrying out market research</p> <p>Distinguish between primary and secondary market research</p> <p>Evaluate the use of market research to business and its stakeholders</p> <p>Distinguish between qualitative and quantitative data</p> <p>Explain the different methods of primary and secondary research available to businesses</p> <p>Explain the issues involved in selecting the most appropriate method of market research</p> <p>Evaluate the use of the different methods of primary and secondary research</p> <p>Interpret and evaluate quantitative and qualitative research</p> <p>Explain what is meant by sampling</p> <p>Explain the difference between random and quota sampling methods</p> <p>Understand the need to avoid bias in market research</p> <p>Evaluate the usefulness of sampling for a business and its stakeholders</p>

Content	Amplification
Business structure	<p>Explain the difference between the private and public sector</p> <p>Explain the aims of private sector businesses including survival, growth and profit</p> <p>Explain the aims of the public sector and its role in providing goods and services in Wales and the rest of the UK</p> <p>Evaluate the roles of the public and private sectors in the provision of goods and services</p> <p>Explain the legal structure of different private sector business organisations including sole traders, partnerships, private and public limited companies</p> <p>Explain what is meant by unlimited liability and limited liability</p> <p>Explain the advantages and disadvantages of choosing different legal structures for a business</p> <p>Evaluate the factors affecting the choice of the legal structure of a business</p> <p>Explain the main features of not-for-profit organisations including social enterprises, charities, co-operatives and societies</p> <p>Evaluate the importance and impact of the legal structure for the various stakeholders for a business</p>
Business location	<p>Explain the factors that need to be considered when locating a new business</p> <p>Analyse these factors in relation to the needs of the business</p> <p>Evaluate the choice of different locations for a new business</p>
Business finance	<p>Explain the sources of finance available to entrepreneurs and SMEs in Wales and the rest of the UK</p> <p>Analyse the advantages and disadvantages of each source of finance</p> <p>Evaluate different sources of finance available to entrepreneurs and SMEs</p>

Content	Amplification
Business revenue and costs	<p>Explain what is meant by costs, revenue and profit</p> <p>Identify costs to a business, including fixed, variable, semi-variable, direct, indirect/overhead costs and total costs</p> <p>Calculate revenue, costs and profit</p> <p>Interpret revenue, costs and profit calculations</p> <p>Evaluate the impact of costs, revenue and profit on a business and its stakeholders</p> <p>Explain what is meant by contribution</p> <p>Explain what is meant by break-even</p> <p>Calculate contribution and understand its application to the calculation of break-even</p> <p>Construct and interpret break-even charts, including the margin of safety</p> <p>Illustrate on a break-even chart the effects of changes in costs and revenue</p> <p>Analyse how changes in costs and/or revenue can affect break-even ('what-if' analysis)</p> <p>Evaluate the usefulness of break-even to a business and its stakeholders</p>

Unit 2 Business Functions

Written examination: 2 hours

25% of A level qualification (62.5% of AS qualification)

Unit 2 will assess the full AS content.

This unit broadens the context for learners and will include all types of business organisations, ranging from recently formed small businesses to well-established multinational companies. Learners need to understand that, in order to succeed in a competitive market, all businesses have to consider the core functions of business.

Learners will need to study the content areas below:

- Marketing
- Finance
- People in organisations (human resources)
- Operations management.

Collectively, the two AS units will give learners an understanding of the important role played by small businesses in the economy and the opportunities that exist for entrepreneurs, as well as the importance of established businesses and not-for-profit organisations in providing goods and services.

Content	Amplification
Marketing	Explain the purpose of marketing and its importance to different types of business organisation in different situations
	Explain what is meant by market orientation, product orientation and asset-led marketing
The marketing mix	Explain what is meant by the marketing mix
Product	Explain what is meant by product, product portfolio, brand, unique selling point (USP) and differentiation
	Evaluate the importance of having the right product(s) to a business and its stakeholders
	Explain what is meant by the product life cycle
	Explain the stages in the product life cycle
	Explain what is meant by an extension strategy
	Construct and interpret a product life cycle diagram including extension strategies
	Evaluate the impact of extension strategies on a business
	Explain the relationship between the product life cycle and cash flow
	Analyse product life cycles and extension strategies for different businesses, products and markets
	Evaluate the use of the product life cycle to a business and its stakeholders
	Explain how the Boston matrix can be used to manage a product portfolio
	Evaluate the use of the Boston matrix to a business and its stakeholders
Price	Explain the different strategies used by businesses to determine the appropriate price for a product including penetration, skimming, cost-plus, competitive, psychological and contribution
	Understand how different types of business organisations in different situations will use different pricing strategies
	Evaluate the importance for a business of selecting the most appropriate pricing strategy
	Evaluate the impact of pricing decisions on a business and its stakeholders

Content	Amplification
Promotion	<p>Explain what is meant by promotion</p> <p>Explain the different above the line and below the line strategies used by businesses to promote their products</p> <p>Understand how different types of business organisations in different situations will use a range of different promotional strategies</p> <p>Explain the importance for a business of selecting the most appropriate promotional strategy</p> <p>Evaluate the impact of selecting the right promotional strategy on a business and its stakeholders</p>
Place	<p>Explain what is meant by place</p> <p>Explain the different distribution channels used by businesses</p> <p>Explain what is meant by multi-channel distribution</p> <p>Explain the importance for a business of selecting the most appropriate distribution channel/s</p> <p>Evaluate the impact of selecting the right distribution channel/s on a business and its stakeholders</p>
Decisions about the marketing mix	<p>Understand the importance of global marketing and global brands</p> <p>Explain how the marketing mix will differ in different contexts including, local, national or global markets, goods or services markets, size of business, niche or mass markets and market structure</p> <p>Evaluate the marketing mix in different contexts</p>
New technology	<p>Explain how new technology is used in marketing, including the role of digital media, social media, e-tailing and m-commerce</p> <p>Explain the impacts of new technology on existing businesses such as high street retailers</p> <p>Evaluate the impact of new technology on the marketing activities of businesses and its stakeholders</p>

Content	Amplification
Finance	Understand the role of the finance department
Budgeting	<p>Explain what is meant by a budget</p> <p>Explain the purpose of budgets</p> <p>Evaluate the use of budgets to a business and its stakeholders</p>
Business finance	<p>Explain the sources of finance available to established and large businesses in Wales and the rest of the UK and consider their appropriateness for different circumstances</p> <p>Understand that sources of finance can be internal and/or external</p> <p>Explain internal sources of finance including owner's capital, retained profit and sale of assets</p> <p>Explain external sources/methods of finance including overdrafts, loans, share capital, venture capital, leasing, trade credit and debt factoring</p> <p>Explain the advantages and disadvantages of different sources of finance to a business and the importance of choosing appropriate sources</p> <p>Evaluate the impact of different sources of finance to a business and its stakeholders</p>
Cash flow forecasting	<p>Explain what is meant by cash flow</p> <p>Explain what is meant by a cash flow forecast</p> <p>Construct, calculate and interpret cash flow forecasts</p> <p>Evaluate the impact of a cash flow forecast on a business and its stakeholders</p> <p>Explain the causes of cash flow problems</p> <p>Explain strategies by which a business can improve cash flow</p> <p>Evaluate the strategies a business uses to improve cash flow problems</p> <p>Explain the benefits and limitations of cash flow forecasts</p>
The income statement	<p>Explain the main components of a trading, profit and loss account (the income statement) and the way that it is constructed</p> <p>Calculate gross profit and net profit</p> <p>Evaluate ways in which a business could improve its profit</p>
Ratio analysis	<p>Calculate and interpret gross and net profit margins</p> <p>Evaluate the calculations of profitability ratios to assess the performance of a business</p>

Content	Amplification
People in organisations (human resources)	Explain the functions of the human resource department
Changes in working practices	<p>Explain what is meant by the flexible workforce including flexible hours, home working, part time, temporary, job sharing, multi-skilling, zero hours contracts and hot-desking</p> <p>Explain the impact of new technology on working practices</p> <p>Evaluate the impact of changes in working patterns on employees and employers</p>
Workforce planning	<p>Explain what is meant by workforce planning</p> <p>Evaluate the impact and importance to a business of having the correct numbers of employees with appropriate skills and experience</p>
Recruitment	<p>Explain what is meant by the recruitment process</p> <p>Explain what is meant by internal and external recruitment</p> <p>Explain what is meant by job analysis, job description and person specification</p> <p>Evaluate appropriate methods of selecting different types of employee for different types of job including interviews, work trials, testing, selection exercises and telephone interviews</p> <p>Evaluate the importance of recruitment to a business and its stakeholders</p>
Training	<p>Explain what is meant by training</p> <p>Explain the role of training in developing appropriate skills</p> <p>Explain the different methods of training including induction, on-the-job, off-the-job and apprenticeships</p> <p>Evaluate the importance and impact of training for a business and its stakeholders</p>
Appraisal	<p>Explain what is meant by appraisal</p> <p>Explain different methods of appraisal including superior's assessment, peer assessment, self-assessment and 360 degree feedback</p> <p>Understand how appraisal can benefit both the business and its employees</p> <p>Evaluate the importance and impact of appraisal for a business and its stakeholders</p>

Content	Amplification
Workforce performance	<p>Explain what is meant by workforce performance</p> <p>Explain what is meant by labour productivity, absenteeism and labour turnover</p> <p>Calculate and interpret labour productivity and labour turnover</p> <p>Evaluate the importance and impact of workforce performance for a business and its stakeholders</p>
Organisational design	<p>Explain what is meant by organisational design</p> <p>Understand what is meant by authority, responsibility, chain of command, span of control, delegation, hierarchy, centralisation and decentralisation, empowerment and delayering</p> <p>Explain the characteristics of different organisational structures including hierarchical (flat and tall) and matrix structures</p> <p>Explain the advantages and disadvantages of changing organisational structures and delayering</p> <p>Evaluate the choice between empowerment and control of the workforce</p> <p>Evaluate the appropriateness of different organisational structures to a business and its stakeholders</p>
Motivation	<p>Explain what is meant by motivation and the benefits of a motivated workforce</p> <p>Explain motivation theories including F.W. Taylor (scientific management), E. Mayo (human relations), A. Maslow (hierarchy of needs), F. Herzberg (two factor theory) and V. Vroom, L. Porter and E. Lawler (expectancy theories)</p> <p>Evaluate the relevance of motivational theories and their importance to businesses</p> <p>Explain financial methods of motivation including piece rate, commission, bonus, salary, profit sharing, share ownership and performance related pay</p> <p>Explain non-financial methods of motivation including consultation, job design, job enlargement, job rotation, job enrichment, empowerment, team working and flexible working</p> <p>Evaluate the appropriateness of various financial and non-financial methods of motivation for a business and its stakeholders</p> <p>Evaluate the impact of a motivated workforce on a business and its stakeholders</p>

Content	Amplification
<p>Management and leadership</p>	<p>Explain what is meant by management</p> <p>Explain the functions and roles of management</p> <p>Explain the advantages and disadvantages of management by objectives (MBO)</p> <p>Explain D. McGregor's theory X and theory Y</p> <p>Evaluate the importance of management to a business and its stakeholders</p> <p>Explain what is meant by leadership</p> <p>Explain different types of leadership styles including autocratic, democratic, paternalistic, bureaucratic and laissez-faire</p> <p>Explain the leadership theories including F. Fiedler (1976) and P. Wright and D. Taylor (1984)</p> <p>Evaluate the importance and impact of leadership for a business and its stakeholders</p> <p>Evaluate the appropriateness of various leadership styles and theories to different business situations</p>
<p>Employer/employee relationships</p>	<p>Explain what is meant by employer/employee relationships</p> <p>Explain the duties and rights of employers and employees including contract of employment, health and safety, minimum wage and dismissal</p> <p>Explain what is meant by equal opportunities</p> <p>Evaluate the impact of equal opportunities on employers and employees</p> <p>Explain the role of trade unions including collective bargaining, their advantages and disadvantages</p> <p>Explain what is meant by employer and employee conflict including trade disputes and industrial action</p> <p>Explain the resolution of disputes including negotiation, consultation and the role of ACAS</p> <p>Evaluate the impact of employer/employee relations, conflict and resolution on a business and its stakeholders</p>

Content	Amplification
Operations management	Understand the nature of operations management in different types of business organisation
Added value	<p>Explain what is meant by added value</p> <p>Calculate added value</p> <p>Explain ways of increasing value added</p> <p>Evaluate the importance of added value to a business and its stakeholders</p>
Production	<p>Explain the different methods of production including job, batch and flow</p> <p>Evaluate appropriate methods of production for businesses</p>
Productivity	<p>Explain what is meant by productivity</p> <p>Understand ways of measuring productivity</p> <p>Explain ways in which productivity can be increased</p> <p>Evaluate the importance and impact of productivity for a business and its stakeholders</p> <p>Explain the concept of capacity utilisation</p> <p>Calculate and interpret capacity utilisation</p> <p>Evaluate the concept of capacity utilisation for a business and its stakeholders</p>
Technology	<p>Explain how new technology can be used by businesses, including the use of information technology, CAD, CAM and robotics</p> <p>Evaluate the impact of new technology on the various stakeholders of a business</p> <p>Evaluate the importance and impact of technology in the operations of a business</p>
Lean production	<p>Explain what is meant by lean production</p> <p>Explain the range of lean production practices that are used to reduce waste and improve productivity including <i>kaizen</i> (continuous improvement), just-in-time, cell production and time-based management</p> <p>Evaluate the importance and impact of lean production for businesses and their stakeholders</p>

Content	Amplification
Quality	<p>Explain what is meant by quality</p> <p>Analyse the importance of quality to a business</p> <p>Explain the difference between quality control and quality assurance</p> <p>Explain the concept of total quality management (TQM) and the ways that it can be achieved including quality chains, empowerment, monitoring, teamwork, zero defects, quality circles and benchmarking</p> <p>Evaluate the importance of quality for a business and its stakeholders</p>
Purchasing	<p>Explain the importance of purchasing and working with suppliers</p> <p>Explain what is meant by stock control</p> <p>Understand the importance of controlling stock</p> <p>Explain methods of stock control including traditional stock control methods, just-in-time and computerised stock control</p> <p>Interpret stock control diagrams and explain the main components including re-order level, lead time, buffer stock and minimum stock level</p> <p>Evaluate the importance and impact on businesses and their stakeholders of holding too much or too little stock</p>
Research and development (R&D)	<p>Explain what is meant by innovation, research and development</p> <p>Explain the process of product design and development</p> <p>Evaluate the costs and benefits of innovation, research and development for a business and its stakeholders</p>
Economies of scale	<p>Explain what is meant by economies of scale</p> <p>Explain the different types of internal economies of scale</p> <p>Explain external economies of scale</p> <p>Explain how businesses benefit from the different types of internal and external economies of scale</p> <p>Explain reasons for internal diseconomies of scale</p> <p>Explain the problems caused by internal diseconomies of scale</p> <p>Explain the survival of small firms</p> <p>Evaluate the impact of economies and diseconomies of scale on a business and its stakeholders</p>

2.2 A2 UNITS

Unit 3 Business Analysis and Strategy

Written examination: 2 hours 15 minutes

30% of qualification

Unit 3 builds on the theory introduced in Units 1 and 2. As the title suggests, the emphasis in this unit is on understanding and using analytical techniques and developing appropriate business strategies.

Learners need to understand, construct and analyse a range of decision-making models and investment appraisal methods used by businesses to decide on their strategy.

Learners need to develop analytical skills to investigate business opportunities and problems in a number of different contexts and evaluate a range of quantitative and qualitative data to suggest possible strategic responses from businesses.

Learners will need to study the content areas below:

- Data analysis
- Market analysis
- Sales forecasting
- Analysing financial performance
- Analysing non-financial performance
- Aims and objectives
- Strategy and implementation
- Decision-making models
- Investment appraisal
- Special orders

Content	Amplification
Data analysis	Present, interpret and analyse data, including pie charts, histograms and index numbers
Market analysis	<p>Analyse quantitative and qualitative research data in order to better understand the position of the business in the market and the requirements of customers at present and in the future</p> <p>Calculate price and income elasticity of demand</p> <p>Interpret numerical values of price and income elasticity of demand</p> <p>Evaluate the impact of changes in price and income on business revenue</p>
Sales forecasting	<p>Explain what is meant by sales forecasting</p> <p>Explain the usefulness of sales forecasting and the factors that can affect its reliability</p> <p>Understand that sales forecasting includes quantitative and qualitative techniques</p> <p>Calculate a three-point moving average</p> <p>Create a scatter graph and a line of best fit</p> <p>Use extrapolation to predict future developments</p> <p>Interpret information from time-series analysis</p> <p>Understand that correlation can be positive, negative or non-existent</p> <p>Evaluate the usefulness of time-series analysis for a business and its stakeholders</p> <p>Explain qualitative forecasting techniques including, intuition, brainstorming and the Delphi method</p> <p>Evaluate the advantages and disadvantages of using qualitative forecasting</p>

Content	Amplification
Analysing financial performance	<p>Explain what is meant by a budget variance</p> <p>Calculate budget variances</p> <p>Analyse budgets and budget variances</p> <p>Evaluate the use and impact of budgets and budget variances for a business and its stakeholders</p> <p>Explain the main components of a balance sheet and the way that it is constructed</p> <p>Explain what is meant by working capital, capital employed and depreciation</p> <p>Calculate working capital, capital employed (long-term liabilities and shareholders' capital) and depreciation (the straight line method only)</p> <p>Interpret and analyse a balance sheet</p> <p>Calculate and interpret return on capital employed (ROCE)</p> <p>Calculate and interpret the current ratio and acid test ratio</p> <p>Calculate and interpret the gearing ratio (long-term liabilities/capital employed)</p> <p>Analyse the trading, profit and loss account (the income statement) and the balance sheet in order to assess the financial performance of a business</p> <p>Consider business accounts in relation to previous years and other businesses</p> <p>Evaluate the financial position of a business</p> <p>Understand that accounts can be affected by window-dressing and other factors, such as changes in demand and inflation</p>
Analysing non-financial performance	<p>Explain how non-financial measures, including customer attitude surveys, employee attitude surveys, market share, productivity and a company's environmental record, can be used to evaluate performance</p>
Aims and objectives	<p>Explain the role of vision statements and their relationship to a business' aims</p> <p>Explain how objectives are used by a business in order to achieve its aims</p> <p>Explain what is meant by SMART objectives</p> <p>Explain the role and purpose of mission statements</p> <p>Evaluate vision statements, objectives and mission statements and their impact on a business and its stakeholders</p>

Content	Amplification
Strategy and implementation	<p>Understand the relationship between objectives and strategy</p> <p>Explain the meaning of strategy including corporate strategy, strategic direction, divisional strategy and functional strategy</p> <p>Explain the relationship between strategy and tactics</p> <p>Explain the purpose of corporate plans</p> <p>Apply a SWOT analysis to a specific business</p> <p>Apply Porter's Five Forces framework to a specific business</p> <p>Evaluate business strategy and corporate plans</p> <p>Explain the nature and purpose of the Ansoff matrix</p> <p>Apply the Ansoff matrix to different businesses</p> <p>Evaluate the usefulness of the Ansoff matrix to businesses</p> <p>Explain what is meant by horizontal and vertical integration</p> <p>Explain the advantages and disadvantages of horizontal and vertical integration</p> <p>Explain the difference between organic and external growth</p> <p>Analyse the advantages and disadvantages of organic growth</p> <p>Analyse the advantages and disadvantages of different methods of external growth including mergers and takeovers</p> <p>Explain the nature and purpose of franchising as a method of growth</p> <p>Evaluate different methods that businesses can use to achieve growth</p> <p>Explain what is meant by rationalisation</p> <p>Explain the factors that affect decisions about location/relocation and rationalisation</p> <p>Evaluate the impact of the choice of location/relocation and rationalisation on a business and its stakeholders</p> <p>Explain what is meant by outsourcing production</p> <p>Evaluate the arguments for and against outsourcing production</p>

Content	Amplification
Decision-making models	<p>Explain the types of decisions a business makes including strategic, tactical and operational</p> <p>Explain the importance of decision-making to a business</p> <p>Understand that decision-making tools can be scientific or intuitive</p> <p>Explain the nature and purpose of decision tree analysis commenting on the benefits and limitations of the technique</p> <p>Construct decision trees, interpret and evaluate the results</p> <p>Explain the nature and purpose of critical path analysis (CPA), commenting on the benefits and limitations of the technique</p> <p>Complete CPA diagrams, interpret and evaluate the results</p> <p>Explain the nature and purpose of cost benefit analysis (CBA), commenting on the benefits and limitations of the technique</p> <p>Carry out cost benefit analysis, interpret and evaluate the results</p> <p>Evaluate the advantages and disadvantages of using decision trees, CPA and CBA for business decision-making</p> <p>Explain the key role played by information technology in business decision-making</p>
Investment appraisal	<p>Explain what is meant by investment appraisal</p> <p>Explain the purpose of investment appraisal</p> <p>Calculate and interpret the payback period of an investment in years and months</p> <p>Calculate and interpret the average rate of return (ARR) of an investment</p> <p>Use discounted cash flow (DCF) to calculate and interpret the net present value (NPV) of an investment (discount factors will be provided and do not need to be calculated)</p> <p>Evaluate the advantages and disadvantages of the different investment appraisal methods to a business and its stakeholders</p> <p>Evaluate the viability of investment options, taking into account both quantitative and qualitative factors, to make recommendations</p>
Special orders	<p>Explain what is meant by special orders</p> <p>Calculate contribution and advise on the appropriateness or otherwise of accepting special orders</p>

Unit 4 Business in a Changing World

Written examination: 2 hours 15 minutes

30% of qualification

Unit 4 will assess the full A level content.

Unit 4 focuses on how businesses adapt to succeed in a dynamic external environment. Learners need to understand that the business world never stands still and there are continuous opportunities and threats to businesses of all sizes.

Learners need to understand that regardless of size, businesses now operate in a global marketplace and they need to consider a wide range of external factors that affect their day-to-day activities, decision-making and strategy.

Learners are required to integrate the knowledge, understanding and skills developed in all four units to display an holistic understanding of business activity and the environment in which they operate.

Learners will need to study the content areas below:

- Change
- Risk management
- PEST factors
- Ethical, legal and environmental factors
- International trade
- Globalisation
- The European Union

Content	Amplification
Change	<p>Explain the causes of change in business including a change in the size of the business, a change in ownership, developments in technology, market changes, consumer tastes, legislation, changes in the workforce and changes in the economy</p> <p>Distinguish between internal and external causes of change</p> <p>Distinguish between planned and unplanned change</p> <p>Explain the effects of change on business including the need to change production methods and update equipment, need to develop new products, need to meet legal requirements, need to retrain the workforce and need to look for new markets</p> <p>Explain the importance of managing change effectively</p> <p>Explain different approaches to managing change including J. Storey's four different approaches</p> <p>Explain why there may be resistance to change and ways of removing resistance including Lewin's three step process, changes in organisational culture and the role of leadership</p> <p>Explain how the management of change can be evaluated</p> <p>Evaluate the impact of change on a business and its stakeholders</p> <p>Evaluate the importance of managing change effectively</p>
Risk management	<p>Identify the risks that businesses are likely to encounter, including natural disasters, failure of equipment/technology, employee error, supply problems, economic factors, legal challenges, public relations and product failures</p> <p>Explain that some risks are more certain to happen than others and that this will affect the decision as to how much a business will be willing to spend on their prevention</p> <p>Explain the importance of risk assessment as a tool for avoiding risks</p> <p>Explain how some risks can be dealt with by preventative actions such as installing water sprinklers, backing up IT data and training employees</p> <p>Explain the difference between insurable and uninsurable risks</p> <p>Explain what is meant by contingency planning and crisis management</p> <p>Explain ways in which businesses can use contingency planning to deal with risks that may affect their activities such as having contingency funds, alternative production arrangements, allocating responsibilities to managers/employees and dealing with public relations in the event of a crisis</p> <p>Evaluate the possible responses of a business to the potential risks that it faces</p> <p>Evaluate the importance of risk management and contingency planning to a business and its stakeholders</p>

Content	Amplification
PEST factors	
Political	<p>Explain how political factors affect business activity in Wales, the rest of the UK and the world</p> <p>Explain the role of the government in providing a stable framework in which businesses operate</p> <p>Explain how businesses are affected by taxation and subsidies</p> <p>Explain how fiscal and monetary policies affect businesses</p> <p>Explain why governments legislate and regulate business activity</p> <p>Explain the importance of the government as a purchaser of goods and services from the private sector</p> <p>Evaluate the relationship between government and businesses</p>
Economic	<p>Explain how economic factors affect business activity in Wales, the rest of the UK and the world</p> <p>Explain what is meant by economic growth and the business cycle and their measurement (GDP)</p> <p>Explain what is meant by inflation including its measurement and causes</p> <p>Explain what is meant by interest rates</p> <p>Explain what is meant by exchange rates</p> <p>Explain what is meant by unemployment</p> <p>Evaluate the impact of the business cycle, inflation, interest rates, exchange rates and unemployment on businesses and their stakeholders</p>
Social	<p>Explain what is meant by demographic change</p> <p>Explain how demographic change and other social factors such as changes in consumer tastes, lifestyle and cultural changes affect business activity in Wales and the rest of the UK</p> <p>Evaluate the impact of demographic change on businesses and their stakeholders</p> <p>Evaluate the impact of other social factors on businesses and their stakeholders</p>
Technological	<p>Explain how technological factors, including automation and communication technology affect business activity</p> <p>Evaluate the impact of technological factors on businesses and their stakeholders</p>

Content	Amplification
Ethical, legal and environmental factors	
Ethical	<p>Explain the meaning of business ethics</p> <p>Understand the types of ethical issues a business will face including environmental, animal rights, treatment of workers, suppliers and customers</p> <p>Explain the meaning of corporate social responsibility (CSR)</p> <p>Understand the possible conflict between ethics and profitability</p> <p>Evaluate the impact on the profitability of a business of having ethical objectives</p> <p>Evaluate the ethical stance of businesses from the point of view of different stakeholders</p>
Legal	<p>Explain the main laws that concern businesses, including company law, employment and anti-discrimination law, consumer protection, competition policy, health and safety legislation, data protection, intellectual property and minimum wage (learners are not expected to have detailed knowledge of specific Acts of Parliament)</p> <p>Evaluate the impact of legislation on businesses and their stakeholders in Wales and the rest of the UK</p>
Environmental	<p>Explain the potential environmental costs of business activity including air, water and noise pollution, climate change, congestion, destruction of the environment and waste disposal</p> <p>Explain how potential environmental costs can be controlled by government intervention, the influence of pressure groups and education in Wales and the rest of the UK</p> <p>Explain how businesses can respond to environmental issues</p> <p>Evaluate the impact of business activity on the environment</p> <p>Evaluate the impact on a business of implementing environmentally friendly policies</p>

Content	Amplification
International Trade	<p>Explain what is meant by international trade</p> <p>Explain the reasons for international trade</p> <p>Explain what is meant by free trade and protectionism (including tariffs and quotas)</p> <p>Explain what is meant by a trading bloc and a single market</p> <p>Evaluate free trade and protectionism to businesses and their stakeholders</p> <p>Explain the challenges to businesses of developing new international markets for their products</p> <p>Evaluate the decision of a business to develop new international markets for its products</p>
Globalisation	<p>Explain what is meant by globalisation</p> <p>Explain the nature of globalisation and global markets, including developing markets</p> <p>Explain the factors that have contributed to globalisation including communication technologies, liberalisation of trade, Internet, cost of transportation and consumer tastes</p> <p>Explain the effect of globalisation on businesses and their stakeholders in Wales and the rest of the UK, including increased competition and opportunities for growth</p> <p>Explain the different strategies that businesses might use in order to achieve global growth including global branding, external growth and choice of target markets</p> <p>Evaluate the strategies that businesses use to achieve global growth</p> <p>Explain the benefits and difficulties for businesses of operating in global markets</p> <p>Explain how businesses adapt their products, marketing activities and working practices to reflect the local needs (glocalisation)</p> <p>Evaluate the impact of globalisation on businesses and their stakeholders</p> <p>Explain what is meant by a multinational company</p> <p>Explain the reasons for the existence of multinational companies</p> <p>Evaluate the decision of a business to operate as a multinational company</p> <p>Evaluate the impact of multinational companies on the countries in which they operate</p>

Content	Amplification
The European Union	<p>Explain the nature and purpose of the European Union (EU) and the single European market</p> <p>Explain the impact of the EU on businesses in Wales and the rest of the UK, including free movement of goods, labour and capital, legislation, regulations and standards</p> <p>Evaluate the impact of the EU on businesses and their stakeholders</p> <p>Explain what is meant by the single European currency (the euro) and the Eurozone</p> <p>Evaluate the costs and benefits of the single European currency to businesses and their stakeholders</p> <p>Evaluate the impact to UK businesses of being a member of the EU and the Eurozone</p> <p>Evaluate the impact to UK businesses of not being a member of the EU and the Eurozone</p>

3 ASSESSMENT

3.1 Assessment objectives and weightings

Below are the assessment objectives for this specification. Learners must demonstrate their ability to:

AO1

Demonstrate knowledge of terms, concepts, theories, methods and models to show an understanding of how individuals and organisations are affected by and respond to business issues.

AO2

Apply knowledge and understanding to various business contexts to show how individuals and organisations are affected by and respond to issues.

AO3

Analyse issues within business, showing an understanding of the impact on individuals and organisations of external and internal influences.

AO4

Evaluate quantitative and qualitative information to make informed judgements and propose evidence-based solutions to business issues.

Assessment objective weightings are shown below as a percentage of the full A level, with AS weightings in brackets.

Unit	Unit Weighting	AO1	AO2	AO3	AO4
AS Unit 1	15% (37.5%)	5% (12.5%)	4% (10%)	3.5% (9%)	2.5% (6%)
AS Unit 2	25% (62.5%)	7% (17.5%)	6% (15%)	6.5% (16%)	5.5% (14%)
A2 Unit 3	30%	6%	11%	6%	7%
A2 Unit 4	30%	8%	5%	8%	9%
Total	100%	26%	26%	24%	24%

4 TECHNICAL INFORMATION

4.1 Making entries

This is a unitised specification which allows for an element of staged assessment.

Assessment opportunities will be available in the summer assessment period each year, until the end of the life of the specification.

Unit 1 and Unit 2 will be available in 2016 (and each year thereafter) and the AS qualification will be awarded for the first time in summer 2016.

Unit 3 and Unit 4 will be available in 2017 (and each year thereafter) and the A level qualification will be awarded for the first time in summer 2017.

Candidates may re-sit units **ONCE ONLY** prior to certification for the qualification, with the better result contributing to the qualification. Individual unit results, prior to the certification of the qualification, have a shelf-life limited only by that of the qualification.

A candidate may retake the whole qualification more than once.

The current edition of our *Entry Procedures and Coding Information* gives up-to-date entry procedures.

There is no restriction on entry for this specification with any other WJEC AS or A level specification.

4.2 Grading, awarding and reporting

The overall grades for the GCE AS qualification will be recorded as a grade on a scale A to E. The overall grades for the GCE A level qualification will be recorded as a grade on a scale A* to E. Results not attaining the minimum standard for the award will be reported as U (unclassified). Unit grades will be reported as a lower case letter a to e on results slips but not on certificates.

The Uniform Mark Scale (UMS) is used in unitised specifications as a device for reporting, recording and aggregating candidates' unit assessment outcomes. The UMS is used so that candidates who achieve the same standard will have the same uniform mark, irrespective of when the unit was taken. Individual unit results and the overall subject award will be expressed as a uniform mark on a scale common to all GCE qualifications. An AS GCE has a total of 200 uniform marks and an A level GCE has a total of 500 uniform marks. The maximum uniform mark for any unit depends on that unit's weighting in the specification.

Uniform marks correspond to unit grades as follows:

Unit Weightings	Maximum unit uniform mark	Unit grade				
		a	b	c	d	e
Unit 1 (15%)	75	60	53	45	38	30
Unit 2 (25%)	125	100	88	75	63	50
Unit 3 (30%)	150	120	105	90	75	60
Unit 4 (30%)	150	120	105	90	75	60

The uniform marks obtained for each unit are added up and the subject grade is based on this total.

	Maximum uniform marks	Qualification grade				
		A	B	C	D	E
GCE AS	200	160	140	120	100	80
GCE A level	500	400	350	300	250	200

At A level, Grade A* will be awarded to candidates who have achieved a Grade A (400 uniform marks) in the overall A level qualification and at least 90% of the total uniform marks for the A2 units (270 uniform marks).

APPENDIX A

Quantitative Skills in Business

In order to be able to develop their skills, knowledge and understanding in business, learners need to have acquired competence in the quantitative skills that are relevant to the subject content, including being able to:

- calculate, use and understand ratios, averages and fractions
- calculate, use and understand percentages and percentage changes
- construct and interpret a range of standard graphical forms
- interpret index numbers
- calculate cost, revenue, profit and break-even
- calculate investment appraisal outcomes and interpret results
- interpret values of price and income elasticity of demand
- use and interpret quantitative and non-quantitative information in order to make decisions
- interpret, apply and analyse information in written, graphical and numerical forms.

The assessment of quantitative skills will include at least level 2 mathematical skills as a minimum of 10% of the overall A level marks.

These quantitative skills may be assessed across the assessment objectives.