

EDEXCEL A LEVEL BUSINESS

SPECIFICATION CHECKLIST

THEME 1 - MARKETING

1.1.1 THE MARKET

- ☐ Characteristics of mass and niche markets
- ☐ Market size and market share
- ☐ Brands
- ☐ Online retailing
- ☐ How markets change
- ☐ Innovation and market growth
- ☐ Adapting to change
- ☐ How competition affects the market
- ☐ Difference between risk and uncertainty

1.1.2 MARKET RESEARCH

- ☐ Product and market orientation
- ☐ Primary and secondary market research data
- ☐ Limitations of market research, sample size and bias
- ☐ Use of ICT to support market research
- ☐ Market segmentation

1.1.3 MARKET POSITIONING

- ☐ Market mapping
- ☐ Competitive advantage of a product or service
- ☐ Purpose of product differentiation
- ☐ Adding value to products / services

1.2.1 DEMAND

- ☐ Changes in the prices of substitutes
- ☐ Changes in consumer incomes
- ☐ Fashions, tastes and preferences
- ☐ Advertising and branding
- ☐ Demographics
- ☐ External shocks
- ☐ Seasonality

1.2.2 SUPPLY

- ☐ Changes in the cost of production
- ☐ Introduction of new technology
- ☐ Indirect taxes
- ☐ Government subsidies
- ☐ External shocks

1.2.3 MARKETS

- ☐ Interaction of supply and demand
- ☐ Supply and demand diagrams

1.2.4 PRICE ELASTICITY OF DEMAND (PED)

- ☐ Calculation of PED
- ☐ Factors influencing PED
- ☐ Interpretation of numerical values of PED
- ☐ Significance of PED to business (implications of pricing)
- ☐ Relationship between PED and total revenue

1.2.5 INCOME ELASTICITY OF DEMAND (YED)

- ☐ Calculation of YED
- ☐ Interpretation of numerical values of YED
- ☐ Factors influencing YED
- ☐ Significance of YED to businesses

1.3.1 PRODUCT / SERVICE DESIGN

- ☐ Design mix (function, aesthetics, cost)
- ☐ Resource depletion: waste minimisation, re-use & recycling
- ☐ Ethical sourcing

1.3.2 BRANDING AND PROMOTION

- ☐ Types of promotion
- ☐ Types of branding
- ☐ Benefits of strong branding
- ☐ Ways to build a brand
- ☐ Changes in branding and promotion to reflect social trends

1.3.3 PRICING STRATEGIES

- ☐ Types of pricing strategy (cost plus, price skimming, penetration, predatory, competitive, psychological)
- ☐ Factors that determine the most appropriate price strategy
- ☐ Changes in pricing to reflect social trends

1.3.4 DISTRIBUTION

- ☐ Distribution channels
- ☐ Changes in distribution to reflect social trends

1.3.5 MARKETING STRATEGY

- ☐ Product life cycle

- ☐ Boston Matrix and the product portfolio
- ☐ Marketing strategies for different types of market

- ☐ Consumer behaviour & building customer loyalty

THEME 1 – MANAGING PEOPLE

1.4.1 APPROACHES TO STAFFING

- ☐ Staff as an asset; staff as a cost
- ☐ Flexible workforce
- ☐ Distinction between dismissal and redundancy
- ☐ Employee /employer relationships

1.4.2 RECRUITMENT, SELECTION & TRAINING

- ☐ Recruitment and selection process
- ☐ Costs of recruitment, selection and training
- ☐ Types of training

1.4.3 ORGANISATIONAL DESIGN

- ☐ Structure (hierarchy, chain of command, span of control, centralised & decentralised)
- ☐ Types of structure (tall, flat, matrix)
- ☐ Impact of different organisational structures on business efficiency & motivation

1.4.4 MOTIVATION IN THEORY AND PRACTICE

- ☐ Importance of employee motivation to a business
- ☐ Motivation theories (Taylor, Mayo, Maslow, Herzberg)
- ☐ Financial incentives to improve employee performance (piecework, commission, bonus, profit share, performance-related pay)
- ☐ Non-financial techniques to improve employee performance (delegation, consultation, empowerment, team working, flexible working, job enrichment, job rotation, job enlargement)

1.4.5 LEADERSHIP

- ☐ Distinction between management and leadership
- ☐ Types of leadership style (autocratic, paternalistic, democratic, laissez-faire)

1.5.1 ROLE OF AN ENTREPRENEUR

- ☐ Creating and setting up a business
- ☐ Running and expanding / developing a business
- ☐ Innovation within a business (intrapreneurship)
- ☐ Barriers to entrepreneurship
- ☐ Anticipating risk and uncertainty in the business environment

1.5.2 ENTREPRENEURIAL MOTIVES AND CHARACTERISTICS

- ☐ Characteristics and skills required
- ☐ Reasons why people set up businesses (financial & non-financial)

1.5.3 BUSINESS OBJECTIVES

- ☐ Survival
- ☐ Profit maximisation
- ☐ Other objectives (sales maximisation, market share, cost efficiency, employee welfare, customer satisfaction, social objectives)

1.5.4 FORMS OF BUSINESS

- ☐ Sole trader, partnership and private limited company
- ☐ Franchising, social enterprise, lifestyle businesses, online businesses
- ☐ Growth to PLC and stock market flotation

1.5.5 BUSINESS CHOICES

- ☐ Opportunity cost
- ☐ Choices and potential trade-offs

1.5.6 MOVING FROM ENTREPRENEUR TO LEADER

- ☐ Difficulties in developing from an entrepreneur to a leader

THEME 2 - FINANCE

2.1.1 INTERNAL FINANCE

- ☐ Owner's capital: personal savings
- ☐ Retained profit
- ☐ Sale of assets

2.1.2 EXTERNAL FINANCE

- ☐ Sources of finance (family & friends, banks, peer-to-peer funding, business angels, crowd funding, other businesses)
- ☐ Methods of finance (loans, share capital, venture capital, overdrafts, leasing, trade credit, grants)

2.1.3 LIABILITY

- ☐ Implications of limited and unlimited liability
- ☐ Finance appropriate for limited and unlimited liability businesses

2.1.4 PLANNING

- ☐ Relevance of a business plan in obtaining finance
- ☐ Interpretation of a simple cash flow forecast & calculations based on changes in the cash-flow variables
- ☐ Use and limitations of a cash-flow forecast

2.2.1 SALES FORECASTING

- ☐ Purpose of sales forecasts
- ☐ Factors affecting sales forecasts (consumer trends, economic variables, actions of competitors)
- ☐ Difficulties of sales forecasting

2.2.2 SALES, REVENUE AND COSTS

- ☐ Calculation of sales volume and sales revenue
- ☐ Calculation of fixed and variable costs

2.2.3 BREAK-EVEN

- ☐ Contribution (selling price – variable cost per unit)
- ☐ Break-even point
- ☐ Using contribution to calculate break-even point
- ☐ Margin of safety
- ☐ Interpretation of break-even charts
- ☐ Limitations of break-even analysis

2.2.4 BUDGETS

- ☐ Purpose of budgets
- ☐ Types of budget (historical figures, zero-based)
- ☐ Variance analysis
- ☐ Difficulties of budgeting

2.3.1 PROFIT

- ☐ Calculation of profit (gross, operating, net)
- ☐ Measuring profitability (gross profit margin, operating profit margin, net profit margin)
- ☐ Ways to improve profitability
- ☐ Distinction between profit and cash

2.3.2 LIQUIDITY

- ☐ Measuring liquidity (current ratio, acid-test ratio)
- ☐ Ways to improve liquidity
- ☐ Working capital and its management (importance of cash)

2.3.3 BUSINESS FAILURE

- ☐ Internal and external causes of business failure
- ☐ Financial and non-financial factors

THEME 2 – RESOURCE MANAGEMENT

2.4.1 PRODUCTION, PRODUCTIVITY AND EFFICIENCY

- ☐ Methods of production (job, batch, flow, cell)
- ☐ Productivity: calculating output per unit of input per time period
- ☐ Factors influencing productivity
- ☐ Link between productivity and competitiveness
- ☐ Factors influencing efficiency
- ☐ Distinction between labour- and capital-intensive production

2.4.2 CAPACITY UTILISATION

- ☐ Calculation of capacity utilisation
- ☐ Implications of under- and over-utilisation of capacity
- ☐ Ways of improving capacity utilisation

2.4.3 STOCK CONTROL

- ☐ Interpretation of stock control diagram
- ☐ Buffer stocks
- ☐ Implications of poor stock control
- ☐ Just in time (JIT) management of stock

- ☐ Waste minimisation
- ☐ Competitive advantage from lean production

2.4.4 QUALITY MANAGEMENT

- ☐ Quality (control, assurance, circles, Total Quality Management)
- ☐ Continuous improvement (Kaizen)
- ☐ Competitive advantage from quality management

THEME 2 – EXTERNAL INFLUENCES

2.5.1 ECONOMIC INFLUENCES

- ☐ Inflation
- ☐ Exchange rates
- ☐ Interest rates
- ☐ Taxation and government spending
- ☐ Business cycle
- ☐ Effect of economic uncertainty on the business environment

- ☐ Consumer protection
- ☐ Employee protection
- ☐ Environmental protection
- ☐ Competition policy
- ☐ Health & safety

2.5.3 THE COMPETITIVE ENVIRONMENT

- ☐ Competition and market size

2.5.2 LEGISLATION

THEME 3 – BUSINESS DECISIONS AND STRATEGY

3.1.1 CORPORATE OBJECTIVES

- ☐ Development of corporate objectives from mission statement / corporate aims
- ☐ Critical appraisal of mission statements / corporate aims

3.1.2 THEORIES OF CORPORATE STRATEGY

- ☐ Ansoff's Matrix
- ☐ Porter's Strategy Matrix
- ☐ Aim of portfolio analysis
- ☐ Achieving competitive advantage through distinctive capabilities
- ☐ Effect of strategic and tactical decisions on human, physical and financial resources

- ☐ Objectives of growth (economies of scale, increased market power, increased market share and brand recognition, increased profitability)
- ☐ Problems arising from growth (diseconomies of scale, internal communication, overtrading)

3.2.2 MERGERS AND TAKEOVERS

- ☐ Reasons for mergers and takeovers
- ☐ Distinction between mergers and takeovers
- ☐ Horizontal and vertical integration
- ☐ Financial risks and rewards
- ☐ Problems of rapid growth

3.2.3 ORGANIC GROWTH

- ☐ Distinction between inorganic and organic growth
- ☐ Methods of growing organically
- ☐ Advantages and disadvantages of organic growth

3.2.4 REASONS FOR STAYING SMALL

- ☐ Small business survival in competitive markets (product differentiation and USPs, flexibility in responding to customer needs, customer service, e-commerce)

3.3.1 QUANTITATIVE SALES FORECASTING

- ☐ Calculation of time-series analysis (moving averages – 3 period / 4 quarter)

3.1.3 SWOT ANALYSIS

- ☐ Internal considerations: strengths and weaknesses
- ☐ External considerations: opportunities and threats

3.1.4 IMPACT OF EXTERNAL INFLUENCES

- ☐ PESTLE (political, economic social, technological, legal and environmental)
- ☐ Changing competitive environment
- ☐ Porter's Five Forces

3.2.1 GROWTH

- ☐ Interpretation of scatter graphs and line of best fit (extrapolation of past data to future)
- ☐ Limitations of quantitative sales forecasting techniques

3.3.2 INVESTMENT APPRAISAL

- ☐ Simple payback
- ☐ Average (Accounting) Rate of Return - ARR
- ☐ Discounted Cash Flow (Net Present Value (NPV) only)
- ☐ Calculations and interpretation of figures generated by investment appraisal techniques
- ☐ Limitations of investment appraisal techniques

3.3.3 DECISION TREES

- ☐ Constructions and interpretation of simple decision tree diagrams
- ☐ Calculations and interpretations of figures generated by decision tree diagrams
- ☐ Limitations of decision trees

3.3.4 CRITICAL PATH ANALYSIS

- ☐ Nature and purpose of Critical Path Analysis
- ☐ Completion and interpretation of simple networks to identify the critical path

3.4.1 CORPORATE INFLUENCES

- ☐ Corporate timescales: short-termism versus long-termism
- ☐ Evidence-based versus subjective decision making

3.4.2 CORPORATE CULTURE

- ☐ Strong and weak cultures
- ☐ Classification of company cultures (power, role, task, person)
- ☐ How corporate culture is formed
- ☐ Difficulties in changing an established culture

3.4.3 SHAREHOLDERS VERSUS STAKEHOLDERS

- ☐ Internal and external stakeholders
- ☐ Stakeholder objectives
- ☐ Stakeholder and shareholder influences
- ☐ Potential for conflict between profit-based (shareholder) and wider objectives (stakeholder)

3.4.4 BUSINESS ETHICS

- ☐ Ethics of strategic decisions (trade-offs between profit and ethics)
- ☐ Pay and rewards
- ☐ Corporate social responsibility (CSR)

3.5.1 INTERPRETATION OF FINANCIAL STATEMENTS

- ☐ Statement of comprehensive income (profit and loss account)
- ☐ Statement of financial position (balance sheet)

3.5.2 RATIO ANALYSIS

- ☐ Calculation of gearing ratio
- ☐ Calculation of return on capital employed (ROCE)
- ☐ Interpreting ratios to make business decisions

3.5.3 HUMAN RESOURCES

- ☐ Calculation and interpretation of labour productivity
- ☐ Calculation and interpretation of labour turnover and retention
- ☐ Calculation and interpretation of absenteeism
- ☐ Human resource strategies to increase productivity and retention and to reduce labour turnover and absenteeism (financial rewards, employee share ownership, consultation strategies, empowerment strategies)

3.6.1 CAUSES AND EFFECTS OF CHANGE

- ☐ Causes of change (changes in organisational size, poor business performance, new ownership, transformational leadership, market & other external factors (PESTLE))
- ☐ Possible effects of change on competitiveness, productivity, financial performance, stakeholders

3.6.2 KEY FACTORS IN CHANGE

- ☐ Organisational culture
- ☐ Size of organisation
- ☐ Time / speed of change
- ☐ Managing resistance to change

3.6.3 SCENARIO PLANNING

- ☐ Identifying key risks through risk assessment (natural disasters, IT systems failure, loss of key staff)
- ☐ Planning for risk mitigation (business continuity, succession planning)

THEME 4 – GLOBAL BUSINESS

4.1.1 GROWING ECONOMIES

- ☐ Growth rate of UK economy compared to emerging economies
- ☐ Growing economic power of countries within Asia, Africa & other regions
- ☐ Implications of economic growth for individuals and businesses (trade opportunities for businesses, employment patterns)
- ☐ Indicators of growth (GDP, literacy, health, Human Development Index HDI)

4.1.2 INTERNATIONAL TRADE AND BUSINESS GROWTH

- ☐ Exports and imports
- ☐ Link between business specialisation and competitive advantage
- ☐ Foreign direct investment (FDI) and link to business growth

4.1.3 FACTORS CONTRIBUTING TO INCREASED GLOBALISATION

- ☐ Reduction of international trade barriers / trade liberalisation
- ☐ Political change
- ☐ Reduced cost of transport and communication
- ☐ Increased significance of global (transnational) companies
- ☐ Increased investment flows (FDI)
- ☐ Migration (within and between economies)
- ☐ Growth of global labour force
- ☐ Structural change

4.1.4 PROTECTIONISM

- ☐ Tariffs
- ☐ Import quotas
- ☐ Other trade barriers (government legislation, domestic subsidies)

4.1.5 TRADING BLOCS

- ☐ Expansion of trading blocs (EU, ASEAN, NAFTA)
- ☐ Impact on businesses of trading blocs

4.2.1 CONDITIONS THAT PROMPT TRADE

- ☐ Push factors (saturated markets, competition)
- ☐ Pull factors (economies of scale, risk spreading)
- ☐ Possibility of offshoring and outsourcing

- ☐ Extending the product life cycle by selling in multiple markets

4.2.2 ASSESSMENT OF A COUNTRY AS A MARKET

- ☐ Factors to consider (levels and growth of disposable income. Ease of doing business, infrastructure, political stability, exchange rate)

4.2.3 ASSESSMENT OF A COUNTRY AS A PRODUCTION LOCATION

- ☐ Factors to consider (costs of production, skills & availability of labour force, infrastructure, location in trade bloc, govt incentives, ease of doing business, political stability, natural resources, likely return on investment)

4.2.4 REASONS FOR GLOBAL MERGERS OR JOINT VENTURES

- ☐ Spreading risk over different countries / regions
- ☐ Entering new markets / trade blocs
- ☐ Acquiring national / international brand names / patents
- ☐ Securing resources / supplies
- ☐ Maintaining / increasing global competitiveness

4.2.5 GLOBAL COMPETITIVENESS

- ☐ Impact of movements in exchange rates
- ☐ Competitive advantage through cost competitiveness / differentiation
- ☐ Skill shortages and their impact on international competitiveness

4.3.1 MARKETING

- ☐ Global marketing strategy and global localisation (globalisation)
- ☐ Different marketing approaches (domestic/ethnocentric, mixed/geocentric, international/polycentric)
- ☐ Application and adaptation of the marketing mix (4Ps) to suit global markets

4.3.2 NICHE MARKETS

- ☐ Cultural diversity
- ☐ Features of global niche markets
- ☐ Application and adaptation of the marketing mix (4Ps) to suit global niches

4.3.3 CULTURAL / SOCIAL FACTORS

☐ Considerations for businesses (cultural differences, different tastes, language, unintended meanings, inappropriate/inaccurate translations, inappropriate branding and promotion)

4.4.1 IMPACT OF MNCs

- ☐ Impact of MNCs on the local economy (local labour, wages, working conditions and job creation)
- ☐ Impact of MNCs on the national economy (FDI flows, balance of payments, technology and skills transfer, consumers, business culture, tax revenues and transfer pricing)

4.4.2 ETHICS

- ☐ Stakeholder conflicts
- ☐ Pay and working conditions
- ☐ Environmental conditions (emissions, waste disposal)
- ☐ Supply chain considerations (exploitation of labour, child labour)
- ☐ Marketing considerations (misleading product labelling, inappropriate promotional activities)

4.4.3 CONTROLLING MNCs

- ☐ Factors to consider (political influence, legal control, pressure groups, social media)