

**EDEXCEL A-LEVEL BUSINESS**

**EXAM PAPER**

**TOPIC TRACKER**

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**QUANTITATIVE AND NUMERICAL SKILLS**

Quantitative / Numerical Skills	When Examined
Percentage changes	2017, P1, Q1(a), 4 marks
Application of percentages to totals	2017, P1, Q2(b) 4 marks
Ratios: Calculation of acid test	2017, P2, Q1(b), 4 marks
Critical Path Analysis	2017, P2, Q2(a), 4 marks
Ratios: calculation of accounting ratios to support external growth choices	2017, P3, Q2(d), 20 marks
Income elasticity of demand (calculation)	2018, P1, Q1(a), 4 marks
Margin of Safety calculation	2018, P2, Q1(b), 4 marks
Calculation of labour cost per unit	2018, P2, Q2(b), 4 marks
Calculation of differences in percentage growths	2019, P1, Q1(a), 4 marks
Investment appraisal – calculation of ARR	2019, P2, Q1(b), 4 marks
Variiances – calculation of total profit variance	2019, P2, Q2(b), 4 marks
Investment appraisal – calculation of NPV & pay back to assess investment	2018, P3, Q2(c), 12 marks
Sales forecasting – calculation of 4-quarter moving averages	2019, P3, Q1(a), 20 marks

**THEME 1 - MARKETING****Key specification topics:**

Topic	When Examined
<b>1.1.1 THE MARKET</b>	
Characteristics of mass and niche markets	
Market size and market share	
Brands	
Online retailing	2019, P1, Q1(c), 10 marks
How markets change	2019, P1, Q1(d), 12 marks
Innovation and market growth	
Adapting to change	
How competition affects the market	
Difference between risk and uncertainty	
<b>1.1.2 MARKET RESEARCH</b>	
Product and market orientation	
Primary and secondary market research data	2018, P1, Q1(c), 10 marks
Limitations of market research, sample size and bias	2019, P1, Q2(a), 4 marks
Use of ICT to support market research	
Market segmentation	
<b>1.1.3 MARKET POSITIONING</b>	2017, P1, Q1(d), 12marks
Market mapping	
Competitive advantage of a product or service	
Purpose of product differentiation	
Adding value to products / services	
<b>1.2.1 DEMAND</b>	
Changes in the prices of substitutes	
Changes in consumer incomes	
Fashions, tastes and preferences	
Advertising and branding	
Demographics	
External shocks	
Seasonality	
<b>1.2.2 SUPPLY</b>	
Changes in the cost of production	
Introduction of new technology	
Indirect taxes	
Government subsidies	
External shocks	
<b>1.2.3 MARKETS</b>	
Interaction of supply and demand	
Supply and demand diagrams	2017, P1, Q1(b), 4 marks 2019, P1, Q2(b), 4 marks

Topic	When Examined
<b>1.2.4 PRICE ELASTICITY OF DEMAND (PED)</b>	2017, P3, Q1(c), 12 marks
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	
<b>1.2.5 INCOME ELASTICITY OF DEMAND (YED)</b>	
Calculation of YED	2018, P1, Q1(a), 4 marks
Interpretation of numerical values of YED	
Factors influencing YED	2019, P3, Q1(a), 8 marks
Significance of YED to businesses	
<b>1.3.1 PRODUCT / SERVICE DESIGN</b>	
Design mix (function, aesthetics, cost)	2018, P1, Q1(b), 4 marks
Resource depletion: waste minimisation, re-use & recycling	
Ethical sourcing	
<b>1.3.2 BRANDING AND PROMOTION</b>	
Types of promotion	
Types of branding	
Benefits of strong branding	2018, P3, Q1(a), 8 marks
Ways to build a brand	
Changes in branding and promotion to reflect social trends	
<b>1.3.3 PRICING STRATEGIES</b>	2019, P3, Q2(d), 20 marks
Types of pricing strategy (cost plus, price skimming, penetration, predatory, competitive, psychological)	2017, P1, Q2(a), 4 marks
Factors that determine the most appropriate price strategy	
Changes in pricing to reflect social trends	
<b>1.3.4 DISTRIBUTION</b>	
Distribution channels	2018, P1, Q1(c), 10 marks
Changes in distribution to reflect social trends	
<b>1.3.5 MARKETING STRATEGY</b>	
Product life cycle	2019, P1, Q1(b), 4 marks
Boston Matrix and the product portfolio	
Marketing strategies for different types of market	2019, P1, Q1(e), 20 marks
Consumer behaviour & building customer loyalty	

**THEME 1: MANAGING PEOPLE****Key specification topics:**

Topic	When Examined
<b>1.4.1 APPROACHES TO STAFFING</b>	
Staff as an asset; staff as a cost	
Flexible workforce	2019, P1, Q2(e), 20 marks 2018, P3, Q1(b), 10 marks
Distinction between dismissal and redundancy	
Employee /employer relationships	2019, P1, Q2(e), 20 marks
<b>1.4.2 RECRUITMENT, SELECTION &amp; TRAINING</b>	
Recruitment and selection process	
Costs of recruitment, selection and training	
Types of training	
<b>1.4.3 ORGANISATIONAL DESIGN</b>	
Structure (hierarchy, chain of command, span of control, centralised & decentralised)	2019, P1, Q2(e), 20 marks
Types of structure (tall, flat, matrix)	2017, P1, Q1(e), 20 marks
Impact of different organisational structures on business efficiency & motivation	2017, P1, Q1(e), 20 marks
<b>1.4.4 MOTIVATION IN THEORY AND PRACTICE</b>	
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)	2017, P3, Q1(d), 20 marks
Non-financial techniques to improve employee performance (delegation, consultation, empowerment, team working, flexible working, job enrichment, job rotation, job enlargement)	2017, P3, Q1(d), 20 marks
<b>1.4.5 LEADERSHIP</b>	
Distinction between management and leadership	
Types of leadership style (autocratic, paternalistic, democratic, laissez-faire)	2018, P1, Q1(e), 20 marks
<b>1.5.1 ROLE OF AN ENTREPRENEUR</b>	2017, P3, Q2(a), 8 marks
Creating and setting up a business	2018, P1, Q1(d), 12 marks
Running and expanding / developing a business	
Innovation within a business (intrapreneurship)	
Barriers to entrepreneurship	
Anticipating risk and uncertainty in the business environment	
<b>1.5.2 ENTREPRENEURIAL MOTIVES AND CHARACTERISTICS</b>	
Characteristics and skills required	
Reasons why people set up businesses (financial & non-financial)	
<b>1.5.3 BUSINESS OBJECTIVES</b>	
Survival	
Profit maximisation	
Other objectives (sales maximisation, market share, cost efficiency, employee welfare, customer satisfaction, social objectives)	

Topic	When Examined
<b>1.5.4 FORMS OF BUSINESS</b>	
Sole trader, partnership and private limited company	2018, P1, Q2(c), 10 marks
Franchising, social enterprise, lifestyle businesses, online businesses	
Growth to PLC and stock market flotation	2019, P1, Q1(c), 10 marks
<b>1.5.5 BUSINESS CHOICES</b>	
Opportunity cost	
Choices and potential trade-offs	
<b>1.5.6 MOVING FROM ENTREPRENEUR TO LEADER</b>	
Difficulties in developing from an entrepreneur to a leader	2019, P3, Q2(a), 8 marks

**THEME 2: FINANCE****Key specification topics:**

Topic	When Examined
<b>2.1.1 INTERNAL FINANCE</b>	2018, P2, Q1(a), 4 marks
Owner's capital: personal savings	
Retained profit	2019, P2, Q1(c), 10 marks
Sale of assets	
<b>2.1.2 EXTERNAL FINANCE</b>	
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)	2017, P2, Q2(c), 10 marks 2018, P2, Q2(d), 12 marks
<b>2.1.3 LIABILITY</b>	
Implications of limited and unlimited liability	
Finance appropriate for limited and unlimited liability businesses	
<b>2.1.4 PLANNING</b>	
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	2019, P2, Q2(a), 4 marks
<b>2.2.1 SALES FORECASTING</b>	
Purpose of sales forecasts	
Factors affecting sales forecasts (consumer trends, economic variables, actions of competitors)	
Difficulties of sales forecasting	
<b>2.2.2 SALES, REVENUE AND COSTS</b>	
Calculation of sales volume and sales revenue	
Calculation of fixed and variable costs	
<b>2.2.3 BREAK-EVEN</b>	
Contribution (selling price – variable cost per unit)	
Break-even point	
Using contribution to calculate break-even point	
Margin of safety	2018, P2, Q1(b), 4 marks
Interpretation of break-even charts	
Limitations of break-even analysis	
<b>2.2.4 BUDGETS</b>	
Purpose of budgets	
Types of budget (historical figures, zero-based)	
Variance analysis	2019, P2, Q2(b), 4 marks
Difficulties of budgeting	
<b>2.3.1 PROFIT</b>	
Calculation of profit (gross, operating, net)	

Topic	When Examined
Measuring profitability (gross profit margin, operating profit margin, net profit margin)	2017, P3, Q2(d), 20 marks
Ways to improve profitability	2018, P2, Q2(e), 20 marks 2019, P2, Q1(d), 12 marks
Distinction between profit and cash	
<b>2.3.2 LIQUIDITY</b>	
Measuring liquidity (current ratio, acid-test ratio)	2017, P2, Q1(b), 4 marks 2017, P3, Q2(d), 20 marks
Ways to improve liquidity	
Working capital and its management (importance of cash)	
<b>2.3.3 BUSINESS FAILURE</b>	
Internal and external causes of business failure	2018, P2, Q2(a), 4 marks 2019, P3, Q2(c), 12 marks
Financial and non-financial factors	



**THEME 2: RESOURCE MANAGEMENT****Key specification topics:**

Topic	When Examined
<b>2.4.1 PRODUCTION, PRODUCTIVITY AND EFFICIENCY</b>	
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	2018, P2, Q2(e), 20 marks
Factors influencing efficiency	
Distinction between labour- and capital-intensive production	
<b>2.4.2 CAPACITY UTILISATION</b>	
Calculation of capacity utilisation	
Implications of under- and over-utilisation of capacity	2017, P2, Q2(b), 4 marks
Ways of improving capacity utilisation	
<b>2.4.3 STOCK CONTROL</b>	
Interpretation of stock control diagram	
Buffer stocks	
Implications of poor stock control	
Just in time (JIT) management of stock	2019, P2, Q2(c), 10 marks
Waste minimisation	
Competitive advantage from lean production	
<b>2.4.4 QUALITY MANAGEMENT</b>	
Quality (control, assurance, circles, Total Quality Management)	2019, P2, Q2(e), 20 marks 2018, P3, Q2(a), 8 marks
Continuous improvement (Kaizen)	
Competitive advantage from quality management	

**THEME 2: EXTERNAL INFLUENCES****Key specification topics:**

Topic	When Examined
<b>2.5.1 ECONOMIC INFLUENCES</b>	2018, P2, Q1(d), 12 marks
Inflation	
Exchange rates	2019, P3, Q1(c), 12 marks
Interest rates	
Taxation and government spending	
Business cycle	
Effect of economic uncertainty on the business environment	
<b>2.5.2 LEGISLATION</b>	
Consumer protection	2019, P3, Q2(b), 10 marks
Employee protection	2018, P2, Q2(c), 10 marks
Environmental protection	
Competition policy	
Health & safety	
<b>2.5.3 THE COMPETITIVE ENVIRONMENT</b>	
Competition and market size	2017, P2, Q1(c), 10 marks

**THEME 3: BUSINESS DECISIONS AND STRATEGY****Key specification topics:**

Topic	When Examined
<b>3.1.1 CORPORATE OBJECTIVES</b>	
Development of corporate objectives from mission statement / corporate aims	2017, P2, Q1(a), 4 marks
Critical appraisal of mission statements / corporate aims	
<b>3.1.2 THEORIES OF CORPORATE STRATEGY</b>	
Ansoff's Matrix	2018, P2, Q1(e), 20 marks 2018, P2, Q2(e), 20 marks 2019, P2, Q1(e), 20 marks 2019, P3, Q1(d), 20 marks
Porter's Strategy Matrix	2018, P2, Q1(e), 20 marks 2018, P3, Q2(d), 20 marks
Aim of portfolio analysis	
Achieving competitive advantage through distinctive capabilities	
Effect of strategic and tactical decisions on human, physical and financial resources	
<b>3.1.3 SWOT ANALYSIS</b>	
Internal considerations: strengths and weaknesses	
External considerations: opportunities and threats	
<b>3.1.4 IMPACT OF EXTERNAL INFLUENCES</b>	
PESTLE (political, economic social, technological, legal and environmental)	
Changing competitive environment	2017, P2, Q1(c), 10 marks
Porter's Five Forces	
<b>3.2.1 GROWTH</b>	
Objectives of growth (economies of scale, increased market power, increased market share and brand recognition, increased profitability)	2017, P2, Q1(e), 20 marks 2018, P2, Q1(e), 20 marks 2019, P2, Q1(e), 20 marks 2018, P3, Q1(d), 20 marks
Problems arising from growth (diseconomies of scale, internal communication, overtrading)	
<b>3.2.2 MERGERS AND TAKEOVERS</b>	2017, P3, Q2(c), 12 marks 2017, P3, Q2(d), 20 marks 2018, P3, Q1(d), 20 marks
Reasons for mergers and takeovers	
Distinction between mergers and takeovers	
Horizontal and vertical integration	2017, P2, Q2(d), 12 marks
Financial risks and rewards	2017, P2, Q2(d), 12 marks
Problems of rapid growth	
<b>3.2.3 ORGANIC GROWTH</b>	
Distinction between inorganic and organic growth	
Methods of growing organically	
Advantages and disadvantages of organic growth	2018, P2, Q1(c), 10 marks
<b>3.2.4 REASONS FOR STAYING SMALL</b>	

Topic	When Examined
Small business survival in competitive markets (product differentiation and USPs, flexibility in responding to customer needs, customer service, e-commerce)	2019, P2, Q1(a), 4 marks
<b>3.3.1 QUANTITATIVE SALES FORECASTING</b>	
Calculation of time-series analysis (moving averages – 3 period / 4 quarter)	2019, P3, Q1(d), 20 marks
Interpretation of scatter graphs and line of best fit (extrapolation of past data to future)	
Limitations of quantitative sales forecasting techniques	2017, P3, Q1(b), 10 marks
<b>3.3.2 INVESTMENT APPRAISAL</b>	
Simple payback	
Average (Accounting) Rate of Return - ARR	2019, P2, Q1(b), 4 marks
Discounted Cash Flow (Net Present Value (NPV) only)	
Calculations and interpretation of figures generated by investment appraisal techniques	
Limitations of investment appraisal techniques	
<b>3.3.3 DECISION TREES</b>	
Constructions and interpretation of simple decision tree diagrams	
Calculations and interpretations of figures generated by decision tree diagrams	
Limitations of decision trees	
<b>3.3.4 CRITICAL PATH ANALYSIS</b>	
Nature and purpose of Critical Path Analysis	
Completion and interpretation of simple networks to identify the critical path	2017, P2, Q2(a), 4 marks
<b>3.4.1 CORPORATE INFLUENCES</b>	
Corporate timescales: short-termism versus long-termism	2018, P2, Q2(d), 12 marks
Evidence-based versus subjective decision making	
<b>3.4.2 CORPORATE CULTURE</b>	2017, P3, Q2(c), 12 marks
Strong and weak cultures	
Classification of company cultures (power, role, task, person)	
How corporate culture is formed	
Difficulties in changing an established culture	
<b>3.4.3 SHAREHOLDERS VERSUS STAKEHOLDERS</b>	2017, P2, Q2(e), 20 marks
Internal and external stakeholders	
Stakeholder objectives	
Stakeholder and shareholder influences	
Potential for conflict between profit-based (shareholder) and wider objectives (stakeholder)	
<b>3.4.4 BUSINESS ETHICS</b>	
Ethics of strategic decisions (trade-offs between profit and ethics)	2017, P3, Q1(a), 8 marks
Pay and rewards	
Corporate social responsibility (CSR)	2019, P2, Q1(d), 12 marks 2018, P3, Q2(b), 10 marks
<b>3.5.1 INTERPRETATION OF FINANCIAL STATEMENTS</b>	
Statement of comprehensive income (profit and loss account)	
Statement of financial position (balance sheet)	

Topic	When Examined
<b>3.5.2 RATIO ANALYSIS</b>	
Calculation of gearing ratio	2017, P3, Q2(d), 20 marks
Calculation of return on capital employed (ROCE)	2017, P3, Q2(d), 20 marks
Interpreting ratios to make business decisions	2017, P3, Q2(d), 20 marks
Limitations of ratio analysis	
<b>3.5.3 HUMAN RESOURCES</b>	
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)	2017, P3, Q1(d), 20 marks
<b>3.6.1 CAUSES AND EFFECTS OF CHANGE</b>	
Causes of change (changes in organisational size, poor business performance, new ownership, transformational leadership, market & other external factors (PESTLE))	2017, P2, Q1(d), 12 marks
Possible effects of change on competitiveness, productivity, financial performance, stakeholders	
<b>3.6.2 KEY FACTORS IN CHANGE</b>	
Organisational culture	
Size of organisation	
Time / speed of change	
Managing resistance to change	
<b>3.6.3 SCENARIO PLANNING</b>	2019, P2, Q2(d), 12 marks
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****Key specification topics:**

Topic	When Examined
<b>4.1.1 GROWING ECONOMIES</b>	
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)	
<b>4.1.2 INTERNATIONAL TRADE AND BUSINESS GROWTH</b>	
Exports and imports	2018, P1, Q2(b), 4 marks
Link between business specialisation and competitive advantage	2017, P1, Q2(c), 10 marks
Foreign direct investment (FDI) and link to business growth	
<b>4.1.3 FACTORS CONTRIBUTING TO INCREASED GLOBALISATION</b>	
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	
<b>4.1.4 PROTECTIONISM</b>	
Tariffs	
Import quotas	
Other trade barriers (government legislation, domestic subsidies)	
<b>4.1.5 TRADING BLOCS</b>	
Expansion of trading blocs (EU, ASEAN, NAFTA)	
Impact on businesses of trading blocs	
<b>4.2.1 CONDITIONS THAT PROMPT TRADE</b>	
Push factors (saturated markets, competition)	
Pull factors (economies of scale, risk spreading)	
Possibility of off-shoring and outsourcing	
Extending the product life cycle by selling in multiple markets	
<b>4.2.2 ASSESSMENT OF A COUNTRY AS A MARKET</b>	
Factors to consider (levels and growth of disposable income. Ease of doing business, infrastructure, political stability, exchange rate)	2017, P3, Q2(b), 10 marks
<b>4.2.3 ASSESSMENT OF A COUNTRY AS A PRODUCTION LOCATION</b>	
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)	2018, P1, Q2(d), 12 marks 2017, P3, Q2(b), 10 marks
<b>4.2.4 REASONS FOR GLOBAL MERGERS OR JOINT VENTURES</b>	2017, P1, Q2(d), 12 marks 2018, P3, Q1(d), 20 marks

Topic	When Examined
Spreading risk over different countries / regions	
Entering new markets / trade blocs	2019, P1, Q2(c), 10 marks
Acquiring national / international brand names / patents	
Securing resources / supplies	
Maintaining / increasing global competitiveness	
<b>4.2.5 GLOBAL COMPETITIVENESS</b>	2018, P3, Q2(d), 20 marks
Impact of movements in exchange rates	
Competitive advantage through cost competitiveness / differentiation	
Skill shortages and their impact on international competitiveness	
<b>4.3.1 MARKETING</b>	2018, P3, Q2(d), 20 marks 2019, P3, Q1(b), 10 marks
Global marketing strategy and global localisation (glocalisation)	
Different marketing approaches (domestic/ethnocentric, mixed/geocentric, international/polycentric)	2019, P1, Q1(e), 20 marks
Application and adaptation of the marketing mix (4Ps) to suit global markets	2019, P1, Q2(d), 12 marks
<b>4.3.2 NICHE MARKETS</b>	
Cultural diversity	
Features of global niche markets	
Application and adaptation of the marketing mix (4Ps) to suit global niches	2018, P1, Q2(e), 20 marks
<b>4.3.3 CULTURAL / SOCIAL FACTORS</b>	
Considerations for businesses (cultural differences, different tastes, language, unintended meanings, inappropriate/inaccurate translations, inappropriate branding and promotion)	2017, P3, Q2(b), 10 marks 2018, P3, Q1(c), 12 marks
<b>4.4.1 IMPACT OF MNCs</b>	2017, P1, Q2(e), 20 marks
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)	
<b>4.4.2 ETHICS</b>	
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)	
<b>4.4.3 CONTROLLING MNCs</b>	
Factors to consider (political influence, legal control, pressure groups, social media)	2017, P3, Q2(b), 10 marks

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