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# GCSE BUSINESS

(8132)

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**Specification**

For teaching from September 2017 onwards  
For exams in 2019 onwards

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Version 1.0 19 August 2016





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## Are you using the latest version of this specification?

- You will always find the most up-to-date version of this specification on our website at [aqa.org.uk/8132](https://www.aqa.org.uk/8132)
- We will write to you if there are significant changes to the specification.

# 1 Introduction

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## 1.1 Why choose AQA for GCSE Business

Our new specification will give you and your students the opportunity to explore real business issues and how businesses work. The clear and straightforward structure to our new specification will support your teaching and students' learning.

Whilst refreshing the content, you'll also see familiar topics from our previous qualification.

You can find out about all our Business qualifications at [aqa.org.uk/business](http://aqa.org.uk/business)

### 1.1.1 A relevant and diverse specification

Students will consider the practical application of business concepts. The units provide opportunities to explore theories and concepts in the most relevant way, through the context of events in the business and economic world.

The knowledge and skills gained from this specification will provide your students with a firm foundation for further study.

### 1.1.2 Clear, well structured exams, accessible for all

To enable your students to show their breadth of knowledge and understanding, we've created a simple and straightforward structure and layout for both our papers, using a mix of question styles.

## 1.2 Support and resources to help you teach

We've worked with experienced teachers to provide you with a range of resources that will help you confidently plan, teach and prepare for exams.

### 1.2.1 Teaching resources

Visit [aqa.org.uk/8132](http://aqa.org.uk/8132) to see all our teaching resources. They include:

- flexible sample schemes of work to help you plan for course delivery in your own way
- individual lesson plans on specific topic areas to assist you in providing continuity and progression in teaching
- student textbooks and e-learning materials that have been checked by AQA
- training courses to help you deliver AQA Business qualifications
- subject expertise courses for all teachers, from newly-qualified teachers who are just getting started to experienced teachers looking for fresh inspiration.

### 1.2.2 Preparing for exams

Visit [aqa.org.uk/8132](http://aqa.org.uk/8132) for everything you need to prepare for our exams, including:

- past papers, mark schemes and examiners' reports
- specimen papers and mark schemes for new courses
- example student answers with examiner commentaries.

## Analyse your students' results with Enhanced Results Analysis (ERA)

Find out which questions were the most challenging, how the results compare to previous years and where your students need to improve. ERA, our free online results analysis tool, will help you see where to focus your teaching. Register at [aqa.org.uk/era](http://aqa.org.uk/era)

For information about results, including maintaining standards over time, grade boundaries and our post-results services, visit [aqa.org.uk/results](http://aqa.org.uk/results)

## Keep your skills up-to-date with professional development

Wherever you are in your career, there's always something new to learn. As well as subject specific training, we offer a range of courses to help boost your skills.

- Improve your teaching skills in areas including differentiation, teaching literacy and meeting Ofsted requirements.
- Prepare for a new role with our leadership and management courses.

You can attend a course at venues around the country, in your school or online – whatever suits your needs and availability. Find out more at [coursesandevents.aqa.org.uk](http://coursesandevents.aqa.org.uk)

## Help and support

Visit our website for information, guidance, support and resources at [aqa.org.uk/8132](http://aqa.org.uk/8132)

If you'd like us to share news and information about this qualification, sign up for emails and updates at [aqa.org.uk/from-2017](http://aqa.org.uk/from-2017)

Alternatively, you can call or email our subject team direct.

E: [Business-studies@aqa.org.uk](mailto:Business-studies@aqa.org.uk)

T: 01483 477 863

## 2 Specification at a glance

This qualification is linear. Linear means that students will sit all their exams at the end of the course.

### 2.1 Subject content

1. [Business in the real world](#) (page 9)
2. [Influences on business](#) (page 13)
3. [Business operations](#) (page 16)
4. [Human resources](#) (page 19)
5. [Marketing](#) (page 20)
6. [Finance](#) (page 25)

### 2.2 Assessments

Paper 1: Influences of operations and HRM on business activity
<b>What's assessed</b> <ul style="list-style-type: none"><li>• Business in the real world</li><li>• Influences on business</li><li>• Business operations</li><li>• Human resources</li></ul>
<b>How it's assessed</b> <ul style="list-style-type: none"><li>• Written exam: 1 hour 45 minutes</li><li>• 90 marks</li><li>• 50% of GCSE</li></ul>
<b>Questions</b> <ul style="list-style-type: none"><li>• Section A has multiple choice questions and short answer questions worth 20 marks.</li><li>• Section B has one case study/data response stimuli with questions worth approximately 34 marks.</li><li>• Section C has one case study/data response stimuli with questions worth approximately 36 marks.</li></ul>



**Paper 2: Influences of marketing and finance on business activity**

**What's assessed**

- Business in the real world
- Influences on business
- Marketing
- Finance

**How it's assessed**

- Written exam: 1 hour 45 minutes
- 90 marks
- 50% of GCSE

**Questions**

- Section A has multiple choice questions and short answer questions worth 20 marks.
- Section B has one case study/data response stimuli with questions worth approximately 34 marks.
- Section C has one case study/data response stimuli with questions worth approximately 36 marks.



## 3 Subject content

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Students apply their knowledge and understanding to different business contexts ranging from small enterprises to large multinationals and businesses operating in local, national and global contexts. Students develop an understanding of how these contexts impact on business behaviour.

Students will apply their knowledge and understanding to business decision making including:

- the interdependent nature of business activity, influences on business, business operations, finance, marketing and human resources, and how these interdependencies underpin business decision making
- how different business contexts affect business decisions
- the use and limitation of quantitative and qualitative data in making business decisions.

Our specification requires students to draw on the knowledge and understanding to:

- use business terminology to identify and explain business activity
- apply business concepts to familiar and unfamiliar contexts
- develop problem solving and decision making skills relevant to business
- investigate, analyse and evaluate business opportunities and issues
- make justified decisions using both qualitative and quantitative data including its selection, interpretation, analysis and evaluation, and the application of appropriate quantitative skills.

### 3.1 Business in the real world

The purpose of business activity, the role of business enterprise and entrepreneurship, and the dynamic nature of business.

Students need to be aware of the impact business in the real world has on the four functional areas of business:

- business operations
- human resources
- marketing
- finance.

### 3.1.1 The purpose and nature of businesses

Content	Additional information
<ul style="list-style-type: none"> <li>• Purpose of business</li> <li>• Reasons for starting a business</li> <li>• Basic functions and types of business</li> <li>• Business enterprise and entrepreneurship</li> <li>• Dynamic nature of business</li> </ul>	<p>Students should be able to:</p> <ul style="list-style-type: none"> <li>• understand what a business is and the reasons for starting a business (including producing goods, supplying services, distributing products, fulfilling a business opportunity and providing a good or service to benefit others)</li> <li>• understand the difference between goods and services, needs and wants</li> <li>• understand the meaning of factors of production – land, labour, capital, enterprise</li> <li>• define opportunity cost</li> <li>• define the three sectors of primary, secondary and tertiary and give examples of types of business that operate in each sector</li> <li>• understand the term enterprise and what is meant by an entrepreneur</li> <li>• outline the characteristics of an entrepreneur, such as hard working, innovative, organised and willingness to take a risk</li> <li>• outline the objectives of an entrepreneur, including to be their own boss, flexible working hours, to pursue an interest, earn more money, identify a gap in the market and dissatisfaction with current job</li> <li>• understand that businesses face a constantly changing business environment due to changes in technology, economic situation, legislation and environmental expectations.</li> </ul>

### 3.1.2 Business ownership

Content	Additional information
<ul style="list-style-type: none"> <li>• Sole traders</li> <li>• Partnerships</li> <li>• Private limited companies (ltd)</li> <li>• Public limited companies (plc)</li> <li>• Not-for-profit organisations</li> </ul>	<p>Students should be able to:</p> <ul style="list-style-type: none"> <li>• understand the different legal structures that businesses adopt</li> <li>• analyse the benefits and drawbacks of each legal structure (including issues such as management and control, sources of finance available, liability and distribution of profits)</li> <li>• understand the concept of limited liability and which legal structures benefit from this</li> <li>• evaluate which legal structure would be most appropriate for a variety of business examples, including new start-up businesses and large established businesses.</li> </ul> <p>Students are not expected to have an understanding of the legal process of incorporation.</p>

### 3.1.3 Setting business aims and objectives

Content	Additional information
<ul style="list-style-type: none"> <li>• What are business aims and objectives</li> <li>• Purpose of setting objectives</li> <li>• Role of objectives in running a business</li> <li>• Changing objectives</li> <li>• Use of objectives in judging success</li> </ul>	<p>Students should be able to:</p> <ul style="list-style-type: none"> <li>• understand the main aims and objectives for businesses: survival, profit maximisation, growth (domestic and international), market share, customer satisfaction, social and ethical objectives and shareholder value</li> <li>• understand the role of objectives in running a business</li> <li>• understand how and why the objectives set will differ between businesses (reasons include the size of the business, level of competition faced and type of business (not-for-profit organisations))</li> <li>• understand how and why the objectives set may change as businesses evolve. Students should consider how the objectives of larger more established businesses might differ from smaller start-up businesses, eg becoming the dominant business in the market, international expansion, increasing shareholder value and ethical and environmental considerations</li> <li>• understand the success of a business can be measured in other ways than profit.</li> </ul>

### 3.1.4 Stakeholders

Content	Additional information
<ul style="list-style-type: none"> <li>• Main stakeholders of businesses</li> <li>• Objectives of stakeholders</li> <li>• Impact of business activity on stakeholders</li> <li>• Impact and influence stakeholders have on businesses</li> </ul>	<p>Students should be able to:</p> <ul style="list-style-type: none"> <li>• understand what is meant by a stakeholder and who the main stakeholders of a business are, including owners, employees, customers, local community and suppliers</li> <li>• understand stakeholders' main objectives including maximising pay for workers, minimising environmental impact on local community and high dividend payments for owners</li> <li>• understand the impact and influence stakeholders have on businesses and their objectives and how businesses may face conflict between stakeholders.</li> </ul>

### 3.1.5 Business location

Content	Additional information
Factors influencing the location decision of a business	Students should be able to understand the factors that influence where a business is located, including proximity to the market, availability of raw materials, labour, competition and costs.

### 3.1.6 Business planning

Content	Additional information
<ul style="list-style-type: none"> <li>• The purpose of business planning</li> <li>• The main sections within a business plan</li> <li>• Basic financial terms</li> <li>• Basic financial calculations</li> </ul>	<p>Students should be able to:</p> <ul style="list-style-type: none"> <li>• understand the reasons why businesses create plans, including importance in setting up a new business, raising finance, setting objectives and detailing how functions of a business will be organised</li> <li>• understand the main sections of a business plan</li> <li>• analyse the benefits and drawbacks of business planning</li> <li>• understand the difference between variable costs, fixed costs and total costs</li> <li>• understand the concept of revenue, costs, profit and loss.</li> </ul> <p>Students will not be expected to write a business plan.</p>

### 3.1.7 Expanding a business

Content	Additional information
<ul style="list-style-type: none"> <li>• Methods of expansion</li> <li>• Benefits and drawbacks of expansion</li> <li>• Economies of scale</li> <li>• Diseconomies of scale</li> </ul>	<p>Students should be able to:</p> <ul style="list-style-type: none"> <li>• discuss the advantages and disadvantages of methods of growth</li> <li>• understand the methods used by businesses when expanding (organic growth through franchising, opening new stores and expanding through e-commerce, outsourcing and external growth through mergers and takeovers)</li> <li>• understand the benefits of growth in terms of unit cost advantages due to economies of scale and the drawbacks of growth due to diseconomies of scale</li> <li>• understand the meaning of purchasing and technical economies of scale</li> <li>• understand that with growth businesses increase the risk of diseconomies of scale occurring due to poor communication, coordination issues and reduced staff motivation</li> <li>• calculate and interpret average unit costs.</li> </ul>

## 3.2 Influences on business

The importance of external influences on business and how businesses change in response to these influences.

Students need to be aware of the impact influences on business have on the four functional areas of business:

- business operations
- human resources
- marketing
- finance.

### 3.2.1 Technology

Content	Additional information
<ul style="list-style-type: none"> <li>• E-commerce</li> <li>• Digital communication</li> </ul>	<p>Students should understand the impact of the changing use of ICT and how it influences business activity.</p> <p>E-commerce to access wider markets.</p> <p>Digital communication changing the way businesses communicate with stakeholders. Students are expected to know relevant examples of digital technology/communication.</p>

### 3.2.2 Ethical and environmental considerations

Content	Additional information
Ethical considerations	<p>Students should be able to identify and analyse where there may be a possible trade off between ethics and profit.</p> <p>Ethical behaviour requires businesses to act in ways that stakeholders consider to be both fair and honest.</p> <p>Students are expected to know relevant examples of ways in which a business can behave ethically and the benefits and drawbacks of ethical behaviour.</p>
Environmental considerations: <ul style="list-style-type: none"> <li>• impact on traffic congestion</li> <li>• recycling</li> <li>• disposing of waste</li> <li>• noise and air pollution.</li> </ul>	<p>Students should be able to demonstrate knowledge and understanding of how business and consumers accept greater environmental responsibility in their decision making and the costs and benefits of businesses behaving this way.</p>
Sustainability: <ul style="list-style-type: none"> <li>• global warming</li> <li>• using scarce resources.</li> </ul>	<p>Students should be able to identify and analyse where there may be a possible trade-off between sustainability and profit.</p>

### 3.2.3 The economic climate on businesses

Content	Additional information
<ul style="list-style-type: none"> <li>• Interest rates:               <ul style="list-style-type: none"> <li>• how fluctuating interest rates can affect businesses that rely on overdrafts and loans for finance</li> <li>• how fluctuating interest rates can affect consumer and business spending.</li> </ul> </li> <li>• Level of employment</li> <li>• Consumer spending</li> </ul>	<p>Students should be able to demonstrate and understand how businesses might be affected by changes in the rate of interest.</p> <p>Students should be able to identify how and why businesses might be affected by changes in levels of employment.</p> <p>Students should be able to discuss how demand for products and services may change as incomes fluctuate.</p> <p>Economic theory relating to how/why interest rates change is not required.</p>

### 3.2.4 Globalisation

Content	Additional information
<p>How UK businesses compete internationally, offering:</p> <ul style="list-style-type: none"> <li>• better designs</li> <li>• higher quality products at lower prices.</li> </ul>	<p>Students should be able to demonstrate knowledge and understanding of globalisation and the benefits and drawbacks that it offers UK businesses.</p>
<p>Exchange rates</p>	<p>Students should understand the impact of exchange rates on the profit and sales of those businesses that import and/or export.</p> <p>They will not be asked to calculate exchange rate conversions.</p>

### 3.2.5 Legislation

Content	Additional information
<ul style="list-style-type: none"> <li>• Employment law</li> <li>• Health and Safety law</li> <li>• Consumer law</li> </ul>	<p>Students should be able to assess the impact of legislation on businesses, for example cost, training needs, recruitment and the consequences of failure to follow legislation for the business.</p> <p>Students should be aware of the benefits for providing a safe working environment.</p> <p>Employment law including:</p> <ul style="list-style-type: none"> <li>• national minimum wage/living wage</li> <li>• the Equality Act (2010).</li> </ul> <p>Health and safety law including: the Health and Safety at Work Act (1974).</p> <p>Consumer law including trade descriptions.</p> <p>Only brief knowledge of each law is needed. More emphasis should be placed on the effects of the legislation on businesses.</p>

### 3.2.6 Competitive environment

Content	Additional information
<ul style="list-style-type: none"> <li>• Impact on businesses of operating in competitive markets</li> <li>• Uncertainty and risks businesses face</li> </ul>	<p>Students should be able to:</p> <ul style="list-style-type: none"> <li>• understand the meaning of a market and competition</li> <li>• analyse potential impacts of competition on businesses and identify situations when businesses face minimal or no competition</li> <li>• understand the risks businesses face and the reasons why all businesses face uncertainty</li> <li>• understand the reason why entrepreneurs embark on running businesses and the activities businesses can undertake to minimise risks.</li> </ul>

## 3.3 Business operations

Students should understand the interdependent nature of business operations, human resources, marketing and finance. Students should be able to give examples of how business objectives would be split into functional plans with clear links throughout.

What business operations involve, their role within the production of goods and the provision of services, and how they influence business activity.

### 3.3.1 Production processes

Content	Additional information
<p>Methods of production:</p> <ul style="list-style-type: none"> <li>• job</li> <li>• flow.</li> </ul>	<p>Students should be familiar with job and flow production methods and understand when each is appropriate.</p>
<p>Efficiency in production:</p> <ul style="list-style-type: none"> <li>• lean production</li> <li>• just in time (JIT).</li> </ul>	<p>Students should consider how production might be made more efficient by the use of lean production techniques.</p>



### 3.3.2 The role of procurement

Content	Additional information
<p>Managing stock:</p> <ul style="list-style-type: none"> <li>• Just in time (JIT)</li> <li>• Just in case (JIC).</li> </ul>	<p>Students should be able to evaluate the use of managing stock using JIT to a given business.</p> <p>Students should recognise that the benefits of reduced costs must be balanced against the cost of more frequent deliveries and lost purchasing economies of scale.</p> <p>The benefits of having spare stock to satisfy demand balanced against the cost of holding buffer stock.</p> <p>Students will not be asked to draw or interpret stock control charts.</p>
<p>Factors affecting choice of suppliers including:</p> <ul style="list-style-type: none"> <li>• price</li> <li>• quality</li> <li>• reliability.</li> </ul>	<p>Students should be able to analyse the factors that affect the choice of supplier for a given business.</p>
<p>The effects of procurement and logistics on a business, including:</p> <ul style="list-style-type: none"> <li>• efficiency</li> <li>• lower unit costs.</li> </ul> <p>The value of effective supply chain management, including:</p> <ul style="list-style-type: none"> <li>• working with suppliers to ensure that key processes are running efficiently and cost effectively</li> <li>• getting goods and services for the best price and value</li> <li>• cutting any waste and unnecessary costs to create a streamlined process and fast production times.</li> </ul>	<p>Students should understand what procurement and logistics are and their effect on a business.</p> <p>Students should recognise that the benefits of reduced costs must be balanced against the quality of service.</p> <p>Students should understand what a supply chain is and recognise the benefits of managing an effective supply chain.</p>

### 3.3.3 The concept of quality

Content	Additional information
<p>Consequences of quality issues</p>	<p>Students should have an understanding of customer expectations of quality in terms of production of goods and the provision of services.</p> <p>How businesses identify quality problems and how businesses measure quality and the consequences of these issues.</p>

Content	Additional information
Methods of maintaining consistent quality: Total quality management (TQM)	Students should be aware of the methods of maintaining consistent quality and be able to identify the advantages to a business of using TQM.
Costs and benefits of maintaining quality: <ul style="list-style-type: none"> <li>• additional sales</li> <li>• image/reputation</li> <li>• higher price</li> <li>• inspection costs</li> <li>• staff training</li> <li>• product recalls</li> <li>• the provision of services.</li> </ul>	Students should be aware of the possible quality issues as businesses grow, particularly if outsourcing and franchising is used.

### 3.3.4 Good customer services

Content	Additional information
Methods of good service: <ul style="list-style-type: none"> <li>• product knowledge</li> <li>• customer engagement (creating a positive experience for the customer)</li> <li>• post sales services (eg user training, help lines, servicing).</li> </ul> Benefits of good customer service, including: <ul style="list-style-type: none"> <li>• increase in customer satisfaction</li> <li>• customer loyalty</li> <li>• increased spend</li> <li>• profitability.</li> </ul> Dangers of poor customer service, including: <ul style="list-style-type: none"> <li>• dissatisfied customers</li> <li>• poor reputation via word of mouth</li> <li>• reduction in revenue.</li> </ul>	Students should understand the sales process.  Students should be able to understand the importance of providing good service to customers and analyse the techniques businesses use to provide good customer service.
The ways in which advances in ICT have allowed customer services to develop: <ul style="list-style-type: none"> <li>• websites</li> <li>• e-commerce</li> <li>• social media.</li> </ul>	

## 3.4 Human resources

Students should understand the interdependent nature of business operations, human resources, marketing and finance. Students should be able to give examples of how business objectives would be split into functional plans with clear links throughout.

The purpose of human resources, its role within business and how it influences business activity.

### 3.4.1 Organisational structures

Content	Additional information
<ul style="list-style-type: none"> <li>Organisational structures</li> <li>Appropriateness of organisational structures</li> <li>Centralisation and decentralisation</li> </ul>	<p>Students should be able to understand:</p> <ul style="list-style-type: none"> <li>internal organisational structures, span of control, chain of command, layering and delegation</li> <li>why businesses have internal organisational structures, including an understanding of different job roles and responsibilities throughout the business</li> <li>the impact that having a tall or flat organisational structure has on how a business is managed</li> <li>how organisational structure may affect the different ways of communication.</li> </ul>

### 3.4.2 Recruitment and selection of employees

Content	Additional information
<ul style="list-style-type: none"> <li>The need for recruitment</li> <li>Methods of recruitment and selection of employees</li> <li>Contracts of employment</li> </ul>	<p>Students should be able to:</p> <ul style="list-style-type: none"> <li>understand the difference between internal and external recruitment and the benefits and drawbacks of each approach</li> <li>outline the main stages in the recruitment and selection process, including an understanding of job analysis, job description, person specification, and selection methods</li> <li>analyse the benefits of having an effective recruitment and selection process for a business, including high productivity, high quality output or customer service and staff retention</li> <li>understand the difference between part time and full time contracts, job share and zero hour contracts</li> <li>understand the benefits of full and part time employment.</li> </ul>

### 3.4.3 Motivating employees

Content	Additional information
<ul style="list-style-type: none"> <li>• Importance of motivation in the workforce</li> <li>• Methods to motivate staff</li> </ul>	<p>Students should be able to:</p> <ul style="list-style-type: none"> <li>• understand the benefits of a motivated workforce, such as staff retention and high productivity</li> <li>• understand the use of financial methods of motivation (including an understanding of the main methods of payment including salary, wage, commission and profit sharing)</li> <li>• understand the use of non-financial methods of motivation, including styles of management, importance of training and greater responsibility, fringe benefits.</li> </ul> <p>Specific motivational theories (such as Maslow) will not be examined.</p>

### 3.4.4 Training

Content	Additional information
<ul style="list-style-type: none"> <li>• Importance of training the workforce</li> <li>• Types of training undertaken by businesses</li> </ul>	<p>Students should be able to:</p> <ul style="list-style-type: none"> <li>• explain the benefits of training employees for a business, including increased productivity, ability to deal with changes in technology, increased motivation, staff retention, production of high quality goods and good customer service</li> <li>• understand the methods of training undertaken by businesses, including induction training, on the job training and off the job training</li> <li>• explain the benefits of induction training</li> <li>• analyse the benefits and drawbacks of on the job and off the job training and evaluate which would be the most appropriate method for a variety of businesses.</li> </ul>

## 3.5 Marketing

Students should understand the interdependent nature of business operations, human resources, marketing and finance. Students should be able to give examples of how business objectives would be split into functional plans with clear links throughout.

The purpose of marketing, its role within business and how it influences business activity.

### 3.5.1 Identifying and understanding customers

Content	Additional information
The importance of identifying and satisfying customer needs	<p>Students should understand the importance of identifying and satisfying customer needs, in order to:</p> <ul style="list-style-type: none"> <li>• provide a product or service that customers will buy</li> <li>• increase sales</li> <li>• select the correct marketing mix</li> <li>• avoid costly mistakes</li> <li>• be competitive.</li> </ul>

### 3.5.2 Segmentation

Content	Additional information
Types of segmentation	<p>Students should understand how and why different businesses use segmentation to target customers, including:</p> <ul style="list-style-type: none"> <li>• gender</li> <li>• age</li> <li>• location</li> <li>• income.</li> </ul>

### 3.5.3 The purpose and methods of market research

Content	Additional information
<p>Purpose of market research</p> <p>Collect information about:</p> <ul style="list-style-type: none"> <li>• demand</li> <li>• competition</li> <li>• target market.</li> </ul>	<p>Students should understand why businesses conduct market research, such as to identify market opportunities and to get a better insight into their customers and competitors.</p>
<p>Methods of market research to include primary and secondary:</p> <ul style="list-style-type: none"> <li>• questionnaires</li> <li>• surveys</li> <li>• interviews</li> <li>• focus groups</li> <li>• internet research</li> <li>• printed press eg newspapers.</li> </ul>	<p>Students should understand the difference between qualitative and quantitative market research.</p> <p>Students should identify the benefits and drawbacks for various market research techniques and select the best method for a given business.</p>

Content	Additional information
Use of market research: information that may help decision making	<p>Students should be able to interpret and use qualitative and quantitative market research findings to help make appropriate decisions for different types of business.</p> <p>Students should be expected to manipulate and interpret data from tables and charts.</p> <p>Students should be able to identify market size and market share.</p>

### 3.5.4 The elements of the marketing mix: price, product, promotion and place (4Ps)

Content	Additional information
Pricing methods, including: <ul style="list-style-type: none"> <li>• price skimming</li> <li>• price penetration</li> <li>• competitive pricing</li> <li>• loss leader</li> <li>• cost-plus.</li> </ul>	Students should have an understanding of the main features of pricing methods and the impact they will have on a business.
The factors that influence pricing decisions, including: <ul style="list-style-type: none"> <li>• costs</li> <li>• nature of the market</li> <li>• degree of competition</li> <li>• product life cycle.</li> </ul>	<p>Students should be able to recognise the factors, internal and external, which might influence the pricing decision, particularly as businesses grow and expand. They should be able to evaluate the factors and use them to assess the suitability of pricing methods for a given business.</p> <p>Students should have an understanding of the basic relationship between price and demand ie as prices rise demand is likely to fall.</p>
Product	<p>Students should understand the benefits and risks of developing new products.</p> <p>Students should understand the importance of product design, image and the needs of the target market when designing new products.</p>
Product differentiation: <ul style="list-style-type: none"> <li>• unique selling point (USP)</li> <li>• brand image.</li> </ul>	Students should appreciate the significance of having a USP in a competitive market and the importance of a good brand image.

Content	Additional information
<p>The product life cycle:</p> <ul style="list-style-type: none"><li>• research and development</li><li>• introduction</li><li>• growth</li><li>• maturity</li><li>• decline</li><li>• extension strategies:<ul style="list-style-type: none"><li>• updating packaging</li><li>• adding more or different features</li><li>• changing target market</li><li>• advertising</li><li>• price reduction.</li></ul></li></ul>	<p>Students should have an understanding of the product life cycle and demonstrate how demand for a product or service might change over time.</p> <p>Students should be able to evaluate the effectiveness of extension strategies and when they would be suitable.</p>
<p>Product portfolio</p>	<p>Students should understand how and why businesses might broaden and balance their product portfolio using the Boston Matrix.</p> <p>Students should be able to identify and explain the four categories of the Boston Box.</p>

Content	Additional information
<p>Promotional methods:</p> <ul style="list-style-type: none"> <li>• advertising, including: <ul style="list-style-type: none"> <li>• newspapers</li> <li>• magazines</li> <li>• television</li> <li>• internet</li> <li>• billboards.</li> </ul> </li> <li>• PR</li> <li>• sales promotion <ul style="list-style-type: none"> <li>• point of sales displays</li> <li>• 2 for 1 offers</li> <li>• free gifts</li> <li>• samples</li> <li>• coupons</li> <li>• competitions.</li> </ul> </li> <li>• sponsorship</li> <li>• social media.</li> </ul> <p>Factors influencing the selection of the promotional mix:</p> <ul style="list-style-type: none"> <li>• finance available</li> <li>• competitor actions</li> <li>• the nature of the product or service</li> <li>• the nature of the market</li> <li>• target market.</li> </ul> <p>Reasons for promotion:</p> <ul style="list-style-type: none"> <li>• inform/remind customers about the product</li> <li>• create or increase sales</li> <li>• create or change the image of the product</li> <li>• persuade customers to buy the product.</li> </ul>	<p>Students should be familiar with the promotional methods which are likely to be used by a given business.</p> <p>Students should appreciate the benefits and drawbacks of promotional methods used by businesses.</p> <p>Students should be able to analyse factors influencing the selection of the promotion mix to assess their suitability for a given business.</p>
<p>Place (the different channels of distribution used by businesses):</p> <ul style="list-style-type: none"> <li>• retailers</li> <li>• wholesalers</li> <li>• telesales.</li> </ul>	<p>Students should be familiar with the different channels of distribution used by businesses to gain access to potential customers.</p> <p>Students should be able to analyse the appropriateness of each distribution method for a given scenario.</p>



Content	Additional information
E-commerce and m-commerce	<p>Students should be able to analyse the growing importance of e-commerce and m-commerce and how it can extend the reach of businesses to include international markets.</p> <p>Students should be able to identify the benefits and drawbacks of a business using e-commerce and m-commerce.</p>
<ul style="list-style-type: none"> <li>• Integrated nature of the marketing mix</li> <li>• Using the marketing mix to inform and implement business decisions</li> </ul>	<p>Students should be aware of the importance of the four elements and how they work together.</p> <p>Students should be able to recommend appropriate marketing activities for a given business.</p> <p>Students should be able to recognise how the marketing mix evolves over time and evaluate how businesses may react to this.</p>

## 3.6 Finance

Students should understand the interdependent nature of business operations, human resources, marketing and finance. Students should be able to give examples of how business objectives would be split into functional plans with clear links throughout.

The purpose of the finance function, its role within business and how it influences business activity.

### 3.6.1 Sources of finance

Content	Additional information
<ul style="list-style-type: none"> <li>• Methods businesses use to raise finance</li> <li>• Appropriateness of sources of finance</li> </ul>	<p>Students should be able to:</p> <ul style="list-style-type: none"> <li>• understand the main internal and external sources of finance available (including family and friends, retained profit, a new share issue, obtaining a loan or mortgage, selling unwanted assets, overdrafts, trade credit, hire purchase and government grants)</li> <li>• analyse the advantages and disadvantages of each method for a given situation</li> <li>• evaluate the suitability of sources of finance for new and established businesses.</li> </ul>

### 3.6.2 Cash flow

Content	Additional information
<ul style="list-style-type: none"> <li>• Importance of cash to businesses</li> <li>• Interpreting cash flow forecasts</li> <li>• Difference between cash and profit</li> </ul>	<p>Students should be able to:</p> <ul style="list-style-type: none"> <li>• understand the consequences of cash flow problems and the effect of positive cash flow</li> <li>• understand how and why cash flow forecasts are constructed</li> <li>• complete and interpret sections of a cash flow forecast (this includes an understanding of cash inflows and outflows, net cash flow and the opening and closing balance. Students are not expected to be able to construct an entire cash flow forecast)</li> <li>• evaluate possible solutions to cash flow problems, including re-scheduling payments, overdrafts, reducing cash outflow, increasing cash inflow and finding new sources of finance.</li> </ul>

### 3.6.3 Financial terms and calculations

Content	Additional information
<ul style="list-style-type: none"> <li>• Basic financial terms</li> <li>• Basic financial calculations</li> <li>• Average rate of return</li> <li>• Break-even</li> </ul>	<p>Students should be able to:</p> <ul style="list-style-type: none"> <li>• understand the difference between variable costs, fixed costs and total costs</li> <li>• understand the concept of revenue, costs, profit and loss</li> <li>• understand the main investment projects that businesses undertake, including investment in new machinery, buildings and vehicles and be able to calculate the average rate of return for these projects</li> <li>• understand the meaning of the term break-even output and interpret break-even charts</li> <li>• identify the break-even level of output and margin of safety from a break-even chart</li> <li>• evaluate the value of using break-even analysis to a business.</li> </ul> <p>Students will not be expected to draw break-even charts or use the break-even formula.</p>

### 3.6.4 Analysing the financial performance of a business

Content	Additional information
<ul style="list-style-type: none"><li>• Purpose of financial statements</li><li>• Components of financial statements</li><li>• Interpretation of data given on financial statements</li></ul>	<p>Students should be able to:</p> <ul style="list-style-type: none"><li>• understand the importance of financial statements for assessing business performance and helping make business decisions</li><li>• identify the main components of the income statement and the statement of financial position</li><li>• understand the difference between assets and liabilities and that the statement of financial position is a snapshot in time</li><li>• make judgements on the performance of a business through the interpretation of the information contained in income statements</li><li>• consider current performance, performance against previous years, performance against competitors and performance from the perspective of a range of stakeholders</li><li>• calculate gross profit margin and net profit margin to help assess financial performance.</li></ul> <p>Students will not be given formulae in an exam.</p>



# 4 Scheme of assessment

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Find past papers and mark schemes, and specimen papers for new courses, on our website at [aqa.org.uk/pastpapers](http://aqa.org.uk/pastpapers)

This specification is designed to be taken over two years.

This is a linear qualification. In order to achieve the award, students must complete all assessments at the end of the course and in the same series.

GCSE exams and certification for this specification are available for the first time in May/June 2019 and then every May/June for the life of the specification.

All materials are available in English only.

Our GCSE exams in Business include questions that allow students to demonstrate their ability to:

- draw together their knowledge, skills and understanding from across the full course of study
- provide extended responses.

## 4.1 Aims and learning outcomes

Courses based on this specification must encourage students to:

- know and understand business concepts, business terminology, business objectives, the integrated nature of business activity and the impact of business on individuals and wider society
- apply knowledge and understanding to contemporary business issues and to different types and sizes of businesses in local, national and global contexts
- develop as enterprising individuals with the ability to think commercially and creatively to demonstrate business acumen, and draw on evidence to make informed business decisions and solve business problems
- develop as effective and independent students, and as critical and reflective thinkers with enquiring minds
- use an enquiring, critical approach to make informed judgements
- investigate and analyse real business opportunities and issues to construct well-argued, well-evidenced, balanced and structured arguments, demonstrating their depth and breadth and understanding of business
- develop and apply quantitative skills relevant to business, including using and interpreting data.

## 4.2 Assessment objectives

Assessment objectives (AOs) are set by Ofqual and are the same across all GCSE Business specifications and all exam boards.

The exams will measure how students have achieved the following assessment objectives.

- AO1: Demonstrate knowledge and understanding of business concepts and issues.
- AO2: Apply knowledge and understanding of business concepts and issues to a variety of contexts.
- AO3: Analyse and evaluate business information and issues to demonstrate understanding of business activity, make judgements and draw conclusions.

#### 4.2.1 Assessment objective weightings for GCSE Business

Assessment objectives (AOs)	Component weightings (approx %)		Overall weighting (approx %)
	Paper 1	Paper 2	
AO1	18	17	35
AO2	17	18	35
AO3	15	15	30
Overall weighting of components	50	50	100

### 4.3 Assessment weightings

The marks awarded on the papers will be scaled to meet the weighting of the components. Students' final marks will be calculated by adding together the scaled marks for each component. Grade boundaries will be set using this total scaled mark. The scaling and total scaled marks are shown in the table below.

Component	Maximum raw mark	Scaling factor	Maximum scaled mark
Paper 1	90	×1	90
Paper 2	90	×1	90
Total scaled mark:			180

# 5 General administration

You can find information about all aspects of administration, as well as all the forms you need, at [aqa.org.uk/examsadmin](http://aqa.org.uk/examsadmin)

## 5.1 Entries and codes

You only need to make one entry for each qualification – this will cover all the question papers and certification.

Every specification is given a national discount (classification) code by the Department for Education (DfE), which indicates its subject area.

If a student takes two specifications with the same discount code:

- further and higher education providers are likely to take the view that they have only achieved one of the two qualifications
- only one of them will be counted for the purpose of the *School and College Performance tables* – the DfE's rules on 'early entry' will determine which one.

Please check this before your students start their course.

Qualification title	AQA entry code	DfE discount code
AQA GCSE in Business	8132	TBC

This specification complies with:

- Ofqual *General conditions of recognition* that apply to all regulated qualifications
- Ofqual GCSE qualification level conditions that apply to all GCSEs
- Ofqual GCSE subject level conditions that apply to all GCSEs in this subject
- all other relevant regulatory documents.

The Ofqual qualification accreditation number (QAN) is 603/0304/9.

## 5.2 Overlaps with other qualifications

There are no overlaps with any other AQA qualifications at this level.

## 5.3 Awarding grades and reporting results

The qualification will be graded on a nine-point scale: 1 to 9 – where 9 is the best grade.

Students who fail to reach the minimum standard grade for grade 1 will be recorded as U (unclassified) and will not receive a qualification certificate.

## 5.4 Re-sits and shelf life

Students can re-sit the qualification as many times as they wish, within the shelf life of the qualification.

## 5.5 Previous learning and prerequisites

There are no previous learning requirements. Any requirements for entry to a course based on this specification are at the discretion of schools and colleges.

## 5.6 Access to assessment: diversity and inclusion

General qualifications are designed to prepare students for a wide range of occupations and further study. Therefore our qualifications must assess a wide range of competences.

The subject criteria have been assessed to see if any of the skills or knowledge required present any possible difficulty to any students, whatever their ethnic background, religion, sex, age, disability or sexuality. Tests of specific competences were only included if they were important to the subject.

As members of the Joint Council for Qualifications (JCQ) we participate in the production of the JCQ document *Access Arrangements and Reasonable Adjustments: General and Vocational qualifications*. We follow these guidelines when assessing the needs of individual students who may require an access arrangement or reasonable adjustment. This document is published at [jcq.org.uk](http://jcq.org.uk)

### Students with disabilities and special needs

We're required by the Equality Act 2010 to make reasonable adjustments to remove or lessen any disadvantage that affects a disabled student.

We can make arrangements for disabled students and students with special needs to help them access the assessments, as long as the competences being tested aren't changed. Access arrangements must be agreed **before** the assessment. For example, a Braille paper would be a reasonable adjustment for a Braille reader.

To arrange access arrangements or reasonable adjustments, you can apply using the online service at [aqa.org.uk/eaqa](http://aqa.org.uk/eaqa)

### Special consideration

We can give special consideration to students who have been disadvantaged at the time of the assessment through no fault of their own – for example a temporary illness, injury or serious problem such as family bereavement. We can only do this **after** the assessment.

Your exams officer should apply online for special consideration at [aqa.org.uk/eaqa](http://aqa.org.uk/eaqa)

For more information and advice visit [aqa.org.uk/access](http://aqa.org.uk/access) or email [accessarrangementsqueries@aqa.org.uk](mailto:accessarrangementsqueries@aqa.org.uk)



## 5.7 Working with AQA for the first time

If your school or college hasn't previously offered our specifications, you need to register as an AQA centre. Find out how at [aqa.org.uk/becomeacentre](http://aqa.org.uk/becomeacentre)

## 5.8 Private candidates

This specification is available to private candidates.

A private candidate is someone who enters for exams through an AQA approved school or college but is not enrolled as a student there.

A private candidate may be self-taught, home schooled or have private tuition, either with a tutor or through a distance learning organisation. They must be based in the UK.

If you have any queries as a private candidate, you can:

- speak to the exams officer at the school or college where you intend to take your exams
- visit our website at [aqa.org.uk/privatecandidates](http://aqa.org.uk/privatecandidates)
- email [privatecandidates@aqa.org.uk](mailto:privatecandidates@aqa.org.uk)

## 5.9 Use of calculators

Students may use a calculator in the exam. They must ensure that their calculator meets the requirements as set out in the *JCQ Instructions for conducting examinations*. These instructions make it clear what the requirements are for calculators (what they must be) and what they are not (what they must not be). The instructions are regularly updated and can be found at [jcq.org.uk](http://jcq.org.uk)



# 6 Appendix: quantitative skills in business

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The list below states the range and extent of mathematical techniques appropriate to GCSE in Business. This specification requires students, drawing on the knowledge and understanding above, to apply these skills to relevant business contexts.

## 6.1 Calculation

Calculations in a business context, including:

- percentages and percentage changes
- averages
- revenue, costs and profit
- gross profit margin and net profit margin ratios
- average rate of return
- cash flow forecasts, including total costs, total revenue and net cash flow.

## 6.2 Interpretation

Interpretation and use of quantitative data in business contexts to support, inform and justify business decisions, including:

- information from graphs and charts
- profitability ratios (gross profit margin and net profit margin)
- financial data, including profit and loss, average rate of return and cash flow forecasts
- marketing data, including market research data
- market data, including market share, changes in costs and changes in prices.

## Get help and support

Visit our website for information, guidance, support and resources at [aqa.org.uk/8132](https://aqa.org.uk/8132)

You can talk directly to the Business subject team:

E: [Business-studies@aqa.org.uk](mailto:Business-studies@aqa.org.uk)

T: 01483 477 863