

# GCE Business Studies

## AS FAQs

### 1. Where can we source more information on Social Enterprise?

Page 9 of the scheme of work indicates a range of resources including a power point and case study from the CCEA microsite and a few websites. For local examples check out the following:

[www.socialenterpriseni.org](http://www.socialenterpriseni.org) (which provides both text and video clips which may interest students.)

Also investigate the additional resources listed below:-

[www.tutor2u.net/business.blogaga-as-business-key-term-glossary](http://www.tutor2u.net/business.blogaga-as-business-key-term-glossary)

<https://analysights.wordpress.com/8-steps-to-determining-market-size>

[www.investopedia.com/terms/m/marketshare](http://www.investopedia.com/terms/m/marketshare)

Chapter 69 – Location – Mottershead, Grant & Kelt

### 2. Can we have further guidance on how size, location and market share apply to markets such as consumer goods and services and capital goods?

Refer to the resources outlined on page 11 of the Scheme of Work.

### 3. What level of detail will students need to study for enterprise and entrepreneurship?

The Specification clearly states students should be able to demonstrate and apply knowledge and understanding of what a business enterprise is and the factors of production associated with it. The Scheme of Work (SOW) page 6 outlines the appropriate resources to cover this including a Case Study based on 'Specsavers' (Mottershead, Grant & Kelt page 5). In addition, students are required to analyse the motives for becoming an entrepreneur and the key characteristics of a successful entrepreneur. Both these aspects are adequately considered in the resources listed on page 6 & 7 of the SOW.

### 4. Can you clarify what students may have to know about Demand & Supply?

According to the Specification, students should be able to understand the concepts of Demand & Supply. They should also be able to construct and interpret a simple Demand or Supply chart from given data. For example indicate an increase or decrease in demand or supply or explain what would happen if a price lower or higher than the equilibrium was charged. See Page 11 of the scheme of work for classroom resources on 'Market and Market Forces'. Another useful resource is [www.tutor2u.net/businesspresentations/external/demandsupply](http://www.tutor2u.net/businesspresentations/external/demandsupply) -

Slides

1-2 Demand

34-38 Supply

42-45 Equilibrium

46 Change in Demand and Supply

### 5. Is there no price determination (equilibrium) in Demand & Supply?

Price Determination is one of the concepts – refer to answer in Q4.

## **6. Can we have further clarification about productivity and investment?**

The Specification requires students to demonstrate knowledge and understanding of productivity, the factors affecting it and the need for investment, innovation, and research & Development. The starting point here would be definitions of the key words which can be found in the Glossary of Terms on the Microsite. Other valuable resources are listed on page 13 of the Scheme of Work. Students should be able to identify the need for investment using examples such as:-

- To improve efficiency of its operations/to lower costs
- To increase its competitiveness/to gain market share
- To increase its capacity/to benefits from economies of scale
- To replace/update machinery/to reduce labour costs
- To provide financial support for R & D or the introduction of a new product or process/to maintain its leadership position in the market
- To comply with legislation/ to ensure the business is operating within the law

There is also an interesting Case Study about innovation on the following link:

[www.tutor2u.net/businessblog/manufacturing-and-innovation-dyson-goes-big-on-rd](http://www.tutor2u.net/businessblog/manufacturing-and-innovation-dyson-goes-big-on-rd)

## **7. Where can we obtain more information on 'Outsourcing'?**

Students are required to analyse issues relating to outsourcing services;

There are useful articles on outsourcing from Northern Ireland Business Information ([www.nibusinessinfo.co.uk](http://www.nibusinessinfo.co.uk))

Further information could be obtained on the benefits and drawbacks of outsourcing –

<https://www.flatworldsolutions.com/articles/advantages-disadvantages-outsourcing.php>

[www.shredbank.co.uk](http://www.shredbank.co.uk)

<http://www.belfasttelegraph.co.uk/business/big-interview/shredbank-is-cutting-up-opposition-in-data-security-28502455.html>

## **8. Where can I find more information on issues relating to Organisational Design e.g. tall, flat, centralised structures, chain of command and span of control?**

There are specific resources outlined on page 14 of the SOW. In addition, the Power Point and AS Case Study available on the Microsite cover all the aspects of Organisational Design.

## **9. Organisational Design is difficult to teach without talking about the chain of command so should this be included?**

Chain of Command is an integral part of organisation design so students should be made aware of this. By using the resources referred to in the previous question this aspect will be well covered.

## **10. Do students have to study the advantages and disadvantages of Organisational Design?**

While this is not a specific requirement in the new specification you may find it useful to refer to these when teaching the topic or students may identify them and use their knowledge or to enhance the quality of their written answers.

### **11. How do you define 'succession planning'?**

Succession planning for a business is a process for identifying and developing internal people who may have the potential to fill key management positions. Succession planning for a business will increase the availability of experienced and proficient employees that are prepared to take up the roles as they become vacant.

### **12. How much detail is required for teaching 'psychometric testing'?**

The Specification only requires students to demonstrate and apply knowledge and understanding of the use of psychometric testing therefore a definition should be provided by the student, an example of such a definition has been given below:

*As part of a recruitment process a psychometric test may be used, this will assist the company in assessing the candidate's suitability for the post in terms of intelligence, skills and personality. It can also focus on the candidate's ability to cope and process information under very stressful conditions thus indicating potential management/leadership ability for the future.*

The student must then apply this knowledge by choosing appropriate evidence from given stimulus material.

### **13. Where can we get information about the use of online technology in relation to recruitment, selection and appraisal?**

The websites below are useful for additional information

<http://www.yourarticlelibrary.com/recruitment/advantages-and-disadvantages-of-e-recruitment/29525/>

<http://www.recruitingblogs.com/profiles/blogs/five-benefits-of-online-recruitment>

<https://www.getapp.com/p/sem/recruitment-software?t=Top%20Recruitment%20Software>

(Take a look at 'Make recruiting your competitive advantage' – Greenhouse)

<http://www.webrecruitireland.com/employer-blog>

Online appraisals – source

<http://www.emperform.co.uk/appraisals?gclid>

### **14. What Market Structures do students need to know about?**

Students should study perfect competition, a competitive market, oligopoly and monopoly

### **15. Under Spectrum of Competition do students need to study 'concentration ratios'**

No

### **16. Is there a Fact File for the 7P's?**

Fact Files are available for 'new' topics only. Sources of information are listed on page 28 of the Scheme of Work.

### 17. What should students know in relation to elasticity of demand?

According to the Specification, students are required to interpret both price and income elasticity of demand plus be able to analyse the impact of changes in price and income on revenue. There are resources to support the teaching of this on Page 29 of the Scheme of Work.

### 18. With regards to market segmentation, what should students study?

Examples include geographical, gender, age, socio-economic background and product line.

### 19. Which internal and external sources of finance should students know about?

Students must be able to demonstrate knowledge and understanding of the following internal and external sources of finance:-

#### Internal

- Profit
- Owner's Savings
- Sale of Assets

#### External

Long term to include –

- Share capital (ordinary shares and preference shares)
- Corporations/institutions/individual and business angels
- Loan capital ( mortgage, debentures/Government and venture capital)

Short term/Medium term to include

- Bank overdraft
- Loan,
- Hire Purchase
- Trade Credit
- Leasing, Factoring, Sale & Lease back, Credit Union, Enterprise NI and the Prince's Trust

### 19. From what perspective should students study social media?

As stated on page 15 of the specification students are required to analyse and evaluate the use of the internet, social media and mobile technologies by businesses to enhance marketing or selling activities. Please refer to resources listed on page 31 of the Scheme of Work. The websites below are also useful to demonstrate examples, and develop further understanding.

[www.google.co.uk/adwords/benefits/?channel=gdn-ef&subid=uk-en-adon-bing-sk](http://www.google.co.uk/adwords/benefits/?channel=gdn-ef&subid=uk-en-adon-bing-sk)

<https://www.nibusinessinfo.co.uk/content/advantages-and-disadvantages-mobile-technology>

<http://www.digitalmedia.center/>

<https://www.shopify.co.uk/blog/7900695-12-social-marketing-strategies-to-grow-your-online-sales><http://>

Discussion of the following examples of social networking sites and tools may also be helpful:

**'Blog'** – a discussion or informational site published on the internet that consists of entries ('posts') typically displayed in reverse chronological order, i.e. the most recent post appears first. Until 2009 blogs were usually the work of a single individual, occasionally of a small group, and often covered a single subject. More recently **'multi-author blogs'** have developed, with posts written by large numbers of authors and professionally edited. Blogs consist of regular entries of commentary and descriptions of events (blogging). The content of a microblog is simply smaller in size. **'Facebook'** – a social networking service where users create personal profiles, add other users as friends and exchange messages, including automatic notifications when they update their own profile.

Additionally, users may join common-interest user groups, organised by common characteristics (e.g. workplace). Users can instant message each other through the website.

**‘Google’** – an American multinational corporation specialising in Internet related services; most famously its core search engine, but also a large chain of products including Google+, the second largest social networking site in the world (as of January 2013). LinkedIn – a business-related social networking site mainly used for professional networking. Users maintain a list of contact details of people with whom they have some level of relationship, called connections. This list of connections can then be used to build up a contact network, follow different companies and find jobs, people and business opportunities.

**‘MySpace’** – an online community of users’ personal profiles. These typically include photographs, information about personal interests and blogs. Users send one another messages and socialise within the MySpace community. Podcast – a type of digital media consisting of a series of audio, video, PDF, or electronic files subscribed to and downloaded or streamed online to a computer or mobile device.

**‘Twitter’** – a popular microblogging service enabling its users to send and read publicly visible messages called tweets. Tweets are text-based posts of up to 140 characters displayed on the user’s profile page. Users may subscribe to other users’ tweets.

**‘YouTube’** – a (Google-owned) video-sharing website on which users can upload, share, and view videos. A wide variety of user-generated video content is displayed, including film and TV clips as well as amateur content such as video blogging. Media corporations including the BBC also offer some of their material via the site. Most videos enable users to leave and exchange 6 comments. Organisations are increasingly using YouTube as a way of sharing information about their company and its vacancies with potential applicants.

**‘Yahoo’** – an American multinational internet corporation widely known for its social networking services and user-generated content including online discussion boards (Yahoo! Groups), community-driven Q&A site (Yahoo! Answers) and photo sharing (Flickr).

*\* Information above adapted from Broughton et al (2011) Workplaces and social networking. The implications for employment relations Acas research paper 11/11.*

*Additional useful resources and examples:*

Mobile Ticketing

<http://www.textlocal.com/blog/2014/04/07/the-complete-how-to-guide-to-mobile-ticketing-for-business/>

Mobile Marketing

[http://www.techmanos.com/mobile\\_marketing.htm](http://www.techmanos.com/mobile_marketing.htm)

Information on benefits and drawbacks to the business of mobile marketing:

<http://www.thenissengroup.com/blog/2012/07/05/advantages-disadvantages-mobile-marketing>

## **20. What should students study in relation to quality?**

The requirements are stated clearly on Page 8 of the specification and a range of resources listed on Page 12 of the scheme of work.

## **21. What is the Central Purpose of Business Activity?**

Page 7 of the Specification details what the student needs to cover in relation to this i.e. adding value and competitive advantage. A detailed list of resources are also provided on Page 8 of the scheme of work to support the delivery in the classroom.

## **22. What calculations are required for the examinations?**

The details of the type of calculations required are on page 31 of the specification. Students are expected to have a good standard of mathematical ability to carry out basic calculations from data given.

## **23. What formulae should we use for break-even and margin of safety?**

1. Break-even in terms of quantity/units  
= Fixed Costs/Contribution per unit
2. Break-even in terms of sales revenue  
= Break-even quantity/units X Sales price per unit
3. Margin of Safety (£)  
= Total Sales Revenue – Sales Revenue at break-even point
4. Margin of Safety (Q)  
= Total Sales Quantity – Sales Quantity at break-even point

## AS RATIOS

<b>Ratio Analysis Performance Ratios for Sole Trader</b>	
<b>Return on Capital Employed (ROCE) %</b>	$\frac{\text{Net Profit}}{(\text{Total Assets} - \text{Current liabilities})} \times 100\% = x\%$
<b>Net Profit Margin %</b>	$\frac{\text{Net Profit}}{\text{Sales Revenues}} \times 100\% = x\%$
<b>Liquidity Ratios</b>	
<b>Current Ratio</b>	$\frac{\text{Current Assets}}{\text{current liabilities}} = x:1 \text{ or } x \text{ times}$
<b>Gearing Ratio (%)</b>	$\frac{\text{Non - Current Liabilities (Debt Capital)}}{(\text{Closing Capital} + \text{Debt Capital})} \times 100\% = x\%$

These formulae will be provided if required in AS examinations.

No formulae is provided at A2.