

## AL Business Studies 9707

### 1AL: Business and its environment

#### Recommended Prior Knowledge

This unit builds on the AS units. It is particularly important that 1AS is completed before this unit. There is no extension material for 1AL.1 and 1AL.4 but it is important that students' skills of analysis and evaluation continue to be developed and these topics are seen in a strategic context. The topic links in with 6AL.

#### Context

This unit should build on the topics at AS in 1AS. The external environment is developed as a constraint on business activity as well as a potential enabler. Study should not be seen as extended courses in economics or the law – the main purpose is to develop ideas as to how these issues influence business decisions. Development of these ideas will contribute to 6AL, Strategic Management. As far as possible ideas should be drawn from the real world', preferably relating to events in the students' own country. An interest in the country's economic and social development should be encouraged through the use of newspapers, TV and the Internet..

#### Outline

Business structure develops beyond 1AS to include privatisation. Growth is extended to cover mergers and takeovers and other forms of external growth. The central issues of external influences are developed in the context of decision making.

**References to the endorsed textbook, A level Business Studies, 2<sup>nd</sup> edition by Peter Stimpson and Al Farquharson are in RED. Although activities have been selected from this book, these are only suggestions – there are many other useful activities that can be undertaken including others in the endorsed textbook and associated CD-ROMs and in other recommended textbooks.**

AO	Learning outcomes	Suggested Teaching activities	Learning resources
1 AL.1	<b>Enterprise</b>	<i>No topics beyond AS level. However, at A level teaching should develop the AS topics in terms of greater depth of analysis and evaluation.</i>	Chapter 1
1AL.2	<b>Business structure</b> <ul style="list-style-type: none"> <li>• Local, national and multinational businesses</li> <li>• Privatisation/nationalisation</li> <li>• Public/private partnerships</li> </ul>	Students will have come across these categorisations in passing during the teaching of AS. At A level the topics will be covered in a more detailed way, covering the role of the business types and the advantages and disadvantages of each. Teaching can be based on a comparison of suitable businesses well known to the students. This would be ideal for a written assignment.	
1AL.3	<b>Size of business</b> <ul style="list-style-type: none"> <li>• External growth</li> </ul>	Useful activities include: <ul style="list-style-type: none"> <li>• Jet Airways takes on Sahara (p 50)</li> <li>• Growth strategy in dispute at Traffic Clothing plc (p54)</li> </ul> In previous terminology this is the study of mergers and takeovers. It would be useful to study an ongoing merger through the media. Students can be asked to study Internet based resource material to discuss reasons, methods and consequences - looking at mergers from the perspectives of a variety of stakeholders.	Chapter 3 <a href="http://www.bized.co.uk/educators/16-19/business/marketing/index">www.bized.co.uk/educators/16-19/business/marketing/index</a> provides useful material.  Examination questions: <ul style="list-style-type: none"> <li>• May 2008 Paper 3 Q 6</li> <li>• Nov 2006 Paper 3 Q 3</li> <li>• Nov 2006 Paper 3 Q 7</li> </ul> Chapter 6 A useful source is <a href="http://www.thetimes100.co.uk">www.thetimes100.co.uk</a> . Web pages of national newspaper in the students'
1AL.4 1AL.5	<b>Business Objectives</b> <b>Stakeholders in a business</b>	<i>No topics beyond AS level. However, at A level teaching should develop the AS topics in terms of greater depth of analysis and evaluation.</i>	
1AL.6	<b>External influences on business activities</b>	Useful activity includes: <ul style="list-style-type: none"> <li>• Nokia sets good example – but BP is fined (p 83)</li> </ul> The approach to external influences should be from the perspective of 'how do they influence business decisions?' This means, for example,	

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	<ul style="list-style-type: none"> <li>Economic constraints and enablers</li> </ul>	<p>that the treatment of the topics is more practical than the study of economics or the law (detailed knowledge of actual laws is not required).</p> <p>These topics will have greater appeal for and impact on students if they are studied from the perspective of the students' own country.</p> <p>Students could be encouraged to keep a file of newspaper and other articles related to external constraints and to find out from web sites of local and multinational businesses how they are responding to external conditions (e.g. changes in interest rates, exchange rates, taxes, social/ethical pressures, laws etc). Each student could be asked, in turn throughout a term, to produce a poster informing the rest of the class on a key change they have discovered. This would be a good opportunity for developing evaluation skills by getting students to discuss the extent of the impact of the changes on a business or businesses.</p> <p>A useful introductory activity would be:</p> <ul style="list-style-type: none"> <li>Iceland economy boils over (p 110)</li> </ul> <p>Following the credit crunch and the subsequent worldwide recession and recovery, there is no shortage of material, web based and media based of stimulus material on which to base discussion and the development of ideas. Useful activities include:</p> <ul style="list-style-type: none"> <li>De Smit sees recession haven in safari parks (p 115)</li> <li>China to take action against inflation (p 119)</li> <li>Tobago City industrial estate (p 123)</li> </ul>	<p>own country are going to be invaluable.</p> <p>Most multinationals have details of their responses to environmental and social issues.</p> <p>Many case studies (past exam papers: <a href="http://www.cie.org.uk">www.cie.org.uk</a>) and the Times100 (<a href="http://www.thetimes100.co.uk">www.thetimes100.co.uk</a>) have material relating to external influences.</p> <p><b>Chapter 7</b></p> <p>Web sites of any national newspapers in the students' own country e.g. <a href="http://www.washingtonpost.com">www.washingtonpost.com</a> <a href="http://www.telegraph.co.uk">www.telegraph.co.uk</a> <a href="http://www.nbr.co.nz">http://www.nbr.co.nz</a>, <a href="http://www.businessstodayegypt.com">http://www.businessstodayegypt.com</a> give a flavour of what is available.</p> <p>Web pages of Governments often provide useful material for discovering external constraints and enablers. For example: <a href="http://english.gov.cn/about.htm">http://english.gov.cn/about.htm</a> has information about China. Other sites, for example <a href="http://www.economywatch.com/policywatch">http://www.economywatch.com/policywatch</a> (for India), give a non-</p>

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	<p>REINFORCEMENT</p> <ul style="list-style-type: none"> <li>• Political and legal</li> <li>• Technological (includes the Internet)</li> <li>• Other businesses</li> <li>• Social</li> <li>• Demographic</li> <li>• Environmental</li> </ul>	<p>Revision +</p> <ul style="list-style-type: none"> <li>• <b>Pakistan economy (p 134)</b></li> <li>• <b>Prospects for the Malaysian economy (p 136)</b></li> <li>• <b>Coaching Inns plc (p 136)</b></li> </ul> <p>A useful starting point:</p> <ul style="list-style-type: none"> <li>• <b>Employment rights in your country (p 85)</b></li> </ul> <p>Many of the legal constraints and enablers will have been touched on during the AS course. For example, restrictions on advertising, selling, product safety, fitness for purpose could have been mentioned in 3AS; equal opportunities, minimum wage could have been mentioned in 2AS; environmental issues could have been mentioned in 4AS.</p> <p>Useful activities include:</p> <ul style="list-style-type: none"> <li>• <b>Employment laws being observed? (p 87)</b></li> <li>• <b>Ryanair - adverts are misleading. (p 89)</b></li> <li>• <b>Corporate social responsibility (p103)</b></li> </ul> <p>One possible approach is to take a current theme, for example climate change, and follow through the likely impact on Governments, consumers and businesses of the agreements and the way the agreements have been translated into laws in various countries. Such a study and discussion will embrace technological, social and environmental changes.</p> <p>Other constraints and enablers can be treated in a similar 'discovery +</p>	<p>governmental view of a country's economy. The Economist (<a href="http://www.economist.com">www.economist.com</a>) has excellent country reports but some of these require a subscription and the reports are written from a "western" perspective.</p> <p><b>Chapter 6</b>  <a href="http://www.bized.co.uk/learn/business/external/political/index.htm">http://www.bized.co.uk/learn/business/external/political/index.htm</a> has a lot of useful links to much of the material as it applies to the UK.</p> <p><a href="http://en.wikipedia.org/wiki/Kyoto_Protocol">http://en.wikipedia.org/wiki/Kyoto_Protocol</a> provides a very useful starting point to consider climate change.</p> <p><a href="http://www.thetimes100.co.uk/case-">http://www.thetimes100.co.uk/case-</a></p>

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	<p style="text-align: center;">REINFORCEMENT</p>	<p>discussion' way.</p> <p>Useful activities include:</p> <ul style="list-style-type: none"> <li>• <b>More chips please (p 108)</b> (for technological change)</li> <li>• <b>Virgin's environmental policies – genuinely green or just "greenwash"?</b> (p 101)</li> </ul> <p>Revision +</p> <ul style="list-style-type: none"> <li>• <b>Tibet protesters target BP over Petro China stake (p 105)</b></li> <li>• <b>Co-op Bank find that ethics can be made to pay (p106)</b></li> <li>• <b>Petrobras bids to clean up dismal safety and environment record (p107)</b></li> </ul>	<p><a href="http://www.thetimes100.co.uk/case-study--using-technology-to-improve-economies--41-354-1.php">study--using-technology-to-improve-economies--41-354-1.php</a> is useful for technological development. As is <a href="http://www.thetimes100.co.uk/case-study--new-technology-development-primary-sector--65-363-1.php">http://www.thetimes100.co.uk/case-study--new-technology-development-primary-sector--65-363-1.php</a> .</p> <p>Examination questions:</p> <ul style="list-style-type: none"> <li>• Nov 2007 Paper 2 Q 1(d)</li> <li>• May 2008 Paper 3 Q 7</li> <li>• Nov 2008 Paper 2 Q 2(d)</li> <li>• Nov 2008 Paper 3 Q 6</li> </ul> <p>Economy Examination questions:</p> <ul style="list-style-type: none"> <li>• May 2007 Paper 3 Q 3</li> <li>• May 2007 Paper 3 Q 6</li> </ul> <p>Political/Legal Exam questions:</p> <ul style="list-style-type: none"> <li>• Nov 2007 Paper 3 Q 6</li> <li>• May 2008 Paper 1 Q5</li> <li>• May 2008 Paper 2 Q 2(b)</li> </ul> <p>Technology Examination questions:</p> <ul style="list-style-type: none"> <li>• May 2006 Paper 1 Q%</li> <li>• Nov 2007 Paper 3 Q 6</li> </ul> <p>Exchange rate Examination questions:</p> <ul style="list-style-type: none"> <li>• May 2006 Paper 2 Q 2(b)</li> </ul>

