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## AS Business Studies 9707 1AS: Business and its environment

## **Recommended Prior Knowledge**

There is no requirement for prior knowledge for this unit. Some students may have covered similar material at IGCSE or O Level (if taken) although this will have been in a more descriptive fashion rather than in a problem solving context.

## Context

This unit provides a foundation for the subject. Emphasis is on the importance of enterprise, business objectives, structures and stakeholders. Study of these should give candidates ideas that are fundamental to the understanding of how businesses behave and of their objectives. Critical to understanding is how the nature of a business might enable or constrain its development. Some concepts, such as privatisation, mergers and external constraints/enablers are included in 1AL so would not be covered for the AS exams.

## **Outline**

The unit explores the nature of enterprise. It then introduces the different classifications of business activity. In doing so it encourages the observation and analysis by students of local businesses. Student involvement needs to be encouraged for this and all other units. This might be achieved through a Young Enterprise activity. For information on Young Enterprise see: <a href="www.ja.org">www.ja.org</a>, <a href="www.ja.org">www.ja.org</a>, <a href="www.young-enterprise.org.uk">www.young-enterprise.org.uk</a> Students should also be encouraged to observe business life around them through newspapers, TV and personal observation.

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

АО	Learning outcomes	Suggested Teaching activities	Learning resources Stimpson Chapter 1
1AS.1	Enterprise	Much of the groundwork for this unit could come from a Young Enterprise activity. This could then be developed throughout all of the	Stimpson Chapter 1
	<ul> <li>The nature of business activity</li> <li>The role of the entrepreneur</li> </ul>	other units.  Alternatively the topics can be covered through work sheets, discussions.	There are a number of business start- up sites, local business enterprise organisations would provide a useful starting point. Banks, too, provide useful information.
		<ul> <li>Useful activities can be found in:</li> <li>Dulip starts a business (page 3)</li> <li>Bangalore Enterprise Blossoms (page 7)</li> </ul>	http://www.shell-livewire.org could be very useful for stimulating ideas. There is some useful material in http://www.thetimes100.co.uk/case-
		It would be useful to do some web research as this would reinforce IT as useful tool for students.	studyprotecting-marketing-mix- through-intellectual-property-rights 130-361-1.php although this goes beyond the scope of the subject at this stage.
	Social enterprise		Social enterprise could be initiated through <a href="http://www.unltd.org.uk">http://www.socialenterprise.org.uk</a> . <a href="http://www.socialenterprise.org.uk">http://www.socialenterprise.org.uk</a> has useful material on social enterprise.
	REINFORCEMENT	Revision topics + Rivelino (page 15)	
1AS.2	Economic sectors     Legal structures	Teaching these topics in a traditional way can be tedious for both students and teachers. Much of the work can be covered by means of assignments undertaken outside of the classroom. Students would be asked to study businesses in their local areas finding examples of businesses from each of the economic sectors and with differing legal structures. They would then be asked, with the aid of textbooks or links	Chapter 2 It is intended that an example of a suitable assignment will appear on the teacher support site for business studies.

AO	Learning outcomes	Suggested Teaching activities	Learning resources
		to suitable web sites, to explain why legal structures might have been chosen and what was involved in the process. It would provide a good opportunity for assessing students' written work. The concept of limited liability is very important and should be developed not only from the owners' perspective but also from other stakeholders' perspectives such as customers, creditors and employees. Time should be spent on exploring the consequences of changing legal structure – the history of Virgin might be useful for this.	Learning resources  http://www.bized.co.uk/learn/busines trategy/classification/index.htm provides resources for business classifications.
	REINFORCEMENT	Useful activities include:  • Dulip's business is a success (page 17)  • Harry goes it alone (page 28)  Revision topics	Exam question: Nov 2007 Paper 1 Question 5;
1AS.3	Size of Business		
	Measurements of business size	The important issue to convey is that the various methods of measuring size (turnover, capital, employees, outlets, market share and so on) can be contradictory. A useful way of teaching this is to get students to produce a spreadsheet with various businesses for which information is available (public limited companies may be best) and to complete the table with a range of measurements of size. This could be discussed further. Mergers and takeovers are not considered until A level.	Chapter 3 <a href="http://www.thetimes100.co.uk">http://www.thetimes100.co.uk</a> provides some case material and activities involving business growth. Try searching using "business growth" at this site.
	<ul> <li>Significance of small businesses</li> </ul>	Students should investigate the role of small businesses in their country by means of individual research. Research into government incentives for small businesses should bring out ideas of their importance.	
	Internal growth	<ul> <li>Useful activities include:</li> <li>Tale of two industries (page 41)</li> <li>Starbucks confirm rapid growth strategy (page 48)</li> </ul>	

AO	Learning outcomes REINFORCEMENT	Suggested Teaching activities  Revision topics + Small restaurant business expands rapidly (page 53)	Learning resources
1AS.4	Business Objectives     Business objectives in the private and public sectors	It would be useful to start with an organisation with which the students are already familiar. This could be school, football team, well known retail outlet, car manufacturer etc. By means of discussion it should be possible to develop ideas about the various types of objectives (short term, long term, strategic, tactical, corporate, departmental, individual) in practical terms. It should be seen that these may conflict and may change over time.  There is a wealth of information on Mission Statements, for example, on web sites.  Useful activities include:  Health and beauty for you (page 56)  Reuters achieving its aims (page 62)	Chapter 4 http://www.bized.co.uk/learn/business/s trategy/busaims/index.htm has some useful material relating to objectives. http://www.thetimes100.co.uk/support/d ownload38.php provides useful case material and activities (although note that PEST analysis is A Level). Also see http://www.thetimes100.co.uk/case- studysupply-chain-from- manufacturing-to-shelf6-370-1.php. http://www.bized.co.uk/educators/level2 /busactivity/lesson/knowing1.htm has some useful material.
	Objectives and Business Decisions	Having developed ideas about objectives it is important to develop these in a practical way. It would be useful to take mission statements of well known businesses and get students to translate these into targets for various areas of the business. The school/college may provide interesting ideas. These could be discussed in terms of the extent to which they either enable or constrain, and also discussed in terms of costs and benefits.  Students could collect and present examples of where businesses have behaved unethically. They could also explore how ethical behaviour might have an impact on businesses achieving their objectives.	www.smile.co.uk is useful for ethical policies. www.greenpeace.org.uk has ethical and environmental issues. http://en.wikipedia.org/wiki/Business_et hics provides useful ideas. http://www.qualitydigest.com/magazine/2009/may/article/decline-ethical-behavior-business.html also has useful examples to discuss. http://www.mallenbaker.net/csr/index.php has links to ideas about corporate

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AO	Learning outcomes	Suggested Teaching activities	Learning resources responsibility. www.traidcraft.co.uk UK based organisation that has an ethical influence in several continents.
	REINFORCEMENT	Revision topics + Is STS plc successful? + Siam Cement Group (page 67) Peugeot's road ahead laid out (page 69) Virgin Atlantic and British Airways to refund passengers (page 70)	Exam question Nov 2008 Paper 3 Q 7, June 2006 Paper 2 Q 1(c), June 2008 Paper 3 Q 5 (b) Nov 2007 Paper 1 Q 5(a), Nov 2008 Paper 2 Q 2(d)
1AS.5	Stakeholders in Business	The concept of stakeholders can be developed through a business simulation. Students are presented with a controversial proposal, for example, the building of a major new factory in a local area. Students are divided into various stakeholder groups, each with their own identifiable objectives and briefing notes (owners, managers, employees, the community, the state). They are then required to discuss whether it is a good idea or not for the development to go ahead.  Useful activities include:  Tato Nano divides opinion (page 71)  Fury at Bangladesh mine scheme (page 75)  Community-based development projects (page 78)	Chapter 5 http://www.bized.co.uk/educators/level2 /busactivity/lesson/knowing1.htm has useful material. As does http://www.bized.co.uk/educators/16- 19/business/external/presentation/ethic s_map.htm.
	REINFORCEMENT	Revision topics + Virgin's green idea loses its pulling power (page 81)	Exam question: June 2006 Paper 3 Q 7 (although this was set at AL)