



**Cambridge Assessment
International Education**

Cambridge
Pre-U

SYLLABUS

**Cambridge International Level 3
Pre-U Certificate in
Business & Management (Principal)**

9771

For centres in the UK

For examination in 2022

This syllabus is regulated for use in England, Wales and Northern Ireland as a Cambridge International Level 3 Pre-U Certificate. QN: 500/4023/6

Changes to the syllabus for 2022

The syllabus has been updated. The latest syllabus is version 2, published December 2020.

Outline Proposal Forms are no longer in use for this syllabus for entries from the 2022 series onwards. As part of teaching, you should give guidance and feedback to candidates on whether their coursework, essay or project title is suitable.

For guidance on developing suitable titles for coursework, essays or projects go to our School Support Hub www.cambridgeinternational.org/support

For further information, see the *Cambridge Handbook* for the relevant year of assessment at www.cambridgeinternational.org/eoguide

Information on page 25 regarding Outline Proposal Forms has been updated.

Previous version of this syllabus published September 2019

There were no significant changes which affected teaching.

You are strongly advised to read the whole syllabus before planning your teaching programme.

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Introduction

Why choose Cambridge Pre-U?

Cambridge Pre-U is designed to equip learners with the skills required to make a success of their studies at university. Schools can choose from a wide range of subjects.

Cambridge Pre-U is built on a core set of educational aims to prepare learners for university admission, and also for success in higher education and beyond:

- to support independent and self-directed learning
- to encourage learners to think laterally, critically and creatively, and to acquire good problem-solving skills
- to promote comprehensive understanding of the subject through depth and rigour.

Cambridge Pre-U Principal Subjects are linear. A candidate must take all the components together at the end of the course in one examination series. Cambridge Pre-U Principal Subjects are assessed at the end of a two-year programme of study.

The Cambridge Pre-U nine-point grade set recognises the full range of learner ability.

Why choose Cambridge Pre-U Business & Management?

- Cambridge Pre-U Business & Management offers opportunities for learners to develop an appreciation of the value of business activity, plus a practical understanding of how businesses operate and why business decision-making is so important.
- The syllabus is designed to blend academic rigour with the development of practical skills. Knowledge relevant to businesses in the twenty-first century is embodied in the syllabus content. For example, there are topics such as corporate social responsibility, Porter's Five Forces model, China and India as emerging economic powers, waste management and off-shoring, as well as the more classic principles which will continue to be relevant in business.
- The syllabus was written with input from teachers, universities and professional bodies such as the Economics and Business Education Association (EBEA).
- The syllabus aims to encourage courses that combine the familiar with the bold and exciting. Teachers will be familiar with most of the content, but learners will be able to explore concepts beyond the set of business topics traditionally taught at school. Learners will have the opportunity to tackle problems which may, at first, appear difficult to solve (e.g. those that require calculations or concepts that are unfamiliar or at first appear abstract).
- The linear assessment structure means that learners are tested at the end of the two-year course. This allows learners to approach the examination in a mature and confident way with time to formulate their viewpoints and develop their knowledge, application, analysis and evaluation skills. The assessment also strongly encourages learners to become competent and confident in the calculation and interpretation of business data.
- Furthermore, the assessment also focuses explicitly on developing research skills, which are valued highly by both employers and universities. Learners tackle an independent investigation into a business problem which interests them, and which is faced by a small/medium-sized business. The word limit enables learners to work in depth but at the same time requires them to discriminate in their choice of supporting evidence and to develop economy in writing.

Prior learning

Cambridge Pre-U builds on the knowledge, understanding and skills gained by candidates achieving a good pass in Level 1/Level 2 qualifications in English and Mathematics.

Progression

The syllabus provides a sound foundation for the study of business and management courses at higher education level. It is also designed to be a useful aid to those seeking employment immediately.



Cambridge Assessment International Education is an education organisation and politically neutral. The content of this syllabus, examination papers and associated materials do not endorse any political view. We endeavour to treat all aspects of the exam process neutrally.

Cambridge Pre-U Diploma

If learners choose, they can combine Cambridge Pre-U qualifications to achieve the Cambridge Pre-U Diploma; this comprises three Cambridge Pre-U Principal Subjects* together with Global Perspectives and Independent Research (GPR). The Cambridge Pre-U Diploma, therefore, provides the opportunity for interdisciplinary study informed by an international perspective and includes an independent research project.

first year	second year
CAMBRIDGE PRE-U DIPLOMA	
Cambridge Pre-U Principal Subject	
Cambridge Pre-U Principal Subject*	
Cambridge Pre-U Principal Subject*	
Cambridge Pre-U Global Perspectives and Independent Research (GPR)	

* Up to two A Levels, Scottish Advanced Highers or IB Diploma programme courses at higher level can be substituted for Principal Subjects.

Learn more about the Cambridge Pre-U Diploma at www.cambridgeinternational.org/cambridgepreu

Support

Cambridge International provides a wide range of support for Pre-U syllabuses, which includes recommended resource lists, Teacher Guides and Example Candidate Response booklets. Teachers can access these support materials at Teacher Support www.cambridgeinternational.org/support

Syllabus aims

The aims of the syllabus, listed below, are the same for all candidates and are to:

- enable candidates to acquire a thorough understanding of the subject matter as a foundation for higher education
- enable candidates to appreciate and understand how concepts and theories can be used in business and management situations
- expose candidates to current issues in business and management and to encourage them to explore the relevance of theory to these issues
- develop in candidates a sense of the holistic nature of business and management issues and to encourage them not to view functional areas in isolation
- develop in candidates the skills of research, critical analysis and synthesis and effective communication, which, taken together, lead to better decision-making.

Scheme of assessment

For Cambridge Pre-U Business & Management, candidates take all three components.

Component	Weighting
<p>Paper 1 Business Concepts 2 hours 45 minutes</p> <p>Multiple-choice questions, questions on unseen case study and essay question, written paper, externally assessed, 100 marks</p>	35%
<p>Paper 2 Strategic Decisions 3 hours</p> <p>Questions on unseen case study, written paper, externally assessed, 100 marks</p>	40%
<p>Paper 3 Personal Investigation</p> <p>3500–4000 word report, externally assessed, 100 marks</p>	25%

Availability

This syllabus is examined in the June examination series.

Some components are not available to private candidates. For more information, please see the *Cambridge Guide to Making Entries (UK)*.

Combining this with other syllabuses

Candidates can combine this syllabus in a series with any other Cambridge International syllabus, except syllabuses with the same title at the same level.

Assessment objectives

A01	Knowledge Demonstrate knowledge and understanding of the specified content.
A02	Application Apply knowledge in the context of a particular problem or scenario.
A03	Analysis Analyse business problems and issues.
A04	Evaluation Evaluate business arguments and evidence to make reasoned judgements.
A05	Research Design, carry out, use and communicate business research.

Relationship between scheme of assessment and assessment objectives

The approximate weightings allocated to each of the assessment objectives (AOs) are summarised below.

Assessment objectives as a percentage of the qualification

Assessment objective	Weighting in Pre-U %
A01 Knowledge	17
A02 Application	19
A03 Analysis	21
A04 Evaluation	18
A05 Research	25

Assessment objectives as a percentage of each component

Assessment objective	Weighting in components %		
	Paper 1	Paper 2	Paper 3
A01	27	20	0
A02	24	26	0
A03	25	30	0
A04	24	24	0
A05	0	0	100

Grading and reporting

Cambridge International Level 3 Pre-U Certificates (Principal Subjects and Global Perspectives Short Courses) are qualifications in their own right. Cambridge Pre-U reports achievement on a scale of nine grades: Distinction 1, Distinction 2, Distinction 3, Merit 1, Merit 2, Merit 3, Pass 1, Pass 2 and Pass 3.

Cambridge Pre-U band	Cambridge Pre-U grade
Distinction	1
	2
	3
Merit	1
	2
	3
Pass	1
	2
	3

Grade descriptions

Grade descriptions are provided to give an indication of the standards of achievement likely to have been shown by candidates awarded particular grades. Weakness in one aspect of the examination may be balanced by a better performance in some other aspect.

The following grade descriptions indicate the level of attainment characteristic of the middle of the given grade band.

Distinction (D2)

Candidates will demonstrate in-depth knowledge and critical understanding of relevant business theories and concepts and apply this knowledge to business problems and issues using appropriate quantitative and non-numerical techniques. Candidates will be acutely aware of the limitations and uses of such techniques. Evidence will be thoroughly analysed and a range of viewpoints will be synthesised into coherent conclusions that are supported with appropriate evidence. Candidates will be expected to develop effective and coherent strategic responses to set stimulus questions and formulate potential plans within the constraints placed upon the business. Candidates will show the ability to see trends in complex information and use raw business data to inform business strategy. Excellent grasp of the subject terminology will be expected.

Merit (M2)

Candidates will demonstrate an in-depth knowledge and understanding of relevant business theories and concepts and apply this knowledge to business situations. Candidates will be expected to use quantitative techniques to interpret data and form judgements. Evidence will be analysed and different viewpoints considered. Candidates will be expected to develop strategic responses to specific business issues. Appropriate terminology will generally be used. Supported conclusions based on evidence will be expected.

Pass (P2)

Candidates will demonstrate knowledge and understanding of relevant business theories and concepts. They will show some ability to link answers to specific business examples. They will make some use of quantitative and non-numerical techniques to support their answers. Evaluation and supported conclusions will be limited. The ability to analyse arguments will be evident but limited.

Description of components

Paper 1 Business Concepts

Written paper, 2 hours 45 minutes, 100 marks – weighted at 35 per cent

Section 1: 20 multiple-choice questions covering the entire syllabus. Candidates answer all questions. Guide time is 30 minutes.

Section 2: questions based on a previously unseen case study. Candidates answer all questions. Guide time is 1 hour 15 minutes including reading time.

Section 3: choice of essay question that is not case study related. Guide time is 1 hour.

Paper 2 Strategic Decisions

Written paper, 3 hours, 100 marks – weighted at 40 per cent

All questions are based on a previously unseen case study.

Section 1: one question with multiple parts. Guide time is 45 minutes.

Section 2: three long-answer responses. Guide time is 2 hours 15 minutes.

Paper 3 Personal Investigation

Report, 100 marks – weighted at 25 per cent

The candidate investigates a well-defined specific problem, issue or question that exists at a real business. The investigation focuses on a small/medium-sized business such as a local firm or private limited company (not a public limited company). The investigation is centred on problem-solving and involves the collection and use of primary and secondary data.

The Personal Investigation is assessed by a report. The report must be between 3500 and 4000 words in length, produced in font size 12, word counted and fully ICT-based.

Further details can be found in 'Personal Investigation'.

Syllabus content

This syllabus gives you the flexibility to design a course that will interest, challenge and engage your learners. Where appropriate you are responsible for selecting suitable topics and subject contexts, resources and examples to support your learners' study. These should be appropriate for the learners' age, cultural background and learning context as well as complying with your school policies and local legal requirements.

1 The business environment

This section of the syllabus covers material that is essential to understanding some key factors that influence business behaviour outside the functional areas. The constraints and opportunities of the business environment should be illustrated through reference to economic factors and the core structures of many businesses.

1.1 Enterprise

Entrepreneurship and business start-ups

- Role and motives of entrepreneurs.
- Practicalities of start-ups and government support:
 - entrepreneurs as innovators, leaders, wealth creators
 - government initiatives to promote new businesses
 - the realities of setting up a business, from business plan onwards
 - the key challenges faced by start-ups, and why many fail
 - franchising as a method of reducing risk.

1.2 Business and the economy

The market and competition

- The impact of competition, price and non-price competition, anti-competitive behaviour and legal restrictions:
 - the need for innovation, possibly lowering prices, efficiency, customer service, improved quality
 - predatory pricing, cartels, collusion, market sharing, price fixing
 - regulation by the Office of Fair Trading and the Competition Commission.
- Supply and demand:
 - the determinants of demand: price, disposable income, advertising, population changes, interest rates, tastes, price of substitutes and complements, availability of credit
 - the determinants of supply: number of firms, technological change, subsidies and taxation, other factors such as weather, management and business-specific issues.
- Competition, globalisation and developing markets in economic regions, e.g. southern Africa or the European Union (EU), the emergence of India and China (BRICS) as global economic powers, the growth of the EU as a single market:
 - the increasing integration of the world market for goods and services and further integration of world capital markets, the increasing power of multinationals, increased price competition, globalisation and structural change within economies, the increased importance of international trade

- the effects of globalisation on businesses, competition, increased economies of scale, location of the business, mergers and joint ventures, currency movements, pros and cons of globalisation
- the Chinese and Indian economies, the EU as a single economy, the implication of their growth for the UK including enlargement of labour markets.

The business cycle

- Causes, phases and implications for businesses:
 - the causes, which could include external shocks such as oil price spikes and inappropriate government policies
 - phases of the business cycle: boom, recession, slump, recovery and long-run trend
 - implications for businesses such as potential increased price sensitivity in a recession.

Taxation

- Types of taxation, direct and indirect, and their impact on consumers and businesses:
 - types of taxes such as Value Added Tax (VAT), corporate or income tax, business rates, National Insurance (NI)
 - distinction between direct tax, such as income tax, and indirect tax, such as VAT
 - impact of taxation on businesses may include potentially higher selling prices, increased costs and falling demand. Impact on consumers may mean falling disposable incomes, changing purchasing patterns
 - impact on business resulting from changes in the level and pattern of tax revenue and expenditure by the government.

Interest rates

- Impact on businesses, the currency, investment decisions, consumers and demand, foundation knowledge of interest rate decisions:
 - impact of rising interest rates could include some consumers facing falling incomes, increased saving and reduced spending, trade payables will want faster payment and trade receivables will want to delay payment, inventory may fall in line with the increased opportunity cost, the currency may appreciate
 - basic understanding of the role of the Monetary Policy Committee of the Bank of England and its independence.

Exchange rates

- Appreciation and depreciation and its impact on businesses, imports and exports:
 - factors influencing the exchange rate such as interest rate movements
 - impact of appreciation on business such as increased difficulty of exporting and reduced costs of imported components, impact of depreciation.

Unemployment

- Types and impact on businesses:
 - types of unemployment: structural and cyclical (demand deficient), frictional, seasonal
 - impact on business such as reduced demand for goods and services, easier to recruit high-calibre staff.

Inflation

- Measurement, causes and impact, deflation, Consumer Price Index (CPI), cost push and demand pull:
 - basket of goods as a weighted index and the CPI
 - Retail Price Index (RPI)
 - inflation transmission through costs and/or demand
 - impact of deflation on businesses and the general economy such as seen in Japan
 - impact of inflation on businesses such as difficulty with planning, uncompetitiveness overseas, wage-price spiral
 - impact on real incomes and level of real debts.

1.3 Objectives

Government macro-economic objectives

- Low inflation, sustained trend growth and low unemployment:
 - the government's 2 per cent (1–3 per cent) target for CPI inflation
 - objective to maintain trend economic growth of 2.5 per cent
 - the desire to keep unemployment low
 - impact of these government objectives on policy, the business environment, business strategy.

Types of business objective

- Tactical, strategic and corporate:
 - broad time periods involved and the nature of these objectives
 - examples of business objectives.

Uses and problems of objectives

- How objectives can help or hinder businesses and what makes a good objective (SMART – specific, measurable, attainable, relevant and time-bound):
 - goal setting, motivational, review tool
 - problems may arise over suitable objectives and/or what is achievable, who sets the objectives and the consultation procedure.

1.4 Stakeholders

Stakeholders in a business

- Owners, customers, managers, shareholders, pressure groups, suppliers, employees and community:
 - who are the key stakeholders in a particular business
 - which stakeholders have any real control over business actions.

Stakeholder objectives

- The variety of objectives that stakeholders have and their differing priorities:
 - different stakeholders will have different priorities such as employees maximising wages and owners maximising profits, corporate social responsibility.

1.5 Classification of business

Legal structure

- Sole trader, partnership, private limited company, public limited company:
 - knowledge of the key characteristics of the legal structures and the necessary documents they require.

Sector

- Public and private, differing objectives and ownership:
 - ownership such as individuals, franchises or government, and objectives such as profit and/or service.

Size

- How size can be measured and how businesses can expand, the reasons for and methods of growth and the benefits of small firms:
 - typical measures of size include turnover, number of employees
 - methods of expansion include organic growth, mergers and acquisitions/takeovers
 - reasons for growth include economies of scale, market power, prevention of hostile bids, survival
 - small firms are still important and survive because government policy has promoted their establishment and personal service is valued.

Economic sectors

- Primary, secondary and tertiary, trends within the sectors, emergence of the service/knowledge economy:
 - sectors of the economy and typical businesses within sectors such as farming within the primary sector
 - trends in the sectors such as the growth of the service sectors and the implications and reasons for this.

1.6 Business opportunities and constraints

Social

- Demographic changes, such as ageing population and falling birth rates, impact on businesses:
 - knowledge of changes in the size and structure of the population
 - impact on businesses such as the growth of Saga to cater for an ageing population
 - other social changes such as the growth of single-person households, and changes in the pattern of employment such as the participation of women in the workforce, the increasing role of part-time work.

Legal

This topic is also assessed in the relevant functional areas.

- Legislation and its impact on business, basic knowledge of key legislation facing businesses such as the Data Protection Act, Employment Equality (Age) Regulations and Equality Act:
 - knowledge of purpose and impact on businesses of legislation such as potentially increasing costs in the short run but decreasing costs in the long run
 - examples of legislation impacting upon functional areas such as the minimum wage and people management
 - protecting business ideas/patents, trademarks and copyright.

Technology

- Benefits and threats of technology, new technologies and their impact on business and customer behaviour:
 - technologies such as computerised inventory control – electronic point of sale (EPOS), computer aided manufacturing (CAM), computer aided design (CAD), robotics, automation
 - the use of information and communications technology, e-commerce.

Environmental

- External costs, environmental policy and audits, the growth of the 'green pound' and the response of business:
 - examples of external costs such as congestion and pollution
 - business response to environmental concerns such as reduced packaging
 - the growth of consumer interest in 'green' goods and services such as organic products, and the response of business to this demand
 - sustainability and business decisions.

Business ethics

- Possible conflicts and resolutions, ethical code, ethical investments, Fair Trade:
 - the increasing role of ethics in customer behaviour, the impact on businesses of this shift
 - other social changes such as the growth of single-person households and changes in the pattern of employment such as the participation of women in the workforce, increasing role of part-time work.

1.7 Planning

- Strategic planning, important decisions and the long-term effects:
 - communication of plans through mission statements and corporate plans.
- Contingency plans, preparing for unlikely or unwanted scenarios such as a severe recession or a global flu epidemic:
 - preparing for the unexpected – role, purpose and limitations of contingency plans.
- Porter's Five Forces model – business behaviour and success is affected by five key factors: buyer power, supplier power, entry threat, substitute threat and rivalry:
 - knowledge of Porter's model and its uses and limitations including Porter's generic strategies
 - risk assessment, risk identification, risk management; trading, financial and transactional risks.

1.8 Corporate issues

- Corporate culture – the values, attitudes and beliefs associated with a business:
 - corporate culture influences strategies such as the decision-making process and management style
 - corporate culture's importance in terms of its impact on motivation and consumer perception
 - changing corporate culture takes time, commitment and consultation.
- Corporate governance, who has power in practice, the role of shareholders, institutional investors and managers:
 - the control of boardrooms in theory and practice, key players such as institutional investors, various shareholder groups, company directors
 - corporate social responsibility (CSR) – a critical understanding of CSR.

1.9 Equities

- The stock market, impact of share price movements on a business, determinants of share prices, private equity:
 - share price movements can influence areas such as bonuses and the likelihood of being a takeover target
 - share prices are affected by investor sentiment, company accounts, prospects, valuations and external shocks.

2 Marketing

This section of the syllabus focuses on typical activities of the marketing function within a business. Candidates must develop a thorough understanding of theoretical concepts, such as time series analysis and price elasticity of demand. But they must also develop skills in how to construct important marketing tools such as the marketing plan or a marketing strategy.

2.1 Marketing and objectives

- Definition of marketing, marketing objectives:
 - what is meant by marketing, review suitable marketing objectives.
- Customer relationship management (CRM):
 - the implications for business and consumers of loyalty cards, personalised marketing, consumer databases
 - identification and treatment of the customers who are most profitable to a business.
- Market and product orientation:
 - distinction between market and product orientation
 - examples and suitability of both approaches.
- Market segmentation, reasons for and examples:
 - methods of market segmentation, reasons for, relative merits and problems of market segmentation.
- Market growth and share, calculation:
 - definition of market share and growth, calculation using appropriate data, interpreting these data and results of calculations.
- Niche and mass marketing, examples in practice and relative merits:
 - distinction between niche and mass marketing, ability to identify niche marketing, relative merits of both approaches.
- Market positioning and repositioning, unique selling point (USP):
 - reasons for market positioning and repositioning
 - the importance of the unique selling point and product differentiation.

2.2 Market research

Types of research

- Methods of market research, primary and secondary:
 - reasons for and types of research, the usefulness of techniques.

Sampling

- Sampling methods and their relative merits and problems, pros and cons of sampling in general:
 - suitable sampling methods such as convenience, quota, stratified, cluster, random, multi-stage
 - reasons for sampling and the potential problems of sampling discrepancy and human bias.
- Use of normal distribution and calculation of standard deviation, significance of results, problems and benefits of using normal distribution analysis:
 - definition of normal distribution and interpretation of the normal distribution curve, the uses of the normal distribution for businesses, the limitations of the normal distribution, calculation and interpretation of standard deviation results. Using confidence level tables.

Forecasting

- Quantitative and qualitative methods of forecasting, such as the Delphi technique and time series analysis, moving averages, trend, variation, plotting, line of best fit and predicting future values/ extrapolation:
 - qualitative techniques such as the Delphi method, historical analogy, market surveys, personal insight and panel consensus
 - calculation and interpretation of time series analysis data, construction of 3, 4 and 12 period moving averages, trend, lines of best fit, variation and future values
 - relative merits of forecasting methods in a business context.

2.3 Elasticity

Price elasticity of demand (PED)

- Definition, diagrams, calculation, determination of optimal pricing policy (total revenue changes), general uses and problems of the method, factors affecting PED, how PED is estimated:
 - full use and limitations of PED for a business, definition, calculation and interpretation of data gained from relevant calculations.

Income elasticity of demand

- Definition, calculation and interpretation of income elasticity of demand.

Advertising elasticity of demand

- Definition, calculation and interpretation of advertising elasticity of demand.

2.4 The marketing mix

Candidates must be able to construct suitable marketing (mix) strategies or construct individual strategies based on one of the four Ps.

Price

- Pricing strategies based on cost, such as contribution (also see section 3.1 'Costs, revenue, contribution and profit'), including special order decisions, customers/market such as price discrimination, and competition based such as destroyer pricing:
 - identification, calculation and discussion of pricing strategies based on cost, customers and competition
 - cost-based pricing such as contribution and mark-up, absorption, target based
 - market-based pricing such as penetration, skimming, loss leaders, price discrimination, discounts and sales, psychological
 - competition-based pricing such as going rate, destroyer.

Place

- Channels of distribution, e-commerce, intermediaries, wholesalers, agents, choosing a distribution channel:
 - location, types of distribution channel and their appropriateness, physical distribution.

Product

- The product life cycle, the product mix, extension strategies, the Boston Matrix and new product development:
 - the product life cycle and its stages from development to decline
 - the product mix/portfolio and potential extension methods such as finding new markets for existing products.

Promotion

- Above- and below-the-line and constraints on advertising:
 - methods of above- and below-the-line promotion and their merits
 - regulation of advertising such as the Advertising Standards Authority (ASA).
- AIDA (awareness, interest, desire, action), from awareness to action, reviewing advertising, the uses and problems of the model:
 - usefulness of the AIDA model.
- DAGMAR (Defining Advertising Goals for Measured Advertising Results), assessing the effectiveness of advertising, from unawareness to action:
 - relative merits of the DAGMAR model using the communication spectrum of unawareness, awareness, comprehension, conviction, action.

2.5 The marketing plan

- The elements of the marketing plan such as the marketing audit, SWOT (strengths, weaknesses, opportunities, threats):
 - stages of the plan from the marketing audit, marketing budget objectives, strategy, review, the use of SWOT analysis.

2.6 Marketing law

- Marketing and the law such as the Consumer Rights Act and the Consumer Protection from Unfair Trading Regulations 2008:
 - how legislation relating to marketing impacts upon a business.

2.7 International marketing

- International marketing, the pros and cons of selling in overseas markets whether it be the EU or non-EU:
 - why overseas markets can be different, methods of entering overseas markets such as joint ventures, motives for selling in overseas markets such as increasing profits.

2.8 Marketing strategy

- The Ansoff Matrix, reviewing risk with products and markets, from market penetration to diversification:
 - the usefulness of the Ansoff Matrix when businesses are considering growth strategies.
- Offensive marketing strategies, examples of and reasons for.
- Marketing myopia, the danger of a short-sighted approach, recognising and changing to consumer wants:
 - consumer wishes should be at the core of decision-making and businesses must carefully monitor consumer trends.

3 Accounts and finance

This section of the syllabus introduces candidates to key concepts of accounting and finance, such as profit and discounted cash flow. Candidates need to be able to analyse and interpret financial data within the business context. Thus, candidates need to be able to apply methods, such as ratio analysis and investment appraisal techniques, to make sensible decisions and recommendations.

3.1 Costs, revenue, contribution and profit

Costs

- Variable cost, average cost, fixed cost, total cost, marginal cost, direct cost, indirect cost, definition and examples:
 - identification and explanation of different types of costs, use of cost data in appropriate calculations.

Revenue

- Total revenue, marginal revenue:
 - calculation and interpretation of revenue data in a business context.

Contribution and profit

- Calculation of contribution and profit; distinction between the two.
- Cost and profit centres, their purpose and usefulness in organisations.

3.2 Budgets

Types of budget

- Historical and zero-based budgets:
 - the various types of budgets and their relative merits.

Purpose of budgets

- Problems of setting budgets, uses of budgets:
 - the purpose of budgeting as an aid to decision-making and control, problems of setting budgets.

Variances

- Calculation and meaning of favourable and adverse variances:
 - calculation and interpretation of variances, their usefulness in assessing business performance.

3.3 Sources of finance

Types of finance

- Internal versus external sources, external long-term sources and short-term sources:
 - internal sources of finance such as retained profit and asset sales
 - long-term sources such as shares, mortgages, venture capital
 - short-term sources such as loans repayable within 12 months, debt factoring
 - micro-finance as an alternative source of funds.

Determinants of source of funds

- Interest rates, gearing, size of business:
 - key determinants of the choice of funds for a given business.

3.4 Investment decisions

Methods of investment appraisal

- Payback Period (PBP) and Average Rate of Return (ARR), Discounted Cash Flow (DCF), Net Present Value (NPV), Internal Rate of Return (IRR):
 - calculation, interpretation and evaluation of these investment appraisal techniques.

Factors influencing investment decisions

- Motives, business confidence, interest rates:
 - the range of factors that influence investment decisions.

3.5 Cash flow

- Methods of improving cash flow, cash flow forecasts:
 - the importance of cash flow and ways of improving cash flow, calculation and interpretation of cash flow forecasts.

3.6 Break-even analysis

- Break-even analysis, margin of safety, calculation of the break-even output:
 - calculation and interpretation of break-even data, break-even point, margin of safety, profit
 - evaluation of break-even analysis as a decision-making tool.

3.7 Accounts

- The Balance Sheet and Income Statement, the components of the financial statements and their uses and problems:
 - purpose, role and relative merits of the Balance Sheet and Income Statement.
- Ratio analysis, profitability, activity, liquidity, gearing and shareholder ratios, calculation and interpretation of, uses and problems with:
 - calculation, interpretation and discussion of profitability ratios: return on capital employed (ROCE), gross profit margin, net profit margin (and commonly used equivalent terms)
 - activity ratios: asset turnover, inventory turnover, debt collection period, creditor payment period
 - liquidity ratios: current ratio, acid test ratio
 - gearing and interest cover ratios
 - shareholder ratios: dividend per share, dividend yield, price/earnings, dividend cover, earnings per share.

3.8 Depreciation

- Depreciation straight line and declining balance, calculation of, reviewing the book value of a non-current (fixed) asset:
 - calculation, interpretation and discussion of the straight line and declining balance methods.

4 Operations and project management

This section of the syllabus focuses on **how** work gets done and how we can measure that process. Operations management is concerned with how a business organises its resources to make things or to deliver services. Operations have some 'continuing' aspect; but candidates are also introduced to the management of one-off projects, which have a clear start and finish. Candidates need to understand how we can measure and improve operations, for instance in terms of quality, waste and cost.

4.1 Production methods

- Job, batch, flow, cell, lean, just in time (JIT), flexible specialisation:
 - appropriate production methods and their links with inventory, quality, continuous improvement, Kanban.

4.2 Efficiency

- Economies and diseconomies of scale, diagrammatic representation, types of economies of scale, internal and external sources:
 - economies of scale such as managerial, marketing, purchasing, technical, risk bearing, financial
 - diseconomies of scale and the role of communication and coordination failure
 - distinction between internal and external economies of scale, interpretation and drawing of the appropriate scale diagrams.

4.3 Capacity

- Over- and under-capacity utilisation, reasons for, the coping zone:
 - explanation of short-run over- and under-capacity production, implications for a business
 - calculation of capacity utilisation.

4.4 Quality

- Quality assurance, built-in and inspected quality, total quality management, Kaizen, benchmarking, customer service, quality circles:
 - methods of ensuring quality, understanding quality standards such as benchmarking, analysis of the distinction between inspection and prevention.

4.5 Inventory

- Types of inventory, inventory control charts, buffer inventory, re-order levels (ROL), re-order quantities (ROQ), lead times, vendor rating, stock out:
 - identification of the types of inventory such as components, work in progress and finished goods, construction and interpretation of inventory control charts, calculation and discussion of buffer inventory levels, ROL, ROQ, lead times, vendor rating.

4.6 Managing projects

- Project management, critical path analysis (CPA):
 - the integrative nature of project management, calculation, manipulation and interpretation of CPA, node construction, earliest start time (EST), latest finish time (LFT), the critical path, total float, free float, dummy activities. Candidates do not need to be able to construct a critical path chart.
- Location of businesses, infrastructure, business parks, industrial inertia, grants and subsidies:
 - factors influencing the location or relocation of a business
 - the benefits of business parks, agglomeration, grants and subsidies and their role in the location of business.

4.7 Competitive advantage

- Research and development (R&D), its role in keeping a competitive edge, in-house and externally sourced:
 - the benefits of R&D, sources of innovation from within and/or external links such as university departments.

4.8 Reducing waste

- Waste management and control, waste minimisation, benefits and problems of waste management and factors influencing waste management:
 - methods of reducing waste, legal issues, ethical concerns, cost reduction.

4.9 Trends in cost control

- Outsourcing, cutting costs and/or better service, examples of and reasons for:
 - motives behind outsourcing, reducing costs versus level of service.
- Off shoring, reasons for and examples:
 - off shoring, relative merits, trends in and business examples.
- Reshoring, reasons for and relative merits.

5 People in organisations

This section of the syllabus is concerned with **who** does the work within a business. Candidates need to understand why people work and how they can be managed so that they contribute to the success of a business. This section of the syllabus again blends theoretical aspects (such as motivational and leadership theories) with practical activities (such as employee recruitment or business communication). The impact of contextual aspects is also considered, for instance employment law.

5.1 Motivation

Monetary and non-monetary motivation

- Monetary methods:
 - remuneration methods such as hourly, salary, bonuses, performance related pay (PRP), profit sharing, share ownership, fringe benefits, commission, piece rates, suitability of payment methods in different business scenarios.
- Non-monetary methods:
 - non-monetary methods such as delegation, job enrichment, job enlargement, team working, empowerment, job rotation.

Employee participation

- Worker-directors, consultative committees, works councils, suggestion boxes:
 - the pros and cons of participative decision-making, merits of methods, link to collective bargaining.

Motivational theory

- Taylor, Maslow, Mayo, Herzberg, McClelland, Vroom, Equity theory:
 - motivational theories, relative merits of individual theories.
- The Hackman and Oldham job characteristics model, evaluating job enrichment, psychological states and core job dimensions:
 - understanding of this model, assessment of the model.

5.2 Leadership and management styles

Styles of management

- Autocratic, paternalistic, democratic, laissez-faire, McGregor's Theory X and Y, suitability in different business environments, leadership and facilitation:
 - leadership styles, suitability in business scenarios, functions of management.

5.3 Management by objectives (MBO)

- Drucker and MBO, inflexibility of approach, ideas and strategy from all levels:
 - problems and advantages of MBO.

5.4 Labour turnover

- Impact on the business and determinants, calculation, methods of reducing:
 - calculation and definition of labour turnover, causes, solutions, pros and cons of a high rate of labour turnover.

5.5 Absenteeism

- Absenteeism, calculation, causes and remedies:
 - calculation and discussion of absenteeism, primary causes, potential solutions, impact on a business.

5.6 Human resource management and workforce planning

Recruitment

- Internal and external recruitment, methods of selection:
 - job analysis, job evaluation, description, person specification, attracting applicants, curriculum vitae, selection procedures, interviews, intelligence tests, personality tests, relative merits of internal versus external recruitment, assessing recruitment procedures, recycling employees – recruiting ex-employees.

Training

- Induction, on- and off-the-job training:
 - the role, mechanics and relative merits of induction training and its link to competitiveness, quality and participation, Training Needs Analysis (TNA), training methods and evaluation, Investor in People (IiP).

The workforce plan

- The elements of the workforce plan, assessing the effectiveness of people management, impact of flexible working practices:
 - the elements of the workforce plan, staff audit – analysing current employees, staff targets – forecasting demand for employees, planning internal and external supply of staff
 - implications and benefits of flexible working on employers/employees.

Organisational structure

- Span of control, hierarchy, chain of command, delayering/downsizing, relative merits of delegation, centralised and decentralised.

5.7 Change management

- The management of change, internal or external change, managing change and resistance to it:
 - management of change, reasons for change such as competitor actions, why change is resisted such as preserving current hierarchy, strategies for effective change, change culture.

5.8 Employment law and collective representation

- The main types of employment legislation and the costs and benefits of these for business.
- Trade unions, collective labour law, union recognition and union density, pros and cons of union involvement in business activity.

5.9 Business communication

- Purpose of communication:
 - purpose, i.e. to ensure the desired response, simple examples to show this.
- Barriers to effective communication:
 - barriers such as attitudes, perceptions, noise, inappropriate media.
- Communication methods:
 - standard methods, strengths and weaknesses of each method, their relative appropriateness in different circumstances and for different people.

Component 3 Personal Investigation

Structure

The Personal Investigation represents 25 per cent of the total marks available for the subject. The Personal Investigation is marked out of a total of 100.

Setting advice, submission and marking

The Personal Investigation is internally set.

2022

Outline Proposal Forms are no longer in use for this syllabus for entries from the 2022 series onwards. Instead, each candidate must complete a Project Proposal Form, and this must be reviewed internally. You should use the form to give guidance and feedback to candidates on their project proposal. To download the Project Proposal Form and for guidance on reviewing proposals go to our School Support Hub www.cambridgeinternational.org/support

Teachers can provide guidance on the *choice* of business problem, the *range* of research methodologies that are available, the *range* of data presentation styles that are available (e.g. tables, graphs, statistics, etc.), and *how* to find sources of information. Teachers may read a maximum of one draft of the report and indicate which *parts* of the draft they consider to be weak (in terms of the assessment objectives). Teachers must not do any of the research (e.g. data collection or analysis) and they must not write or revise any of the report. Teachers must not supervise the writing of the report.

At the time of submission, the candidate is required to sign a declaration that the Personal Investigation/coursework is their own work and the teacher countersigns to confirm they believe the work is that of the candidate. Centres should use the Pre-U Cover Sheet for this purpose. Further details can be found in the *Cambridge Handbook (UK)* for the relevant year of assessment and the samples database at www.cambridgeinternational.org/samples

The Personal Investigation is externally marked.

Timescale for Personal Investigations

It is anticipated that Personal Investigations will be approved by the end of October of the second year of the course, and then submitted before the examination series at the end of the course. (Refer to the *Cambridge Handbook (UK)* for the year of the examination for the submission deadline.)

Choice of Personal Investigation

Candidates undertake an individual, independent investigation into a business problem faced by an *existing* small/medium-sized business. The organisation may be a sole trader, partnership or small private limited company. There is also scope for business investigations within a school environment, for example change of use/development of a café or shop, but the focus must be on an 'autonomous' business, not a service funded or provided by the school. Investigations into public limited company businesses do not meet this criterion, although a local problem faced by a *local* franchisee of a national business would be considered as long as it did not stray into the realms of a big national problem.

Titles should take the form of a question that addresses a specific problem or possible development, for example:

- Should *Tasty Treats* takeaway offer home delivery/purchase a delivery van?
- How might the local shop *Jim's Hardware* improve profitability?
- Should *Le Petit Chien* café extend its opening hours?
- How might *Super Buy* convenience store decrease staff absenteeism?
- Should the computer shop *Perfect PCs* relocate?

Report

Candidates produce a final report of at least 3500 words, which is fully ICT-based, produced in font size 12 and word counted. *Any report over 4000 words will be returned to the Centre unmarked.* If, due to a disability or other reason, a candidate may be unable to produce an ICT-based report then the Centre should contact Cambridge International prior to the candidate commencing the course, so that alternative access arrangements for this part of the syllabus can be discussed.

Reports should include the following: cover page with word count, title page, abstract, contents page, business background and problem in context, objectives, research methodology, research results, conclusions, recommendations and evaluation, bibliography and appendix (maximum six pages of relevant appendices, not included in the word count).

Assessment criteria

The report will be externally marked using the following assessment criteria.

For each criterion in turn, a best-fit rule is applied in judging first in which level to place the response and then, within that level, which mark is appropriate. Mid-range marks within a level should be given if, for example, several of the criteria have been met but not all.

Assessment criteria	Level	Marks	Description
Problem definition (10 marks) Formulation of the Research Question from a business problem, issue or question.	3	8–10	<ul style="list-style-type: none"> The business problem, issue or question is described fully. It is clear why a solution is required and who it affects. There is good understanding of the implications of failure to solve the problem. The Research Question is clearly expressed, succinct and is reflected in the stated research objectives.
	2	4–7	<ul style="list-style-type: none"> The business problem, issue or question is described in detail. It is clear why a solution is required and who it affects, and there is some understanding of the implications of a failure to solve the problem. There is clear expression of a Research Question.
	1	1–3	<ul style="list-style-type: none"> A business problem, issue or question is described but there is a lack of detail. The expression of a Research Question is not clear.
	0	0	<ul style="list-style-type: none"> No rewardable response.
Secondary research (10 marks) Exploration and use of existing sources of knowledge and research information.	3	8–10	<ul style="list-style-type: none"> Relevant business concepts are selected and accurately applied to the business context. Appropriate credible sources, including academic sources, are identified, used and cited. Different perspectives from published research are contrasted and critiqued.
	2	4–7	<ul style="list-style-type: none"> Relevant business concepts/theories are explored in context. The sources used are appropriate, identified and cited.
	1	1–3	<ul style="list-style-type: none"> There is some use of ideas and/or facts from appropriate secondary sources with little or no citation.
	0	0	<ul style="list-style-type: none"> No rewardable response.

Assessment criteria	Level	Marks	Description
Primary research design (20 marks) Development of methodology for the primary research.	5	17–20	<ul style="list-style-type: none"> Research design demonstrates secure understanding of primary research methodologies. Accurate, clear and succinct description of research method(s) selected. Convincing justification of research method(s) selected including advantages and disadvantages of different methods in context. The report will show why other potential primary research methods were rejected as unsuitable for this research project.
	4	13–16	<ul style="list-style-type: none"> Research design demonstrates secure understanding of primary research methodologies. Accurate description of research method(s) selected. Some justification of research method(s) selected or advantages and disadvantages of methods.
	3	9–12	<ul style="list-style-type: none"> Research design is largely appropriate and demonstrates some understanding of primary research methodologies. Accurate description of research method(s) selected.
	2	5–8	<ul style="list-style-type: none"> Research design demonstrates limited understanding of primary research methodologies. Limited description of research method(s) selected.
	1	1–4	<ul style="list-style-type: none"> Research design is flawed. Shallow (and possibly inaccurate) description of research method(s) to be used.
	0	0	<ul style="list-style-type: none"> No rewardable response.
Carry out primary research and select data (10 marks) Collection and selection of the primary data.	3	8–10	<ul style="list-style-type: none"> Primary data are collected and sufficient, appropriate data are selected, that are relevant to the problem identified and/or possible solutions. The meaning of the data is clear. Key issues that arose with the collection of the primary data are identified and discussed.
	2	4–7	<ul style="list-style-type: none"> Primary data are collected and relevant data from the research are presented. The meaning of the data is clear.
	1	1–3	<ul style="list-style-type: none"> Limited primary research is carried out. The data presented are limited in quality and/or quantity.
	0	0	<ul style="list-style-type: none"> No rewardable response.

Assessment criteria	Level	Marks	Description
Discussion and use of data (20 marks) Discussion of the primary and secondary information. Use of research data to consider alternative approaches.	5	17–20	<ul style="list-style-type: none"> Substantial discussion of the data, using various and appropriately selected written and numerate techniques to identify causes and/or possible solutions. Judgement shown in techniques used. Accurate use of relevant business theory throughout. The report will comprehensively apply business theory to the research problem, issue or question and research results.
	4	13–16	<ul style="list-style-type: none"> Substantial discussion of the data using various written and numerate techniques to demonstrate clear understanding and depth of knowledge. Accurate application of relevant business theory throughout, including application to research results.
	3	9–12	<ul style="list-style-type: none"> Some discussion of the data using written or numerate techniques, showing understanding but lacking depth. Accurate application of relevant business theory. The research results/figures presented are supported by limited explanation of business theory.
	2	5–8	<ul style="list-style-type: none"> Some discussion of the data using written or numerate techniques, showing understanding but lacking depth. Limited application of business theory.
	1	1–4	<ul style="list-style-type: none"> Limited discussion of the data using written or numerate techniques, showing some understanding but lacking depth.
	0	0	<ul style="list-style-type: none"> No rewardable response.
Conclusions and recommendations (10 marks) Drawing conclusions and making recommendations from research.	3	8–10	<ul style="list-style-type: none"> Appropriate and realistic conclusions or solution(s) to the research problem, issue or question. Recommendations are justified by the evidence, showing awareness of wider issues and their implications for the business concerned. Convincing consideration of the strengths and limitations of the investigation and suggested solution(s). The report will convince the reader that every conclusion/recommendation would be difficult to dispute given the preceding evidence.
	2	4–7	<ul style="list-style-type: none"> Appropriate, realistic conclusions and/or recommendations, which are partially justified by the evidence. Some consideration of the strengths and limitations of the investigation and suggested solution(s).
	1	1–3	<ul style="list-style-type: none"> Limited conclusions and/or recommendations.
	0	0	<ul style="list-style-type: none"> No rewardable response.

Assessment criteria	Level	Marks	Description
Communication of business research (20 marks) Structure and presentation of research report.	5	17–20	<ul style="list-style-type: none"> Complex ideas, arguments or information, all of which are meaningful, plausible, coherent and well organised. The report is expressed well throughout and business terminology is extensively and appropriately used. The structure of the research report follows norms for academic research*. Each reference listed conforms to the Harvard system and all references cited in the main text are actually included in the reference list. The quality of expression and the structure of the document will be exemplary throughout. All information in the report will be relevant and entirely focused on the research problem issue or question.
	4	13–16	<ul style="list-style-type: none"> Complex ideas, arguments or information, which are in the main meaningful, plausible, coherent and well organised. The report is expressed well and business terminology is appropriately used. The structure of the research report follows norms for academic research*. Each reference listed conforms to the Harvard system and all references cited in the main text are actually included in the reference list.
	3	9–12	<ul style="list-style-type: none"> Some complex ideas, arguments or information, which can mostly be understood. The report is expressed reasonably well and, where used, business terminology is in the main appropriate. The structure of the research report follows most norms for academic research*. Each reference listed conforms to the Harvard system, but some references cited in the main text may not be included in the list.
	2	5–8	<ul style="list-style-type: none"> Simple ideas, arguments and information, which are organised and can be understood. Clear document structure which follows most standard practices; with good English, and reasonable use of business terminology. Each reference listed conforms to the Harvard system, but some references cited in the main text may not be included in the list.
	1	1–4	<ul style="list-style-type: none"> Simple ideas, arguments and/or information, which are poorly organised. The report structure follows some standard practices; English can be understood but there are errors. A list of references is included but some references are not specified correctly.
	0	0	<ul style="list-style-type: none"> No rewardable response.

* i.e. title page, abstract, contents page, section headings, table and figure numbers, page numbers

Additional information

Equality and inclusion

This syllabus complies with our *Code of Practice* and *Ofqual General Conditions of Recognition*.

We have taken great care in the preparation of this syllabus and related assessment materials to avoid bias of any kind. To comply with the UK Equality Act (2010), we have designed this qualification with the aim of avoiding direct and indirect discrimination.

The standard assessment arrangements may present unnecessary barriers for candidates with disabilities or learning difficulties. Arrangements can be put in place for these candidates to enable them to access the assessments and receive recognition of their attainment. Access arrangements will not be agreed if they give candidates an unfair advantage over others or if they compromise the standards being assessed. Candidates who are unable to access the assessment of any component may be eligible to receive an award based on the parts of the assessment they have taken. Information on access arrangements is found in the *Cambridge Handbook (UK)*, for the relevant year, which can be downloaded from the website www.cambridgeinternational.org/eoguide

Guided learning hours

Cambridge Pre-U syllabuses are designed on the assumption that learners have around 380 guided learning hours per Principal Subject over the duration of the course, but this is for guidance only. The number of hours may vary according to curricular practice and the learners' prior experience of the subject.

Total qualification time

This syllabus has been designed assuming that the total qualification time per subject will include both guided learning and independent learning activities. The estimated number of guided learning hours for this syllabus is 380 hours over the duration of the course. The total qualification time for this syllabus has been estimated to be approximately 500 hours per subject over the duration of the course. These values are guidance only. The number of hours required to gain the qualification may vary according to local curricular practice and the learners' prior experience of the subject.

If you are not yet a Cambridge school

Learn about the benefits of becoming a Cambridge school at www.cambridgeinternational.org/startcambridge. Email us at info@www.cambridgeinternational.org to find out how your organisation can register to become a Cambridge school.

Language

This syllabus and the associated assessment materials are available in English only.

This document was initially designed for print and as such does not reach accessibility standard WCAG 2.1 in various ways including missing text alternatives and missing document structure. If you need this document in a different format contact us at info@cambridgeinternational.org (with the subject heading: Digital accessibility) and we will respond within 15 working days.

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