

Unit Title: Introduction to Business	Unit code: IM
Level: 3	Learning Hours: 100
Learning Outcomes and Indicative Content:	
Candidates will be able to:	
<ol style="list-style-type: none"> 1. Understand and describe the nature and purpose of business in terms of what businesses do, what resources they need and who they are accountable to <ol style="list-style-type: none"> 1.1 Explain the needs of different stakeholders in a business; owners/shareholders, customers, employees, management, suppliers, creditors and government 1.2 Describe the inputs required by a business; labour, suppliers, finance, land, management skills 1.3 Describe accountability; owners/shareholders and other stakeholders 2. Describe the structure and classification of business <ol style="list-style-type: none"> 2.1 Classify businesses by sector; primary, secondary, tertiary 2.2 Describe advantages and disadvantages of different forms of legal structure; sole trader, partnership, franchise, private limited company, public limited company 2.3 Describe the difference between the private sector and the public sector in terms of ownership and objectives 3. Understand the different objectives that exist in a business and appreciate the different stakeholder perspectives <ol style="list-style-type: none"> 3.1 Define and understand the terms corporate aims, corporate objectives and corporate strategy 3.2 Describe how objectives might change through the life of a business; survival, break-even, growth, profit maximisation, market share, diversification 3.3 Describe the different objectives of the various stakeholders, including government, and how they might conflict 3.4 Explain how stakeholder objectives might affect the behaviour and decisions of a business 4. Understand how the external environment creates opportunities and threats for a business <ol style="list-style-type: none"> 4.1 Describe the effect on businesses of changes in external factors; interest rates, exchange rates, inflation, unemployment, the business cycle, government legislation, technology 4.2 Explain how firms can use PEST (political, economic, social and technological influences) analysis as part of a business strategy. 4.3 Understand and describe other influences on business activity; environmental, cultural, moral and ethical 	

- 5. Understand the factors that influence the scale of production, the location of production and the choice between different types of production process**
 - 5.1 Describe the process and its associated advantages and disadvantages; job, batch, flow, lean and cell
 - 5.2 Describe the factors that influence the location of a business; availability of land, labour, closeness to market, transport routes, government grants, planning permission and environmental factors
 - 5.3 Explain and give examples of economies and diseconomies of scale

- 6. Explain the need for, and describe the means of, achieving control over quality and stock levels in production**
 - 6.1 Explain the importance of quality and its impact on the business
 - 6.2 Describe different approaches to achieving quality; self checking versus inspection, TQM (Total Quality Management), benchmarking, continuous improvement (kaizen)
 - 6.3 Explain the costs and benefits of holding stock
 - 6.4 Outline the benefits and problems associated with the JIT (Just In Time) system of stock management

- 7. Understand and describe the marketing process in terms of identifying, targeting and satisfying customers**
 - 7.1 Explain marketing strategy in terms of company objectives, available resources and market possibilities
 - 7.2 Describe various methods of market research; primary and secondary
 - 7.3 Explain how a market for a product can be segmented e.g. clothes, vehicles, holidays etc

- 8. Understand and explain marketing strategy and marketing planning**
 - 8.1 Define and explain the importance of the marketing process.
 - 8.2 Explain the marketing mix (4 Ps) as part of a marketing plan.
 - 8.3 Illustrate with a diagram and to explain the product life cycle.
 - 8.4 Explain how the marketing mix might change at different points of the product life cycle
 - 8.5 Define marketing terms; niche market, mass market, USP (Unique Selling Point)

9. Understand the purpose of and describe the main accounting terms and statements

- 9.1 Define and describe basic accounting terms; fixed costs, variable costs, revenue, profit, break-even, working capital
- 9.2 Explain the purpose of budgets and cash flow forecasts; advantages and disadvantages
- 9.3 Explain the role, purpose and limitations of final accounts; balance sheet and profit and loss statement
- 9.4 Explain the use of ratios to analyse business performance; gearing, current ratio and Return on Capital Employed (ROCE) in relation to risk, liquidity and profitability

10. Describe and explain relevant sources of finance for different business purposes

- 10.1 Identify short term, medium term and long term sources of finance
- 10.2 Select appropriate source of finance to match a business need e.g. overdraft for temporary expansion of stock levels
- 10.3 Explain the relative benefits and drawbacks of each type of finance

11. Understand the importance of human resources to an organisation and explain the need for human resource planning

- 11.1 Explain the relationship between organisational objectives and human resources
- 11.2 Describe workforce planning in action; recruitment, selection, induction and training
- 11.3 Define and give equation for labour turnover

12. Understand motivation in theory and in practice

- 12.1 Outline principal theories; Taylor, Mayo, Maslow and Herzberg
- 12.2 Describe and explain the benefits of motivation in practice; job enrichment, job enlargement, empowerment, team working
- 12.3 Financial incentives - describe the benefits and drawbacks of different means of remuneration; piecework, time-based wage, salary, commission, profit sharing, share ownership, fringe benefits

Assessment Criteria:

- Assessment method: written examination
- Length of examination: three hours
- Candidates should answer four questions from a choice of eight, each question carrying equal marks

Recommended Reading

ABE, *ABE Study Manual – Introduction to Business*, ABE

Marcouse I, Martin B, Surridge M, Wall N – *Business Studies* (2003), Hodder and Stoughton
ISBN: 0340811102

Barrat M, Mottershead A – *Business Studies: Student's Book* (2000), Longman
ISBN: 0582405475