

**Business Component 3 specification after advanced information for exams in 2022 (7<sup>th</sup> February,2022 – may be updated)**

- The content **NOT** labelled, “light touch” is **essential** revision, must be learnt thoroughly and must not be missed out of your revision **for your finals.**
- The content that is labelled, “light touch” is important as it will support your answers to follow up questions. This is particularly true for component 3 as it is a synoptic paper. As Eduqas have taken out of the focus for revision a large proportion of the new content, usually taught in component 3, we should expect questions covering content from com 1 & 2 of the syllabus for the long case study and for the 10/20 mark essay questions in part B of the paper.
- As with most exam boards Eduqas have said that they expect that the whole of the syllabus should have been taught. Therefore, at this stage I would include the focus for revision and the light touch, support information that I have identified in com. 1 & 2 in your revision. However, do the essential advanced information first for com 3. Below is the advanced information for component 3 – it also includes all of the light touch – support revision from the com 3 part of the syllabus that you should do to understand more clearly and write better answers in component 3.

<b>Content</b>	<b>Amplification</b>
<p><b>Risk management</b></p> <p>As we have found in a recent essay it is important to use key terms from this area of the syllabus and fully understand how they should be used.</p> <p>I strongly recommend that you use your text-book and revision guide for this revision as they mention insurable/uninsurable risks; business interruption insurance and give the theoretical detail needed.</p>	<p>Identify the risks that businesses are likely to encounter, including natural disasters, failure of equipment/technology, employee error, supply problems, economic factors, legal challenges, public relations and product failures</p> <p>Explain that <b>some risks are more certain to happen than others</b> and that this will affect the decision as to how much a business will be willing <b>to spend on their prevention</b></p> <p>Explain the importance <b>of risk assessment as a tool</b> for avoiding risks</p> <p>Explain how some risks can be dealt with by preventative actions such as installing water sprinklers, backing up IT data and training employees</p> <p>Explain the difference between <b>insurable and uninsurable risks</b></p>

	<p>Explain what is meant by <b>contingency planning and crisis management</b></p> <p>Explain ways in which businesses can use contingency planning to deal with risks that may affect their activities such as having <b>contingency funds</b>, alternative production arrangements, allocating responsibilities to managers/employees and dealing with public relations in the event of a <b>crisis</b></p> <p><b>Evaluate</b> the possible responses of a business to the potential risks that it faces</p> <p><b>Evaluate</b> the importance of <b>risk management and contingency planning</b> to a business and its <b>stakeholders</b></p>
<p><b>Light touch support information.</b></p> <p><b>Some information from “Change”</b></p>	<p>Explain why there may be resistance to change and ways of removing resistance including Lewin’s three step process, changes in organisational culture and the role of leadership.</p> <p><b>This might be useful when evaluating the effect upon stakeholders of risk management. You may also want to consider the difference between Storey’s incremental change which would occur if planning in order to prevent risk compared to sudden change which might result if the “risk” occurs. However, don’t make an answer to a risk question all about “change”</b></p>
<p><b>PEST</b></p> <p><b>Economic factors</b></p>	<p>Explain how economic factors affect business activity</p> <p>Explain what is meant by economic growth and the business cycle and their measurement (GDP)</p> <p>Explain what is meant by inflation including its measurement and causes</p> <p>Explain what is meant by interest rates</p> <p>Explain what is meant by exchange rates</p> <p>Explain what is meant by unemployment</p> <p>Evaluate the impact of the business cycle, inflation, interest rates, exchange rates and unemployment on businesses and their stakeholders</p>
<p><b>Light touch – support information</b></p> <p><b>Income / Price Elasticity of demand</b></p>	<p>As income drops due to unemployment, or real disposable income drops, due to increase in interest rates and inflation, how will that affect demand for luxury, normal and inferior goods?</p> <p>Flip to understand a decrease in the above.</p>

<p><b>Light touch – support information</b></p>	<p>As price rises due to inflation, how will that affect the demand for price elastic and inelastic goods?</p> <p>How will a change in the exchange rate of the pound and other currencies affect businesses that outsource and export?</p>
<p><b>PEST</b> <b>Environmental factors</b></p> <p><b>Remember the UK government has agreed at COP21 to actions to reduce climate change/to limit global warming to below 2 degrees Celsius, compared to pre-industrial levels.</b></p>	<p>Explain the potential environmental costs of business activity including air, water and noise pollution, climate change, congestion, destruction of the environment and waste disposal</p> <p>Explain how potential environmental costs can be controlled by government intervention, the influence of pressure groups and education “<b>Environmental costs</b>” refer to the destruction to the environment of business activity, (not money). However, it may also mean the capital cost of changing to more environmentally friendly operations which could mean a government grant to encourage businesses to do it. The UK government is committed to reduce global warming.</p> <p>Explain how businesses can respond to environmental issues</p> <p><b>Evaluate</b> the impact of business activity on the environment</p> <p><b>Evaluate</b> the impact on a business of implementing <b>environmentally friendly policies</b></p>
<p><b>Light touch, support information.</b></p> <p><b>PEST - Ethical – to do the morally correct thing, even when there is no law set to make you.</b></p>	<p>Businesses, unless they are a social enterprise, will have an objective to make a profit. This need for profit <b>may</b> conflict with the need to behave ethically. This comes into play particularly when considering becoming environmentally friendly as it may create a capital cost and/or increase their every-day operating costs, thus reducing profit. If there is no law compelling them to become more environmentally friendly, then the business must feel ethically concerned enough to decide to do it.. This is a good counter-argument when considering why a business may not wish to change to protect the environment. Which stakeholders will consider ethics and which profit? Don’t forget the term, “<b>green</b>” eg <b>green shareholders, green consumers – people who consider the environment first.</b></p> <p>Explain the meaning of business ethics Understand the types of ethical issues a business will face including environmental, animal rights, treatment of workers, suppliers and customers</p> <p>Explain the meaning of corporate social responsibility (CSR) Businesses who have a CSR objective are looking to achieve targets that are not based on making profit alone but will help the</p>

	<p>environment and/or society in some way. (<b>Consider “externalities – com 2)</b></p> <p>Understand the possible conflict between ethics and profitability  Evaluate the impact on the profitability of a business of having ethical objectives  Evaluate the ethical stance of businesses from the point of view of different stakeholders</p>
<p><b>Light touch – support information for all 3 component exams.</b></p> <p><b>PEST Technology</b></p>	<p>Explain how technological factors, including automation and communication technology affect business activity</p> <p>Evaluate the impact of technological factors on businesses and their stakeholders</p>
<p><b>Light touch – support information</b></p> <p><b>PEST - POLITICAL</b></p>	<p>Explain how businesses are affected by taxation and subsidies</p> <p>Explain why governments legislate and regulate business activity</p> <p>Understand the effect upon businesses, of some laws affecting businesses such as equal opportunities, Health and Safety at Work, Trade Descriptions Act, protection of <b>intellectual property</b> through patents, trade-marks and patents, minimum wage and the role of the <b>Competition and Markets Authority</b> in ensuring fair competition for consumers to benefit from.</p>
<p><b>Light touch – supports information for all 3 component exams.</b></p>	<p>Explain what is meant by demographic change</p> <p>Explain how demographic change and other social factors such as changes in consumer tastes, lifestyle and cultural changes affect business activity</p>
<p><b>International trade</b></p>	<p>Explain what is meant by international trade  Explain the reasons for international trade</p> <p>Explain what is meant by free trade and protectionism (including tariffs and quotas) and <b>WTO</b>  Explain what is meant by <b>a trading bloc and a single market</b>  Evaluate free trade and protectionism to UK businesses and their stakeholders  Explain the challenges to UK businesses of developing new international markets for their products (link to glocalisation versus globalisation as a strategy for marketing products).</p> <p>Evaluate the decision of a business to develop new international markets for its products (Could link to growing markets so Boston Matrix)</p>

<p><b>Light touch – support information</b></p>	<p>Know the strengths and weaknesses of outsourcing and offshoring and how they differ. (com 2)</p> <p>Know the key factors influencing location of large businesses eg infra-structure, availability of resources such as labour, amount of taxation charged by government and other government laws such as those on employing workers.</p>
<p><b>Globalisation</b></p>	<p>Explain what is meant by globalisation</p> <p>Explain the nature of globalisation and global markets, including <b>developing markets -BRIC countries and others</b></p> <p>Explain the factors that have contributed to globalisation including communication technologies, liberalisation of trade, Internet, cost of transportation, (containerisation) and consumer tastes</p> <p>Explain the effect of globalisation on businesses and their stakeholders including increased competition and opportunities for growth versus erosion of cultures.</p> <p>Explain the different strategies that businesses might use in order to achieve global growth including global branding, external growth and choice of target markets</p> <p>Evaluate the strategies that businesses use to achieve global growth (<b>link to com 2 – growth</b>)</p> <p>Explain the benefits and difficulties for UK businesses of operating in global markets</p> <p>Explain how businesses adapt their products, marketing activities and working practices to reflect the local needs (<b>glocalisation versus globalisation</b>) <b>This should be linked to knowledge of mass marketing which is undifferentiated and differentiated markets that targets different segments/customers needs.</b></p> <p>Evaluate the impact of globalisation on UK businesses and their Stakeholders</p> <p>Explain what is meant by a <b>multinational company -MNC</b></p> <p>Explain the reasons for the existence of multinational companies</p> <p>Evaluate the decision of a business to operate as a multinational company</p> <p>Evaluate the impact of multinational companies on the countries in which they operate – governments, economy, workers, customers, community.</p>

<p>The European Union</p>	<p>Explain the nature and purpose of the European Union (EU) and the single European market</p> <p>Explain the impact of the EU on businesses including free movement of goods, labour and capital, legislation, regulations and standards</p> <p>Evaluate the impact of the EU on businesses and their stakeholders</p> <p>Explain what is meant by the single European currency (the euro) and the <b>Eurozone</b> (Link to knowledge on exchange rates)</p> <p>Evaluate the costs and benefits of the single European currency to businesses and their stakeholders -those in it and those not in it</p> <p>Evaluate the impact to UK businesses of being a member of the EU and the Eurozone</p> <p>Evaluate the impact to UK businesses of not being a member of the EU and the Eurozone (<b>Brexit</b>)</p>
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### Quantitative Skills

- Use and interpret quantitative and non-quantitative information in order to make decisions
- Interpret, apply and analyse information in written, graphical and numerical forms