

Unit 7

External Influences

The intention of this unit is to develop ideas on the factors external to a business that influences its decisions. It is intended that students will understand the impact that external factors have on business behaviour, but not a detailed understanding of economic issues or the law. So, for example, students should understand how interest rates impact on decisions, and why Governments need to change them, without any detailed understanding of monetary economics. The intention is that, where possible, the focus is on the students' own country.

Several of these topics will probably have been introduced during the other sections, for example, government influence on location could be covered when location as a topic is taught. External influences as a topic has been left to the end of the course as the concept are probably less accessible for students and require prior knowledge of the main function areas of business such as marketing, production and finance.

Teaching can be focused on Government issues in the students' own country with substantial use of newspapers and other media.

The topics will require access to a suitable textbook. For this purpose, IGCSE Business Studies by Karen Borrington and Peter Stimpson is recommended. Chapters 4, 5, 25 of IGCSE Business Studies Second Edition are relevant, particularly for case studies and exercises. The accompanying CD-ROM has useful class activities and worksheets.

This is a difficult area to assess, so multiple choice questions and case studies are useful options.

Topics covered in this unit are:

- 7.1 Mixed and market economies
- 7.2 Key features of own national economy
- 7.3 Business reactions to market change
- 7.4 Competition and business
- 7.5 Business cycle
- 7.6 Government influence over decision making by using economic policy measures
- 7.7 Impact of business decisions on people, the economy and the environment
- 7.8 Government economic policy measures
- 7.9 Impact of technology on business
- 7.10 Ethical issues
- 7.11 Workforce and the working environment
- 7.12 The consumer
- 7.13 International trade
- 7.14 Problems of entering new markets abroad
- 7.15 Exchange rates
- 7.16 Concept of exchange rates and how changes in them affect businesses
- 7.17 External costs and benefits
- 7.18 Revision

The Scheme is neither intended to be prescriptive, nor complete as local conditions will vary: time and resource availabilities are likely to differ considerably. More, the Scheme is intended to give ideas to teachers upon which they can build. It is certainly not intended that teachers undertake all of the activities shown in the various units – that would be impossible in the time usually available – but rather to offer choices which could depend on local conditions. Timings for topics have not been given as there is a great deal of variability in time available for the qualification from centre to centre.

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	Topic	Specification	Chapter	Activities	Resources	Glossary
7.1 and 7.2	Mixed and market economies Key features of own national economy	Demonstrate an awareness of the different types of economies.	4	Descriptive teacher lead work. This could have been covered in the Unit 1. Fact finding, internet based.	www.tutor2u.net Visit national government sites e.g http://ncb.intnet.mu/govt/index.htm , (Mauritius), http://www.gksoft.com/govt/en/pg.html (Papua New Guinea), www.fedfin.gov.ae (United Arab Emirates), www.mop.gov.kw (Kuwait). Also see resource list.	Market economy Mixed economy Planned economy

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7.3 and 7.4	Business reaction to market changes. Competition and business	Show understanding of market changes and how these might be responded to by business.	4	Best handled through a study of developments in students' own country. This could have been considered in Unit 3 Marketing.	A suitable Assignment to get students to study the impact of changes in markets, competition and economic structure of their own country. National Government web sites could be used.	Business cycle Boom Recession
7.5	Business cycle	The main phases of the cycle Impact of boom/recession on business. Show understanding of the changing importance of different types of business within their own national economy, in terms of employment and contribution to national wealth.				
7.6	Government influence over decision making by using economic policy measures	State the role of the government in influencing decisions within local, national and international contexts and explain how businesses may react				

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				(see 3.5), and can also cover 7.7 – Impact of business	www.investinspain.org Marketing issues on www.asa.org.uk or national equivalent, www.admedia.org also there are international marketing issues on www.tka.co.uk/magic	
7.7	Impact of business decisions on people, the economy and the environment.	Explain why intervention in business activity is required so that social and economic objectives of the state can be better achieved. Show an awareness of how business decisions have an impact on others (society, environment and people) Show an awareness of the main methods of government intervention	4,5	Teacher discussion and case studies to illustrate the impact of business decisions in different business situations.		
7.8	Government economic policy measures.	Demonstrate an awareness of the impact that tax and interest rate changes might have on business decisions	4	Economic Policy class activity on IGCSE CR-ROM	IGCSE Business Studies CD-ROM	

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7.9	Impact of technology on business.	Explain the impact that technological change has on a business Implications of the Internet and e-commerce	5	Assignment to explore the impact of technology on business. Case studies of technological change in different businesses.	www.ecomfocus.com	
7.10	Ethical issues	Show an awareness of ethical considerations in business activity	5	Business Ethics worksheet on IGCSE CD-ROM. Or Web based exercise to find some organisations that influence business behaviour. May be worth developing into ethical questions (e.g. see McDonalds, Co-op bank)	IGCSE Business Studies CD-ROM www.greenpeace.org.uk www.cooperativebank.co.uk www.novo.dk www.mcdonalds.com and follow links to ethical issues.	
7.11	Workforce and the working environment.	Demonstrate an understanding of health and safety requirements	5	Link in with HRM unit – could have been covered in Unit 5.	Use local websites to explore local H & S issues.	
7.12	The consumer	Understand how and why consumer interests are protected.	5	Link in the marketing unit – could have been covered in Unit 3.	Use local websites to explore local consumer issues.	

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7.13	International trade	Show an appreciation of how international trade influences an economy and its business sector by creating opportunities for growth, increased competition and consumer choice	25	Teacher explanation.	Any economics textbook.	Balance of payments Exchange rate appreciation Exchange rate depreciation Exchange rates Imports Exports
7.14	Problems of entering new markets abroad	Demonstrate an understanding of the problems of a business when entering a new market abroad.		Suitable for investigating opportunities and problems in own economy. Could have been covered in Marketing – Unit 3.		

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7.15 and 7.16	Concept of exchange rates and how changes in them affect business	Understand how importing/ exporting decisions might be affected by changes in exchange rates. Appreciate the implications of tariff barriers, quotas and exchange rate changes for businesses that trade internationally		Exchange rates worksheets on IGCSE CD-ROM	IGCSE Business Studies CD-ROM www.wto.org , www.worldbank.org , information on the single European currency can be found at UK business education sites such as www.tutor2u.net , www.bized.ac.uk	
7.17	External costs and benefits	Appreciate the concept of social costs and benefits. Show an understanding of how business activity can create them. Apply such concepts to a given business decision.	5	Social/ environmental costs and benefits class activity on IGCSE CD-ROM or the Tourism Game	IGCSE Business Studies CD-ROM. The Tourism Game at www.jusbiz.org through link to resources (aimed at younger students but suitable)	Cost-benefit External benefits External costs Social costs Opportunity costs Private benefits Private costs Social benefits
7.18	Revision	End of unit test		Test for students at end of unit	Multiple choice questions and case studies e.g. IGCSE CD-ROM, revision websites such as www.learn.co.uk , www.revision-notes.co.uk and www.bbc.co.uk/schools/gcsebitesize/busi	

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					ness/ and revision questions at end of chapters of IGCSE Business Studies textbook. IGCSE Study Guide for Business Studies and IGCSE Business Studies Revision CDROM.	
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