



# Syllabus

## Cambridge IGCSE™ (9–1)

### Business Studies 0986

Use this syllabus for exams in 2023, 2024 and 2025.  
Exams are available in the June and November series.



---

## Why choose Cambridge International?

---

Cambridge International prepares school students for life, helping them develop an informed curiosity and a lasting passion for learning. We are part of the University of Cambridge.

Our Cambridge Pathway gives students a clear path for educational success from age 5 to 19. Schools can shape the curriculum around how they want students to learn – with a wide range of subjects and flexible ways to offer them. It helps students discover new abilities and a wider world, and gives them the skills they need for life, so they can achieve at school, university and work.

Our programmes and qualifications set the global standard for international education. They are created by subject experts, rooted in academic rigour and reflect the latest educational research. They provide a strong platform for learners to progress from one stage to the next, and are well supported by teaching and learning resources.

Our mission is to provide educational benefit through provision of international programmes and qualifications for school education and to be the world leader in this field. Together with schools, we develop Cambridge learners who are confident, responsible, reflective, innovative and engaged – equipped for success in the modern world.

Every year, nearly a million Cambridge students from 10 000 schools in 160 countries prepare for their future with the Cambridge Pathway.

**'We think the Cambridge curriculum is superb preparation for university.'**

**Christoph Guttentag**, Dean of Undergraduate Admissions, Duke University, USA



### Quality management

Cambridge International is committed to providing exceptional quality. In line with this commitment, our quality management system for the provision of international qualifications and education programmes for students aged 5 to 19 is independently certified as meeting the internationally recognised standard, ISO 9001:2015. Learn more at [www.cambridgeinternational.org/ISO9001](http://www.cambridgeinternational.org/ISO9001)

Copyright © UCLES September 2020

Cambridge Assessment International Education is part of the Cambridge Assessment Group. Cambridge Assessment is the brand name of the University of Cambridge Local Examinations Syndicate (UCLES), which itself is a department of the University of Cambridge.

UCLES retains the copyright on all its publications. Registered centres are permitted to copy material from this booklet for their own internal use. However, we cannot give permission to centres to photocopy any material that is acknowledged to a third party even for internal use within a centre.

---

# Contents

---

|  |           |
|--|-----------|
| <b>1 Why choose this syllabus?</b> .....         | <b>2</b>  |
| <b>2 Syllabus overview</b> .....                 | <b>5</b>  |
| Aims   | 5         |
| Content overview                                 | 6         |
| Assessment overview                              | 7         |
| Assessment objectives                            | 8         |
| <b>3 Subject content</b> .....                   | <b>10</b> |
| <b>4 Details of the assessment</b> .....         | <b>22</b> |
| Paper 1 – Short Answer and Data Response         | 22        |
| Paper 2 – Case Study                             | 22        |
| Command words                                    | 23        |
| <b>5 What else you need to know</b> .....        | <b>24</b> |
| Before you start                                 | 24        |
| Making entries                                   | 25        |
| After the exam                                   | 26        |
| How students and teachers can use the grades     | 26        |
| Grade descriptions                               | 26        |
| Changes to this syllabus for 2023, 2024 and 2025 | 27        |

## **Important: Changes to this syllabus**



**For information about changes to this syllabus for 2023, 2024 and 2025, go to page 27.**

The latest syllabus is version 1, published September 2020. There are no significant changes which affect teaching.

Any textbooks endorsed to support the syllabus for examination from 2020 are still suitable for use with this syllabus.

# 1 Why choose this syllabus?

## Key benefits

Cambridge IGCSE is the world's most popular international qualification for 14 to 16 year olds, although it can be taken by students of other ages. It is tried, tested and trusted.

Students can choose from 70 subjects in any combination – it is taught by over 4800 schools in over 150 countries.

Cambridge IGCSE (9–1) Business Studies is accepted by universities and employers as proof of an understanding of business concepts and techniques across a range of different types of businesses. Learners will be able to:

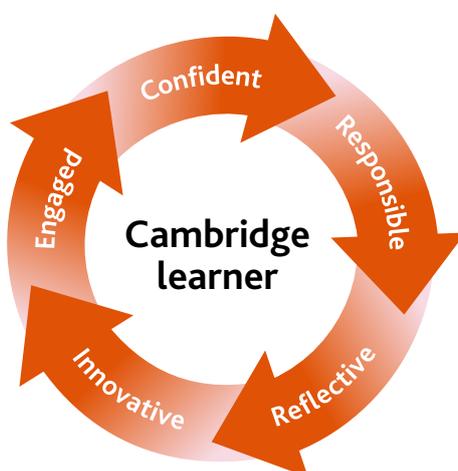
- understand different forms of business organisations, the environments in which businesses operate and business functions such as marketing, operations and finance
- appreciate the role of people in business success.

They will also gain lifelong skills, including:

- the ability to calculate and interpret business data
- communication skills needed to support arguments with reasons
- the ability to analyse business situations and reach decisions or judgements.

Our programmes balance a thorough knowledge and understanding of a subject and help to develop the skills learners need for their next steps in education or employment.

Our approach in Cambridge IGCSE (9–1) Business Studies encourages learners to be:



**'The strength of Cambridge IGCSE qualifications is internationally recognised and has provided an international pathway for our students to continue their studies around the world.'**

**Gary Tan**, Head of Schools and CEO, Raffles International Group of Schools, Indonesia

## International recognition and acceptance

Our expertise in curriculum, teaching and learning, and assessment is the basis for the recognition of our programmes and qualifications around the world. The combination of knowledge and skills in Cambridge IGCSE (9–1) Business Studies gives learners a solid foundation for further study. Candidates who achieve grades 9 to 4 are well prepared to follow a wide range of courses including Cambridge International AS & A Level Business.

Cambridge IGCSEs are accepted and valued by leading universities and employers around the world as evidence of academic achievement. Many universities require a combination of Cambridge International AS & A Levels and Cambridge IGCSEs or equivalent to meet their entry requirements.

UK NARIC, the national agency in the UK for the recognition and comparison of international qualifications and skills, has carried out an independent benchmarking study of Cambridge IGCSE and found it to be comparable to the standard of the reformed GCSE in the UK. This means students can be confident that their Cambridge IGCSE qualifications are accepted as equivalent to UK GCSEs by leading universities worldwide.

Learn more at [www.cambridgeinternational.org/recognition](http://www.cambridgeinternational.org/recognition)

**'Cambridge IGCSE is one of the most sought-after and recognised qualifications in the world. It is very popular in Egypt because it provides the perfect preparation for success at advanced level programmes.'**

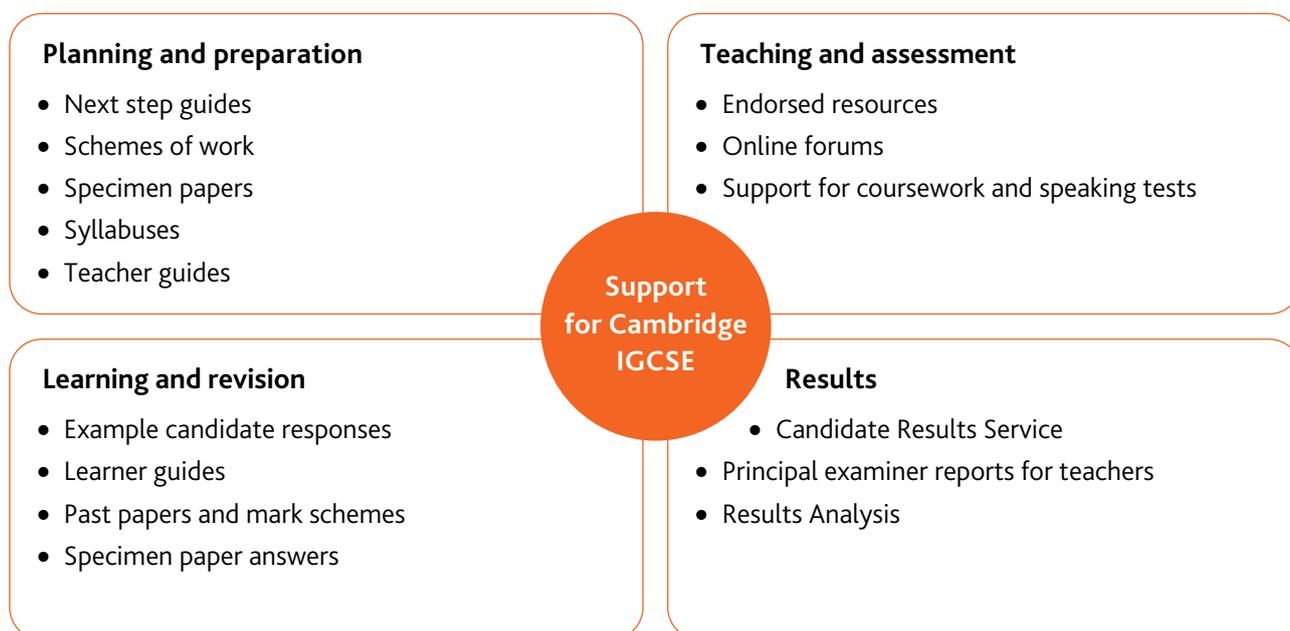
Managing Director of British School in Egypt BSE

## Supporting teachers

We provide a wide range of resources, detailed guidance and innovative training and professional development so that you can give your students the best possible preparation for Cambridge IGCSE. To find out which resources are available for each syllabus go to our School Support Hub.

The School Support Hub is our secure online site for Cambridge teachers where you can find the resources you need to deliver our programmes. You can also keep up to date with your subject and the global Cambridge community through our online discussion forums.

Find out more at [www.cambridgeinternational.org/support](http://www.cambridgeinternational.org/support)



Sign up for email notifications about changes to syllabuses, including new and revised products and services at [www.cambridgeinternational.org/syllabusupdates](http://www.cambridgeinternational.org/syllabusupdates)

## Professional development

We support teachers through:

- Introductory Training – face-to-face or online
- Extension Training – face-to-face or online
- Enrichment Professional Development – face-to-face or online

Find out more at [www.cambridgeinternational.org/events](http://www.cambridgeinternational.org/events)

- Cambridge Professional Development Qualifications

Find out more at [www.cambridgeinternational.org/profdev](http://www.cambridgeinternational.org/profdev)



### Supporting exams officers

We provide comprehensive support and guidance for all Cambridge exams officers. Find out more at: [www.cambridgeinternational.org/eoguide](http://www.cambridgeinternational.org/eoguide)

---

## 2 Syllabus overview

---

### Aims

The aims describe the purposes of a course based on this syllabus.

The aims are to enable students to:

- apply their knowledge and critical understanding to current issues and problems in a wide range of business contexts
- make effective use of relevant terminology, concepts and methods, and recognise the strengths and limitations of the ideas used in business
- distinguish between facts and opinions, and evaluate qualitative and quantitative data in order to help build arguments and make informed judgements
- appreciate the perspectives of a range of stakeholders in relation to the business environment, individuals, society, government and enterprise
- develop knowledge and understanding of the major groups and organisations within and outside business, and consider ways in which they are able to influence objectives, decisions and activities
- develop knowledge and understanding of how the main types of businesses are organised, financed and operated, and how their relations with other organisations, consumers, employees, owners and society are regulated
- develop skills of numeracy, literacy, enquiry, selection and use of relevant sources of information, presentation and interpretation
- develop an awareness of the nature and significance of innovation and change within the context of business activities
- acquire a foundation for further study of business or other subjects

Cambridge Assessment International Education is an education organisation and politically neutral. The contents 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.



## Content overview

### 1 Understanding business activity

This section introduces the underlying ideas and concepts of business and includes the purpose and nature of business activity and how businesses can be classified. Enterprise and entrepreneurs, and why some businesses grow while others remain small are further important issues. How business size can be measured, types of business organisation, business objectives and stakeholder objectives are the concluding topics.

### 2 People in business

The focus is the functional area of human resources and includes the importance and methods of motivating a workforce. How businesses are organised and managed and the methods of recruitment, selection and training of employees are also considered. Finally, the section covers the importance and methods of effective internal and external communication.

### 3 Marketing

This section includes the role of marketing, the distinctions between niche and mass markets and the techniques of market segmentation. The methods and importance of market research are covered. The central role of the marketing mix, i.e. the four Ps, is made clear. Marketing strategies to influence consumer decisions at home and in new foreign markets are the final topics in this section.

### 4 Operations management

The focus is the functional area of production and includes the meaning and methods of production and how productivity can be increased. The different costs of production and break-even analysis are covered. The section concludes with the importance and methods of achieving quality in the production process and location decisions of businesses.

### 5 Financial information and decisions

This finance and accounting section covers the need for and sources of business finance, cash-flow forecasting and working capital. Simple income statements are covered as well as statements of financial position and the analysis of accounts including why and how accounts are used.

### 6 External influences on business activity

This section focuses on different external influences on business activity and how these impact on a business. It includes government influences on economic, environmental and ethical issues and how they impact on the functional areas of businesses. In addition, the international economy including globalisation and its effects on businesses and governments, multinational businesses and exchange rates are important issues. Legal constraints are an external influence to be considered but these influences are covered in the relevant functional areas above, as well as in this last section.

## Assessment overview

All candidates take two components. Candidates will be eligible for grades 9 to 1, where 9 is the highest grade.

### All candidates take:

**Paper 1** 1 hour 30 minutes  
 Short Answer and Data Response 50%  
 80 marks  
 Four questions requiring a mixture of short answers and structured data responses  
 Candidates answer all questions  
 Externally assessed

### and:

**Paper 2** 1 hour 30 minutes  
 Case Study 50%  
 80 marks  
 Four questions based on a case study, provided as an insert with the paper  
 Candidates answer all questions  
 Externally assessed

Information on availability is in the **Before you start** section.

## Assessment objectives

The assessment objectives (AOs) are:

### AO1 Knowledge and understanding

- demonstrate knowledge and understanding of facts, terms, concepts, conventions, theories and techniques commonly applied to or used as part of business behaviour.

### AO2 Application

- apply knowledge and understanding of facts, terms, concepts, conventions, theories and techniques.

### AO3 Analysis

- distinguish between evidence and opinion in a business context
- order, analyse and interpret information in narrative, numerical and graphical forms, using appropriate techniques.

### AO4 Evaluation

- present reasoned explanations, develop arguments, understand implications and draw inferences
- make judgements, recommendations and decisions.

## Weighting for 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 IGCSE % |
|---------------------------------|----------------------|
| AO1 Knowledge and understanding | 40                   |
| AO2 Application                 | 20                   |
| AO3 Analysis                    | 25                   |
| AO4 Evaluation                  | 15                   |
| Total                           | 100                  |

### Assessment objectives as a percentage of each component

| Assessment objective            | Weighting in components % |         |
|---------------------------------|---------------------------|---------|
|                                 | Paper 1                   | Paper 2 |
| AO1 Knowledge and understanding | 50                        | 30      |
| AO2 Application                 | 20                        | 20      |
| AO3 Analysis                    | 20                        | 30      |
| AO4 Evaluation                  | 10                        | 20      |
| Total                           | 100                       | 100     |

## 3 Subject 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 topics, 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.

In all of the following, candidates are required to apply their understanding to a variety of simple business situations. Candidates should be able to make simple decisions based upon the analysis and evaluation of information provided.

### 1 Understanding business activity

#### 1.1 Business activity

- 1.1.1 The purpose and nature of business activity:
- Concepts of needs, wants, scarcity and opportunity cost
  - Importance of specialisation
  - Purpose of business activity
  - The concept of adding value and how added value can be increased

#### 1.2 Classification of businesses

- 1.2.1 Economic sectors in terms of primary, secondary and tertiary sectors:
- Basis of business classification, using examples to illustrate the classification
  - Reasons for the changing importance of business classification, e.g. in developed and developing economies
- 1.2.2 Classify business enterprises between private sector and public sector in a mixed economy

#### 1.3 Enterprise, business growth and size

- 1.3.1 Enterprise and entrepreneurship:
- Characteristics of successful entrepreneurs
  - Contents of a business plan and how business plans assist entrepreneurs
  - Why and how governments support business start-ups, e.g. grants, training schemes
- 1.3.2 The methods and problems of measuring business size:
- Methods of measuring business size, e.g. number of people employed, value of output, capital employed (profit is not a method of measuring business size)
  - Limitations of methods of measuring business size

### 1.3 Enterprise, business growth and size continued

- 1.3.3 Why some businesses grow and others remain small:
- Why the owners of a business may want to expand the business
  - Different ways in which businesses can grow e.g. internal/external
  - Problems linked to business growth and how these might be overcome
  - Why some businesses remain small
- 1.3.4 Why some (new or established) businesses fail:
- Causes of business failure, e.g. lack of management skills, changes in the business environment, liquidity problems
  - Why new businesses are at a greater risk of failing

### 1.4 Types of business organisation

- 1.4.1 The main features of different forms of business organisation:
- Sole traders, partnerships, private and public limited companies, franchises and joint ventures
  - Differences between unincorporated businesses and limited companies
  - Concepts of risk, ownership and limited liability
  - Recommend and justify a suitable form of business organisation to owners/management in a given situation
  - Business organisations in the public sector, e.g. public corporations

### 1.5 Business objectives and stakeholder objectives

- 1.5.1 Businesses can have several objectives and the importance of them can change:
- Need for business objectives and the importance of them
  - Different business objectives, e.g. survival, growth, profit and market share
  - Objectives of social enterprises
- 1.5.2 The role of stakeholder groups involved in business activity:
- Main internal and external stakeholder groups
  - Objectives of different stakeholder groups
  - How these objectives might conflict with each other, use examples
- 1.5.3 Differences in the objectives of private sector and public sector enterprises

## 2 People in business

### 2.1 Motivating employees

- 2.1.1 The importance of a well-motivated workforce:
- Why people work and what motivation means
  - The benefits of a well-motivated workforce: labour productivity, reduced absenteeism and labour turnover
  - The concept of human needs, e.g. Maslow's hierarchy
  - Key motivational theories: Taylor and Herzberg
- 2.1.2 Methods of motivation:
- Financial rewards, e.g. wage, salary, bonus, commission and profit sharing
  - Non-financial methods, e.g. job enrichment, job rotation, teamworking, training, opportunities for promotion
  - Recommend and justify appropriate method(s) of motivation in given circumstances

### 2.2 Organisation and management

- 2.2.1 Draw, interpret and understand simple organisational charts:
- Simple hierarchical structures: levels of hierarchy, span of control, chain of command e.g. tall/short
  - Roles and responsibilities of directors, managers, supervisors, other employees in an organisation and inter-relationships between them
- 2.2.2 The role of management:
- Functions of management, e.g. planning, organising, coordinating, commanding and controlling
  - Importance of delegation; trust versus control
- 2.2.3 Leadership styles:
- Features of the main leadership styles, e.g. autocratic, democratic and laissez-faire
  - Recommend and justify an appropriate leadership style in given circumstances
- 2.2.4 Trade unions:
- What a trade union is and the effects of employees being union members

## 2.3 Recruitment, selection and training of employees

- |  |   |
|--|---|
| 2.3.1 Recruitment and selecting employees:   | <ul style="list-style-type: none"> <li>• Recruitment and selection methods</li> <li>• Difference between internal recruitment and external recruitment</li> <li>• Main stages in recruitment and selection of employees</li> <li>• Recommend and justify who to employ in given circumstances</li> <li>• Benefits and limitations of part-time employees and full-time employees</li> </ul> |
| 2.3.2 The importance of training and the methods of training:                            | <ul style="list-style-type: none"> <li>• Importance of training to a business and to employees</li> <li>• Benefits and limitations of induction training, on-the-job training and off-the-job training</li> </ul>   |
| 2.3.3 Why reducing the size of the workforce might be necessary:                         | <ul style="list-style-type: none"> <li>• Difference between dismissal and redundancy with examples</li> <li>• Understand situations in which downsizing the workforce might be necessary, e.g. automation or reduced demand for products</li> <li>• Recommend and justify which employees to make redundant in given circumstances</li> </ul>   |
| 2.3.4 Legal controls over employment issues and their impact on employers and employees: | <ul style="list-style-type: none"> <li>• Legal controls over employment contracts, unfair dismissal, discrimination, health and safety, legal minimum wage</li> </ul>   |

## 2.4 Internal and external communication

- |  |  |
|--|--|
| 2.4.1 Why effective communication is important and the methods used to achieve it: | <ul style="list-style-type: none"> <li>• Effective communication and its importance to business</li> <li>• Benefits and limitations of different communication methods including those based on information technology (IT)</li> <li>• Recommend and justify which communication method to use in given circumstances</li> </ul> |
| 2.4.2 Demonstrate an awareness of communication barriers:                          | <ul style="list-style-type: none"> <li>• How communication barriers arise and problems of ineffective communication; how communication barriers can be reduced or removed</li> </ul>   |

### 3 Marketing

#### 3.1 Marketing, competition and the customer

- 3.1.1 The role of marketing:
- Identifying customer needs
  - Satisfying customer needs
  - Maintaining customer loyalty
  - Building customer relationships
- 3.1.2 Market changes:
- Why customer/consumer spending patterns may change
  - The importance of changing customer needs
  - Why some markets have become more competitive
  - How businesses can respond to changing spending patterns and increased competition
- 3.1.3 Concepts of niche marketing and mass marketing:
- Benefits and limitations of both approaches to marketing
- 3.1.4 How and why market segmentation is undertaken:
- How markets can be segmented, e.g. according to age, socio-economic grouping, location, gender
  - Potential benefits of segmentation to business
  - Recommend and justify an appropriate method of segmentation in given circumstances

#### 3.2 Market research

- 3.2.1 The role of market research and methods used:
- Market-orientated businesses (uses of market research information to a business)
  - Primary research and secondary research (benefits and limitations of each)
  - Methods of primary research, e.g. postal questionnaire, online survey, interviews, focus groups
  - The need for sampling
  - Methods of secondary research, e.g. online, accessing government sources, paying for commercial market research reports
  - Factors influencing the accuracy of market research data
- 3.2.2 Presentation and use of market research results:
- Analyse market research data shown in the form of graphs, charts and diagrams; draw simple conclusions from such data

### 3.3 Marketing mix

- 3.3.1 Product:
- The limitations and benefits of developing new products
  - Brand image; impact on sales and customer loyalty
  - The role of packaging
  - The product life cycle: main stages and extension strategies; draw and interpret a product life cycle diagram
  - How stages of the product life cycle can influence marketing decisions, e.g. promotion and pricing decisions
- 3.3.2 Price:
- Pricing methods (benefits and limitations of different methods), e.g. cost plus, competitive, penetration, skimming, and promotional
  - Recommend and justify an appropriate pricing method in given circumstances
  - Understand the significance of price elasticity: difference between price elastic demand and price inelastic demand; importance of the concept in pricing decisions (*knowledge of the formula and calculations of PED will **not** be assessed*)
- 3.3.3 Place – distribution channels:
- Advantages and disadvantages of different channels, e.g. use of wholesalers, retailers or direct to consumers
  - Recommend and justify an appropriate distribution channel in given circumstances
- 3.3.4 Promotion:
- The aims of promotion
  - Different forms of promotion and how they influence sales, e.g. advertising, sales promotion
  - The need for cost-effectiveness in spending the marketing budget on promotion
- 3.3.5 Technology and the marketing mix:
- Define and explain the concept of e-commerce
  - The opportunities and threats of e-commerce to business and consumers
  - Use of the internet and social media networks for promotion

### 3.4 Marketing strategy

- 3.4.1 Justify marketing strategies appropriate to a given situation:
- Importance of different elements of the marketing mix in influencing consumer decisions in given circumstances
  - Recommend and justify an appropriate marketing strategy in given circumstances
- 3.4.2 The nature and impact of legal controls related to marketing:
- Impact of legal controls on marketing strategy, e.g. misleading promotion, faulty and dangerous goods
- 3.4.3 The opportunities and problems of entering new foreign markets:
- Growth potential of new markets in other countries
  - Problems of entering foreign markets, e.g. cultural differences and lack of knowledge
  - Benefits and limitations of methods to overcome such problems, e.g. joint ventures, licensing

## 4 Operations management

### 4.1 Production of goods and services

- 4.1.1 The meaning of production:
- Managing resources effectively to produce goods and services
  - Difference between production and productivity
  - Benefits of increasing efficiency and how to increase it, e.g. increasing productivity by automation and technology, improved labour skills
  - Why businesses hold inventories
  - The concept of lean production: how to achieve it, e.g. just-in-time inventory control and Kaizen; benefits of lean production
- 4.1.2 The main methods of production:
- Features, benefits and limitations of job, batch and flow production
  - Recommend and justify an appropriate production method for a given situation
- 4.1.3 How technology has changed and is changing production methods, e.g. using computers in design and manufacturing

## 4.2 Costs, scale of production and break-even analysis

- 4.2.1 Identify and classify costs:
- Classifying costs using examples, e.g. fixed, variable, average, total
  - Use cost data to help make simple cost-based decisions, e.g. to stop production or continue
- 4.2.2 Economies and diseconomies of scale:
- The concept of economies of scale with examples, e.g. purchasing, marketing, financial, managerial, technical
  - The concept of diseconomies of scale with examples, e.g. poor communication, lack of commitment from employees, weak coordination
- 4.2.3 Break-even analysis:
- The concept of break-even
  - Construct, complete or amend a simple break-even chart
  - Interpret a given chart and use it to analyse a situation
  - Calculate break-even output from given data
  - Define, calculate and interpret the margin of safety
  - Use break-even analysis to help make simple decisions, e.g. impact of higher price
  - Understand the limitations of break-even analysis

## 4.3 Achieving quality production

- 4.3.1 Why quality is important and how quality production might be achieved:
- What quality means and why it is important for all businesses
  - The concept of quality control and how businesses implement quality control
  - The concept of quality assurance and how this can be implemented

## 4.4 Location decisions

- 4.4.1 The main factors influencing the location and relocation decisions of a business:
- Factors relevant to the location decision of manufacturing businesses and service businesses
  - Factors that a business could consider when deciding which country to locate operations in
  - The role of legal controls on location decisions
  - Recommend and justify an appropriate location for a business in given circumstances

## 5 Financial information and decisions

### 5.1 Business finance: needs and sources

- 5.1.1 The need for business finance:
- The main reasons why businesses need finance, e.g. start-up capital, capital for expansion and additional working capital
  - Understand the difference between short-term and long-term finance needs
- 5.1.2 The main sources of finance:
- Internal sources and external sources with examples
  - Short-term and long-term sources with examples, e.g. overdraft for short-term finance and debt or equity for long-term finance
  - Importance of alternative sources of capital, e.g. micro-finance, crowd-funding
  - The main factors considered in making the financial choice, e.g. size and legal form of business, amount required, length of time, existing loans
  - Recommend and justify appropriate source(s) of finance in given circumstances

### 5.2 Cash-flow forecasting and working capital

- 5.2.1 The importance of cash and of cash-flow forecasting:
- Why cash is important to a business
  - What a cash-flow forecast is, how a simple one is constructed and the importance of it
  - Amend or complete a simple cash-flow forecast
  - How to interpret a simple cash-flow forecast
  - How a short-term cash-flow problem might be overcome, e.g. overdraft, delaying supplier payments, asking debtors to pay more quickly
- 5.2.2 Working capital:
- The concept and importance of working capital

### 5.3 Income statements

- 5.3.1 What profit is and why it is important:
- How a profit is made
  - Importance of profit to private sector businesses, e.g. reward for risk-taking/enterprise, source of finance
  - Difference between profit and cash

### 5.3 Income statements continued

#### 5.3.2 Income statements:

- Main features of an income statement, e.g. revenue, cost of sales, gross profit, profit and retained profit
- Use simple income statements in decision-making based on profit calculations (*constructing income statements will **not** be assessed*)

### 5.4 Statement of financial position

#### 5.4.1 The main elements of a statement of financial position:

- The main classifications of assets and liabilities, using examples

#### 5.4.2 Interpret a simple statement of financial position and make deductions from it, e.g. how a business is financing its activities and what assets it owns, sale of inventories to raise finance (*constructing statements of financial position will **not** be assessed*)

### 5.5 Analysis of accounts

#### 5.5.1 Profitability:

- The concept and importance of profitability

#### 5.5.2 Liquidity:

- The concept and importance of liquidity

#### 5.5.3 How to interpret the financial performance of a business by calculating and analysing profitability ratios and liquidity ratios:

- Gross profit margin
- Profit margin
- Return on Capital Employed
- Current ratio
- Acid test ratio

#### 5.5.4 Why and how accounts are used:

- Needs of different users of accounts and ratio analysis
- How users of accounts and ratio results might use information to help make decisions, e.g. whether to lend to or invest in the business

## 6 External influences on business activity

### 6.1 Economic issues

- 6.1.1 Business cycle:
- Main stages of the business cycle, e.g. growth, boom, recession, slump
  - Impact on businesses of changes in employment levels, inflation and Gross Domestic Product (GDP)
- 6.1.2 How government control over the economy affects business activity and how businesses may respond:
- Identify government economic objectives, e.g. increasing Gross Domestic Product (GDP)
  - Impact of changes in taxes and government spending
  - Impact of changes in interest rates
  - How businesses might respond to these changes

### 6.2 Environmental and ethical issues

- 6.2.1 Environmental concerns and ethical issues as both opportunities and constraints for businesses:
- How business activity can impact on the environment, e.g. global warming
  - The concept of externalities: possible external costs and external benefits of business decisions
  - Sustainable development; how business activity can contribute to this
  - How and why business might respond to environmental pressures and opportunities, e.g. pressure groups
  - The role of legal controls over business activity affecting the environment, e.g. pollution controls
  - Ethical issues a business might face: conflicts between profits and ethics
  - How business might react and respond to ethical issues, e.g. child labour, paying fair prices to suppliers

### 6.3 Business and the international economy

- 6.3.1 The importance of globalisation:
- The concept of globalisation and the reasons for it
  - Opportunities and threats of globalisation for businesses
  - Why governments might introduce import tariffs and import quotas

### 6.3 Business and the international economy continued

6.3.2 Reasons for the importance and growth of multinational companies (MNCs):

- Benefits to a business of becoming a multinational and the impact on its stakeholders
- Potential benefits to a country and/or economy where a MNC is located, e.g. jobs, exports, increased choice, investment
- Potential drawbacks to a country and/or economy where a MNC is located, e.g. reduced sales of local businesses, repatriation of profits

6.3.3 The impact of exchange rate changes:

- Depreciation and appreciation of an exchange rate
- How exchange rate changes can affect businesses as importers and exporters of products, e.g. prices, competitiveness, profitability (*exchange rate calculations will **not** be assessed*)

---

## 4 Details of the assessment

---

### Paper 1 – Short Answer and Data Response

Written paper, 1 hour 30 minutes, 80 marks

The question paper comprises four questions requiring a mixture of short answers and structured data responses.

The paper assesses content drawn from the entire syllabus.

Each question is introduced by stimulus material. For some questions candidates will need to refer to the stimulus material in their answers. The stimulus material may include tables, graphs and images.

Candidates answer all questions.

Candidates should be aware of the marks for each part question. These are printed on the question paper. Candidates should use them as a guide to the amount of detail and length of response expected and to help them manage their time effectively.

Candidates write their answers on the question paper.

The paper assesses the following assessment objectives:

AO1: Knowledge and understanding

AO2: Application

AO3: Analysis

AO4: Evaluation

### Paper 2 – Case Study

Written paper, 1 hour 30 minutes, 80 marks

The question paper comprises four questions based on a case study, provided as an insert with the paper. The case study includes appendices with data presented in a variety of forms, such as tables, graphs, newspaper extracts and advertisements.

The paper assesses content drawn from the entire syllabus.

Candidates answer all questions.

Candidates should be aware of the marks for each part question. These are printed on the question paper. Candidates should use them as a guide to the amount of detail and length of response expected and to help them manage their time effectively.

Candidates write their answers on the question paper.

The paper assesses the following assessment objectives:

AO1: Knowledge and understanding

AO2: Application

AO3: Analysis

AO4: Evaluation

## Command words

Command words and their meanings help candidates know what is expected from them in the exams. The table below includes command words used in the assessment for this syllabus. The use of the command word will relate to the subject context.

| Command word     | What it means   |
|------------------|---|
| <b>Calculate</b> | work out from given facts, figures or information   |
| <b>Consider</b>  | review and respond to given information   |
| <b>Define</b>    | give precise meaning  |
| <b>Explain</b>   | set out purposes or reasons / make the relationships between things evident / provide why and/or how and support with relevant evidence |
| <b>Identify</b>  | name/select/recognise   |
| <b>Justify</b>   | support a case with evidence/argument   |
| <b>Outline</b>   | set out main points   |
| <b>State</b>     | express in clear terms  |

---

## 5 What else you need to know

---

This section is an overview of other information you need to know about this syllabus. It will help to share the administrative information with your exams officer so they know when you will need their support. Find more information about our administrative processes at [www.cambridgeinternational.org/eoguide](http://www.cambridgeinternational.org/eoguide)

### Before you start

#### Previous study

We do not expect learners starting this course to have previously studied Business Studies.

#### Guided learning hours

We design Cambridge IGCSE syllabuses based on learners having about 130 guided learning hours for each subject during the course but this is for guidance only. The number of hours a learner needs to achieve the qualification may vary according to local practice and their previous experience of the subject.

#### Availability and timetables

All Cambridge schools are allocated to one of six administrative zones. Each zone has a specific timetable. This syllabus is **not** available in all administrative zones. To find out about availability check the syllabus page at [www.cambridgeinternational.org/0986](http://www.cambridgeinternational.org/0986)

You can view the timetable for your administrative zone at [www.cambridgeinternational.org/timetables](http://www.cambridgeinternational.org/timetables)

You can enter candidates in the June and November exam series.

Check you are using the syllabus for the year the candidate is taking the exam.

Private candidates can enter for this syllabus. For more information, please refer to the *Cambridge Guide to Making Entries*.

#### Combining with other syllabuses

Candidates can take this syllabus alongside other Cambridge International syllabuses in a single exam series. The only exceptions are:

- Cambridge IGCSE Business Studies (0450)
- Cambridge O Level Business Studies (7115)
- syllabuses with the same title at the same level.

Cambridge IGCSE, Cambridge IGCSE (9–1) and Cambridge O Level syllabuses are at the same level.

## Making entries

Exams officers are responsible for submitting entries to Cambridge International. We encourage them to work closely with you to make sure they enter the right number of candidates for the right combination of syllabus components. Entry option codes and instructions for submitting entries are in the *Cambridge Guide to Making Entries*. Your exams officer has a copy of this guide.

### Exam administration

To keep our exams secure, we produce question papers for different areas of the world, known as administrative zones. We allocate all Cambridge schools to one administrative zone determined by their location. Each zone has a specific timetable. Some of our syllabuses offer candidates different assessment options. An entry option code is used to identify the components the candidate will take relevant to the administrative zone and the available assessment options.

### Support for exams officers

We know how important exams officers are to the successful running of exams. We provide them with the support they need to make your entries on time. Your exams officer will find this support, and guidance for all other phases of the Cambridge Exams Cycle, at [www.cambridgeinternational.org/eoguide](http://www.cambridgeinternational.org/eoguide)

### Retakes

Candidates can retake the whole qualification as many times as they want to. Information on retake entries is at [www.cambridgeinternational.org/entries](http://www.cambridgeinternational.org/entries)

### Equality and inclusion

We have taken great care to avoid bias of any kind in the preparation of this syllabus and related assessment materials. In our effort to comply with the UK Equality Act (2010) we have taken all reasonable steps to avoid any direct and indirect discrimination.

The standard assessment arrangements may present barriers for candidates with impairments. Where a candidate is eligible, we may be able to make arrangements to enable that candidate to access assessments and receive recognition of their attainment. We do not agree access arrangements if they give candidates an unfair advantage over others or if they compromise the standards being assessed.

Candidates who cannot access the assessment of any component may be able to receive an award based on the parts of the assessment they have completed.

Information on access arrangements is in the *Cambridge Handbook* at [www.cambridgeinternational.org/eoguide](http://www.cambridgeinternational.org/eoguide)

### Language

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

## After the exam

### Grading and reporting

Grades 9, 8, 7, 6, 5, 4, 3, 2 or 1 indicate the standard a candidate achieved at Cambridge IGCSE (9–1).

9 is the highest and 1 is the lowest. 'Ungraded' means that the candidate's performance did not meet the standard required for grade 1. 'Ungraded' is reported on the statement of results but not on the certificate.

In specific circumstances your candidates may see one of the following letters on their statement of results:

- Q (PENDING)
- X (NO RESULT).

These letters do not appear on the certificate.

On the statement of results and certificates, Cambridge IGCSE is shown as INTERNATIONAL GENERAL CERTIFICATE OF SECONDARY EDUCATION (IGCSE).

## How students and teachers can use the grades

Assessment at Cambridge IGCSE has two purposes:

- to measure learning and achievement

The assessment:

- confirms achievement and performance in relation to the knowledge, understanding and skills specified in the syllabus, to the levels described in the grade descriptions.

- to show likely future success

The outcomes:

- help predict which students are well prepared for a particular course or career and/or which students are more likely to be successful
- help students choose the most suitable course or career.

## Grade descriptions

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

Grade descriptions for Cambridge IGCSE (9–1) Business Studies will be published after the first assessment of the syllabus in 2020. Find more information at [www.cambridgeinternational.org/0986](http://www.cambridgeinternational.org/0986)

## Changes to this syllabus for 2023, 2024 and 2025

The syllabus has been updated. This is version 1, published September 2020.

**You must read the whole syllabus before planning your teaching programme.**

- 
- Changes to syllabus content**
- We have made some small changes to the wording in section 3 Subject content, for clarity.
- 

Any textbooks endorsed to support the syllabus for examination from 2020 are still suitable for use with this syllabus.



'While studying Cambridge IGCSE and Cambridge International A Levels, students broaden their horizons through a global perspective and develop a lasting passion for learning.'

**Zhai Xiaoning**, Deputy Principal, The High School Affiliated to Renmin University of China