Course Companion

GAC Business

Every topic handout in one volume

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GAC012 Business II: Business Studies

GAC Business

What this module is, and how it is marked

GAC012 is the Level II business module. Credit transfer depends on the receiving university and programme. Seven units take you from what a business is, through the economics acting on it from outside, to planning, management, employment relations and marketing.

Assessment is written and applied: an **in-class test** , a **business research task** investigating a real firm, a **report** or presentation of the findings, and **coursework** .

- **Format is part of the mark.** A report has sections and headings; an essay does not. Using the wrong one costs marks even when the analysis is sound.
- △ Every claim about a real business needs a **source**. "Alibaba is profitable" is an assertion; "Alibaba reported a net income of X in its 2024 annual report" is evidence.

Introduction to business: what do businesses do?

A **business** combines resources to produce goods or services that people will pay for.

- **Factors of production** are land, labour, capital and enterprise.
- The **primary sector** extracts, the **secondary sector** manufactures, and the **tertiary sector** provides services.
- Ownership shapes everything else: a **sole trader** has unlimited liability; an ordinary **partnership** usually shares unlimited liability (limited-liability forms and local rules differ); a **limited company** separates the owners' money from the firm's.
- **Stakeholders** are everyone affected – owners, employees, customers, suppliers, the community – and their interests genuinely conflict.

> **Worked example.** A café raises wages by 15%.

Employees who keep the same hours gain pay. If sales and other costs stay unchanged, the owner's profit falls. Customers may face higher prices. Suppliers may be affected if the café changes its orders. A stakeholder question is marked on naming *who* and saying *how much it matters to them*, not on listing everyone you can remember.

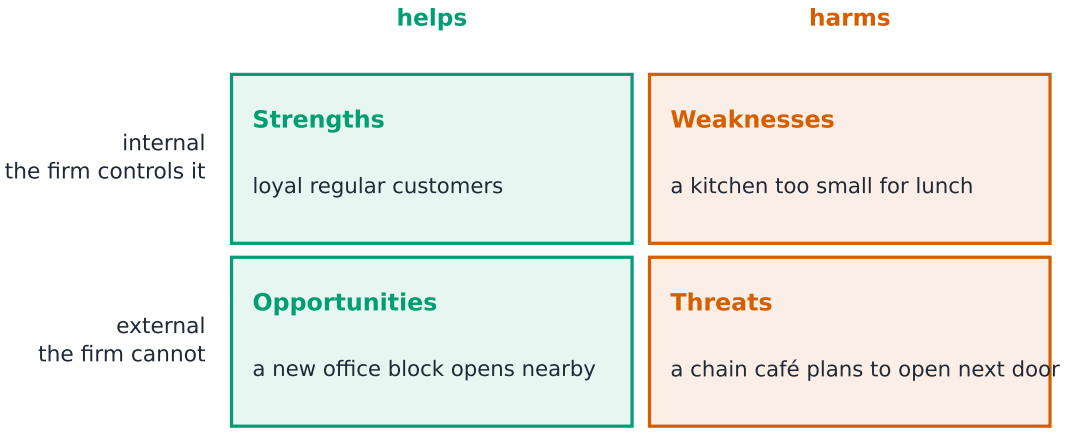
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External sources of change: introductory economics

- **Demand** is how much buyers will buy at each price; **supply** is how much sellers will sell. Where they meet is the **equilibrium** .
- Price is not the only thing that moves demand. Income, tastes, the price of substitutes and expectations all shift the whole curve.
- **Elasticity** measures how strongly quantity responds to price. Demand for essentials is often **inelastic** , but substitutes and the time period matter. With inelastic demand over the price change, revenue rises when price rises, other demand conditions unchanged.
- **Competition** ranges from many small firms to a **monopoly** with one.

External and internal sources of change

- External change is what a firm cannot control: the economy, the law, technology, society, the environment.
- Internal change is what it can: its structure, its products, its people, its finance.
- **PEST analysis** PEST sorts the external – political, economic, social, technological.
- **SWOT analysis** SWOT sets internal strengths and weaknesses against external opportunities and threats. △ Strengths are internal; opportunities are external. Mixing the two is the commonest SWOT error.



SWOT for a café: the top row is inside the firm, the bottom row is outside it

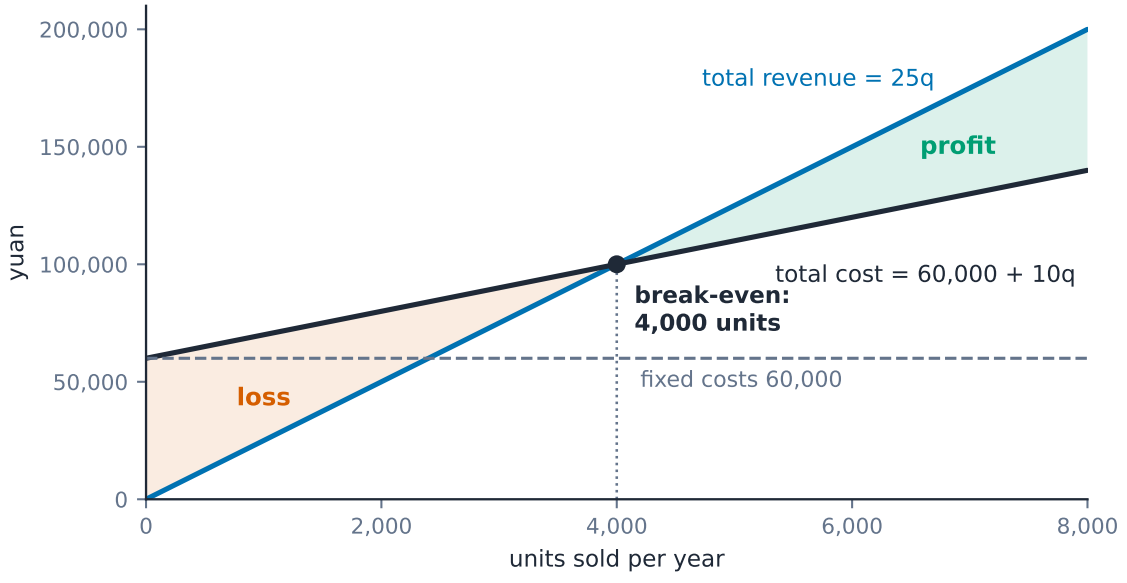
Planning

- A **business plan** states what the business will do, for whom, and with what money.
- **Objectives** must be measurable, or the plan cannot be judged later.
- A **cash flow forecast** tracks money in and out by month. A profitable business with no cash still fails, which is why the forecast is separate from the profit calculation.
- **Break-even** is where revenue covers total cost: $\text{break-even} = \dfrac{\text{fixed costs}}{\text{price} - \text{variable cost per unit}}$.

> **Worked example.** Fixed costs are 60,000 yuan a year. Each unit sells for 25 and costs 10 to make.

$$\frac{60\,000}{25 - 10} = 4\,000 \text{ units}$$

Above 4,000 units the business is profitable. The subtraction in the denominator is the **contribution** per unit, and naming it is what shows you understand the formula rather than having memorised it.



The worked example drawn: the lines cross at 4,000 units

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Effective management practice

- **Management** is planning, organising, leading and controlling.
- **Motivation** theories differ in what they think moves people: pay, recognition, the work itself. Which one a manager believes decides what they change.
- **Delegation** passes authority down, and the responsibility stays up.
- An **organisational structure** can be **flat** (few layers, fast decisions) or **tall** (many layers, clearer promotion).

Support services: employment relations

- A **contract of employment** sets out duties, hours, pay and notice.
- **Recruitment** selects; **training** develops; **appraisal** reviews.
- **Industrial relations** is the relationship between employer and employees, collectively.
- **Employment law** sets minimums a contract cannot go below – hours, safety, notice, discrimination – and those minimums differ by country, which matters for GAC022.

Support services: marketing

- **Marketing** identifies what customers want and delivers it profitably. It is not advertising; advertising is one part of it.
- The **marketing mix** is the four Ps: product, price, place, promotion.
- **Market segmentation** divides customers into groups a firm can actually serve differently.
- **Market research** is **primary** (you collect it) or **secondary** (someone else did).
- △ In the research task, a survey of twenty classmates is a real sample with a real limitation. State the limitation. Pretending it represents a city loses more marks than the small sample ever cost.

Vocabulary card meanings

business research task: A set assignment in which a student investigates a real firm or market. PEST analysis: A scan of political, economic, social, and technological forces around a firm. SWOT analysis: A grid of internal strengths and weaknesses plus outside opportunities and threats. Break-even: The sales level at which total revenue equals total cost. flat: An organisation chart with few layers between the top and the staff. tall: An organisation chart with many layers of managers. contract of employment: The legal agreement that sets a job's pay, duties, and hours. appraisal: A formal review of how well an employee has been working. Industrial relations: The dealings between employers and the people who work for them. Employment law: The statutes that set rights and duties at work. Market segmentation: Splitting buyers

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into groups that share a need or a trait. primary: Information gathered first-hand for this piece of work. secondary: Information that someone else has already published.

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GAC034 Personal Finance & Entrepreneurship

GAC Business

What this module is, and how it is marked

GAC034 turns business ideas towards your own money and your own venture: budgeting, spending, credit, and then a start-up from marketing plan to financial plan.

Assessment is practical – a **personal budget** , usually for studying abroad, and a **business plan** for a start-up, plus a test and coursework.

- The budget is the module's most useful hour. Most students underestimate the cost of a year abroad by leaving out exactly the same four items.
- △ A business plan is judged on whether the **numbers are consistent with the story**. A forecast of 400 customers a month in a twelve-seat shop must be checked against opening days and table turnover; twelve seats alone do not make it impossible.

Budgeting and saving

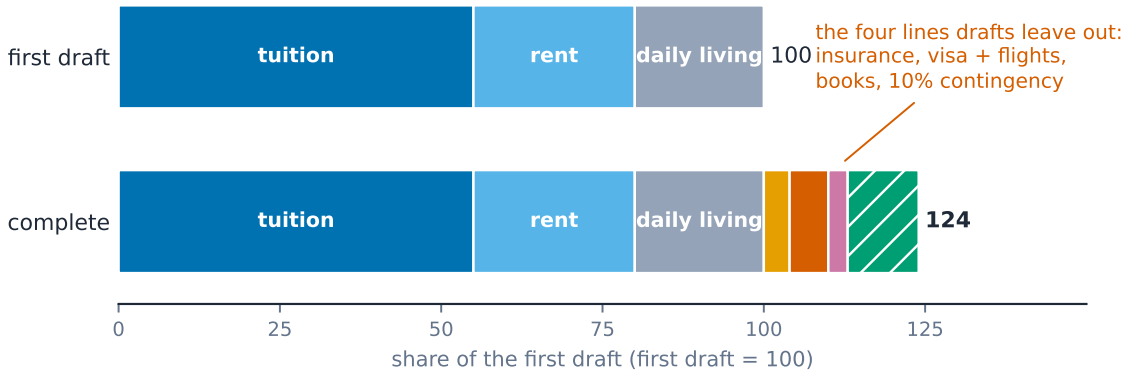
- A **budget** lists income and expenditure over a period. **Fixed costs** stay the same; **variable costs** change with what you do.
- Budget **net**, not gross: what actually arrives, after tax and deductions.
- The four items students leave out: **insurance** , **visa and travel** , **textbooks and equipment** , and a **contingency** of about 10%.
- **Saving** is a line in the budget, not what is left over. Saving only what is left over makes the amount uncertain; a positive remainder can still be saved.

> **Worked example.** A year of study abroad.

Tuition and rent are fixed and easy. Food, transport and phone are variable. Then insurance, visa and flights, books, and 10% contingency.

In the illustrative chart below, omitting these lines leaves the budget short by roughly a fifth of the complete total – which is the gap between a plan that works and a call home in March.

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An example budget: the four forgotten lines add about a fifth

Spending and investing

- A **decision-making model** for a purchase: define the need, set criteria, compare options against the criteria, decide, then review.
- **Opportunity cost** is the best thing you gave up. Every purchase has one, and naming it is what makes a comparison real.
- **Credit** is borrowing. Its **cost** is interest plus fees, and the **APR** helps compare borrowing costs. Also check the term, fees, repayment schedule and total amount paid.
- △ A "0% for six months" offer may have a higher rate afterwards; check its terms. A cost comparison asks for the total paid, not the headline.
- **Investing** trades certainty for expected return. Higher potential returns generally involve higher **risk**; returns are not guaranteed, and diversification can change a portfolio's risk. A promised return does not prove that an investment is safe.

Entrepreneurship

- An **entrepreneur** spots an unmet need and organises resources to meet it, carrying the risk.
- A **business model** states who pays, for what, and why they choose you.
- A **value proposition** is one sentence: for whom, what problem, why better.
- Start from the **problem**, not the product. A solution looking for a problem is the commonest failed student venture.

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Marketing and sales plan

- The **target market** must be describable and reachable: "students at three campuses in this district", not "young people".
- **Market research** here is primary and small: twenty conversations teach more than a hundred guesses.
- The **marketing mix** – product, price, place, promotion – must be consistent. A premium price with cheap packaging sold through a discount channel contradicts itself.
- **Pricing** has three anchors: cost, competitors, and what the customer will pay. Only the third decides whether you sell anything.

Operations and personnel

- **Operations** is how the thing actually gets made and delivered, and it is where student plans are usually thinnest.
- Map the **process** from order to delivery, and mark where it breaks if demand doubles.
- **Personnel** planning asks who does the work, at what cost, and what happens when one person is ill.
- **Suppliers** are a dependency. One supplier is a risk; naming the alternative is the answer.

Financial plan

- **Start-up costs** are one-off; **running costs** recur. Confusing them is the most common error in a student plan.
- A **cash flow forecast** shows money in and out by month. A profitable business with no cash in month three still closes.
- **Break-even** tells you the volume at which you stop losing money:

$$\frac{\text{fixed costs}}{\text{price} - \text{variable cost per unit}}$$

- A **profit and loss** statement summarises a period; a **balance sheet** is a snapshot of what you own and owe.

Worked example. A student coffee cart.

Cart and equipment 12,000 (start-up). Rent, insurance and other fixed running costs are 3,000 a month. A coffee sells for 15 and has variable ingredient and cup costs of 5.

$$\frac{3\,000}{15 - 5} = 300 \text{ cups a month}$$

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With 20 working days a month, fifteen cups a working day cover these fixed and variable running costs – before the 12,000 has been repaid at all. Separating the two questions is the whole point of the financial plan.

Vocabulary card meanings

personal budget: A plan of one person's income and spending. insurance: A contract that pays out if a named loss happens. visa and travel: The permission to enter a country, plus the cost of getting there. textbooks and equipment: Books and tools a course requires students to have. contingency: Money set aside for costs that were not in the original plan. decision-making model: A set of steps for choosing among options. Investing: Putting money into assets in the hope they will grow. business model: The way a firm creates value and gets paid for it. Pricing: Deciding the amount customers will be charged. Operations: The day-to-day work of making and delivering what is sold. Personnel: The people a firm employs and the work of managing them. Start-up costs: The spending required before a new firm can begin trading. running costs: The spending that continues while a firm is trading. profit and loss: A statement of income minus costs over a period.

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GAC022 Business III: International Business Studies

GAC Business

What this module is, and how it is marked

GAC022 is the Level III business module. It takes what GAC012 established about one firm in one country and asks what changes when the firm crosses a border.

Assessment mirrors GAC012 – a test, a **research task** on an international business, a report or presentation, and coursework – but the standard expected of the analysis is higher. A Level III report is judged on whether the evidence supports the judgement, not on whether the sections are present.

- △ Write about a **real** international firm with sources you can cite. A generic essay about globalisation scores badly however well written.
- Use the technical term the question uses: **tariff**, **exchange rate**, **joint venture**. A correct idea in everyday words often loses the mark.

Introduction to international business

International business is commercial activity that crosses national borders, and **globalisation** is the process that has made it ordinary.

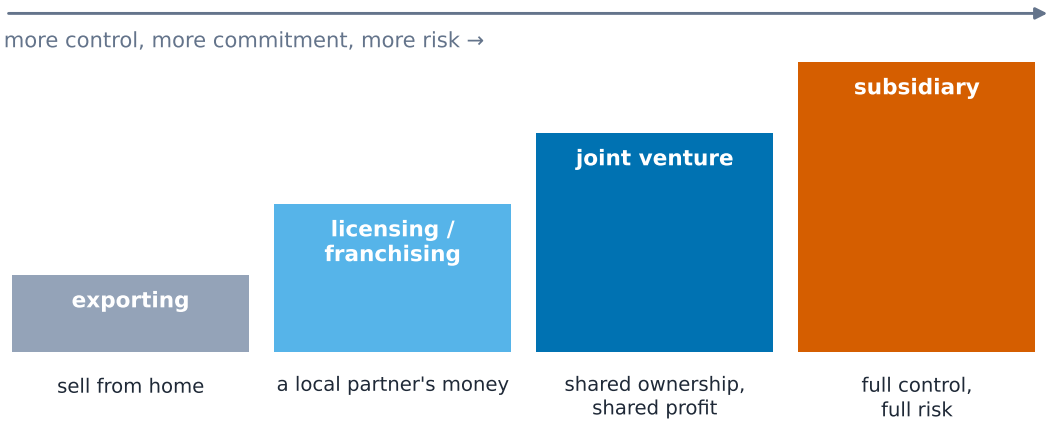
- Firms go abroad to reach **markets**, to lower **costs**, or to secure **resources**.
- **Exporting** is the lowest-commitment route; **licensing** and **franchising** use a local partner's money; a **joint venture** shares ownership; a wholly owned **subsidiary** places ownership and control with the parent. A subsidiary can also be partly owned when the parent controls it.
- Globalisation is contested on purpose. It has moved hundreds of millions out of poverty and it has moved industries out of towns, and a Level III answer says both.

> **Worked example.** A Chinese appliance maker wants to sell in Germany.

Export means the lowest cost and the least control. *Joint venture* buys local knowledge and distribution, and shares the profit. *Wholly owned subsidiary* gives the parent the residual profit and investment risk, including a legal system the firm does not know.

The mark is for choosing one and justifying it against the firm's actual position – not for listing all three.

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Ways into a foreign market, showing a typical commitment–control trade-off; actual arrangements vary

External influences: international economics

- **Exchange rates** decide what a price abroad is worth at home. A weaker home currency can make home-priced exports cheaper abroad and foreign-priced imports dearer at home, depending on pricing.
- A **tariff** is a tax on imports; a **quota** is a limit on their quantity. Both protect domestic producers and raise prices for domestic consumers.
- A **trade bloc** reduces barriers between members; arrangements for trade with outsiders depend on the agreement.
- The **balance of trade** is exports minus imports.

> **Worked example.** The home currency falls by 10% against the euro.

Use an invented quotation: one yuan falls from €0.10 to €0.09. If the exporter holds its yuan price at 100 yuan, a German buyer pays €9 instead of €10: 10% less. Demand may increase, but the data do not guarantee it. A component fixed at €10 costs 100 yuan before the change and $10/0.09 = 111.11$ yuan afterwards: an increase of about **11.1%**, not 10%. Whether the firm gains depends on input imports, pricing and sales volumes.

Additional external influences

- **Political risk** is the chance that a government's action changes the value of an investment: expropriation, capital controls, sanctions, a changed tax regime.
- **Legal systems** differ in contract enforcement and in **intellectual property** protection.

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- **Ethics** travels badly: what is legal in one market may be unacceptable to customers in another, and a firm is judged in both.
- **Corporate social responsibility** is a firm accepting obligations beyond the legal minimum, and it is now a real factor in access to Western markets.

Internal influences on international business

- **Organisational structure** must answer to two masters: the product line and the region.
- **Staffing** abroad chooses between sending home-country managers, hiring locally, or both – each trades control against local knowledge.
- **Standardisation** keeps a common product across markets and may reduce costs; **adaptation** changes it per market and may improve local appeal, at extra cost.
- **Supply chain** length is a strategic choice. Long chains may offer cost savings, but transport delays and disruption can outweigh them.

International marketing and culture

- **Culture** shapes what a product means, not only whether it is wanted. Colour, number and imagery all carry local meaning.
- **Brand** names do not always survive translation, and a name that is unpronounceable in a market is a real cost.
- The **marketing mix** must usually be adapted: price to local incomes, place to local retail, promotion to local media and local norms.
- △ **Market research** abroad is harder and more necessary. Assuming your own market's preferences is the error the whole unit exists to prevent.

> **Worked example.** A snack brand enters a market where its flagship flavour is unfamiliar.

Standardise: one product, one factory, potential production savings, but possibly slow sales.

Adapt: a local flavour, a smaller pack for local retail, promotion through the platform people actually use – higher cost, with demand still to be tested.

Most firms do both: a standard core with adapted edges. Saying which parts to standardise and which to adapt, with a reason for each, is the Level III answer.

Vocabulary card meanings

research task: An assignment that asks a student to investigate a question. venture: A new business project, which may have one owner. The paired Chinese term names the kind run by two or more parties together. International business: Trade and operations that cross national borders. subsidiary: A company controlled by a larger parent company. trade bloc: A group of countries that ease trade among themselves. balance

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of trade: The difference between the value of exports and the value of imports. Political risk: The chance that a government's actions will harm a business. Legal systems: The bodies of law that differ from one country to another. Ethics: Judgements about right conduct that go beyond what statutes require. Corporate social responsibility: A firm's duty to consider society and the environment, not only profit. Staffing: Finding and placing the people a firm needs. Supply chain: The linked stages that move a product from raw materials to the buyer.

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