

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, and it is the elective universities credit most often after calculus. 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.
- Δ 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; a **partnership** shares it; 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%.

The employees gain. The owner's profit falls. Customers may face higher prices. Suppliers are unaffected. A stakeholder question is marked on naming *who* and saying *how much it matters to them*, not on listing everyone you can remember.

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. Essentials are **inelastic** – raise the price and revenue rises.
- **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. Δ Strengths are internal; opportunities are external. Mixing the two is the commonest SWOT error.

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

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.

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).
- Δ 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.

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.
- $\triangle$ A business plan is judged on whether the **numbers are consistent with the story**. A plan forecasting 400 customers a month in a shop that seats twelve fails on arithmetic, not on ambition.

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. Left-over savings are zero savings.

| **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.

A budget without the last four is short by roughly a fifth – which is the gap between a plan that works and a call home in March.

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** is what lets you compare two offers honestly.

- $\triangle$ A “0% for six months” offer usually has a rate afterwards that is far above average, and the question that tests this asks for the total paid, not the headline.
- **Investing** trades certainty for expected return. Higher expected return always carries higher **risk**, and any offer that denies this is the one to walk away from.

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.

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, supplies and insurance 3,000 a month (running). A coffee sells for 15 and costs 5 to make.

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

Fifteen cups a working day to cover running costs – before the 12,000 has been repaid at all. Separating the two questions is the whole point of the financial plan.

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 **subsidiary** is full control and full risk.
- 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. *Subsidiary* keeps all the profit and carries all the 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.

External influences: international economics

- **Exchange rates** decide what a price abroad is worth at home. A weaker home currency makes exports cheaper and imports dearer.

- 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** removes barriers between members and keeps them against outsiders.
- The **balance of trade** is exports minus imports.

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

An exporter's goods now cost a German buyer 10% less, so demand rises. But imported components cost 10% more, so the margin narrows. Whether the firm gains depends on how much of its input it imports – and that dependency is the analysis the question wants.

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.
- **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 one product for every market and is cheaper; **adaptation** changes it per market and sells better.
- **Supply chain** length is a strategic choice. Long chains are cheap and fragile, as every firm relearned recently.

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.

- Δ **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, lowest cost – and slow sales.

Adapt: a local flavour, a smaller pack for local retail, promotion through the platform people actually use – higher cost, and a market.

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.