

BGE S1-S3

Business

**Third and
Fourth Levels**

**Craig McLeod
James Morrison**

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Jim Morrison**

CM - Thanks and love to my wife Debbie and our delightful children, Angus & Ailish. And thank you, as ever, to the brilliant Business Education department at my school: Auchmuty High School, Glenrothes. I can only spend time writing books because you are all so exceptional! I really couldn't do it without you.

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Introduction

Welcome to BGE Business S1–S3! This book has been written to support you as you work through Third and Fourth Level Business, and also covers many topics in the National courses in Business Management, Accounting and Administration, and IT.

You will also find that it helps to develop your literacy and numeracy skills, as well as having a potential positive impact on your health and wellbeing, and future employability. Look out for these symbols throughout the book:



This topic will help develop literacy.



This topic will help develop numeracy.



This topic will help to advance health and wellbeing.



This topic denotes an area that may help to advance potential employability.

This book follows a straightforward format. Every topic has a page or so of theory for you to read and learn. This often includes examples or illustrations to help make new concepts clear. Each topic then gives you a chance to put the knowledge and theory into practice with a variety of activities and tasks.

These include:

- **Fill in the blanks** – Copy the text and choose from the answer bank to fill in the blanks.
- **Match it!** – Match the terms to their definitions.
- **What am I?** – Solve the clues to identify the term.
- **Anagrams** – Unscramble the letters to identify the terms.
- **True or false?** – Decide if each statement is true or false.
- **Key terms** – Correctly define the key terms.
- **Summary questions** – Answer the questions to check your understanding of the topic.
- **Challenge!** – Take your knowledge of the topic further with a fun challenge.

At the end of the book you will find a Glossary and a Solutions section, both of which will help you check your understanding.

There is also a free download available on the Hodder Education website, with activities to complete as part of the Technology chapter (Chapter 7). The website also has a handy guide that shows how the topics in this book match up to the CfE experiences and outcomes at Third and Fourth Levels.

We hope you enjoy using this book and learning about business, whatever year you are in or course you are studying. We have tried to pack a lot into this book, but you must remember that there is way more to business than can be printed in any one book. Business is *always* changing with the world around it. So, if you really want to succeed in your Business course, read the latest business news on the BBC website, or watch some news reports or TV shows like *Dragons' Den* or *The Apprentice* – they are full of great business lessons and deal with current, up-to-date trends in the business world.

All the very best,

Craig McLeod

Jim Morrison

Guidance for teachers

Welcome to BGE Business S1–S3!

This book has been written to capture students' interest in the dynamic world of business. All applicable CfE Third and Fourth Level Benchmarks from Technologies and Social Studies are covered within, and this ready-made and differentiated course puts progression for every student at the heart of your curriculum.

Blending topics from National courses in Business Management, Accounting and Administration & IT with up-to-date and relevant examples for S1 to S3, this is the perfect springboard for future learning.

The topics are mapped to help you to meet the key challenges of teaching and learning for this stage by:

- Overcoming timetable challenges – each double-page spread can be delivered easily in a single weekly period, while those with more curriculum time have the flexibility to extend the content and activities.
- Engaging students with theory and practice – every topic has clear explanations of key concepts, familiar business examples for Scotland's young people and a wide variety of activities, which include group work and ICT tasks.
- Laying firm foundations for National qualifications - the skills, knowledge and understanding established through the course will set up students for success at National 4/5 and beyond.
- Meeting the needs of each student in mixed-ability classes - the content and activities ensure accessibility for those with low prior attainment, while 'Challenge' tasks will stretch high-attaining students.
- Supporting effective checking and assessment of progress - 'Summary Questions' in every lesson support formative assessment, helping you to monitor progression against the Experiences & Outcomes and Benchmarks, as well as progression towards the N4/5 standard.
- Delivering the 'responsibility for all' Es and Os - plenty of activities that address literacy and numeracy are threaded through the book.

The mapping grids show how the resources cover every aspect of the BGE curriculum, to support your planning and assessment.

Finally, there are a few additional resources to check out here:
hoddergibson.co.uk/bge-business-activities

	Curriculum Organisers	Experiences and Outcomes	Assessment Benchmarks	BGE Business Chapter
Technological Developments in Society and Business	<i>Awareness of technological developments (Past, Present and Future), including how they work.</i>	I understand how scientific and technological developments have contributed to changes in everyday products. TCH 3-05a	<ul style="list-style-type: none"> Discusses advantages and disadvantages of using technologies in our everyday life 	Chapter 2
	<i>Impact, contribution, and relationship of technologies on business, the economy, politics, and the environment.</i>	I can evaluate the implications for individuals and societies of the ethical issues arising from technological developments. TCH 3-06a	<ul style="list-style-type: none"> Demonstrates an understanding of the impact of technologies on the environment and business 	Chapter 2
		I can identify the costs and benefits of using technologies to reduce the impact of our activities on the environment and business. TCH 3-07a	<ul style="list-style-type: none"> Searches, edits and manipulates text and numbers using appropriate hardware and software 	Chapter 7
		I can explore the impact, contribution and use of various software applications and emerging hardware in business. TCH 3-08a		
	<i>Impact, contribution, and relationship of technologies on business, the economy, politics, and the environment.</i>	I can present conclusions about the impact of technologies on the economy, politics and the environment. TCH 4-07a	<ul style="list-style-type: none"> Explains the impact of technologies on globalisation, patterns of work and conditions of employment 	Chapter 2
		I can select and use appropriate hardware and software which supports evolving business activities. TCH 4-08a	<ul style="list-style-type: none"> Updates and presents information using appropriate hardware and software 	Chapter 7

	Experiences and Outcomes	Assessment Benchmarks	BGE Business Chapter
People in society, economy and business	When participating in an enterprise activity, I can explore ethical issues relating to business practice and gain an understanding of how businesses help to satisfy needs. SOC 3-20a	<ul style="list-style-type: none"> Identifies at least two ethical issues related to business practices, for example, Fairtrade, Credit Unions, food banks, zero hours contracts, recycling and packaging. Describes how different businesses and not for profit organisations help to satisfy needs and wants. 	<p>Chapter 2</p> <p>Chapter 1</p>
	I can present conclusions about the impact of the globalisation of trade on patterns of work and conditions of employment in Scotland, the UK or beyond. SOC 3-20b	<ul style="list-style-type: none"> Provides at least two simple explanations as to why budgeting is important to families and businesses. Identifies methods (including digital ways) to manage and record financial transactions. 	<p>Chapter 6</p> <p>Chapter 6</p>
	I can understand the necessity for budgeting and determine ways to manage finance, considering possible investment opportunities, savings, risks or borrowing needs. SOC 3-21a	<ul style="list-style-type: none"> Outlines the costs and benefits of saving and investing money and the costs and benefits of borrowing money. Describes and uses the practical skills (including digital skills) required to contribute to the success of an enterprise activity. Identifies the advantages and disadvantages of international trade, and issues around free trade agreements. 	<p>Chapter 6</p> <p>Chapter 7</p> <p>Chapter 2</p>
	I can critically examine how some economic factors can influence individuals, businesses or communities. SOC 4-20a	<ul style="list-style-type: none"> Critically examines how at least three economic factors can influence the decisions and behaviours of individuals, businesses or communities. Exemplifies the purposes and features of different sector organisations: private, public and third sector. 	<p>Chapter 2</p> <p>Chapter 1</p>
	I can research the purposes and features of private, public and voluntary sector organisations to contribute to a discussion on their relationships with stakeholders. SOC 4-20b	<ul style="list-style-type: none"> Contributes to a discussion on the relationship between these organisations and their stakeholders, recognising the contribution of entrepreneurial and enterprising behaviours. 	<p>Chapter 1</p>

	Experiences and Outcomes	Assessment Benchmarks	BGE Business Chapter
People in society, economy and business	I can evaluate working practices available to employees within different types of business organisations. SOC 4-20c	<ul style="list-style-type: none"> Evaluates at least two working practices available to employees working within different types of business organisations. Evaluates the suitability of at least two different finance options available for setting up and supporting a range of different types of businesses. 	Chapter 5
	I can evaluate the suitability of finance options available for setting up and supporting different types of business. SOC 4-21a	<ul style="list-style-type: none"> Records and analyses financial information to assist individuals and business in making appropriate financial decisions. 	Chapter 1
	Having considered the financial needs of individuals and businesses, I can evaluate, prepare and present financial information and documents to assist in making appropriate financial decisions SOC 4-21b	<ul style="list-style-type: none"> Evaluates the role of at least three different departments and personnel in terms of their contribution to the success or failure of the business. 	Chapter 6
	By researching the organisation of a business, I can discuss the role of departments and personnel, evaluating how they contribute to the success or failure of the business. SOC 4-22a	<ul style="list-style-type: none"> Identifies internal and external factors influencing planning and decision making and evaluates how these decisions contribute to the success or failure of businesses. 	Chapters 3 – 6
	I can identify internal and external factors influencing planning and decision making and can assess how these decisions contribute to the successes or failure of businesses. SOC 4-22b		Chapter 2

1 Business in society

► 1.1 Needs and wants

Businesses exist to sell **goods** and **services** to customers, to meet their **needs**. In all countries, from the financially rich to the very poor, customers buy goods and services to meet their needs. The difference is in what the customers in each of these different countries need and want. Needs are things you cannot survive without. **Wants** refers to things you would like to have but do not need to survive.

- In economically developed countries, some people work to earn an income that allows them to buy the things they want rather than the things they need.
- In economically developing countries, people mostly work to provide the things they need.

As humans, our 'wants' can never really be satisfied. For example:

- You might always want to buy the very latest pair of trainers, with each pair more expensive than the last.
- When you own one car, you might strive to own two cars, or a better model.

We always want better things than we already have. Wants help to make life pleasant for us, and include luxuries and other non-essential items.

However, some items, such as water and food, are essential. Without them, humans wouldn't be able to survive.

Businesses supply products and services to meet both the needs and wants of societies. They mostly do so with the aim of making a profit.

When people create a budget for their spending, they might list items as needs and wants, but categorising items is quite difficult to do, as what one individual *wants* might be another individual's *need*. For example:







- An item such as a watch might seem essential and therefore be classified as a need.
- However, the version we want might be a lot more than we need, such as a designer watch.

Learning intentions



- Understand the difference between needs and wants.
- Identify the needs required to survive.
- Understand the needs and wants of different societies.

Example

Needs	Wants
Water 	Gym membership 
Shelter 	Cinema tickets 
Bread 	New trainers 

Other items satisfy needs and wants, such as internet access for the home:

- We can play online games for entertainment – want.
- Being able to work from home normally relies on good internet speeds – need.

Remember!

Needs are things we require to survive; **wants** are the products or services we would like in order to make our life more enjoyable.

Activity 1



Fill in the blanks

Copy out the following paragraph and fill in the blanks with the correct words from the answer bank.

Humans cannot survive without basic _____ and without them they might die. An example of these would be _____. However, all humans also have _____ and these can never be fully satisfied as we do not need them to survive. An example of these would be _____.

Answer bank:

- wants
- needs
- football boots
- food

Activity 2



What am I?

Identify each of the following items as either a need or a want.

	Item	Need	Want
a)	Basic food such as bread and potatoes		
b)	Designer jacket		
c)	Weatherproof house		
d)	Sports car		
e)	Strawberry milkshake		
f)	Water		
g)	Holiday in Spain		

Key terms

Can you define these key terms?

- Need
- Want

Check the Glossary at the end of the book. Were you right?

Summary questions

- 1 Suggest two items a farmer in an economically developing country would need.
- 2 Suggest two items a farmer in an economically developing country might want.
- 3 Suggest two items a business owner in an economically developed country might want.

Challenge!

Research and describe five items that are wants, which we now take for granted and think of as needs. Hint: 30 years ago they might have been uncommon, but now they feel like everyday items.

► 1.2 Goods and services

» Goods

In the UK, businesses provide both goods and services. It is easy to understand the concept of goods – they are the products we can see and touch when we purchase them. They are referred to as 'tangible' goods, and include items such as washing machines, tumble dryers and chocolate bars.

We already know that some of the products we purchase are needed to survive, and others we just want to have. For example:

- We require essential items on a daily basis, such as food, clothes and shelter.
- We might want luxury items, such as a designer jacket or a new car.

Some goods are **durable** and others are **non-durable**:

- Durable goods are products that are used many times and have a relatively long lifespan.
- Non-durable goods are normally used only once and are consumed almost immediately.

» Services

The services that some businesses provide are more difficult to understand. Services are used, and sometimes we cannot see or touch the actual 'item' we buy. A lot of services that we pay for and use are non-essential items that simply make our lives easier. These are referred to as 'intangible' services, and include services offered by businesses such as hairdressers, taxi companies and cinemas.

Many jobs in both Scotland and the UK as a whole are within the service sector, in industries such as:

- banking
- education
- insurance
- the health service.

Some services are provided by local councils to improve standards for the local community. These include:

- environmental waste services (emptying bins and **recycling**)
- local schools
- social care
- housing (local councils provide rented accommodation and social housing)
- recreation (e.g. swimming pools and gyms)
- libraries.

Learning intentions

- Understand the difference between goods and services.
- Identify which goods and services are essential in society.
- Understand how scarcity and choice affect the products we make.

Example

Durable goods	Non-durable goods
Fridge 	Food 
Bicycle 	Can of soft drink 
Television 	Petrol 

The following table explains the differences between goods and services.

Goods	Goods are usually produced – for example, a loaf of bread, a computer, a car or a house.
Services	Services are performed for the consumer – for example, hairdressing, taxi hire, home insurance or cleaning.
Businesses offering both	Occasionally both goods and services can be offered by the same business – for example, if you take your car to be repaired, the mechanic will change the faulty parts: <ul style="list-style-type: none"> the parts are tangible goods the mechanic performs a service in changing the faulty parts.

Remember!

Goods are the products we can see and touch when we purchase them.
Services are performed for us.



▲ **Figure 1.1** A hairdresser offers customers a service

Activity 1

Fill in the blanks

Copy out the following paragraph and fill in the blanks with the correct words from the answer bank.

_____ goods are products that are used repeatedly over time. An example is _____.
 _____ goods are consumed almost immediately and mainly used only once. An example is _____.
 Services are performed for customers and include a _____. Services are consumed at the point of purchase and are used _____.

Answer bank:

- once
- durable
- non-durable
- a cooker
- washing powder
- haircut

Activity 2

What am I?

Copy the table into your jotter and place a tick in the correct column to show whether each item is a good or service.

	Item	Good	Service
a)	Smartwatch		
b)	Pair of running shoes		
c)	Bus journey		
d)	Car wash		
e)	Smart TV		
f)	Home insurance		

Summary questions

- Outline the difference between durable and non-durable goods.
- Identify three services that are provided by your local council.
- Identify three goods you might purchase from a high-street shop.
- Outline three durable goods that you have purchased in the last week.

Challenge!

Describe three non-essential services you would pay for. Suggest a reason why you would pay for each one.

Key terms

Can you define these key terms?

- Goods
- Durable
- Non-durable
- Services

Check the Glossary at the end of the book.
Were you right?





► 1.3 Factors of production

Factors of production is the name given to the four main types of resources used to make products or services: **land**, **labour**, **capital** and **enterprise**. Some examples are given in the following table.

Learning intentions

Understand:

- the different factors of production
- how the factors of production combine to create wealth.

Item	Description	Examples
Land 	Land is the natural resources that businesses use.	Coal Gold Water Wood
Labour 	Labour is the staff within a business. It includes human workers at all levels within a business.	Employees
Capital 	Capital is the machinery, equipment and finance that the owner has invested in the business.	Buildings Machines Money Tools
Enterprise 	Enterprise is the business idea that an entrepreneur has on how to bring land, labour and capital together to create a product or service. Entrepreneurs have the ideas and take the risks in starting up a business.	Entrepreneurs' new ideas

Example

Let's consider Ryanair as a business example:

- **Enterprise** – this came from Michael O'Leary, the original owner of Ryanair. He created the idea of a budget airline to challenge traditional airlines such as British Airways.
- **Labour** – the cabin crew, pilots and call centre staff who work for Ryanair.
- **Land** – the hangars and grounds where Ryanair services its planes.
- **Capital** – the original amount of money Michael O'Leary used to start up Ryanair.

Without the enterprise of Michael O'Leary, the other factors of production would not have been brought together to make a successful business.



▲ **Figure 1.2** Ryanair is a successful budget airline company

Entrepreneurs bring the other three factors together to make a successful business, and in return they hope to make a profit. However, there are always risks involved in starting up any business, and businesses are not always guaranteed to make a profit, especially in their first few years.

From starting with the **raw materials** and ending up with the finished product or service, each stage adds value to the product or service:

- The total value of a car is worth more than the raw materials – such as the metal, rubber and components – used to produce it.
- The wealth that is added at each stage of the process is known as wealth creation.

In the early years of starting a business, the main objective will be for it to survive. Once the business is well known and established in the market, the main objective might change to maximising profits.

Remember!

An entrepreneur brings the factors of production together to start a business. The entrepreneur first has 'the enterprise' (the idea) and then combines land, labour and capital to turn the idea into a business.

Activity 1

Fill in the blanks

Copy out the following paragraph and fill in the blanks with the correct words from the answer bank.

The four factors of production include the initial money put into the business by the owner, which is called _____. This can also include _____. The business owner/entrepreneur shows _____ and puts the other factors of production together. Physical premises, or _____, are used in the business, for example a farmer's field or the company buildings. The workers and managers employed by the business are the _____, and they are paid a _____ in return for working.

Answer bank:

- | | | |
|--------------|-----------|----------|
| ● enterprise | ● capital | ● land |
| ● machinery | ● wage | ● labour |



Activity 2



True or false?

Copy the following table into your jotter and decide if each statement is true or false.

	Statement	True or false?
a)	Land is part of the initial capital invested by the owner.	
b)	Labour describes the staff and managers who work for the business.	
c)	Wealth is created when raw materials taken from the land are turned into finished goods and sold.	
d)	Workers are part of the initial capital invested when starting a business.	
e)	Enterprise is the business idea that the owner has when bringing the other three factors of production together.	

Key terms

Can you define these key terms?

- Factors of production
- Enterprise
- Labour
- Land
- Capital

Check the Glossary at the end of the book. Were you right?

Summary questions

- 1 What are the four factors of production?
- 2 Give three examples of land as a factor of production.
- 3 Give three examples of capital as a factor of production.
- 4 Describe the process of wealth creation.

Challenge!

In pairs, research a local business and detail the parts of the business under the following headings:

- Capital
- Land
- Enterprise
- Labour



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BGE S1-S3

Business

Third and Fourth Levels

Discover the dynamic world of business! Covering topics from Business Management, Accounting and Administration & IT, this course is the perfect springboard for future learning.

Understand theory *and* practice as you work through clear explanations, illustrated by familiar business examples

Learn at a pace and level that is right for you with 'Summary Questions' and 'Challenge' tasks that show how your skills are progressing

Lay firm foundations for National qualifications by developing the skills in BGE that will help you to succeed in the future

About the authors

Craig McLeod and **James Morrison** are both Principal Teachers, with almost 50 years of experience teaching Business between them. They have worked with the SQA in multiple roles, including Senior Team Leaders for National 5/Higher Business Management, as well as developing course content and assessment. They are both experienced authors and they have delivered training to Business teachers across Scotland.

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