

A LEVEL

Delivery Guide

H431

Accredited

BUSINESS

Theme:

Introduction to Business 2

April 2015



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Introduction

Delivery guides are designed to represent a body of knowledge about teaching a particular topic and contain:

- Content: a clear outline of the content covered by the delivery guide;
- Thinking Conceptually: expert guidance on the key concepts involved, common difficulties students may have, approaches to teaching that can help students understand these concepts and how this topic links conceptually to other areas of the subject;
- Thinking Contextually: a range of suggested teaching activities using a variety of themes so that different activities can be selected that best suit particular classes, learning styles or teaching approaches.

If you have any feedback on this Delivery Guide or suggestions for other resources you would like OCR to develop, please email resourcesfeedback@ocr.org.uk.

KEY



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AS Level
only

AS Level content only

Curriculum Content

Introduction to Business 2: Franchises and external growth

Franchises and franchisees

- explain what is meant by a franchise
- distinguish between franchisors and franchisees
- evaluate the factors affecting the use of franchises to a business
- evaluate the impact and importance of franchising to the stakeholders of a business
- explain what is meant by co-operatives
- evaluate the impact and importance of a co-operative structure to the stakeholders of a business.

External growth

- explain what is meant by a joint venture
- explain what is meant by a strategic alliance
- evaluate the impact and importance of joint ventures to a business and its stakeholders
- evaluate the impact and importance of a strategic alliance to a business and its stakeholders.



Thinking Conceptually

Approaches to teaching the content

One method of teaching this topic would be to define the terms and then illustrate their impact and importance with examples. An alternative approach could be to start with candidates' experiences and then, through project work, investigate how these firms operate. The second approach would be more appropriate for franchising and co-operatives where your students are more likely to have had some firsthand experience. For example, they may have come across well-known franchises such as Subway, Domino's, McDonalds and Costa. However, a case study approach would be more appropriate for joint ventures and strategic alliances where students are less likely to have prior knowledge.

Common misconceptions or difficulties students may have

In this topic candidates will need to be clear about stakeholders' perspectives, particularly when studying franchises. Candidates will need to be prepared to answer questions from the point of view of the franchisors and franchisees.

There may be some misconceptions about the nature and scale of co-operatives. Candidates may think that The Co-operative Group is the only UK co-operative or that its large scale of operation is typical. They need to appreciate that co-operatives are often local small scale businesses which exist for the benefit of their consumers or workers. It would also be useful to point out that they differ from limited companies as all members have a single vote (not on the basis of share ownership) and that shares are not traded.

It is easy for candidates to confuse joint ventures and strategic alliances (both new to the specification) as there are few clear definitions of either term and some academics categorise joint ventures as a strategic alliances. Your students should understand that joint ventures are run for a finite period of time and are new business entities, whereas strategic alliances are a form of collaboration between firms to create growth in the industry, for example by joint research and development.

Conceptual links to other areas of the specification – useful ways to approach this topic to set students up for topics later in the course



Franchises and co-operatives are after the legal structures section of the A Level specification (they do not appear in the AS). Candidates will need a good understanding of legal structures in order to understand how franchises and co-operatives work and should appreciate that franchises can have limited or unlimited status. Franchising, joint ventures and strategic alliances are methods of business expansion which may link to sections on business growth, especially in terms of globalisation, emerging markets and models such as Ansoff.



Thinking Contextually

ACTIVITIES

Once students have understood how each method works, they can apply these to a range of business case studies in order to appreciate the impact and importance on the stakeholders of the business. Contexts should provide candidates with a range of scales (for example new small scale franchises to established multinationals' joint ventures) and locations (UK, Europe and emerging markets for example). The BRIC countries would be particularly relevant when exploring joint ventures and strategic alliances.

Activities	Resources
<p>1. Developing Understanding of Franchises (The British Franchise Association and YouTube – WEBZ Chicago)</p> <ul style="list-style-type: none">• www.thebfa.org• https://www.youtube.com/watch?v=6fidL51oakg <p>Ask your students which businesses are franchises and put their answers on the board. Then try to categorise their answers e.g. fast food chains and coffee shops. Using the first website above, give them a list of UK franchises. Ask them to use the list to add more categories (child care/play and household cleaning for example). A discussion could then follow about the growth of franchising.</p> <p>Then ask your students to form small groups and select one franchise to investigate through project work. They could research:</p> <ul style="list-style-type: none">• things to consider before taking up the franchise (what local franchises already exist and the cost of buying the franchise)• advantages and disadvantages of becoming a franchisee in this category• advantages and disadvantages of franchising to the franchisor <p>The groups could produce a PowerPoint presentation based on their findings.</p> <p>Then use the 5 minute YouTube video 'how franchising works: an illustrated guide' to summarise the points covered.</p>	<p> Click here</p> <p> Click here</p>







Thinking Contextually

Activities	Resources
<p>2. Franchise Exam Practice Question (OCR)</p> <ul style="list-style-type: none"> http://www.ocr.org.uk/qualifications/as-a-level-gce-business-studies-h030-h430/ <p>The link above provides access to all past papers from the previous A Level Business Studies course. Co-operatives, joint ventures and strategic alliances were not required knowledge on the previous specification, however the following F291 paper and case study is relevant for students who have been studying franchises:</p> <ul style="list-style-type: none"> F291 January 2012 questions 3a and 3b regarding McDonalds operating franchises in the UK 	<p>▶ Click here</p>
<p>3. Franchise Specimen Paper (OCR)</p> <ul style="list-style-type: none"> http://www.ocr.org.uk/qualifications/as-a-level-gce-business-h031-h431-from-2015/ <p>Specimen papers and mark schemes are available at the above address. Such papers can be used to test students' understanding of franchises and external growth and how they impact on relevant stakeholders. The following specimen paper is relevant to franchises:</p> <ul style="list-style-type: none"> Specimen Paper Unit 431/1 Operating in a Local Business Environment, questions 18-20 on a Cartridge World franchise 	<p>▶ Click here</p>
<p>4. The History of Co-operatives and How they Operate (YouTube – Huckleberry Films and The Co-operative Group Teaching Resource)</p> <ul style="list-style-type: none"> https://www.youtube.com/watch?v=KYPe5xJAm5w http://www.co-operative.coop/GreenSchoolsFiles/Resources/PDFs/Secondary/co-operation/All%20about%20co-operatives%20(11-16)%20(16-19).pdf <p>Begin by asking your students to individually write down three words they associate with co-operatives. A discussion could then follow to see what the class already knows. Then use the 5 minute YouTube video to explain the history of the co-operative movement (the Rochdale Pioneers). The second link will help to explain how modern co-operatives differ from other forms of business. At the end of the lesson ask your students to add to their original list and aim for 10 words. You might even consider a visit to the Rochdale Pioneers Museum (Co-operative Heritage Trust) where admission is free.</p>	<p>▶ Click here</p> <p>▶ Click here</p>



Thinking Contextually

Activities	Resources
5. Co-operatives in the News (BBC) <ul style="list-style-type: none"> http://www.bbc.co.uk/news/uk-30771288 <p>First Milk is a co-operative of 1000 British dairy farmers. In January 2015 they were unable to pay their members for their milk on time due to cash flow problems caused by unsustainably low global milk prices and the Russian government banning milk imported from Europe. This article could lead to a useful discussion on the benefits to the co-operative members (as stakeholders) of this business model and whether co-operatives can always help to reduce external impacts on their members.</p>	
6. Sainsburys' and Netto's Joint Venture (YouTube – BhamUrbanNewsUK and The Guardian) <ul style="list-style-type: none"> https://www.youtube.com/watch?v=lnYhxEEZrdk http://www.theguardian.com/business/2014/nov/06/sainsbury-netto-discount-grocery-store-chain <p>In November 2014 Sainsburys and Danish Netto opened the first store in their joint venture in the supermarket industry. The Leeds store was opened as part of their testing of the UK market by analysing sales in the North of England first. Your students can watch the YouTube clip of the BBC News' coverage and read The Guardian's article. Then they should be able to define what is meant by a joint venture and what the advantages might be for both investors and customers.</p>	 
7. When Joint Ventures Go Wrong (Cengage Learning EMEA Ltd.) <ul style="list-style-type: none"> http://cws.cengage.co.uk/doole5/students/case_studies/chap_07.pdf <p>This pdf file contains case study information about the problems faced by companies such as Danone and HSBC, who have used joint ventures as a way of accessing the vast Chinese market. Your students could answer the two questions that follow (the second of which would be a good stretch and challenge question) or they could consider a question such as 'to what extent do you think that joint ventures are the most appropriate way to enter the Chinese market?'</p>	
8. BMW and Toyota's Strategic Alliance (The Detroit Bureau) <ul style="list-style-type: none"> http://www.thedetroitbureau.com/2013/01/bmw-toyota-alliance-could-signal-revival-of-fuel-cell/ <p>BMW and Toyota have set up strategic alliances to promote areas such as the growth of hydrogen fuel cell technology in cars. The above article provides a starting point for your students to conduct some research. A key question could be to consider which stakeholders benefit the most from this strategic alliance (for example how might Audi be affected?) and whether conflicts are likely to arise between the stakeholders. Your students could work in pairs to draw their conclusions and produce a poster.</p>	



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