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# A-LEVEL BUSINESS

7132/3: Paper 3  
Report on the Examination

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## Overview

This year's case study once again proved accessible. Where possible, case studies will feature a real business, but this will not be possible every year. This year's scenario allowed students to key features of the scenario such as explore issues of leadership and strategy, rather than the questions needing any real understanding of the metal tubing industry. There was, however, a need to recognise a manufacturing context, and students who did this were able to produce answers that were very well contextualised, most notably to Question 3. A further aspect of the context that many students recognised and used effectively to build arguments and to justify judgements was Mike's commitment to CSR. When considering the significance of context, students should recognise that context should be broadly defined – this case's key features were not so much focused on metal tubing, but instead a business built from scratch by an entrepreneur with a series of strong beliefs about how the business should be run, some limitations to his leadership skills and an increasingly challenging competitive environment.

On the whole students structured their responses effectively, although in a number of cases, purely one-sided answers to Questions 3-6 were evident. To access higher levels of the mark scheme, answers to evaluative questions must show some balance, even if a final judgement is firmly on one side or the other. A further concern was students trying to use learned structures, such as explaining what their judgement depends on, but as a result they lost focus by drifting into arguments that no longer related to the question set. The ultimate exam technique advice for this paper must be to answer the question set, consistently and in full – nothing more, nothing less.

### Question 1

This question worked effectively, enabling students to 'have a go'. By combining information provided from the case study, especially tracking finances and delegating spending power, and picking out why these problems needed solving, most students produced a reasonable response. Notably, on this question and the two that followed, top level answers had one very clear feature – they were able to explain how a budgeting system would solve the problems mentioned in the case study. It was the ability to identify aspects of budgeting, explain how they worked and then pick off how these features enabled better financial control or formed the basis of a system of delegated spending power that characterised top level responses.

The wording of the question explicitly required two ways – meaning that this was a stated requirement of the question and students only able to offer one way thus scored less well.

### Question 2

This was another question that saw most students having a go, although there was evidence that works councils as a concept was understood less well across the cohort. With clues in the case study as to the role of a works council, students could still develop responses. Many students spotted the requirement within the question to use the data from Appendix A. However, only more effective answers managed to link up how the introduction of the works council led to the changes shown in Appendix A – again – explaining how one business action led to a change in performance was a key feature of the most effective responses.

This question did not specify the number of ways, and thus a top-level answer could be achieved by thoroughly explaining one way that the introduction of the works council may have caused the changes shown in Appendix A.

**Question 3**

This was the third in the series of three questions that relied on students explaining how an action led to an outcome. This time, the link students were required to make was from the introduction of new operational techniques (in essence - aspects of lean production) to the firm's ability to cope with competitive pressures. As this was an evaluative question, a two-sided response was required, followed by the need to weigh up the arguments put forward to reach a balanced judgement on the extent to which the changes had succeeded. With success hinging on the achievement of the objective (responding to competitive pressures), a clear indicator of the most effective answers was a focus on these competitive pressures. They would then explain how, for example, the introduction of JIT could have led to a reduction in stock-holding costs which would allow a reduction in selling price while protecting margins – thus addressing the lowering prices of foreign rivals.

The broader issue here is that good responses to questions asking about success tend to be most effectively focused where a student has identified how they are defining success, allowing more detailed judgements to be made.

**Question 4**

There was an unexpected lack of knowledge evident in students' answers to this question. With only a minority of students able to calculate the payback and ARR successfully, it is clear that understanding of these two investment appraisal methods was a real issue among this year's cohort. This uncertainty about investment appraisal calculations is something that should be considered by centres. The students that were able to perform both calculations required by the question correctly and use the outcomes and other information from the case scored very well on this question. The most effective answers were able to provide correct calculations, suggest both offered encouraging results and also bring in other information to their answers – such as Mike's personal commitment to CSR, or the ill-advised nature of what may have been considered a project that distracted from the bigger strategic issues facing the business.

It is worth noting that workings done on the insert to the paper are not available to examiners looking to use OFR to credit valid arguments. Students should be advised to produce their workings in the answer booklet as miscalculations that show evidence of some valid understanding of the method will be credited where possible.

**Question 5**

Evaluating Mike's effectiveness as a leader proved to be a question that most students were happy to tackle, and a significant proportion answered it effectively. While more able students made good use of the case study's material on decisions and actions that Mike had taken, less able students simply lifted these from the text and tacked on a sentence saying that this did or did not make him an effective leader. Again, the key to success here was in building causal arguments, with a full explanation linking what Mike did to the traits of effective leaders. Though 'learned' structures such as in the short-term versus in the long-term rarely add value to students' answers, this was a question that did illustrate the benefit of making a balanced judgement, perhaps by suggesting Mike had been a very effective leader, but that he has struggled more recently due to the different set of challenges he faces.

**Question 6**

A number of students showed evidence of time pressure on this question – often the result of writing overly long responses to Questions 1 and 2. Most, however, had enough time to try to tackle this question. Unfortunately, significant numbers of students wrote descriptively about the benefits and drawbacks of SWOT analysis, sometimes using examples from DWS Ltd and sometimes using examples from other real businesses. The most effective answers needed students to address the whole question – clearly trying to evaluate the technique’s usefulness in the process of strategic planning. This is exactly the context in which SWOT appears on the specification, as part of the ‘year 2 strategic planning and implementation narrative that runs through units 7-10. Those who viewed SWOT as such almost invariably produced a very effective response to the question. On ‘all business’ questions like this, a response that is simply illustrated by context from one business (perhaps the business in the case study) is still likely to be able to access all but the very highest level of response on the mark scheme – the key to success, as always, is to try to actually answer the whole of the question set – not simply focus on one aspect of it.

### **Mark Ranges and Award of Grades**

Grade boundaries and cumulative percentage grades are available on the [Results Statistics](#) page of the AQA Website.