



A LEVEL BUSINESS

7132/1 Business 1
Report on the Examination

7132
November 2020

Version: 1.0

Further copies of this Report are available from aqa.org.uk

Copyright © 2020 AQA and its licensors. All rights reserved.
AQA retains the copyright on all its publications. However, registered schools/colleges for AQA are permitted to copy material from this booklet for their own internal use, with the following important exception: AQA cannot give permission to schools/colleges to photocopy any material that is acknowledged to a third party even for internal use within the centre.

General Introduction to the November Series

This has been an unusual exam series in many ways. Entry patterns have been very different from those normally seen in the summer, and students had a very different experience in preparation for these exams. It is therefore more difficult to make meaningful comparisons between the range of student responses seen in this series and those seen in a normal summer series. The smaller entry also means that there is less evidence available for examiners to comment on.

In this report, senior examiners will summarise the performance of students in this series in a way that is as helpful as possible to teachers preparing future cohorts while taking into account the unusual circumstances and limited evidence available.

Overview of Entry

A key element to this series is the substantially reduced number of entrants compared to a normal summer entry. In essence this manifests itself in not presenting the same range and diversity of student entry. A common weakness on this paper was that although students were able to access the material many struggled to follow this through with suitable development due to a failure to address key aspects of the question asked. This suggested a lack of preparation in exam technique and understanding of the demands of individual questions.

Many students built arguments effectively but, at times, on the essays, their conclusions let them down and restricted answers that were potentially very good. On the essays on this paper, 10 of the 25 marks are awarded for A04 and missing or weak conclusions/judgements severely restricts the mark that can be achieved.

Section A

Q1 – This was intended to be a fairly straightforward first question and was answered well by most of this cohort of students.

Q2 - This question tested a very well-known concept, but in a way that required careful thought and reasoning by students. Not unexpectedly, it proved to be the most challenging question in this section.

Q3 – This question also proved to be challenging, with a number of students focusing on output rather than capacity utilisation.

Q4 – This question exposed a lack of precision in some students' understanding of how profit is calculated, with a significant minority confusing operating profit with profit for the year.

Q5 – Students showed an excellent understanding of lean production, with over 80% giving the correct response.

Q6 – This test of strategic drift confirmed that some students lack clarity in their understanding of strategic drift, with all three distractors showing some support, although the correct option was chosen by over 40% of students.

Q7 & Q8– Most students showed a good understanding of Greiner’s stages of growth and Kaplan & Norton’s balanced scorecard- in answering these questions.

Q9 –Students found this Average Rate of Return (ARR) question challenging. The most popular answer indicated that students did not calculate the ARR as an annual %. However, there were also many students who failed to include the initial cost in the calculation of the overall net return. Only about 20% of the candidates gave the correct answer.

Q10 – This question on management styles was answered well. The concept of ‘country club’ as a style of leadership was understood well, with most students also understanding ‘team leader’ as a management style.

Q11 – Students showed a very good understanding of both external growth and organic growth in this question and most answered this correctly.

Q12 – This was another challenging question based on a well-known concept. All four options were chosen regularly by students, suggesting some limitations in their understanding of break-even. .

Q13 – This question required precise knowledge of Hofstede’s model. Only 30% of the students were able to provide the correct answer indicating that many students lacked this knowledge, although it was the most popular response. All three distractors were chosen regularly.

Q14 – Most students were able to show that the first statement on correlation was false. However, the logic in the 2nd statement was more complex and only about 60% of students recognised it as a true statement.

Q15 – Many students find elasticity of demand to be a difficult concept. The need to relate both income elasticity and price elasticity of demand to specific changes proved to be challenging.

Section B

The two calculation questions proved to be easier than the equivalent questions in the previous year, with students averaging well over half marks. The 9 mark questions in this Section were broadly comparable to each other, with Question 18 providing a slightly sterner test.

Question 16

Most students were able to calculate the actual profit/loss for 2019. However, a majority of these then failed to compare this to the budgeted profit in order to calculate the profit variance and identify its type.

Question 17

Students showed a good understanding of the concept of employee costs as a percentage of the business’s turnover. However, a large minority used the capacity of the factory in their calculation, rather than the actual output.

Question 18

Students who demonstrated a precise understanding of diversity tended to develop some well-constructed arguments. However, many had poor understanding of the term and where knowledge was less secure the arguments tended to be less clear.

Question 19

Most students understood the topics covered by this question and were able to use the data provided to analyse the impact of the changes on the cash levels of the company. Overall, there was a slightly better understanding of receivables days than payables days. The best responses compared the overall changes as a part of their analysis.

Question 20

On the whole, students showed a sound understanding of digital technology and focused effectively on the problems that might arise for small businesses. As a consequence, there were many good responses. There were a number of different, but valid, approaches taken and this was a key factor in the relatively good performance on this question in comparison to the other 9 mark questions,

Sections C & D

In Section C, question 21 proved to be more popular than question 22. In Section D, question 23 was chosen by twice as many students as question 24. In terms of performance, all four questions were broadly comparable in the challenge that they offered, although questions 22 and 24 yielded slightly higher marks than their more popular alternatives.

Question 21

There was a wide range of answers to this question. Some students had an uncertain understanding of the concept of limited liability; some understood its implications but only for shareholders. The better answers tended to provide more balanced answers, recognising how limited liability can be beneficial to some stakeholders in certain circumstances but present problems to other stakeholders. There were some instances where the terms stakeholder and shareholder were not clearly distinguished.

Question 22

Most students were able to demonstrate an understanding of the product life cycle and analyse how it might influence human resource flow. Weaker answers tended to be those that had a lesser understanding of the human resource flow and were thus unable to demonstrate the impact of the product life cycle stages on HR flow.

Question 23

This essay provided the widest range of answers. Better answers showed a clear understanding of Research and Development (R&D) and organisational culture and were able to present well-reasoned, developed and balanced responses that scored well. This essay produced a significant number of very high quality responses, which was pleasing. However, some students had limited or no understanding of the concept of organisational culture and some confused R&D with market research. This lack of understanding of these key topics resulted in a number of low-scoring answers.

Question 24

This question was the least popular choice of essay title, the likely result of it being a title that required an understanding of two strategic positions and their impact on two separate functions of the business. However, for the students who were not daunted by this challenge, it proved to be a very accessible question and many scored well on it. Most answers showed a clear understanding of strategic positioning and its impact on marketing spending, with many also showing good insight into the impact on spending on the operations function.

Concluding Remarks

The overall demands of this paper, expectations from students and the type and range of questions asked were entirely comparable to those of previous series. The paper was accessible and students were able to respond well to the questions set in all three sections and there was no evidence of issues with timing.

At times there was evidence of gaps in students' knowledge and understanding. There was some evidence to suggest that students' essays showed less depth across all four titles, but good responses showed very tight focus on the question.

Mark Ranges and Award of Grades

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