



AS LEVEL **BUSINESS**

7131 / 1 Business 1
Report on the Examination

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Overview

In general, the paper discriminated effectively with the most successful students generally being able to offer impressive responses across the range of questions. The least successful students tended to demonstrate a lack of precise knowledge and understanding of the specification content that was being assessed, and failed to make any meaningful use of the context provided by the questions and the case study material.

Most students seemed to demonstrate good time management skills and there was little evidence to suggest that students were struggling to complete the paper in the time allowed and within the confines of the answer booklet provided.

The use of additional pages seems to have been significantly less prevalent than in the past, and it is worth noting that the most successful students were generally able to develop effective answers to the 9- and 16-mark questions within the bounds of the answer book provided.

Overall, the most effective responses tended to display a range and depth of knowledge and understanding of AS business concepts and the ability to apply this effectively to unfamiliar scenarios. In addition, such responses demonstrated the ability to write well-developed and balanced arguments, to provide judgements and solutions built effectively on analysis with clear and consistent focus on the question as a whole, and to use appropriate numerical techniques as and when necessary. Critically, the most effective responses demonstrated evidence of unlocking the key demands of the question and of thinking and planning. Not surprisingly, the best responses clearly answered the question set.

At the other end of the spectrum, the less impressive responses generally demonstrated basic overall knowledge that was uneven at times with a limited ability to apply this and a tendency to be descriptive or to lose focus on the question. In addition, such responses displayed a limited attempt to develop arguments, and the evaluation, where present, tended to have limited focus on the question and was not linked to analysis.

Section A

The ten multiple choice questions enabled students to demonstrate their knowledge and understanding across a range of the AS subject content. Questions 5 and 6 proved to be the most straightforward, closely followed by questions 1 and 7.

Question 8 proved to be the most challenging, with the correct response of C being only the third most popular choice, and response B proving to be the most common distractor (attracting just under half of the students). Response D also attracted a considerable number of students. Many of the students really struggled to interpret the diagram and it would appear that those who went for option D failed to take account of the lead time of 1 day, and those who selected B were, perhaps, confused by the change of usage rate.

Questions 4 and 10 also proved to be challenging for a significant number of students. Question 4 saw students torn between the correct response of B and response A, with response D also attracting significant support. It would appear as though elasticity continues to be a tricky concept for a lot of students. Question 10 saw students torn between the correct response of A and response D, which suggests that a considerable number of students were lacking a clear understanding of the differences between hygiene factors and motivators in the context of Herzberg's 'two factor' theory, as has been the case in the past.

The majority of students opted for the correct responses to questions 2, 3 and 9, with the most common distractors proving to be response D for question 2 and response C for question 9, although there was no clear distractor for question 3.

As ever, students need to read both the question and the different options presented by the multiple choice questions carefully.

Section B

Question 11

This question required students to explain one benefit of a high level of trade union membership to a business and the key to success here was to clearly link the benefit to the business. Most students seemed to have some idea as to what a trade union is and/or were able to identify a generic benefit of membership. The strongest responses were able to explain how the benefit identified might have a positive impact on a business. The most effective responses were impressively concise, demonstrating an understanding of the link between a high level of trade union membership and a beneficial outcome for a business, supported by a brief explanation. The responses that remained in level 1 tended to either simply state a potential benefit without any attempt at explanation, or to offer a definition of a trade union. Just over half of the responses to this question were awarded a mark in level 2, and such responses generally fell short of making a clear and/or convincing link to the notion of a business, tending to see the benefit identified from the perspective of the employee.

Question 12

This required students to carry out a calculation and it proved to be an accessible question for many students, based on a familiar concept with a gatekeeper in the form of labour turnover. For those with a sound knowledge and understanding, there was a straightforward route to three marks, with just over a third of students achieving full marks. The vast majority of students were able, at least, to apply the 25% increase to calculate the increase in labour force to 37 500, although a significant number did little more than this and were, accordingly, awarded just one mark, with just under half of the students doing this. Two marks were generally achieved by the application of the 'own figure rule', and one such approach saw a number of students calculating 37 500 and then deducting 3000, and then dividing 3000 by 34 500 to get an answer of 8.7%. Such application of the 'own figure rule' serves to reinforce the value of students showing their working and it was encouraging to see that only a very few students simply provided an answer (sometimes, the correct one) without any indication as to how they got there.

Question 13

This question required students to explain one benefit to a business of changing the management style from manager to subordinate centred. As with question 11, the key to success here was to clearly link the benefit to the business, and, again, most students seemed to understand the nature of the change and/or were able to identify a generic benefit that might arise, but a significant number of students then simply focused their explanation on the potential impact on employees. The strongest responses were able to explain how the benefit identified might have a beneficial impact on a business, and about one fifth of the responses reached level 3. The small number of

responses that remained in level 1 tended to either simply state a potential benefit without any attempt at explanation, or to describe the change indicated by the diagram. The majority of the responses to this question were awarded a mark in level 2, and such responses generally fell short of making a clear and/or convincing link to the notion of a business, tending to see the benefit identified from the perspective of the employee.

Question 14

This question differentiated effectively and was generally well-answered with just over two fifths of the responses being awarded full marks. Those students who fell just short either tended to offer an answer of £78.5 million units and thus failed to subtract the initial investment from the expected value, or made a calculation error (with the 'own figure rule' being applied in such cases). Two marks were generally achieved by calculating £66.5 million and £12 million, and then, either doing nothing else, or carrying out a series of random calculations that added no value to the response. A significant number of responses struggled to achieve any marks for this question, and a number of students did not attempt it. The weakest responses demonstrated a fundamental lack of knowledge and/or understanding of the concept of decision trees.

Question 15

Again, this question differentiated effectively with a balanced spread of marks resulting. The demands of the question required students to deal with three elements to building an effective response. From a knowledge base of decentralisation, students were required to analyse the potential impact of this in terms of an increase in sales revenue, in the context of a restaurant chain's marketing decisions.

Most students seemed to understand decentralisation although some offered unnecessarily lengthy definitions, and such responses tended to remain in level 1. The most effective responses demonstrated knowledge and understanding implicitly, and moved quickly into developing a plausible line of reasoning as to how decentralised marketing decisions might have a positive impact on sales revenue in the context of a restaurant chain. Such responses were not overly lengthy but just demonstrated a disciplined and clear focus on the demands of the question.

Weaker responses either failed to make a link to sales revenue, or were rooted in a more general consideration of the possible impact of decentralisation. Some drifted into a consideration of the motivational impact of decentralisation and thus failed to address the notion of marketing decisions. This question provided a very clear demonstration of the benefits of careful reading of the question and of unpicking the key demands, and of building a response accordingly.

Section C

Question 16.1

This proved to be a challenging question which elicited a range of marks with a significant number of students appearing to struggle to address the concept of profit margins convincingly, or at all, and a number of students did not attempt this question. The stimulus material presented a number of hooks offering access to level 3 by building two good arguments (e.g. larger purchases of materials allowing the negotiation of considerable discounts/the introduction of lean production/the

doubling in size of the rented head office/the introduction a new layer of management), linked to each of the two profit margins.

Inevitably, those students who lacked the necessary and precise knowledge and understanding of gross and operating profit margins struggled to move beyond level 1. Indeed, the weakest responses seemed to draw on the information in figure 1 rather than table 1, and attempted to link the changes in profit margins to the Boston Matrix (and this seems to be the main reason for the significant number of responses that did not achieve any marks for this question). Some limited responses tended to see students just focusing on the revenue data, while others failed to distinguish between the two profit margins and just referred to profit margins in general (in the latter case, 'benefit of the doubt' was applied wherever possible. In the case of the weakest responses, students seemed to have no knowledge of the relevant concepts, and did little more than identify some issues and any explanation tended to be very limited and largely descriptive.

Reasonable responses tended to demonstrate some relevant knowledge and understanding but were inconsistent in applying it to the appropriate elements of the context. Some students only offered a single line of argument focusing on just one of the profit margins, thus failing to focus on the 'plural' nature of this question. The most effective responses tended to demonstrate knowledge and understanding implicitly and built two good arguments, one on each of the two profit margins.

Question 16.2

The vast majority of students were able to provide reasonable responses to this question with about a quarter of the responses moving into the highest levels. The weakest responses tended to be highly descriptive in nature and were generally lacking in precision and substance, and a number appeared to have no knowledge/understanding of the Boston Matrix.

Again, the stimulus material presented a number of hooks offering opportunities to show both range and balance, and the best responses used them in a thoughtfully selective manner. However, some responses attempted to include every bit of context and did little more than recycle the case, while others focused on just one or two of the hooks (such as 'total sales in the sports shoe market targeted by Rockall were double jewellery market sales last year', or 'many customers in the sports shoe market are in the 16-30 age range), and such responses were, as a consequence, very limited in either depth or range and balance. A significant number of students appeared to struggle to make any meaningful and valid use of the Boston Matrix.

The stronger responses tended to go very much along the lines of 'on one hand' and 'on the other', with an attempt at a final decision that did not always seem to connect logically to the preceding arguments. Such approaches tended to achieve both range and balance but were not always fully focused on the essential challenge of the question in terms of whether this business (Rockall) would be better advised to increase investment in its sports shoe range or its jewellery range. As in the past, it is worth thinking on the potential limitations of the deployment of pre-determined structures and mechanical approaches to answer evaluative questions such as this. These often appeared to act as something of a constraint that ultimately prevented a response from fully answering the question set. For example, there was a tendency for some students to start writing in terms of 'on the one hand' and 'on the other hand', and devote most of their time to arguing for an against increased investment in the sports shoe range and the jewellery range, and then have very little to offer in terms of meaningful judgement. In such cases, it was far from clear what the student actually thought. The higher tariff, evaluative questions such as this are framed to demand a judgement/decision and the student must focus on this essential challenge in the question and not leave the reader wondering as to what view the student is taking.

The most impressive responses were built on balanced and well-developed arguments that led logically to a well-supported overall decision with a clear focus on the demands of the question. A striking feature of such responses was the clarity of the students' view, as well as the coherent structure of the discussion and the thoughtful selection of the arguments. This suggests that the better answers were planned and had a clear sense of the demands of the question and what they wanted to argue from the start.

Question 17.1

This proved to be an accessible question with the vast majority of students being able to provide reasonable responses and a significant number moving into the highest level.

Once again, this question offered plenty of evidence on which to build valid and developed arguments, and just under a third of the responses reached the highest level. Most students were able to make something of the likely impact of increased opening hours on costs in general and staff costs in particular, and on the possibilities of reducing the pressure on facilities at the busiest times, particularly in terms of reduced queues. Less frequently deployed lines of argument were rooted in the potential for widening the customer base and attracting more members. The weaker responses tended to be rather generic in tone, and, in the case of the weakest responses (of which, there were relatively few), students did little more than identify some issues and any explanation tended to be very limited and largely descriptive.

The strongest responses developed clear and convincing links to the likely reactions of the shareholders to the potential impacts of the decision to increase the opening hours of the gym, and, in the latter case, there were some striking examples of the excellent use of the context of the scenario provided,

Question 17.2

This question seemed to be very accessible, and the best responses certainly met the challenge of telling us what the student thought in terms of whether this would be a good decision for Eamon, and recognised that the balance of the argument lay around his personal objectives and his willingness to risk his savings and the desire for control in the context of the increasing conflict with shareholders.

Many students did identify some the relevant issues involved in this decision, although relatively few built effectively on this to offer a sound and well-supported overall judgement as to the best course of action for Eamon, and a significant number simply presented the pros and cons without really coming to any clear conclusion. Again, quite a number of responses tended to go down the 'on the one hand' and 'on the other' road, with no convincing attempt at making a clear and well-supported final decision. Such responses indicated a lack of planning and thinking. For example, a number of students started by asserting that Eamon should buy out the shareholders and then went on to construct arguments to suggest that this was not the case and then, in many cases, their closing statements returned to their original view without any reference to the counter argument in the middle. The result was that there was no weighing up of the issues and the overall judgement simply made an assertion. Students should ensure that their overall judgement is logical and is based on the balance of the arguments provided, and they need to apportion their thinking and actual writing time appropriately. Evaluative questions such as this one tend to require a well-

justified decision/judgement, not just an outline of the case for and against. Students need to think carefully about the demands of the question, to achieve the highest levels.

Other responses contained more developed and applied explanations but were rather one-sided and thus lacked balance, and a significant number of such responses did not offer any real counter arguments either because they did not consider the option of the 'status quo' or they did so in a way that was largely descriptive. This inevitably led to judgements that were partial at best.

A significant number of the weaker responses suggested a lack of knowledge and understanding around the differing legal structures of business in general and the role of shareholders in a public limited company in particular. Others did little more than consider the pros and cons of public as opposed to private limited companies, and some responses extended this by offering some thoughts on the pros and cons of sole traders, and, in so doing, drifted a long way from answering the question.

Once again, it was clearly evident that the most successful students had unpicked the demands of the question, paused for thought and undertaken some planning before ever committing a word to paper. Such students identified the key factors around this decision and used them to shape and frame their argument. They took a clear view, and there was evidence of thinking and planning, and of having a sense of direction from the outset, and this seems key to excellent answers in that they are written with a clear intent.

Mark Ranges and Award of Grades

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