A-LEVEL
BUSINESS
7132/2
Report on the Examination

7132
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Overall Comment

The paper seemed accessible in the main, with most students able to attempt all questions. A prominent feature of this exam paper was the good level of analysis and use of context apparent in many students' responses demonstrating the accessibility of most questions. However, this may have been aided by the use of the advance information by students to better focus their revision. There was a small minority who didn't attempt some questions.

A positive aspect of students' responses was the good use of knowledge and application to build relevant lines of reasoning across questions and case studies, coupled with a good understanding of the examination technique required at the varying levels of questions. Many students proved able to combine aspects from the case studies to develop arguments and to pick out relevant numerical data in support. In particular, it was pleasing to note the high number of students who had attempted and were successful at the numerical questions that has often proved to be a discriminator in the past. Students also demonstrated a clear understanding of where and when they needed to attempt evaluation, which was particularly effective when students targeted the context of the question given, for example, broadening their responses to include wider arguments than just the case study when attempting questions about all businesses.

Despite the accessibility, there was little evidence of students running out of time. Many used the extra pages at the back or used additional paper. Unfortunately, the longer answers seemed to provide more of a similar level rather than adding to the level achieved, and, in many cases, quantity did not necessarily reflect additional quality. Better answers tended to be planned; thoughtful and focused without being excessively long. Students with a lack of evidence of planning may be due to this cohort having had less experience of formal examinations. Students often failed to reach the top levels, not because of a lack of knowledge, but because they failed to focus on the key issues of the question – sales revenue, is now a good time, competitiveness etc. For weaker students, analysis often lacked depth of development or relied on assertion to support responses and often drifted from the core of the question.

A common weakness on this paper was that although students were able to access the stimulus material to pick out relevant aspects, they often failed to combine salient points together to make a strong line of reasoning that was fully in context, ie, students would apply their response with a brief explanation and/or development and then move on to develop their next point, also fairly often just as briefly. There was also a distinct lack of relevant calculations to support arguments and/or conclusions, especially on question 1.5 where a considerable amount of numerical information was available. An effective line of reasoning for this type of question will often consider several aspects of the data linked together, merging different relevant factors into a single line of support.

1.1

The majority of students seemed to have a clear understanding of the term, most focusing on using historic data to predict future trends. A few used a more mathematical approach of extending a trend line on a graph to predict future market positions. A minority had imprecise definitions or were confused with correlation.

1.2

A significant number of students dealt with this question well. Noticeably, students laid out the workings clearly allowing examiners to be able to follow the thought process of the student. The majority seemed to find this an accessible calculation and very few failed to attempt it. A common error, as ever, was a failure to state the final answer as a percentage. Surprisingly few used this calculation as part of the analysis of data as an argument in Q1.5.

1.3

There was a good understanding of market segmentation and most students expressed this clearly and succinctly. Many used data to support their answer and to provide context. There were still a number of responses that failed to use data from appendix D, even though this was highlighted in the question. Weaker answers then failed to explain how this would benefit a business.

1.4

Compared to previous papers, it was pleasing to see so many students understand the concept of price elasticity of demand well and apply it well to the question using the figures provided. The interpretation of the meaning of the magnitude of the numbers (-1.2 or -0.5) was done well by the better students.

There were a noticeable minority who attempted the answer but demonstrated little understanding of the concept – though very few didn't attempt it. The most common mistake was to analyse the price change necessary after misunderstanding the meaning of the numbers, in effect, mixing up price elastic and price inelastic demand or failing to target their developed line of reasoning on sales revenue as asked for.

A common misconception was that a product with price inelastic demand will see no change in demand when price rises – this is incorrect, unless demand is perfectly inelastic, which is not the case here.

1.5

There were some very good answers that focused on the data selectively and often linked different elements of the data together. Some clearly understood how to approach the question, utilise and combine data to build a strong response and make clear judgements.

The best answers focused on the merits of launching a brand 'now', and good answers were evident that concluded either yes and no with supporting evidence/arguments.

Centres can do more to inform students to link data and use their own calculations, for example, information from question 1.2 to reinforce their analysis. A few students simply lifted and described data from appendices. Some lost focus on the question to state they should launch coffee instead, not really addressing the demands of the question.

2.1

Although general understanding of the term 'share dividend' was sound, many definitions were rather imprecise and some rather vague. The key weakness was a lack of focus on the apportionment of profit or the opposite, the notion of return on investment.

2.2

Explaining why the share price rose proved difficult for many. Most could readily identify a cause from the case, securing application and understanding, but too often failed to explain the rise in share price. A significant number failed to recognise the need to explain the demand price mechanism for shares. A minority seemingly believed that the business will set the share price themselves.

2.3

Most students showed at least some, and often good, understanding of Maslow's theory. The best answers selectively using Maslow's terminology as part of an argument that was effectively targeted at those in senior management positions, ie, recognising that senior managers will already have satisfied their lower order needs. Good answers were seen that analysed how motivation may have improved, got worse or in some answers suggested both.

For some students, they could list the hierarchy but not apply it to the question asked or, alternatively, were confused with Herzberg's two factor theory.

2.4

There were varying approaches in responses. Some students outlined benefits and drawbacks of joint ventures or benefits of joint ventures with alternative approaches to growth (organically/takeovers/mergers). A few students showed exceptional focused insight, supported by genuine application to business context. Better students did reach higher levels and often offered examples to support their answers effectively.

Many students struggled to apply the context beyond M&S, only able to use the case study to form the basis of their response, thus providing a narrow base of analysis and not meeting the demand of the question for "all" businesses. In general the lack of focus on growth and all businesses was notable and limited progress to higher level marks.

The concept of (joint) ventures was not well understood by a significant number of students. It was common for students to assume it was the same as a merger, but another misunderstanding was to answer the question relating to venture capital. Students were often too reliant on assertion in making arguments about whether or not any form of growth was good or not.

3.1

This was generally well-answered but it was clear students either understood inventory control charts or they didn't across these three questions. Key to 3.1 was the understanding of the term 'lead time'. Very few students offered a written explanation, which would have helped students who struggled with the calculation. Often, as students were reading from a chart, workings were not shown, so examiners were unable to award any credit for process. This was a shame, as many common errors potentially came from a simple misreading of the information. Another common error was failing to express the answer as days and just giving a numerical response.

3.2

Similar to 3.1, a common mistake was missing off units in the final answer. This proved the most tricky of the three calculations, with many students using the figure for re-order level rather than buffer stock level.

3.3

There were various pathways to arriving at the correct answer for this calculation and the majority of students answered well. Where students struggled, it was clear that there was a general lack of understanding of how to read the chart provided. Again, a common error was failure to denote the final answer as units/units per day.

3.4

This question presented a variety of students' performance. This question needed an explanation of impact on sales. Those that properly understood the concept of exchange rates performed well, explaining the change and linking it through to the impact on sales. Many used the SPICED or WPIDEC mnemonics to help though, in some cases, mixed up the letters to confuse their explanation.

The most common error was getting the mechanism entirely backwards and a misconception that the exchange rate impacted on the amount of sales revenue DT received, or impacted the cost to them of exporting.ie, their costs would rise as a result.

Some students lost focus on the question by explaining import changes as well – the business in the case used UK suppliers, which eliminated the impact of exchange rates on this.

This area of the specification has been poorly answered by students in previous series and centres could do more practise on exchange rate movements and the impact on a business.

3.5

The last time contingency planning was examined it proved an aspect of the specification that students had little depth of knowledge of. So, it was pleasing that there was a good understanding of contingency planning in the main. Almost all understood contingency planning and used the context provided well, picking out key elements – why you would seek a back up supplier with better quality/more reliability than the situation presented. The link to competitiveness was not as strongly developed by many, but most made some sort of link. Better students followed analysis through effectively to competitiveness.

Some confusion from a small number linked to strategic planning or identifying what should have been good operational planning. It was fairly common to see that students' responses had holding extra buffer stock as a contingency plan – this is an operational decision rather than a contingency plan.

3.6

Some very well-developed and detailed responses by a significant number of students, even when they had not scored so well on the other extended questions. Better answers related different circumstances where reliability might be the most important factor in choosing a supplier (eg JIT manufacturers) as well as when other factors might be most important (eg price for businesses seeking cost leadership or quality for luxury end producers), with many students able to use exemplar businesses to support. This provided good pathways for many well-balanced and judgemental answers.

Many answers were lengthy, with students often raising a wide range of points, but providing little depth to any of them and often lacked evidence of planning. Students could in their responses offer a range of factors, all of which seemed important and, therefore, some found it difficult to provide a final evaluation.

Mark Ranges and Award of Grades

Grade boundaries and cumulative percentage grades are available on the Results Statistics page of the AQA Website.