
AS LEVEL **BUSINESS**

7131/1 Paper 1
Report on the Examination

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Overview

In general, the paper proved to be effective as a discriminator with the most successful students 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.

There was little evidence to suggest that students were struggling to complete the paper in the time allowed. Indeed, most students seemed to demonstrate good time management skills and the indications are that most students appeared to have had sufficient time to complete their answers to the final question on the paper.

The use of additional pages seems to continue to be 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 number of common characteristics that included:

- a demonstration of relevant knowledge with precise understanding and the ability to apply this to unfamiliar scenarios
- evidence of unpicking the key demands of the question and of thinking and planning
- use of appropriate numerical techniques as and when necessary
- thoughtful selection of the most appropriate arguments
- a balanced range of well-developed arguments (a chain of reasoning that is clearly in context)
- a logical and coherent structure and clear and consistent focus on the question

Above all, and put simply, the best responses 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. Generally speaking, such attempts at evaluation amounted to little more than unsupported assertions. The responses that failed to access the higher levels of the mark scheme tended to lack structure, and frequently sacrificed depth for range (generally by making a considerable number of points but failing to develop any of them in a convincing manner). In addition, such responses tended to be generic, and made very limited use of the context. Alternatively, attempts to use the scenario amounted to little more than recycling of the material provided in the case studies resulting in responses that were largely descriptive in nature.

Section A

The ten multiple choice questions enabled students to demonstrate their knowledge and understanding across a range of the AS subject content. Questions 3 and 9 proved to be the most straightforward, followed by questions 4, 8 and 10.

Question 5 proved to be the most challenging, with the correct response of B proving to be the second most popular choice in close conjunction with response C, and response D proving to be the most common distractor (attracting about 40% of the students). In the light of this, it might well be worth getting students to spend some time considering the implications of rearranging some of the most commonly used formulae from the specification.

Questions 2 and 7 also proved to be challenging for a significant number of students. Question 7 saw students torn between the correct response of D and response B, with responses A and C also attracting significant support. It would appear as though the interpretation of break-even charts continues to be a tricky concept for a lot of students. Question 2 saw nearly half of the students opting for the correct response of B, although each of the other three options attracted significant interest with option C accounting for just over one fifth of the responses.

The majority of students opted for the correct responses to questions 1 and 6, with the most common distractors proving to be responses D and A for question 1 and responses A and B for question 6.

As ever, students need to read both the question and the different options presented by the multiple choice questions carefully, and this would appear to be the very clear message from question 5.

Section B

Question 11

This required students to carry out a calculation based on what should be a familiar concept with a gatekeeper in the form of margin of safety. It proved to be a very challenging question for a significant majority of students.

For those with a sound knowledge and understanding of the concept, there was a straightforward route to three marks, although only just under one fifth of students were able to accomplish this.

The majority of students failed to demonstrate any knowledge or understanding of the key concept and really struggled with this question, with many of them using the data to calculate profit and arriving at an answer of £14 000. Two marks were generally achieved by those students who were able to calculate the break-even output but were unable to take the final step to calculate the margin of safety. Others were awarded two marks through the application of the 'own figure rule', and one such approach saw a number of students calculating a contribution per unit of £15 (5×3) and then a break-even output of 2000 resulting in a margin of safety of 20 000 units. 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.

In the absence of any valid calculations, a mark was available for demonstrating knowledge and understanding of margin of safety. However, in reality, those students who were secure in this knowledge and understanding, were able to apply it to the data and calculate the correct answer.

Question 12

This question saw a balanced spread of marks across the levels and required students to explain one factor that might cause the share price of a plc to increase. The key to success here was to clearly explain the link between the factor identified and the increase in share price. The vast majority of students were able to access level 1 by identifying a relevant factor but a significant number of these were unable to move beyond this level. The strongest responses were able to clearly explain how the factor identified might cause share price to increase, and the most effective responses were impressively concise, demonstrating an understanding as to how a factor such as an improvement in the performance of the business (eg profits increasing) or another potentially positive change (eg an increase in dividends/speculation around an imminent takeover) might lead to lead to an increase in the demand for shares and hence an increase in share prices.

The responses that remained in level 1 tended to simply state a potential factor without any meaningful attempt at explanation. Just over a quarter 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 between the factor identified and the rise in share price rises. Student responses often seemed to suggest that share prices would simply rise as a consequence of the factor identified rather than offering an explanation around such notions as an increase in the demand for shares.

Question 13

This question required students to carry out a calculation of market share. It proved to be an accessible question for many students, based on a concept that seemed to be considerably more familiar than margin of safety (question 11). Again, for those with a sound knowledge and understanding, there was a straightforward route to four marks, with just over two fifths of students achieving full marks.

About one fifth of the students achieved just one mark by applying the 10% growth in sales to the business X scenario. Those who achieved two marks tended to do this and then repeat the process for firm Y. Three marks were achieved either by calculating the 2021 market size of £550m or through the application of the 'own figure rule'. Finally, just over one fifth of students either did not attempt this question or were awarded zero.

Question 14

This question required students to explain one benefit to a newly established business of producing a budget. The key to success here was to clearly explain the benefit of using a budget in the context of a newly established business, and the context did prove to be a considerable challenge to the vast majority of the students, with only a relatively small number of responses reaching level 3.

Virtually all of the students had some knowledge and understanding of budgets and budgeting and/or were able to identify a valid benefit of producing a budget. Most were able to develop a generic explanation as to why producing a budget might be beneficial to a business. 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 newly established business, tending instead to frame their explanation in the context of business in general.

The significant number of responses that remained in level 1 tended to either simply state a potential benefit without any attempt at explanation, or to demonstrate perfectly reasonable knowledge and understanding of budgets and budgeting again with no explanation or use of context.

Question 15

This question proved accessible and differentiated effectively with a balanced spread of marks resulting. The demands of the question required students to analyse how the market map presented by the question paper might influence decisions around the positioning of the new product created by the business in question.

The overwhelming majority of students were able to demonstrate sound knowledge and understanding of the basic concept of a market map although some offered unnecessarily lengthy definitions and did little more, and such responses tended to remain in level 1.

Encouragingly, around three quarters of the responses moved beyond this into the higher levels with about one third reaching level 3. The most effective responses were concise and precise in demonstrating relevant knowledge and understanding, and moved quickly into developing a plausible line of reasoning as to how this market map might affect the positioning of the new product. Such responses were not overly lengthy but just demonstrated a disciplined and clear focus on the demands of the question. In many respects, the most important word in the question proved to be 'this'.

Weaker responses either tended to be rooted in a more general consideration of the possible value of market maps or were largely descriptive. Some drifted into some marginal issues such as a consideration of what might be an appropriate marketing mix for the launch of the new product for this business. Others simply suggested positioning in either or both of the empty quadrants without any supporting analysis.

This question provided a very clear demonstration of the benefits of a careful reading of the question and of unpicking the key demands, and of building a response accordingly. Those students who did this were able to find a relatively straightforward route to the highest level.

Section C

Question 16.1

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

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 levels of inventory on storage costs and on the possibilities of reducing the complaints from customers around the issue of a lack of stock in the stores. Interestingly, the less frequently deployed lines of argument were rooted in the potential for negotiating the more significant discounts that suppliers offer for much larger orders. Generally speaking, the most impressive responses made effective use of this element of the scenario and

developed some very sound lines of reasoning through the concepts of bulk buying and economies of scale. The strongest responses developed clear and convincing links to the likely impact on profitability and this, inevitably, proved to be the key to reaching level 3. In addition, the strongest responses provided some striking examples of the excellent use of the context from the scenario provided.

The weaker responses tended to lack real focus in that they did not really consider the impact of increasing inventory levels on profitability. For example, reasonable arguments around the possibilities of reducing customer complaints about the lack of stock in the stores tended to conclude in notions such as a reduction in the number of poor online reviews and greater customer satisfaction and loyalty. In the case of the weakest responses (of which, there were relatively few), students did little more than identify some issues and recycle the material from the case, and any explanation tended to be very limited and largely descriptive.

Question 16.2

The vast majority of students were able to provide reasonable responses to this question with about a third of the responses moving into the two highest levels. The weakest responses tended to be highly descriptive in nature with a tendency to simply recycle the material from the case study, and were generally lacking in precision and substance.

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, 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 information relating to price elasticity of demand.

The stronger responses tended to go very much along the lines of 'on the one hand' and 'on the other' or 'I think he should' and 'I think he should not', with an attempt at a final decision that generally seemed to connect logically to the preceding arguments (but not always). 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 would be well advised to remove the price match promise and focus more on the free support service instead. 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 and against removing the price match promise and increasing the focus on the free support service, 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. In this context, the thoughtful selection of arguments seemed to be the key to reaching level 4, and the strongest responses tended to pick up on the implications of

the data around price elasticity of demand and demographics, and built arguments suggesting that the price match promise was looking increasingly obsolete in the current competitive environment and that BZT's target audience would be likely to be much more interested in the free support service.

Question 17.1

This again proved to be an accessible question with the majority of students being able to provide reasonable responses, and just under a third of the responses reached the highest level. However, this question did prove to be challenging for some students, with a significant number either not attempting the question or being awarded no marks.

The stimulus material presented a number of hooks offering access to level 3 by building two good arguments linked to the prices that Napara plc might be able to charge its customers. The strongest responses really picked up on the fact that their lines of reasoning needed to focus on prices, and developed clear and convincing links to the likely implications of the operational data for the prices that Napara could charge, and this, inevitably, proved to be the key to reaching level 3. The two most widely used lines of reasoning were rooted in the data on the percentage of cars recalled for faults and the average delivery times, with the former suggesting that customers would expect to pay lower prices counterbalanced by the expectation that customers might be prepared to pay higher prices as a consequence of the latter. The best responses tended to use the market research data highlighting customer desires around reliability and waiting times to support these lines of reasoning. Lines of reasoning rooted in the productivity data tended to be less convincing as students seemed to struggle to decide whether this would imply higher or lower prices and why. The best students did understand the impact of relatively poor productivity on unit costs and that this would result in upward pressure on prices.

The weaker responses tended to lack real focus in that they did not really consider the implications of the data in table 3 on prices. For example, reasonable arguments around reliability and shorter lead times tended to conclude in notions such as the impact on the reputation of the business or on levels of customer satisfaction. There was also a tendency to offer rather generic explanations around what the data suggested in terms of problems and challenges facing the business and such responses often drifted into a discussion as to how Napara might address the problems of low motivation, lack of trust and industrial action. Some students only offered a single line of argument focusing on just one of the three items of data in table 3, thus failing to focus on the 'plural' nature of this question.

In the case of the weakest responses (of which, there were relatively few), students did little more than describe the data and any explanation tended to be very limited and largely generic, often focused on the issues around motivation and employer-employee relations.

Question 17.2

This question seemed to be very accessible and the vast majority of students were able to provide reasonable responses to this question with about a quarter of the responses moving into the two highest levels. Once again, the weakest responses tended to be highly descriptive in nature with a tendency to simply recycle the material from the case study, and were generally lacking in precision and substance.

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 Napara, and recognised that the balance of the argument lay around the need to restore trust/improve employee motivation/restore corporate

image and the desire of the shareholders to launch the new electric car as quickly as possible in the context of a rapidly changing market.

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 Napara, 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 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 Napara should involve employees in the planning decisions, 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 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, or they did so in a way that was largely descriptive. This inevitably led to judgements that were partial at best. Such responses invariably devoted almost the entirety of the argument to issues around motivation and the relationship of the employees with management. Many of these responses drifted into an essentially generic explanation of a variety of motivation/management style theories (eg Hackman & Oldham, Herzberg, Maslow, MacGregor) and rarely regained focus on the key demands of the question. Such responses failed to recognise the potential for counter argument presented by hooks such as the shareholders' perspective, the skill set of the current workforce and the possibility of job losses.

A significant number of the weaker responses did little more than make a general argument that involving employees in decision making inevitably leads to high levels of motivation, positive relationships with managers and high levels of productivity and quality, 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 to a 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.