
AS

BUSINESS STUDIES

7131/2

Report on the Examination

7131

June 2016

Version: 1.0

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

Copyright © 2015 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.

Overview

Overall the paper acted as a good discriminator with successful students being able to access higher levels on all questions, whilst less successful students demonstrated a lack of understanding of the topics being assessed or provided a more limited development of arguments and more limited judgement.

There was no evidence of students struggling to complete the paper in the time available. In contrast many students appeared to have had plenty of time to complete their answers to the final question.

Many students looked to use additional pages which should only be needed if they have large handwriting or need to amend an answer that has been crossed out. In most cases, when additional pages were used to answer the longer evaluation questions, students simply extended their answers adding detail and volume to their answers rather than additional depth. It was unusual that the use of additional pages resulted in student's responses moving to a higher level.

Better responses to longer answers tended to show evidence of planning. Careful selection of the most relevant points to use and planning how to construct their answer enabled students to access higher levels. Successful students often showed in the first paragraph that they were clear what their arguments were going to be and what their overall answer to the question was. Their arguments showed depth, they were well reasoned and in context, and for the higher mark questions had range, considering different aspects of the question. Successful students also considered the overall demands of the question and remained focused on these throughout. This enabled them to produce a response in which the judgements built logically on the arguments presented.

Less successful students offered poorly planned answers which developed points but lacked depth and failed to focus on the specific demands of the question. Students could benefit from realising that shorter more thoughtful answers can access higher levels if arguments are developed in depth.

The quality of handwriting continues to be a concern and candidates need to try and ensure their responses are legible.

In preparing students for future examinations teachers should encourage students to:

- be precise in their use of business terminology, for example the terms 'shareholder' and 'stakeholder' were used interchangeably
- use the case material to support and develop their analysis whilst avoiding simply repeating or describing the case.
- focus on developing the depth of an argument. A good argument is logical, has a chain of reasoning and is in context
- ensure there is appropriate balance in the arguments for evaluative questions
- ensure the final judgement builds on what has been argued.
- practice how to structure an answer to the higher mark question. In particular question 8 which has a broader dimension and invites students to develop their arguments outside of the case study.

Question 1

The majority of students performed well on this question showing an understanding of break-even. Most students got the correct answer of 64,000, though there were a significant number who made an arithmetical error in dividing £28000 by 20 pence rather than £0.2 – offering the answer of 640.

Students in general showed their workings including stating a formulae. This is a good technique as it ensures that those students who provide an incorrect final answer gain marks for understanding, demonstrated through using the correct process.

Question 2

Those who understood the concept of the operating profit margin performed well, made clear calculations and presented their final answer with a % sign. Those students that did not understand the concept provided a number of different permutations on profit margin, the most common errors were to subtract the cost or profit figures from the revenue.

Offering formulae and showing workings would have been beneficial for many students who made errors or had limited understanding.

Question 3

It was disappointing that there were very few well explained responses. Stronger answers referred to the context and in many cases referred to stakeholder mapping. Weaker responses gained some credit for identifying SPARK Ventures as a major shareholder but then failed to focus the development on the issue of making major decisions. In effect they made an appropriate point but failed to explain the relevance of it to the specific question set.

Question 4

Most students seemed to have some knowledge of outsourcing by offering a definition but few went on to show an in depth understanding of the concept when developing their answer. Better students were able to analyse well in context and offered a range of two or more good arguments.

At times there was a lack of clarity in the distinction between outsourcing and offshoring. It was not uncommon for students to consider reasons for producing merchandising rather than outsourcing the production of the merchandise.

Question 5

Many candidates demonstrated a good understanding of what venture capitalists do and what they are looking for from an investment. Students generally picked out relevant points from the case study and produced reasonable arguments for the possible benefits to SPARK Ventures. Good responses were able to use elements in the case study (such as Michael Acton Smith's previous success; his personal stake / investment and the success of Perplex City) to support their arguments.

Some answers did not quite grasp the timeline aspect of the situation Mind Candy Ltd were in at the time (2007) and added arguments about later e.g. once Moshi Monsters was introduced while others talked about the company's current situation, which would not have been known in 2007.

Question 6

Students who produced good answers to this question took time to think and plan their answers. This is particularly true of the longer questions as too many answers lacked the focus, depth and balance needed for the higher levels.

In good answers students developed a range of arguments to offer a balanced answer. These including a judgement that was well supported by the earlier arguments and which used the context and theory well.

However, many students chose to offer very long theoretical answers by just restating all they knew about private limited companies and public limited companies; their advantages and disadvantages, and so failed to address the question set.

A significant number of students had worrying gaps in their knowledge for example:

- believing public limited companies were owned by the government
- suggesting limited liability was only present in either Ltds or plcs.
- assuming that all Ltds were small or smaller than plcs.

Question 7

This proved to be a very accessible question and there were some very good answers which applied the case material to non-monetary motivation and provided balanced counter arguments as to why financial motivators may be effective. Many considered whether particular theories were or were not appropriate for this type of company.

Students offered weaker answers in contrasting ways, there were those who wrote very good theoretical essays about motivation but made little or no reference to the plentiful material in the case study. While others picked out relevant data from the case study but used it descriptively and did not apply the material to motivation theory. Many students included McGregor, which is a management not a motivation theory. Others confused the theorists interchanging names with theories.

Again this question demonstrated that better answers were produced by students who had taken time to plan their responses and used theory and contextual material selectively and in an integrated manner

Question 8

The vast majority of students made a reasonable attempt at this question with few signs of students running out of time. This final question carries 20 marks – 25% of the whole paper and most students seemed to allocate enough time. As with previous questions only the better answers showed evidence of effective and thoughtful planning.

Too few students addressed the full demands of the question that was asked and did not consider issues such as the 'biggest influence' and 'all businesses'. This is important as this style of question challenges students to broaden their answer beyond the case study material.

With this final question students are asked to consider an issue that is important in the case study itself but compare and contrast that with different business situations. In this case for example ethics may or may not be the biggest influence depending on:

- how high profile the business is and how scrutinised it is by the media and regulators
- its owners and their stated values
- how interested other stakeholders are in ethical behaviour (and this can obviously change over time and may differ from one stakeholder to another)
- the nature of the decision e.g. some decisions may involve bigger ethical issues than others
- the industry or business involved e.g. the banking sector is generally trying hard to be more ethical after complaints about behaviour in the past

All of these different situations could be considered to provide a context and a comparison with the situation of Mind Candy. For this style of question specific examples of other businesses are not necessary (although obviously they would be rewarded if appropriate) - responses can be broadened by discussing relevant situations, industries or issues.

Many reasonable answers considered the ethics of Mind Candy; its market and its competitors. Whereas this provided only a partial answer to the question set, better students often used this as a basis to then develop their answer onto other influences and all businesses, in effect focusing more fully on the broader elements of the question asked. .

Mark Ranges and Award of Grades

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