

AS
Business

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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 less successful students tended to demonstrate a lack of precise knowledge and understanding of the specification content that was being assessed. This resulted in these students being unable 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

At the other end of the spectrum, the less successful 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. Such attempts at evaluation amounted to little more than unsupported assertions. The lower-scoring responses tended to lack structure, and frequently sacrificed depth for range (generally by making a considerable number of points but neglecting 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. Attempts to use the scenario amounted to 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 and these questions proved to be accessible for most students.

Questions 5, 9 and 10 proved to be the most straightforward and, in each case, the correct response was selected by over 80% of the students. This was closely followed by questions 1, 2, 4, 6 and 8 which saw over 70% of the students selecting the correct response.

Questions 3 and 7 proved to be more challenging. That said, the correct response of B for question 3 was selected by about 65% of the students with no obvious distractor (in fact, all three of the alternatives attracted some measure of support). In the case of question 7, which appeared to be the most challenging of the multiple-choice questions, the correct response of B was, nevertheless, selected by nearly 60% of the students, with response D proving to be the most common distractor (attracting about 20% of the students) and response A also attracting some support.

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

Section B

Question 11

This question saw a reasonably balanced spread of marks across the levels and required students to explain one advantage of using a system of quality assurance to a business manufacturing high volumes of cakes for a leading supermarket.

The key to success was to establish a clear link between an advantage of quality assurance and the context. The gatekeeper here is quality assurance rather than 'quality' in general and this proved to be a notable barrier for a significant number of students. The less successful responses tended to make general observations around the notion that quality is an important factor for a business, and just under one third of students were unable to score any marks.

The majority of students were able to access level 1 by demonstrating some knowledge and understanding but a significant number of these were unable to move beyond this level. The most successful responses were able to demonstrate clear knowledge and understanding of quality assurance (either explicitly through a definition or implicitly in the course of their explanation) and explain how this method of managing quality might be advantageous for the business in the scenario. The most effective responses were impressively concise with thoughtful use of the context. Using the context was the key to accessing the higher levels and those students who established a logical link to either element of the context ('high volumes' or 'leading supermarket') were able to secure all three marks for this question. Responses that

remained in level 2 tended to do so either because they were generic or because they neglected to make a clear and / or convincing link to the context.

Question 12

This question 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. However, it proved to be a very challenging question for a significant number of students with just over one third of students unable to achieve a mark. For those with a sound knowledge and understanding of the concept, there was a straightforward route to four marks.

One mark tended to be awarded to responses which calculated the contribution per unit of £480 but did not progress beyond this point, or to responses which offered no valid calculations but did provide a clear demonstration of valid knowledge. Three 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. Other responses were awarded three marks through the application of the 'own figure rule' which, as ever, illustrates the value of students showing their working-out.

Question 13

This proved to be a very challenging question with around two fifths of the responses not achieving any marks. It required students to explain one impact on the efficiency of a business if it increased the span of control of its managers. The key to success was to demonstrate knowledge and understanding span of control and to establish a clear link between an increase in span of control and the efficiency of a business. The gatekeeper was increased span of control rather than 'span of control' in general and recognising this key demand of the question was the route to accessing levels beyond level 1, and only just under half of the students managed to do this.

Level 1 responses tended to demonstrate some knowledge and understanding of span of control in general but did little more. Level 2 responses offered more than this and were able to demonstrate some knowledge and understanding of the likely impact of increasing span of control in general and, in many cases, establish a tentative link to efficiency but generally fell short of making a clear and / or convincing link. The most successful responses were able to do this, although just under 10% of students reached level 3 and scored full marks.

Question 14

This question involved another calculation, and students were required to calculate the value of total dividend paid by a business given the figures for market capitalisation, share price and dividend per share. This proved to be a much more accessible question than the previous calculation question (question 12) and the concept seemed to be considerably more familiar than margin of safety.

For those with a sound knowledge and understanding, there was a straightforward route to four marks, and nearly 70% of the students took it and achieved full marks. A small number of students scored three marks, invariably through the 'own figure rule' and a few responses achieved two marks generally by calculating the number of shares in issue but not progressing beyond this point. Just under 20% of students either did not attempt this question or were awarded zero.

Question 15

This proved to be an accessible question that discriminated effectively with a balanced spread of marks resulting. The demands of the question required students to analyse how an autocratic leadership style might prove useful for a business that is growing quickly.

The overwhelming majority of students were able to demonstrate sound knowledge and understanding of the basic concept of an autocratic leadership style, although some offered lengthy definitions and descriptions and did little more – these such responses tended to remain in level 1. Just over half of the responses moved beyond this into the higher levels with just under 10% reaching level 3.

A number of students struggled with the gatekeeper, and this generally manifested in the form of confusion between autocratic and democratic leadership, although most responses demonstrated sound knowledge and understanding. Some students provided a counter argument by considering the drawbacks and a few provided a conclusion. Nearly a half of the responses were awarded a mark in level 2, and this was typically as a result of demonstrating clear understanding of autocratic leadership style and developing an explanation that was focused on the notion of business growth in general. However, such responses tended to fall short of making a clear and / or convincing link to the notion of growing quickly.

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 style of leadership might have a beneficial impact on a business that is growing quickly. In many respects, the most important word in the question proved to be 'quickly'.

Section B

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. The question offered a considerable amount of evidence on which to build valid and developed arguments, and most students were able to make something of the likely impact of increasing interest rates on the servicing of Ondata's outstanding loan of £1.1m.

The less frequently deployed lines of argument were rooted in the likely impact on sales of its existing range of high performance and relatively expensive bicycles in a niche market in the context of falling UK incomes. The most impressive responses did make effective use of this

element of the scenario and demonstrated sound knowledge and understanding around the income elasticity of demand of +3, and a significant number of students reached level 3.

Less successful responses tended to lack real focus in that they did not really consider the fact that the loan was originally agreed at 3.5% with a variable rate of interest, or they did not consider any issues beyond the impact on the existing debt. Some students did not appreciate that the impact would be on servicing the debt, instead suggesting that the actual amount of the outstanding loan would increase. In these responses, students did little more than identify some issues and recycle the material from the case, often not looking beyond table 1, and any explanation tended to be very limited and largely descriptive. A number of students confused income elasticity with price elasticity of demand.

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 lower-level 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 stimulus material presented a number of hooks offering opportunities to show both range and balance. The best responses used these hooks in a thoughtfully selective manner, while others focused on just one or two of the hooks, and such responses were, as a consequence, limited in range and balance. A significant number of students appeared to struggle to make effective use of the information relating to income elasticity of demand.

Many of the higher-level responses tended to go very much along the lines of 'on the one hand' and 'on the other' or 'I think it would' and 'I think it would not', with an attempt at a final decision that generally seemed to connect logically to the preceding arguments (but not always). This connectivity or lack thereof seemed to be a key difference between reaching level 4 or remaining in level 3. The typical level 3 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 enter the mass market with low price bicycles in addition to its current target market. As ever, the thoughtful selection of arguments seemed to be another key to reaching level 4, and the most effective responses tended to pick up on the implications of the data and information. For example, they referred to the income elasticity of demand, the expectations around falling incomes, and the expectations of growth in the low price mass market along with the apparent relatively low level of capacity utilisation in the current scenario. Such responses built arguments suggesting that continued reliance on just the existing niche market-based business model was looking increasingly untenable given the expected imminent changes in the competitive environment.

Successful responses also considered the implications of a considerably lower average selling price in the context of the significantly greater reach and the market share of the country's largest cycling retailer, along with the fact that Bayes would keep 50% of the selling price compared with the present 30% kept by the network of thirty independent bike shops. The most impressive responses tended to focus on the potential impact of the decision on Ondata's brand image as an 'it depends factor'.

Question 17.1

This also proved to be an accessible question which differentiated effectively, with the majority of students being able to provide reasonable responses, with about 20% of the responses reaching the highest level. The stimulus material presented an abundance of hooks offering access to level 3 by building good arguments rooted in knowledge and understanding of the theory which linked the appropriate elements of the case to low labour turnover.

The most successful responses really picked up on the fact that their lines of reasoning needed to focus on low labour turnover, in addition to demonstrating very sound knowledge and understanding of Herzberg's theory and to developing very clear links between relevant aspects of the theory and the steps taken by Nita to motivate the workforce. There were many examples of the excellent use of the context provided, and it was striking to see how many students had the confidence to dispense with the customary definition and to convincingly demonstrate their knowledge in the body of the response.

A number of students did not appear to understand Herzberg's theory, while some demonstrated only a partial understanding. Some students developed generic arguments with no reference to Herzberg at all, and a small number seemed to be referring instead to other theorists such as Maslow or Tannenbaum and Schmidt. In both cases, many students were still able to access level 2 by thoughtfully identifying aspects of Nita's treatment of her employees and developing convincing links to low labour turnover. A number of responses were limited by various types of mismatches (for example, by suggesting that hygiene factors were motivators). In the lower-level responses, students seemed to have little knowledge of the relevant theory and did little more than identify some issues and any explanation tended to be very limited and largely descriptive.

Question 17.2

This question seemed to be very accessible -even more so than the other evaluative question. The vast majority of students were able to provide reasonable responses, with nearly half of the responses moving into the two highest levels.

Once again, the less successful 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 focus and substance.

The most successful responses told us what they thought in terms of whether this would be a good decision for Nita. They recognised that the balance of the argument lay around the extent to which Nita was motivated by the desire to pay herself more and the importance of her focus on the existing culture of the business, as well as the potential negative long-term impact on revenue and profits of the approach suggested by her accountant. Such responses often placed considerable weight on the extent to which the existing approach had been vital in building a successful business thus far and also questioned the accountant's assumption that the proposed change in approach would have no impact on sales revenue.

Nearly every student was able to identify some the relevant issues involved in this decision. However, some simply presented the 'pros and cons' without really coming to any clear conclusion. Again, a number of responses tended to go down the 'on the hand' and 'on the other' or 'should and should not' road, with no convincing attempt at making a clear and well supported final decision. Such responses indicated a lack of planning and thinking and the result was that there was no weighing up of the issues, and the overall judgement was little more than an assertion.

Other responses contained more developed and applied explanations but were rather one-sided and thus lacked balance. A significant number of such responses did not offer any real counter arguments, or they did so in a way that was largely descriptive.

As ever, the most successful responses were often ones where students took a clear view from the outset and developed the balance of their arguments accordingly. It was clear 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 responses identified the key factors around this decision and used them to shape and frame the argument. Having taken a clear view, there was evidence of a logical sense of direction from the outset, and this still seems to a key to excellent answers to evaluative questions 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.