

# AS AND A-LEVEL BUSINESS

AS (7131)

A-level (7132)

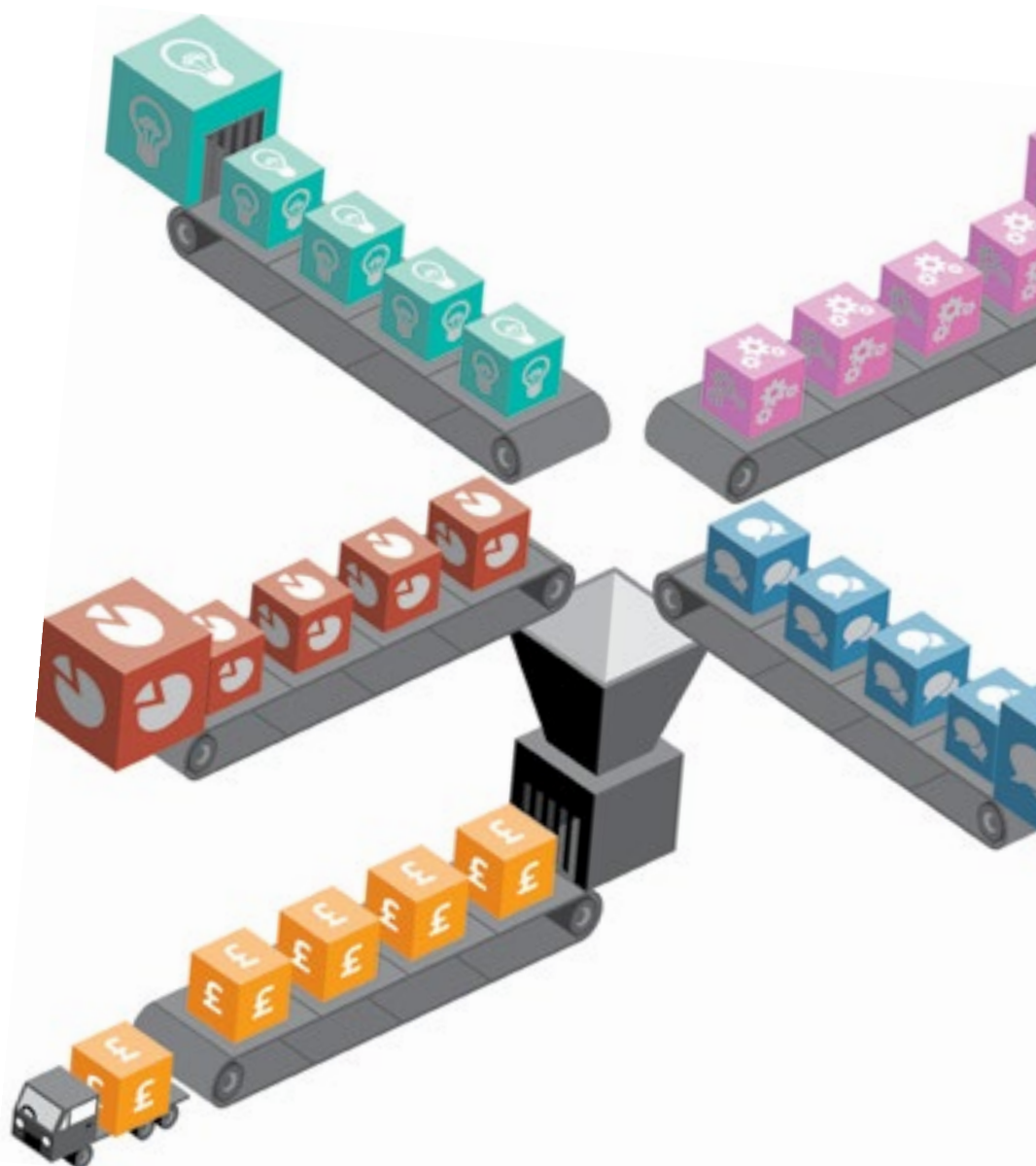
## Specifications

For teaching from September 2015 onwards

For AS exams in May/June 2016 onwards

For A-level exams in May/June 2017 onwards

Version 1.0 19 August 2014



# Contents

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<b>1</b>	<b>Introduction</b>	<b>5</b>
1.1	Why choose AQA for AS and A-level Business	5
1.2	Support and resources to help you teach	6
<b>2</b>	<b>Specification at a glance</b>	<b>8</b>
2.1	Subject content	8
2.2	AS	8
2.3	A-level	9
<b>3</b>	<b>Subject content</b>	<b>10</b>
	Strategic decision making (A-level only)	10
3.1	What is business?	11
3.2	Managers, leadership and decision making	12
3.3	Decision making to improve marketing performance	14
3.4	Decision making to improve operational performance	17
3.5	Decision making to improve financial performance	20
3.6	Decision making to improve human resource performance	22
3.7	Analysing the strategic position of a business (A-level only)	25
3.8	Choosing strategic direction (A-level only)	29
3.9	Strategic methods: how to pursue strategies (A-level only)	30
3.10	Managing strategic change (A-level only)	32
<b>4</b>	<b>Scheme of assessment</b>	<b>34</b>
	AS	34
	A-level	34
4.1	Aims	35
4.2	Assessment objectives	35
4.3	Assessment weightings	36
<b>5</b>	<b>General administration</b>	<b>37</b>
5.1	Entries and codes	37
5.2	Overlaps with other qualifications	37
5.3	Awarding grades and reporting results	37
5.4	Re-sits and shelf life	38
5.5	Previous learning and prerequisites	38
5.6	Access to assessment: diversity and inclusion	38
5.7	Working with AQA for the first time	39
5.8	Private candidates	39
<b>6</b>	<b>Annex: quantitative skills in business</b>	<b>40</b>

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## Are you using the latest version of these specifications?

- You will always find the most up-to-date version of these specifications on our website at [aqa.org.uk/7132](https://www.aqa.org.uk/7132)
- We will write to you if there are significant changes to these specifications.

# 1 Introduction

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## 1.1 Why choose AQA for AS and A-level Business

### Dynamic and engaging content

We have a long history and proven track record of providing high quality, successful Business qualifications that we have continued to improve through teacher feedback, operational experience and by working closely with universities and the wider academic community. By taking a holistic approach to the subject, we demonstrate the interrelated nature of business using business models, theories and techniques to support analysis of contemporary business issues and situations to provide a dynamic specification. Our content is designed to engage students through topics and issues that are relevant in today's society – they will study key contemporary developments such as digital technology and business ethics, and globalisation is covered throughout the topics.

### Real life skills

Students will develop the knowledge and skills needed to analyse data, think critically about issues and make informed decisions – all skills that are needed for further study and employment.

### Assessment success

Our question papers use a variety of assessment styles including multiple choice, short answer, data response, essay and case studies so that students feel more confident and engage with the questions. Real life case studies will be used wherever possible to make it easier for students to relate to and apply their knowledge and skills developed throughout the course.

### Teach AS and A-level together

Our AS is fully co-teachable with the first year of A-level, helping you with resourcing and timetabling and providing students with the option to continue studying the full A-level.

### Comprehensive support

We offer a comprehensive range of support and resources to support your planning, teaching and assessment of our specifications through direct contact with our business subject team, our website, teacher CPD courses and work with publishers. At AQA, we help your students get the results they deserve, from the exam board you can trust. Learn more about all our Business qualifications at [aqa.org.uk/business](http://aqa.org.uk/business)

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## 1.2 Support and resources to help you teach

We know that support and resources are vital for your teaching and that you have limited time to find or develop good quality materials. So we've worked with experienced teachers to provide you with a range of resources that will help you confidently plan, teach and prepare for exams.

### Teaching resources

We have too many Business resources to list here so visit [aqa.org.uk/7132](https://www.aqa.org.uk/7132) to see them all. They include:

- flexible sample schemes of work to help you plan for course delivery in your own way
- individual lesson plans on specific topic areas to assist you in providing continuity and progression in teaching
- student textbooks and e-learning materials that have been scrutinised by AQA
- training courses to help you deliver AQA Business qualifications
- subject expertise courses for all teachers, from newly-qualified teachers who are just getting started to experienced teachers looking for fresh inspiration.

### Preparing for exams

Visit [aqa.org.uk/7132](https://www.aqa.org.uk/7132) for everything you need to prepare for our exams, including:

- past papers, mark schemes and examiners' reports
- specimen papers and mark schemes for new courses
- exemplar student answers with examiner commentaries.

### Analyse your students' results with Enhanced Results Analysis (ERA)

Find out which questions were the most challenging, how the results compare to previous years and where your students need to improve. ERA, our free online results analysis tool, will help you see where to focus your teaching. Register at [aqa.org.uk/era](https://www.aqa.org.uk/era)

For information about results, including maintaining standards over time, grade boundaries and our post-results services, visit [aqa.org.uk/results](https://www.aqa.org.uk/results)

### Keep your skills up to date with professional development

Wherever you are in your career, there's always something new to learn. As well as subject-specific training, we offer a range of courses to help boost your skills:

- improve your teaching skills in areas including differentiation, teaching literacy and meeting Ofsted requirements
- help you prepare for a new role with our leadership and management courses.

You can attend a course at venues around the country, in your school or online – whatever suits your needs and availability. Find out more at [coursesandevents.aqa.org.uk](https://www.coursesandevents.aqa.org.uk)

## Get help and support

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Visit our website for information, guidance, support and resources at [aqa.org.uk/7132](https://www.aqa.org.uk/7132)

You can talk directly to the Business subject team

E: [business-studies@aca.org.uk](mailto:business-studies@aca.org.uk)

T: 01483 477 863

# 2 Specification at a glance

## 2.1 Subject content

- 1 [What is business?](#)
- 2 [Managers, leadership and decision making](#)
- 3 [Decision making to improve marketing performance](#)
- 4 [Decision making to improve operational performance](#)
- 5 [Decision making to improve financial performance](#)
- 6 [Decision making to improve human resource performance](#)
- 7 [Analysing the strategic position of a business \(A-level only\)](#)
- 8 [Choosing strategic direction \(A-level only\)](#)
- 9 [Strategic methods: how to pursue strategies \(A-level only\)](#)
- 10 [Managing strategic change \(A-level only\)](#)

## 2.2 AS

### Assessments

Paper 1: Business 1	+	Paper 2: Business 2
<b>What's assessed</b> 1 – 6 above		<b>What's assessed</b> 1 – 6 above
<b>Assessed</b> <ul style="list-style-type: none"><li>• written exam: 1 hour 30 minutes</li><li>• 80 marks in total</li><li>• 50% of AS</li></ul>		<b>Assessed</b> <ul style="list-style-type: none"><li>• written exam: 1 hour 30 minutes</li><li>• 80 marks in total</li><li>• 50% of AS</li></ul>
<b>Questions</b> Three compulsory sections: <ul style="list-style-type: none"><li>• Section A has 10 multiple choice questions (MCQs) worth 10 marks</li><li>• Section B has short answer questions worth approximately 20 marks</li><li>• Section C has two data response stimuli with questions worth approximately 25 marks.</li></ul>		<b>Questions</b> One compulsory case study consisting of approximately seven questions.

Before the qualification can be awarded, students must undertake **both** the assessments.

## 2.3 A-level

### Assessments

Paper 1: Business 1	+	Paper 2: Business 2	+	Paper 3: Business 3
<p><b>What's assessed</b></p> <p>All content above</p>		<p><b>What's assessed</b></p> <p>All content above</p>		<p><b>What's assessed</b></p> <p>All content above</p>
<p><b>Assessed</b></p> <ul style="list-style-type: none"> <li>written exam: 2 hours</li> <li>100 marks in total</li> <li>33.3% of A-level</li> </ul>		<p><b>Assessed</b></p> <ul style="list-style-type: none"> <li>written exam: 2 hours</li> <li>100 marks in total</li> <li>33.3% of A-level</li> </ul>		<p><b>Assessed</b></p> <ul style="list-style-type: none"> <li>written exam: 2 hours</li> <li>100 marks in total</li> <li>33.3% of A-level</li> </ul>
<p><b>Questions</b></p> <p>Three compulsory sections:</p> <ul style="list-style-type: none"> <li>Section A has 15 multiple choice questions (MCQs) worth 15 marks.</li> <li>Section B has short answer questions worth 35 marks.</li> <li>Sections C and D have two essay questions (choice of one from two and one from two) worth 25 marks each.</li> </ul>		<p><b>Questions</b></p> <p>Three data response compulsory questions worth approximately 33 marks each and made up of three or four part questions.</p>		<p><b>Questions</b></p> <p>One compulsory case study followed by approximately six questions.</p>

Before the qualification can be awarded, students must undertake **all** the assessments.



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# 3 Subject content

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Students of this course should study business in a variety of contexts (eg large/small, UK focused/global, service/manufacturing) and consider:

- the importance of the context of business in relation to decision making
- the interrelated nature of business activities and how they affect competitiveness
- the competitive environment and the markets in which businesses operate
- the influences on functional decisions and plans including ethical and environmental issues
- the factors that might determine whether a decision is successful eg the quality of data and the degree of uncertainty
- how technology is changing the way decisions are made and how businesses operate and compete
- the impact on stakeholders of functional decisions and their response to such decisions
- use of non-quantitative and quantitative data in decision making (including the interpretation of index numbers and calculations such as ratios and percentages). See [Annex: Quantitative skills in Business](#)

## Strategic decision making (A-level only)

The study of strategic decision making should build on the study of decision making in the functional areas.

Students should consider:

- the impact of technology on strategic decision making
- the influences of Corporate Social Responsibility, ethical and environmental issues on strategic decisions
- the difficulties in forecasting future trends
- the importance of assessing feasibility and risk when making strategic decisions
- the impact on stakeholders of strategic decisions and their response to such decisions.

The topics lend themselves to studying and engaging with the business world. The specification and assessment should encourage students to follow business developments and think critically about contemporary business issues. Most of the assessment material is based on real business situations. By examining and thinking critically about real business situations as they study the subject, students will gain an insight into different contexts which will help them to understand the key issues in any situation and compare and contrast this with other situations and apply their understanding.

## 3.1 What is business?

### 3.1.1 Understanding the nature and purpose of business

Content	Additional information
Why businesses exist	Business objectives such as profit, growth, survival, cash flow, social and ethical objectives.
The relationship between mission and objectives	
Common business objectives	
Why businesses set objectives	
The measurement and importance of profit	The measurement of profit should include: <ul style="list-style-type: none"> <li>• revenue (also turnover and sales)</li> <li>• fixed costs</li> <li>• variable costs</li> <li>• total costs.</li> </ul>

### 3.1.2 Understanding different business forms

Content	Additional information
Reasons for choosing different forms of business and for changing business form	Different forms of business include: <ul style="list-style-type: none"> <li>• sole traders</li> <li>• private limited companies and public limited companies</li> <li>• private sector and public sector organisations</li> <li>• non-profit organisations such as charities and mutuals.</li> </ul> Issues with different forms of business include: <ul style="list-style-type: none"> <li>• unlimited and limited liability</li> <li>• ordinary share capital</li> <li>• market capitalisation</li> <li>• dividends.</li> </ul>
The role of shareholders and why they invest	
Influences on share price and the significance of share price changes	
The effects of ownership on mission, objectives, decisions and performance	

### 3.1.3 Understanding that businesses operate within an external environment

Content	Additional information
How the external environment can affect costs and demand	Factors influencing costs and demand to include the effect of: <ul style="list-style-type: none"><li>• competition</li><li>• market conditions</li><li>• incomes</li><li>• interest rates</li><li>• demographic factors</li><li>• environmental issues and fair trade.</li></ul>

## 3.2 Managers, leadership and decision making

### 3.2.1 Understanding management, leadership and decision making

Content	Additional information
What managers do	The role of managers should include: <ul style="list-style-type: none"><li>• setting objectives</li><li>• analysing</li><li>• leading</li><li>• making decisions</li><li>• reviewing.</li></ul>
Types of management and leadership styles and influences on these	Theories of management and leadership styles should include: <ul style="list-style-type: none"><li>• the Tannenbaum Schmidt continuum</li><li>• the Blake Mouton grid.</li></ul>
The effectiveness of different styles of management and leadership	

### 3.2.2 Understanding management decision making

Content	Additional information
The value of decision making based on data (scientific decision making) and on intuition	<p>Scientific decision making should include understanding and interpreting decision trees and calculating expected value and net gains.</p> <p>Decision making to include an understanding of:</p> <ul style="list-style-type: none"> <li>• risks</li> <li>• rewards</li> <li>• uncertainty</li> <li>• opportunity cost.</li> </ul>
The use and value of decision trees in decision making	
Influences on decision making	<p>Influences on decision making to include:</p> <ul style="list-style-type: none"> <li>• mission</li> <li>• objectives</li> <li>• ethics</li> <li>• the external environment including competition</li> <li>• resource constraints.</li> </ul>

### 3.2.3 Understanding the role and importance of stakeholders

Content	Additional information
The need to consider stakeholder needs when making decisions	Stakeholder mapping: stakeholder power and interest.
Stakeholder needs and the possible overlap and conflict of these needs	
Influences on the relationship with stakeholders	
How to manage the relationship with different stakeholders	Managing the relationship with different stakeholders includes communication and consultation.

## 3.3 Decision making to improve marketing performance

Students should consider the following throughout this section of the specification:

- how developments in technology are affecting marketing decision making and activities (eg digital marketing and the use of social media, relationship marketing and dynamic pricing)
- ethical and environmental influences on marketing decisions
- market conditions and competition
- how marketing decisions help improve competitiveness
- the interrelationship between marketing decisions and other functions.

### 3.3.1 Setting marketing objectives

Content	Additional information
The value of setting marketing objectives	Marketing objectives include: <ul style="list-style-type: none"><li>• sales volume and sales value</li><li>• market size</li><li>• market and sales growth</li><li>• market share</li><li>• brand loyalty.</li></ul>
External and internal influences on marketing objectives and decisions	

### 3.3.2 Understanding markets and customers

Content	Additional information
The value of primary and secondary marketing research	Marketing research should include: <ul style="list-style-type: none"> <li>• qualitative and quantitative data</li> <li>• market mapping.</li> </ul> You should be able to calculate market and sales growth, market share and size.
The value of sampling	
The interpretation of marketing data	Interpretation of marketing data should include: <ul style="list-style-type: none"> <li>• positive and negative correlation and an understanding of the strength of the relationship</li> <li>• understanding the concept of confidence intervals</li> <li>• understanding extrapolation.</li> </ul>
The value of technology in gathering and analysing data for marketing decision making	
The interpretation of price and income elasticity of demand data	Students should be able to interpret price and income elasticity of demand data and be able to analyse the impact of changes in price and income on revenue (they do not need to be able to calculate these).
The value of the concepts of price and income elasticity of demand to marketing decision makers	
The use of data in marketing decision making and planning	

### 3.3.3 Making marketing decisions: segmentation, targeting, positioning

Content	Additional information
The process and value of segmentation, targeting and positioning	Segmentation methods include: <ul style="list-style-type: none"> <li>• demographic</li> <li>• geographic</li> <li>• income</li> <li>• behavioural segmentation.</li> </ul>
Influences on choosing a target market and positioning	Targeting may include niche and mass marketing.

### 3.3.4 Making marketing decisions: using the marketing mix

Content	Additional information
The elements of the marketing mix (7Ps)	
The influences on and effects of changes in the elements of the marketing mix	<p>The marketing mix should be considered for goods and services, both industrial and consumer.</p> <p>Types of consumer goods considered should include convenience, shopping and specialty products.</p>
Product decisions	<p>Product decisions should include:</p> <ul style="list-style-type: none"> <li>• the value of product portfolio analysis and the Boston Matrix</li> <li>• the value of the product life cycle model including extension strategies</li> <li>• influences on and the value of new product development.</li> </ul>
Pricing decisions	Pricing decisions should include penetration and price skimming.
Decisions about the promotional mix	Promotional decisions should include the value of branding.
Distribution (place) decisions	Distribution decisions should include multi-channel distribution.
Decisions relating to other elements of the marketing mix: people, process and physical environment	
The importance of and influences on an integrated marketing mix	<p>Influences on an integrated marketing mix include:</p> <ul style="list-style-type: none"> <li>• the position in the product life cycle</li> <li>• the Boston Matrix</li> <li>• the type of product</li> <li>• marketing objectives</li> <li>• the target market</li> <li>• competition</li> <li>• positioning.</li> </ul>
Understanding the value of digital marketing and e-commerce	

## 3.4 Decision making to improve operational performance

Students should consider the following throughout this section of the specification:

- how developments in technology are affecting decision making and activities in operations (eg more online businesses, better links with customers, suppliers and inventory control)
- ethical and environmental influences on operations decisions
- market conditions and competition
- how decisions in operations improve the competitiveness of a business
- the interrelationship between operational decisions and other functions.

### 3.4.1 Setting operational objectives

Content	Additional information
The value of setting operational objectives	Operational objectives include: <ul style="list-style-type: none"> <li>• costs</li> <li>• quality</li> <li>• speed of response and flexibility</li> <li>• dependability</li> <li>• environmental objectives</li> <li>• added value.</li> </ul>
External and internal influences on operational objectives and decisions	

### 3.4.2 Analysing operational performance

Content	Additional information
Interpretation of operations data	
Calculation of operations data	Students should be able to calculate: <ul style="list-style-type: none"> <li>• labour productivity</li> <li>• unit costs (average costs)</li> <li>• capacity</li> <li>• capacity utilisation.</li> </ul>
The use of data in operational decision making and planning	



### 3.4.3 Making operational decisions to improve performance: increasing efficiency and productivity

Content	Additional information
The importance of capacity	
The importance of efficiency and labour productivity	
How to increase efficiency and labour productivity	
The benefits and difficulties of lean production	Lean production should include 'Just in Time' operations.
Difficulties increasing efficiency and labour productivity	
How to choose the optimal mix of resources	The mix of resources should include an understanding of labour and capital intensive processes.
How to utilise capacity efficiently	
How to use technology to improve operational efficiency	

### 3.4.4 Making operational decisions to improve performance: improving quality

Content	Additional information
The importance of quality	
Methods of improving quality	Methods of improving quality should include quality assurance.
The benefits and difficulties of improving quality	
The consequences of poor quality	

### 3.4.5 Making operational decisions to improve performance: managing inventory and supply chains

Content	Additional information
Ways and value of improving flexibility, speed of response and dependability	An understanding of flexibility should include mass customisation.
How to manage supply to match demand and the value of doing so	Ways of matching supply to demand include: <ul style="list-style-type: none"> <li>• outsourcing</li> <li>• use of temporary and part time employees</li> <li>• producing to order.</li> </ul>
Influences on the amount of inventory held	Inventory control should include: <ul style="list-style-type: none"> <li>• interpreting inventory control charts</li> <li>• lead time</li> <li>• re-order levels</li> <li>• buffer level of inventory</li> <li>• re-order quantities.</li> </ul>
Influences on the choice of suppliers	
How to manage the supply chain effectively and efficiently and the value of this	
The value of outsourcing	

## 3.5 Decision making to improve financial performance

Students should consider the following throughout this section of the specification:

- how developments in technology are affecting financial decision making and activities (eg crowd funding)
- market conditions and competition
- ethical and environmental influences on financial decisions
- how decisions in finance improve the competitiveness of the business
- the interrelationship between financial decisions and other functions.

### 3.5.1 Setting financial objectives

Content	Additional information
The value of setting financial objectives	Financial objectives to include: <ul style="list-style-type: none"><li>• the concept of a return on investment</li><li>• an understanding of the proportion of long-term funding that is debt.</li></ul>
The distinction between cash flow and profit	
The distinction between gross profit, operating profit and profit for the year	
Revenue, costs and profit objectives	
Cash flow objectives	
Objectives for investment (capital expenditure) levels	
Capital structure objectives	
External and internal influences on financial objectives and decisions	

### 3.5.2 Analysing financial performance

Content	Additional information
How to construct and analyse budgets and cash flow forecasts	Analysing budgets should include variance analysis and adverse and favourable variances.
The value of budgeting	
How to construct and interpret break-even charts	Break-even analysis should include: <ul style="list-style-type: none"> <li>• break-even output</li> <li>• margin of safety</li> <li>• contribution per unit</li> <li>• total contribution.</li> </ul>
How to calculate and illustrate on a break-even chart the effects of changes in price, output and cost	
The value of break-even analysis	
How to analyse profitability	Analysing profitability should include the following ratio analysis: <ul style="list-style-type: none"> <li>• gross profit</li> <li>• profit from operations</li> <li>• profit for the year.</li> </ul>
How to analyse timings of cash inflows and outflows	Analysing timings of cash flow should include an understanding of payables and receivables.
The use of data for financial decision making and planning	

### 3.5.3 Making financial decisions: sources of finance

Content	Additional information
Internal and external sources of finance	Sources of finance should include: <ul style="list-style-type: none"> <li>• debt factoring</li> <li>• overdrafts</li> <li>• retained profits</li> <li>• share capital</li> <li>• loans</li> <li>• venture capital.</li> </ul>
Advantages and disadvantages of different sources of finance for short- and long-term uses	

### 3.5.4 Making financial decisions: improving cash flow and profits

Content	Additional information
Methods of improving cash flow	Students should be able to assess ways of improving cash flow.
Methods of improving profits and profitability	Students should be able to assess ways of improving profitability.
Difficulties improving cash flow and profit	

## 3.6 Decision making to improve human resource performance

Students should consider the following throughout this section of the specification:

- how developments in technology are affecting decision making and activities in relation to human resources (eg changing the nature of work, the skills that are required and ways of working such as tele-working)
- ethical and environmental influences on human resources decisions
- market conditions (including the labour market) and competition
- how human resource decisions help improve the competitiveness of a business
- the interrelationship between human resource decisions and other functions.

### 3.6.1 Setting human resource objectives

Content	Additional information
The value of setting human resource objectives	Human resource objectives include: <ul style="list-style-type: none"><li>• employee engagement and involvement</li><li>• talent development</li><li>• training</li><li>• diversity</li><li>• alignment of values</li><li>• number, skills and location of employees.</li></ul>
Internal and external influences on human resource objectives and decisions	Influences on human resource objectives such as soft and hard Human Resource Management (HRM) approaches.

### 3.6.2 Analysing human resource performance

Content	Additional information
Calculating and interpreting human resource data	Students should be able to calculate and interpret: <ul style="list-style-type: none"> <li>• labour turnover and retention rates</li> <li>• labour productivity</li> <li>• employee costs as percentage of turnover</li> <li>• labour cost per unit.</li> </ul>
The use of data for human resource decision making and planning	

### 3.6.3 Making human resource decisions: improving organisational design and managing the human resource flow

Content	Additional information
Influences on job design	Job design to include Hackman and Oldham's model.
Influences on organisational design	Decisions relating to organisational design include: <ul style="list-style-type: none"> <li>• authority</li> <li>• span</li> <li>• hierarchy</li> <li>• delegation</li> <li>• centralisation and decentralisation.</li> </ul>
Influences on delegation, centralisation and decentralisation	
The value of changing job and organisational design	
How managing the human resource flow helps meet human resource objectives	Human resource flow to include: <ul style="list-style-type: none"> <li>• human resource plan</li> <li>• recruitment</li> <li>• training</li> <li>• redeployment</li> <li>• redundancy.</li> </ul>

### 3.6.4 Making human resource decisions: improving motivation and engagement

Content	Additional information
The benefits of motivated and engaged employees	Theories of motivation should include Taylor, Maslow and Herzberg.
How to improve employee engagement and motivation	Financial methods of motivation should include: <ul style="list-style-type: none"><li>• piece rate</li><li>• commission</li><li>• salary schemes</li><li>• performance-related pay.</li></ul>
The value of theories of motivation	
The use of financial methods of motivation	
The use of non-financial methods of motivating employees	
Influences on the choice and assessment of the effectiveness of financial and non-financial reward systems	

### 3.6.5 Making human resource decisions: improving employer-employee relations

Content	Additional information
Influences on the extent and methods of employee involvement in decision making	Employee representation methods to include trade unions and works councils.
How to manage and improve employer-employee communications and relations	
Value of good employer-employee relations	

## 3.7 Analysing the strategic position of a business (A-level only)

### 3.7.1 Mission, corporate objectives and strategy

Content	Additional information
Influences on the mission of a business	
Internal and external influences on corporate objectives and decisions	Influences on corporate objectives should include the pressures for short termism, business ownership, the external and internal environment.
The distinction between strategy and tactics	
The links between mission, corporate objectives and strategy	
The impact of strategic decision making on functional decision making	
The value of SWOT analysis	

### 3.7.2 Analysing the existing internal position of a business to assess strengths and weaknesses: financial ratio analysis

Content	Additional information
How to assess the financial performance of a business using balance sheets, income statements and financial ratios	Financial ratio analysis to include: <ul style="list-style-type: none"> <li>• profitability (return on capital employed)</li> <li>• liquidity (current ratio)</li> <li>• gearing</li> <li>• efficiency ratios: payables days, receivables days, inventory turnover.</li> </ul>
The value of financial ratios when assessing performance	Data may be analysed over time or in comparison with other businesses.



### 3.7.3 Analysing the existing internal position of a business to assess strengths and weaknesses: overall performance

Content	Additional information
How to analyse data other than financial statements to assess the strengths and weaknesses of a business	Data other than financial statements should include operations, human resource and marketing data.  Data may be analysed over time or in comparison with other businesses.
The importance of core competences	
Assessing short- and long-term performance	
The value of different measures of assessing business performance	Methods of assessing overall business performance to include: <ul style="list-style-type: none"> <li>• Kaplan and Norton's Balanced Scorecard model</li> <li>• Elkington's Triple Bottom Line (Profit, People, Planet).</li> </ul>

### 3.7.4 Analysing the external environment to assess opportunities and threats: political and legal change

Content	Additional information
The impact of changes in the political and legal environment on strategic and functional decision making	The political and legal environment should include a broad understanding of the scope and effects of UK and EU law related to competition, the labour market and environmental legislation.  The impact of UK and EU Government policy related to enterprise, the role of regulators, infrastructure, the environment and international trade.

### 3.7.5 Analysing the external environment to assess opportunities and threats: economic change

Content	Additional information
The impact of changes in the UK and the global economic environment on strategic and functional decision making	<p>Economic factors to include:</p> <ul style="list-style-type: none"> <li>• GDP</li> <li>• taxation</li> <li>• exchange rates</li> <li>• inflation</li> <li>• fiscal and monetary policy</li> <li>• more open trade v protectionism.</li> </ul> <p>Students should be able to understand economic data, interpret changes in economic data for the UK, the European Union and globally, and consider the implications of such changes for business.</p>
Reasons for greater globalisation of business	
The importance of globalisation for business	
The importance of emerging economies for business	

### 3.7.6 Analysing the external environment to assess opportunities and threats: social and technological

Content	Additional information
The impact of the social and technological environment on strategic and functional decision making	<p>Social changes to include demographic changes and population movements such as:</p> <ul style="list-style-type: none"> <li>• urbanisation and migration</li> <li>• changes in consumer lifestyle and buying behaviour</li> <li>• the growth of online businesses.</li> </ul> <p>The social environment to include Corporate Social Responsibility (CSR) and:</p> <ul style="list-style-type: none"> <li>• the reasons for and against (CSR)</li> <li>• the difference between the stakeholder v shareholder concept</li> <li>• Carroll's Corporate Social Responsibility pyramid.</li> </ul> <p>Technological change should include the impact of technological change on functional areas and strategy.</p>
The pressures for socially responsible behaviour	

### 3.7.7 Analysing the external environment to assess opportunities and threats: the competitive environment

Content	Additional information
Porter's five forces, how and why these might change, and the implications of these forces for strategic and functional decision making and profits	<p>An understanding of the five forces to include:</p> <ul style="list-style-type: none"><li>• entry threat (barriers to entry)</li><li>• buyer power</li><li>• supplier power</li><li>• rivalry</li><li>• substitute threat.</li></ul> <p>Students should consider how the five forces shape competitive strategy.</p>

### 3.7.8 Analysing strategic options: investment appraisal

Content	Additional information
Financial methods of assessing an investment	Investment appraisal should include the calculation and interpretation of payback, average rate of return and net present value.
Factors influencing investment decisions	Factors to include investment criteria, non-financial factors, risk and uncertainty.
The value of sensitivity analysis	

## 3.8 Choosing strategic direction (A-level only)

### 3.8.1 Strategic direction: choosing which markets to compete in and what products to offer

Content	Additional information
Factors influencing which markets to compete in and which products to offer	Strategic direction to include the Ansoff matrix and value of: <ul style="list-style-type: none"> <li>• market penetration</li> <li>• market development</li> <li>• new product development</li> <li>• diversification.</li> </ul>
The reasons for choosing and value of different options for strategic direction	

### 3.8.2 Strategic positioning: choosing how to compete

Content	Additional information
How to compete in terms of benefits and price	Strategic positioning to include: <ul style="list-style-type: none"> <li>• Porter's low cost, differentiation and focus strategies</li> <li>• Bowman's strategic clock.</li> </ul>
Influences on the choice of a positioning strategy	
The value of different strategic positioning strategies	
The benefits of having a competitive advantage	
The difficulties of maintaining a competitive advantage	

## 3.9 Strategic methods: how to pursue strategies (A-level only)

### 3.9.1 Assessing a change in scale

Content	Additional information
The reasons why businesses grow or retrench	Types of growth to include organic and external.
The difference between organic and external growth	
How to manage and overcome the problems of growth or retrenchment	<p>Issues with growth should include:</p> <ul style="list-style-type: none"> <li>• economies of scale (including technical, purchasing and managerial)</li> <li>• economies of scope</li> <li>• diseconomies of scale</li> <li>• the experience curve</li> <li>• synergy</li> <li>• overtrading.</li> </ul> <p>Issues with managing growth should include Greiner's model of growth.</p>
The impact of growth or retrenchment on the functional areas of the business	
Assessing methods and types of growth	<p>Methods of growth to include mergers, takeovers, ventures, franchising.</p> <p>Types of growth to include vertical (backward and forward), horizontal and conglomerate integration.</p>

### 3.9.2 Assessing innovation

Content	Additional information
The pressures for innovation	Types of innovation should include product and process innovation.
The value of innovation	
The ways of becoming an innovative organisation	<p>Ways of becoming innovative include:</p> <ul style="list-style-type: none"> <li>• Kaizen</li> <li>• research and development</li> <li>• intrapreneurship</li> <li>• benchmarking.</li> </ul>
How to protect innovation and intellectual property	Ways of protecting intellectual property include patents and copyrights.
The impact of an innovation strategy on the functional areas of the business	

### 3.9.3 Assessing internationalisation

Content	Additional information
Reasons for targeting, operating in and trading with international markets	Methods of entering international markets include: <ul style="list-style-type: none"> <li>• export</li> <li>• licensing</li> <li>• alliances</li> <li>• direct investment.</li> </ul>
Factors influencing the attractiveness of international markets	
Reasons for producing more and sourcing more resources abroad	Decisions regarding producing overseas include off-shoring and re-shoring.
Ways of entering international markets and value of different methods	Targeting overseas markets may include being a multinational.
Influences on buying, selling and producing abroad	
Managing international business including pressures for local responsiveness and pressures for cost reduction	Managing international business includes Bartlett and Ghoshal's international, multi-domestic, transnational and global strategies.
The impact on internationalisation for the functional areas of the business	

### 3.9.4 Assessing greater use of digital technology

Content	Additional information
The pressures to adopt digital technology	Digital technology should include e-commerce, big data, data mining and enterprise resource planning (ERP).
The value of digital technology	
The impact of digital technology on the functional areas of the business	

## 3.10 Managing strategic change (A-level only)

### 3.10.1 Managing change

Content	Additional information
Causes of and pressures for change	Types of change include: <ul style="list-style-type: none"> <li>• internal change</li> <li>• external change</li> <li>• incremental change</li> <li>• disruptive change.</li> </ul> Managing change should include: <ul style="list-style-type: none"> <li>• Lewin's force field analysis.</li> </ul>
The value of change	
The value of a flexible organisation	Flexible organisations include: <ul style="list-style-type: none"> <li>• restructuring</li> <li>• delayering</li> <li>• flexible employment contracts</li> <li>• organic structures v mechanistic</li> <li>• knowledge and information management.</li> </ul>
The value of managing information and knowledge	
Barriers to change	Kotter and Schlesinger's four reasons for resistance to change.
How to overcome barriers to change	Kotter and Schlesinger's six ways of overcoming resistance to change.

### 3.10.2 Managing organisational culture

Content	Additional information
The importance of organisational culture	Cultural models should include: <ul style="list-style-type: none"> <li>• Handy's task culture, role culture, power culture and person culture</li> <li>• Hofstede's national cultures.</li> </ul>
The influences on organisational culture	
The reasons for and problems of changing organisational culture	

### 3.10.3 Managing strategic implementation

Content	Additional information
How to implement strategy effectively	
The value of leadership in strategic implementation	
The value of communications in strategic implementation	
The importance of organisational structure in strategic implementation	Organisational structures to include: functional, product based, regional and matrix structure.
The value of network analysis in strategic implementation	Network analysis to include: <ul style="list-style-type: none"> <li>• understanding and interpreting network diagrams</li> <li>• amendment of network diagrams</li> <li>• identifying the critical path and total float.</li> </ul>

### 3.10.4 Problems with strategy and why strategies fail

Content	Additional information
Difficulties of strategic decision making and implementing strategy	
Planned v emergent strategy	
Reasons for strategic drift	
The possible effect of the divorce between ownership and control	The effect of the divorce between ownership and control to include corporate governance.
Evaluating strategic performance	
The value of strategic planning	
The value of contingency planning	



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# 4 Scheme of assessment

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Find past papers and mark schemes, and specimen papers for new courses, on our website at [aqa.org.uk/pastpapers](http://aqa.org.uk/pastpapers)

The AS specification is designed to be taken over one or two years with all assessments taken at the end of the course. The A-level specification is designed to be taken over two years with all assessments taken at the end of the course.

Assessments and certification for the AS specification are available for the first time in May/June 2016 and then every May/June for the life of the specification.

Assessments and certification for the A-level specification are available for the first time in May/June 2017 and then every May/June for the life of the specification.

These are linear qualifications. In order to achieve the award, students must complete all exams in May/June in a single year. All assessments must be taken in the same series.

All materials are available in English only.

## AS

Our assessment in AS Business includes questions that allow students to demonstrate their ability to:

- draw together their knowledge, skills and understanding from across the full course of study
- provide extended responses.

For example the final question in Paper 2 is an extended response question which requires a student to draw together different areas of the specification. An extended response is evidence generated by a student which is of sufficient length to allow that student to demonstrate the ability to construct and develop a sustained line of reasoning which is coherent, relevant, substantiated and logically structured.

## A-level

Our assessment in A-level Business includes questions that allow students to demonstrate their ability to:

- draw together their knowledge, skills and understanding from across the full course of study
- provide extended responses.

For example questions in Section C of Paper 1 are extended response questions which require a student to draw together different areas of the specification. An extended response is evidence generated by a student which is of sufficient length to allow that student to demonstrate the ability to construct and develop a sustained line of reasoning which is coherent, relevant, substantiated and logically structured.

## 4.1 Aims

Courses based on these specifications should encourage students to:

- develop an enthusiasm for studying business
- gain holistic understanding of business in a range of contexts
- develop a critical understanding of organisations and their ability to meet society's needs and wants
- understand that business behaviour can be studied from a range of perspectives
- generate enterprising and creative approaches to business opportunities, problems and issues
- be aware of the ethical dilemmas and responsibilities faced by organisations and individuals
- acquire a range of relevant business and generic skills, including decision making, problem solving, the challenging of assumptions and critical analysis
- apply numerical skills in a range of business contexts.

## 4.2 Assessment objectives

Assessment objectives (AOs) are set by Ofqual and are the same across all AS and A-level Business specifications and all exam boards.

The exams will measure how well students have achieved the following assessment objectives.

- AO1: Demonstrate knowledge of terms, concepts, theories, methods and models to show an understanding of how individuals and organisations are affected by and respond to business issues.
- AO2: Apply knowledge and understanding to various business contexts to show how individuals and organisations are affected by and respond to issues.
- AO3: Analyse issues within business, showing an understanding of the impact on individuals and organisations of external and internal influences.
- AO4: Evaluate quantitative and qualitative information to make informed judgements and propose evidence-based solutions to business issues.

### Weighting of assessment objectives for AS Business

Assessment objectives (AOs)	Component weightings (approx %)		Overall weighting (approx %)
	Paper 1	Paper 2	
AO1	17–20	13–15	31–34
AO2	13–15	10–13	24–27
AO3	9–11	11–13	21–23
AO4	6–9	11–14	19–21
Overall weighting of components	50	50	100

## Weighting of assessment objectives for A-level Business

Assessment objectives (AOs)	Component weightings (approx %)			Overall weighting (approx %)
	Paper 1	Paper 2	Paper 3	
AO1	9–11	6–8	5–8	22–25
AO2	9–11	8–11	5–7	24–27
AO3	5–8	8–11	9–12	25–28
AO4	5–8	6–9	9–12	23–26
Overall weighting of components	33.3	33.3	33.3	100

### 4.3 Assessment weightings

The marks awarded on the papers will be scaled to meet the weighting of the components. Students' final marks will be calculated by adding together the scaled marks for each component. Grade boundaries will be set using this total scaled mark. The scaling and total scaled marks are shown in the table below.

#### AS

Component	Maximum raw mark	Scaling factor	Maximum scaled mark
Paper 1	80	x1	80
Paper 2	80	x1	80
Total scaled mark			160

#### A-level

Component	Maximum raw mark	Scaling factor	Maximum scaled mark
Paper 1	100	x1	100
Paper 2	100	x1	100
Paper 3	100	x1	100
Total scaled mark			300

# 5 General administration

You can find information about all aspects of administration, as well as all the forms you need, at [aqa.org.uk/examsadmin](http://aqa.org.uk/examsadmin)

## 5.1 Entries and codes

Students only need to make one entry for each qualification – this will cover all the question papers and certification.

Every specification is given a national discount (classification) code by the Department for Education (DfE), which indicates its subject area.

If a student takes two specifications with the same discount code, Further and Higher Education providers are likely to take the view that they have only achieved one of the two qualifications. Please check this before your students start their course.

Qualification title	AQA entry code	DfE discount code
AQA Advanced Subsidiary GCE in Business	7131	3210 (post-16), AA3 (KS4)
AQA Advanced Level GCE in Business	7132	3210

These specifications comply with Ofqual's:

- *General conditions of recognition* that apply to all regulated qualifications
- GCE qualification level conditions that apply to all GCEs
- GCE subject level conditions that apply to all GCEs in this subject
- all relevant regulatory documents.

Ofqual has accredited these specifications. The qualification accreditation number (QAN) for the AS is 601/4337/X. The QAN for the A-level is 601/4336/8.

## 5.2 Overlaps with other qualifications

There is overlapping content in the AS and A-level Business specifications. This helps you teach the AS and A-level together.

## 5.3 Awarding grades and reporting results

The AS qualification will be graded on a five-point scale: A, B, C, D and E.

The A-level qualification will be graded on a six-point scale: A\*, A, B, C, D and E.

Students who fail to reach the minimum standard for grade E will be recorded as U (unclassified) and will not receive a qualification certificate.

## 5.4 Re-sits and shelf life

Students can re-sit these qualifications as many times as they wish, within the shelf life of the qualifications.

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## 5.5 Previous learning and prerequisites

There are no previous learning requirements. Any requirements for entry to a course based on these specifications are at the discretion of schools and colleges.

## 5.6 Access to assessment: diversity and inclusion

General qualifications are designed to prepare students for a wide range of occupations and further study. Therefore our qualifications must assess a wide range of competences.

The subject criteria have been assessed to see if any of the skills or knowledge required present any possible difficulty to any students, whatever their ethnic background, religion, sex, age, disability or sexuality. If any difficulties were encountered, the criteria were reviewed again to make sure that tests of specific competences were only included if they were important to the subject.

As members of the Joint Council for Qualifications (JCQ) we participate in the production of the JCQ document *Access Arrangements and Reasonable Adjustments: General and Vocational qualifications*. We follow these guidelines when assessing the needs of individual students who may require an access arrangement or reasonable adjustment. This document is published on the JCQ website at [jcq.org.uk](http://jcq.org.uk)

### Students with disabilities and special needs

We can make arrangements for disabled students and students with special needs to help them access the assessments, as long as the competences being tested are not changed. Access arrangements must be agreed **before** the assessment. For example, a Braille paper would be a reasonable adjustment for a Braille reader but not for a student who does not read Braille.

We are required by the Equality Act 2010 to make reasonable adjustments to remove or lessen any disadvantage that affects a disabled student.

If you have students who need access arrangements or reasonable adjustments, you can apply using the Access arrangements online service at [aqa.org.uk/eaqa](http://aqa.org.uk/eaqa)

### Special consideration

We can give special consideration to students who have been disadvantaged at the time of the assessment through no fault of their own – for example a temporary illness, injury or serious problem such as the death of a relative. We can only do this **after** the assessment.

Your exams officer should apply online for special consideration at [aqa.org.uk/eaqa](http://aqa.org.uk/eaqa)

For more information and advice about access arrangements, reasonable adjustments and special consideration please see [aqa.org.uk/access](http://aqa.org.uk/access) or email [accessarrangementsqueries@aqa.org.uk](mailto:accessarrangementsqueries@aqa.org.uk)

## 5.7 Working with AQA for the first time

If your school or college has not previously offered any AQA specification, you need to register as an AQA centre to offer our specifications to your students. Find out how at [aqa.org.uk/becomeacentre](http://aqa.org.uk/becomeacentre)

If your school or college is new to these specifications, please let us know by completing an Intention to enter form. The easiest way to do this is via e-AQA at [aqa.org.uk/eaqa](http://aqa.org.uk/eaqa)

## 5.8 Private candidates

A private candidate is someone who enters for exams through an AQA-approved school or college but is not enrolled as a student there.

If you are a private candidate you may be self-taught, home-schooled or have private tuition, either with a tutor or through a distance-learning organisation. You must be based in the UK.

If you have any queries as a private candidate, you can:

- speak to the exams officer at the school or college where you intend to take your exams
- visit our website at [aqa.org.uk/examsadmin](http://aqa.org.uk/examsadmin)
- email: [privatecandidates@aqa.org.uk](mailto:privatecandidates@aqa.org.uk)

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# 6 Annex: quantitative skills in business

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In order to be able to develop their skills, knowledge and understanding in business, students need to have acquired competence in the quantitative skills that are relevant to the subject content and which are applied in the context of a business A-level, including:

- **calculate, use and understand ratios, averages and fractions**
- **calculate, use and understand percentages and percentage changes**
- **construct and interpret a range of standard graphical forms**
- **interpret index numbers**
- **calculate cost, revenue, profit and break-even**
- calculate investment appraisal outcomes and interpret results
- **interpret values of price and income elasticity of demand**
- **use and interpret quantitative and non-quantitative information in order to make decisions**
- **interpret, apply and analyse information in written, graphical and numerical forms.**

Quantitative skills not in bold do not form part of the AS core content requirement; however, an exam board may include them in their AS specifications.

The assessment of quantitative skills will include at least Level 2 mathematical skills as a minimum of 10% of the overall AS marks and as a minimum of 10% of the overall A-level marks.

These quantitative skills may be assessed across the assessment objectives.

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## Get help and support

Visit our website for information, guidance, support and resources at [aqa.org.uk/7132](http://aqa.org.uk/7132)

You can talk directly to the Business subject team

E: [business-studies@aqa.org.uk](mailto:business-studies@aqa.org.uk)

T: 01483 477 863