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AQA A LEVEL BUSINESS (7132): QUESTIONS BY TOPIC

Managing strategic change (3.10)

A Level Business (7132) · Section 3.10

51 questions · 421 marks · Mark schemes included

For the final AQA A Level Business (7132) exams in summer 2027

Questions from A Level (7132) and AS (7131) papers, June 2017 to June 2025.

The AS papers test the same specification content, so every question here is valid 7132 practice.

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HOW TO USE THIS BOOKLET

Questions are grouped by AQA specification sub-topic and run from the lowest mark tariff to the highest within each one.

At the same tariff: AS before A Level, then oldest series first. Each question part appears once only, with its own mark scheme.

Click any row below to jump to it. On every question page, click ANSWER for its mark scheme (and QUESTION to come back).

Pages are the original exam pages. Every case-study question has its full case study printed directly before it.

After the mark schemes, WHAT THE EXAMINERS SAID quotes AQA examiner reports. Use EXAMINER on a mark scheme page to jump there.

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3.10.4 PROBLEMS WITH STRATEGY AND WHY STRATEGIES FAIL		10 Qs · 104 marks	120
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QUESTIONS · 51 questions · 421 marks · 4 sub-topics

SUB-TOPIC 3.10.1 · 14 questions · 139 marks · lowest tariff first

MANAGING CHANGE

7

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1 2

According to Lewin's force field analysis

- A change will occur if driving forces are stronger than restraining forces.
- B change will occur if negative forces equal positive forces.
- C a company will grow if its strengths and opportunities outweigh its weaknesses and threats.
- D a company will grow if horizontal forces and vertical forces are balanced.

☐☐☐☐

[1 mark]

1 3

Statement 1: 'Penetration pricing is more likely to be used if demand is price inelastic.'

Statement 2: 'Price skimming is more likely to be used if demand is price elastic.'

Read statements 1 and 2 and select the correct option from the following options:

- A Statement 1 is true. Statement 2 is true
- B Statement 1 is true. Statement 2 is false
- C Statement 1 is false. Statement 2 is true
- D Statement 1 is false. Statement 2 is false

☐☐☐☐

[1 mark]

1 4

In a business each employee has a job with clear rules and procedures. Which of Handy's cultures does this description most closely correspond to?

- A Person culture
- B Power culture
- C Role culture
- D Task culture

☐☐☐☐

[1 mark]



0 7

Turn over ►

IB/G/Jun17/7132/1



7

1 2

A business overcomes resistance to change by giving a highly rewarded role in the process to the trade union leader.

According to Kotter & Schlesinger, this method is

A education and communication.

☐

B explicit coercion.

☐

C facilitation and support.

☐

D manipulation and co-option.

☐**[1 mark]****1 3**

A UK-based manufacturer plans to enter international markets.

In order to keep control of production and reduce the risks of future currency fluctuations affecting the prices of its goods and services sold abroad, its best option is

A direct investment.

☐

B exporting.

☐

C forming alliances.

☐

D licensing.

☐**[1 mark]**

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IB/G/Jun18/7132/1



9

1 4

An employee resists change because it will not help her personally. The business overcomes her resistance by offering her a role in managing the change. This is an example of using:

[1 mark]

- A coercion to overcome fear and misunderstanding.
- B coercion to overcome self-interest.
- C manipulation to overcome fear and misunderstanding.
- D manipulation to overcome self-interest.

☐☐☐☐

1 5

Statement 1: 'A prediction based on a strong, negative correlation will have a higher confidence level than one based on a weak, positive correlation.'

Statement 2: 'A business will base extrapolation on its qualitative market research.'

Read statements 1 and 2 and select the correct option from the following option:

[1 mark]

- A Statement 1 is true. Statement 2 is true.
- B Statement 1 is true. Statement 2 is false.
- C Statement 1 is false. Statement 2 is true.
- D Statement 1 is false. Statement 2 is false.

☐☐☐☐

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IB/G/Jun21/7132/1



3

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Delaying in a business is likely to:

[1 mark]

A decrease the span of control of managers.

☐

B improve the speed of vertical communication.

☐

C increase opportunities for promotion.

☐

D lead to less autonomy for workers.

☐

0 4

The data below shows the budgets of a business for a particular year:

Budgeted income: £200m

Budgeted expenditure: £160m

At the end of the year, the actual income was as budgeted but expenditure was 20% higher than the budget.

This means that the actual profit showed:

[1 mark]

A a favourable variance of £8 million.

☐

B a favourable variance of £32 million.

☐

C an adverse variance of £8 million.

☐

D an adverse variance of £32 million.

☐

0 5

Which one of the following statements is **true**?

In a SWOT analysis:

[1 mark]

A a recession in the business' main export market is a weakness.

☐

B an increase in labour productivity in the business is an opportunity.

☐

C an increase in the number of patents held by a business is a strength.

☐

D disappointing levels of innovation from research and development are a threat.

☐

Turn over ►



0 3

IB/G/Jun24/7132/1



13

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9**20**

Analyse how delayering might affect the level of profit of a business.

[9 marks]

1 3

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IB/G/Jun18/7132/1



9

18

0 3

Read the information below and then answer the questions that follow.

Do not write
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box**Global Airways (GA)**

Cabin crew are staff on an airplane who look after the passengers. The managers of Global Airways (GA) have recently proposed new pay levels for cabin crew who join the company from January 2019. Their pay would be lower than the cabin crew already employed by the company. This is part of an effort by GA to cut costs to enable the business to be more price competitive in response to aggressive price cuts by rivals. GA managers believe that cutting the price of its tickets can help to increase the airline's operating profit margins on its flights.

A trade union, called UAS, represents many of the cabin crew staff. UAS has complained about the proposed pay levels. There has been one meeting so far between the UAS and senior management about the proposal. Managers want the pay deal to go ahead, UAS does not.

Since the meeting:

- UAS is considering whether to advise GA's cabin crew that they take strike action
- the managers of GA have arranged to lease planes and use crew from another airline if needed. Managers believe that with these contingency plans GA could operate over 99% of its normal flight schedule
- the managers have undertaken new research (Appendix G).

Appendix G New research for GA's management

- Income elasticity of demand for GA flights: +1.5
- Estimated annual income changes of GA's target market 2018–2020: –2%
- Cabin crew membership of UAS union has increased this year to 65%



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Lewin's force field analysis identifies driving and restraining forces. Analyse one driving force **and** one restraining force in **Appendix G** for the proposed change to the pay levels for cabin crew.

[9 marks]

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9

0 2

Read the information below and then answer the questions that follow.

*Do not write
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box***WeRide plc**

WeRide (WR) is a taxi business. It has an app that allows its passengers to find and book the nearest driver themselves. WR has grown quickly and its service is now available in over 400 cities in 60 countries. It employs its taxi drivers on flexible employment contracts.

Stricter laws are threatening WR's growth in the taxi market in some locations. For example, several cities have:

- imposed limits on the number of new licences for all taxis in order to reduce congestion and pollution
- banned WR because of concerns that its vehicles do not meet new safety regulations.

In 2018, WR announced a change to its future strategy. Instead of trying to grow its taxi business further, WR intends to invest several million pounds in developing a rental service for electric bicycles. This will be delivered through its app.

WR's Chief Executive said that individual methods of transport, such as electric bicycles, were better suited to travelling around cities than cars these days. She recognises that the move into the rental of electric bicycles might damage short-term profits, but thinks it is the right long-term strategy for the business.

Although the profit margin on an electric bicycle ride will be less than a taxi ride, WR's Chief Executive believes that the profits from electric bicycles will eventually be higher than from taxis. However, some investors are concerned about the impact on dividends of the decision to move into electric bicycles.



1 0

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WR employs its taxi drivers on flexible employment contracts.

Analyse **one** advantage and **one** disadvantage of this for the business.

[9 marks]

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13

03

Read the information below and then answer the questions that follow.

Do not write
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box**Simply Bake plc**

Palm oil is a cheap oil ingredient used in the manufacture of many everyday items. Production of palm oil often involves farmers clearing rainforests. The destruction of this habitat has led to the loss of many animal species, including half of the world's orangutans.

Powerful campaign groups with many members, such as Greenpeace and the World Wildlife Foundation, have highlighted the issue. As a result, consumers are increasingly aware of the environmental impact of using palm oil.

Simply Bake plc is a supplier of cakes to supermarkets, who then retail them as their 'own brand' products. For many years, palm oil has been an important ingredient in Simply Bake plc's products, allowing it to meet the demand for cheap food.

In 2018, a small campaign group, Action against Palm Oil (APO), criticised Simply Bake plc. APO had carried out a survey using a sample of 100 of its 400 members to represent the views of UK consumers. The survey found that 67% of respondents wanted the government to ban the use of palm oil.

High-profile media campaigns have increasingly drawn attention to the issue of palm oil production. By 2019, supermarkets had noticed increasing numbers of enquiries from their customers about palm oil and environmental damage.

Finding alternative ingredients is difficult and expensive, but in 2020 Simply Bake plc announced that it will have changed all its recipes to remove palm oil by 2025.

03.1

Explain why APO's survey findings may not represent the views of UK consumers.

[4 marks]

4

Turn over for the next question**Turn over ►**

IB/G/Jun23/7132/2



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Simply Bake plc decided to remove palm oil from its products.

With reference to Lewin's force field analysis, analyse why this decision was made.

[9 marks]

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Case study: KMH plc (A Level Paper 3, June 2017 insert)

The full case study for Q1 (12 marks), which follows on the next pages. Read it before answering.

Source 1**KMH plc**

KMH plc is a multinational company with its headquarters in the UK. It designs, builds and maintains marine engines for ships and yachts. Revenue comes from two major sources. Around half its revenue comes from manufacturing and selling marine engines. The rest comes from providing support services for the engines, from regular checking and simple maintenance to more complex service arrangements. These services include KMH plc technicians monitoring engine performance minute by minute wherever it is in the world and making remote adjustments to the way an engine is operating.

5

Two market segments account for most of its engine sales – cruise ships and luxury yachts. KMH plc's market share for cruise ship engines is over 30%. Many of its customers (major cruise ship operators) have begun placing bigger orders as mergers and takeovers reduce the number of companies in this segment of the holiday industry (see **Appendix A**). Larger companies operating cruise ships can negotiate better deals from engine manufacturers, but KMH plc can also gain economies of scale as it works on larger orders, negotiating better deals with its own suppliers.

10

KMH plc is also market leader in the luxury yacht market – providing the engines and servicing for the vessels much loved by mega-rich company executives, notably from Russia and Middle Eastern oil-producing countries.

15

With key target markets for its marine engines consisting of cruise ship operators and buyers of luxury yachts, KMH plc's marketing mix is very different to many other large multinational businesses. These customers place relatively few orders for marine engines each year, but each purchase involves millions of pounds and complex negotiations. This requires KMH plc to have a specialised and highly skilled sales team with a detailed understanding of the technical benefits of its products and services.

20

Secrets of KMH plc's success

KMH plc puts a strong focus on Research and Development, allowing it to be a technological leader in its field, holding thousands of patents for innovative technologies developed in its research centres. KMH plc has invested heavily in training its staff and considers the excellence of its staff to be a fundamental source of competitive advantage. An apprenticeship academy was opened in Hull in 2012. Meanwhile, the company spent a total of £48.5m on training staff in 2016 to keep their skills up to date. Generous salaries alongside the excellent training make KMH plc one of Britain's favourite employers, shown by its low labour turnover. KMH plc aims to reap the rewards of its investment in people through ensuring that its maintenance services are world-class, whilst staff involved in Research and Development have the skills to develop market-leading new engines.

25

30

Much of KMH plc's success is down to the excellent fuel efficiency of its engines – a crucial selling point when oil prices are high. Its newest engine, the result of many years' Research and Development, is claimed to be 25% more efficient than those of its major rivals. In addition, KMH plc's maintenance and support contracts offer its customers peace of mind, aimed at preventing problems from occurring.

35



Turbulence for KMH plc

Despite its strengths, KMH plc was still vulnerable to changes in market conditions. 2015 and 2016 had been worrying times for KMH plc shareholders. In February 2015 the company was forced to issue a profit warning – advising the stock market that previous predictions of future profits might be inaccurate. Further warnings followed, each time downgrading expectations of future profits. **Appendix B** shows KMH plc's share price in 2015 and 2016. Financial data for the business can be found in **Appendix C**.

Journalists blamed KMH plc's poor financial performance in 2015 and 2016 on two major issues:

- worsening global economic conditions slowing revenue growth
- excessive costs.

Global economic growth rates have remained low and the incomes of consumers in many rich countries barely increased in real terms and are not forecast to rise for the next few years. This has had an impact on demand for cruise holidays. In addition, global oil prices have fallen. There are no clear signs that oil prices will rise again in the next couple of years.

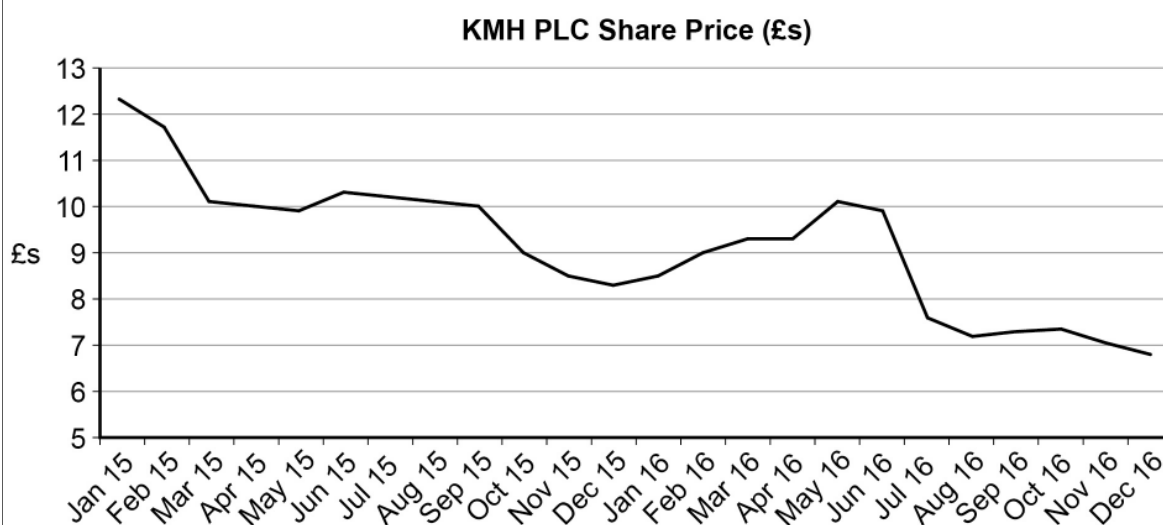
A new captain - a new strategy

In May 2016, KMH plc appointed Sir Rodney Short as its new Chief Executive. Sir Rodney was previously Chief Executive of ZQQZ plc – a British microchip manufacturer that he had turned into a world leader. Within weeks, Sir Rodney announced a major new strategy aimed at solving KMH plc's problems. One feature of the new strategy was an organisational restructuring. This was designed to reduce the size of the workforce. Most of the planned 140 job losses would be amongst senior managers (one in three senior managers would lose their jobs). Sir Rodney claimed that costs would be reduced by around £12m per year as a result after the costs of the restructuring. In addition, major investment (£50m) in new production machinery and a new factory is planned, aimed at reducing manufacturing costs and increasing total capacity. With such major changes planned, KMH plc's share price recovered slightly as the stock market gave Sir Rodney's strategy its approval, but there are plenty of details that need to be finalised, not least, how the changes are to be funded.

Appendix A

Top 5 Cruise Ship Holiday Providers - Market share (2016)	
CCL	48.1%
RCL	23.1%
NCL	10.4%
MSC Cruises	5.2%
Disney	2.8%
Others	10.4%



Appendix B**Appendix C****Table 1** Extracts from KMH plc balance sheets

	2015 (£m)	2016 (£m)
Non-current assets	5518.0	5104.0
Current assets	5594.0	6058.0
Current liabilities	(3842.5)	(4086.5)
Non-current liabilities	(4076.0)	(4567.5)
Net assets	3193.5	2508.0
Total equity	3193.5	2508.0

Table 2 Extracts from KMH plc income statements

	2014 (£m)	2015 (£m)	2016 (£m)
Revenue	7756.5	7441.7	6862.5
Gross profit	1658.4	1562.6	1399.8
Operating expenses	903.5	906.5	910.4
Operating profit	754.9	656.1	489.4

END OF SOURCE

This question is based on the case study: KMH plc

A Level Paper 3, June 2017 insert. Printed in full on the pages just before this one (from page 19).

< CASE STUDY

2

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Answer **all** questions.

Read the **case study** in the **insert booklet**.

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Analyse, with reference to Kotter and Schlesinger's work, **two** barriers to change that KMH plc will face when implementing its new strategy.

[12 marks]



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Analyse, using **two** financial ratios, the financial constraints faced by KMH plc in attempting to fund the new strategy.

[12 marks]

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IB/G/Jun17/7132/3



Case study: Vignal Babbel Motors (VBM) (A Level Paper 3, June 2025 insert)

The full case study for Q1 (12 marks), which follows on the next pages. Read it before answering.

Vignal Babbel Motors (VBM)

Background information

Vignal Babbel Motors (VBM) is a car manufacturer based in Europe, with roots dating back over 100 years.

The car industry has changed rapidly in the last 20 years and the business has struggled to keep up with the pace of external change. VBM's previous success was based on a core competence of designing and building extremely efficient, reliable and long-lasting diesel engines. 5

Over 100 European cities have now introduced legislation creating low emission zones. This means that most diesel-powered vehicles' owners have to pay a daily fee to enter these zones. In addition, several European countries have announced that sales of new petrol- and diesel-powered vehicles will be banned in the future (see **Appendix A**). As a result, sales of diesel-powered vehicles have begun to fall rapidly in VBM's traditional European markets (see **Appendix B**). 10

VBM only began work on developing electric vehicles five years ago. The company does not expect to launch an electric-powered vehicle until next year. Many competitors are already selling large volumes of electric vehicles. 15

VBM's sales in Europe have fallen due to increased environmental concerns. However, demand for VBM's traditional diesel-powered vehicles has been rising in some parts of South-East Asia, particularly Vietnam. The directors have started to discuss plans to build and operate a new factory in Vietnam to meet the rising demand in its South-East Asian markets. 20

Internal conflict

Meetings of the Board of Directors have been difficult for the last few years. Several directors have argued that the company must fight hard to maintain its share of the European market. They argue for the need to show loyalty to the company's employees and traditional customer base in Europe. They hope this will avoid the bad publicity caused by factory closures and the related redundancies. 25

However, another group of directors has stressed the need to better match capacity to changing global patterns of demand. This group proposes a strategy of retrenchment – closing three of VBM's four European factories. These closures would mean around 5000 redundancies. VBM would maintain just one European factory that would concentrate on producing electric vehicles for the European market. The capital released could be used to fund the construction of the proposed factory in Vietnam. 30

Major changes agreed

The proposals to retrench VBM's European operations and build the factory in Vietnam were approved at last month's annual shareholders' meeting. Since then, plans have been developed for the opening of the Vietnamese factory (see **Appendix C**). VBM's Operations Director is leading the project. He has drawn up a network diagram showing that the factory could be opened in a year. 35



The HR Director has warned that the diagram is based on some optimistic assumptions: 40

‘We have no experience of operating in Vietnam. We will need to understand recruitment systems and legislation plus train staff to operate the technology that we plan to use in the factory.’

The HR Director has advised that:

- the time allowed for recruitment should be increased by one month 45
- training the new workforce will take two months longer than initially predicted.

Retrenchment in Europe

Meanwhile, a retrenchment plan has been developed. This plan deals with:

- the process of closing three European factories
- adjusting VBM's marketing strategy to selling electric vehicles instead of petrol- and diesel-powered vehicles in Europe. 50

The plan also:

- outlines how and when announcements of factory closures plus 5000 redundancies will be made
- includes details of the redundancy settlements required for staff 55
- details the HR department's role in consulting with stakeholder groups on how to reduce the effects of the factory closures.

Appendix A

Table 1 Selected places where legislation has been passed, banning sales of new petrol- and diesel-powered vehicles, showing date when ban starts

Place	Start of ban
Norway	2025
UK	2030
EU	2035
California (USA)	2035
Quebec (Canada)	2035
China	2035

Turn over for Appendices B and C

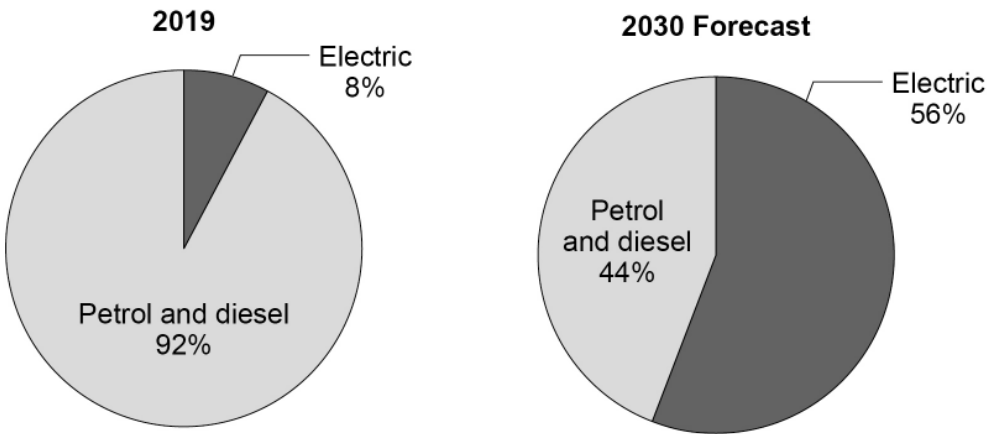


Appendix B Total car sales by power source

Table 2 Percentage of total car sales in the EU that use diesel engines

Year	Diesel-powered vehicles' share of European Union car market
2015	52%
2019	32%
2025 (forecast)	17%

Figure 1 Global car sales market share by power source

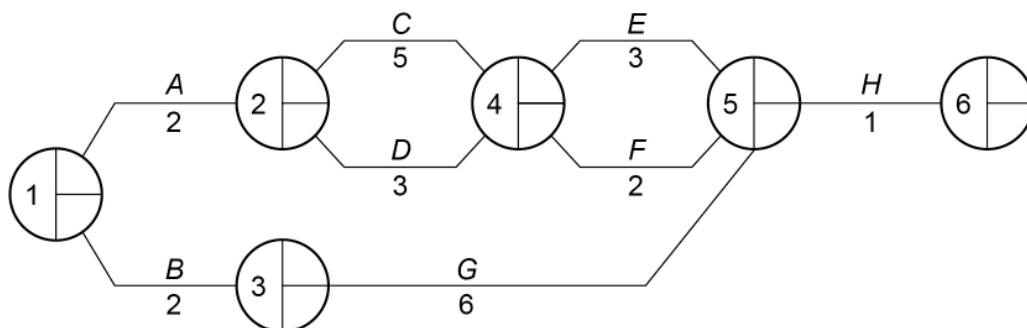


Appendix C

Table 3 Data used to construct network diagram in **Figure 2**

Activity		Operations Director's expected duration (Months)
A	Prepare site	2
B	Recruit workforce	2
C	Build factory building	5
D	Purchase production equipment	3
E	Find and contract suppliers	3
F	Install equipment	2
G	Train workforce	6
H	Test production line	1

Figure 2 Network diagram for new factory opening



END OF SOURCES



This question is based on the case study: Vignal Babel Motors (VBM)

A Level Paper 3, June 2025 insert. Printed in full on the pages just before this one (from page 24).

< CASE STUDY

2

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Answer **all** questions.

Read the **case study** in the **Insert**.

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Use Lewin's force field model to analyse why VBM is making major changes now.

[12 marks]

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IB/G/Jun25/7132/3



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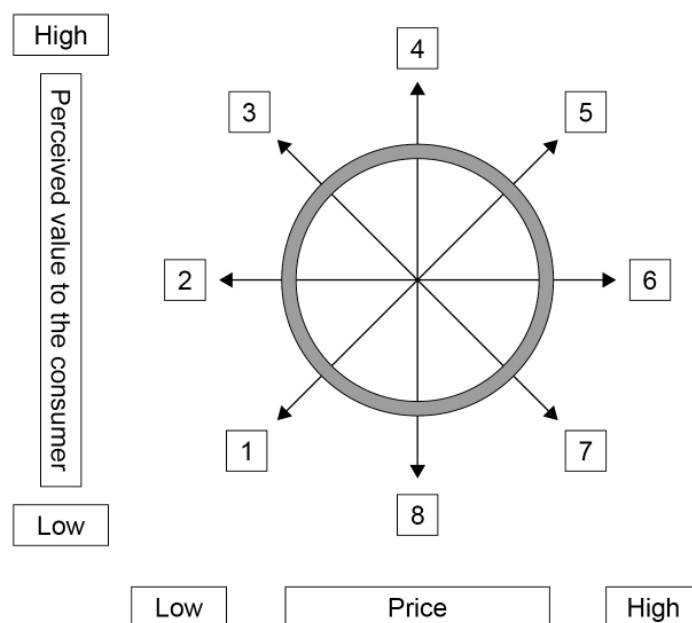
Read the information below and then answer the questions that follow.

Do not write
outside the
box**Soundcheck plc**

Soundcheck plc offers a streaming service enabling users in more than 160 countries to play a variety of content, such as music and podcasts, on electronic devices. The company initially offered its services free to consumers and earned revenue from advertisers. An additional, paid service was introduced in 2022. Paying subscribers benefit from better quality audio, no adverts, and playlists made by celebrities. Exclusive podcast content also provides paying subscribers with an enhanced experience which justifies a paid subscription model.

Since its launch in 2006, Soundcheck plc has grown to become the market leader. It now employs nearly 4000 staff globally. A stock market flotation has funded huge investment in building a high-quality technology platform, strong brand and a skilled workforce. However, Soundcheck plc has not regularly made an operating profit. Its costs have been rising significantly in recent years and in 2023 it lost £26 million as a global economic slowdown began.

In 2023, Soundcheck plc reached an agreement with trade unions about pay rates and ways of working. The agreement guaranteed starting salaries of at least £36 000 to many staff. This is significantly higher than the industry average. However, there is a global shortage of skilled software engineers and marketing staff so labour turnover rates remain high. In addition to competition for staff, new competitors are attracted to the growing market, including large rivals who are well established in other streaming markets. Other new entrants have also targeted the 'free' sector of the market. Some of these rivals have a competitive advantage because they own the rights to music or other content and so have lower costs than Soundcheck plc.



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Soundcheck plc's management has had good relationships with trade unions and its staff have been supportive of strategic change.

To what extent does consultation with trade unions enable **all businesses** to overcome resistance to strategic change?

[16 marks]

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16



Section C

Answer **either** Question 21 **or** Question 22.

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Shade the lozenge below to indicate which optional question(s) you have answered.

Question **2** **1** ☐

Question **2** **2** ☐

CORRECT METHOD



WRONG METHODS



2	1
---	---

Evaluate the extent to which the use of stakeholder mapping can help the managers of a public limited company to manage change more effectively.

[25 marks]

OR

2	2
---	---

A UK business has experienced slow growth in sales in recent years. It has decided to achieve higher growth through new product development.

Do you believe that this is a more risky strategy than market development? Justify your view.

[25 marks]

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25



SUB-TOPIC 3.10.2 · 11 questions · 78 marks · lowest tariff first

MANAGING ORGANISATIONAL CULTURE

7

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1 2

According to Lewin's force field analysis

- A** change will occur if driving forces are stronger than restraining forces. ☐
- B** change will occur if negative forces equal positive forces. ☐
- C** a company will grow if its strengths and opportunities outweigh its weaknesses and threats. ☐
- D** a company will grow if horizontal forces and vertical forces are balanced. ☐

[1 mark]

1 3

Statement 1: 'Penetration pricing is more likely to be used if demand is price inelastic.'

Statement 2: 'Price skimming is more likely to be used if demand is price elastic.'

Read statements 1 and 2 and select the correct option from the following options:

- A** Statement 1 is true. Statement 2 is true ☐
- B** Statement 1 is true. Statement 2 is false ☐
- C** Statement 1 is false. Statement 2 is true ☐
- D** Statement 1 is false. Statement 2 is false ☐

[1 mark]

1 4

In a business each employee has a job with clear rules and procedures. Which of Handy's cultures does this description most closely correspond to?

- A** Person culture ☐
- B** Power culture ☐
- C** Role culture ☐
- D** Task culture ☐

[1 mark]



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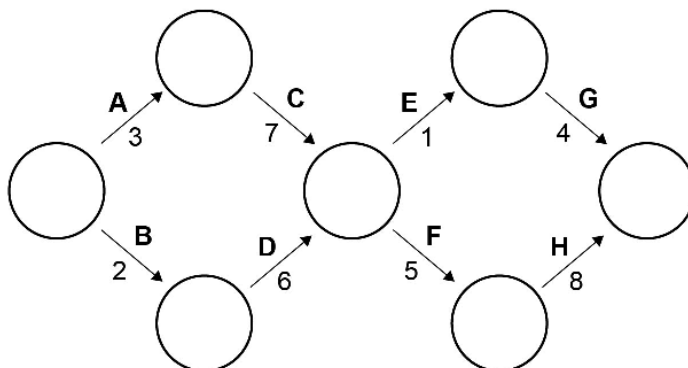
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The network in **Figure 3** shows the activities involved in the launch of a new product. All timings are in days.

Figure 3: Network for the launch of a new product



The duration of the critical path for this network is:

- A 23 days
- B 21 days
- C 15 days
- D 13 days

☐
☐
☐
☐

[1 mark]

15



0 8

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6

1 0

Which **one** of the following statements is **true**?

A Backward vertical integration is impossible for a retailer.

☐

B Conglomerate integration narrows the product range.

☐

C Forward vertical integration allows a business better access to its raw materials.

☐

D Horizontal integration should give a business an immediate increase in market share.

☐

[1 mark]

1 1

The grid below refers to two of the factors that Hofstede included in his view of national cultures.

	Low UAI (Uncertainty Avoidance Index)	High UAI (Uncertainty Avoidance Index)
High LTO (Long-term Orientation)	A	B
Low LTO (Long-term Orientation)	C	D

A business locates in a country where people take risks and look for immediate results. According to Hofstede, the culture of this country is shown by segment

A A

☐

B B

☐

C C

☐

D D

☐

[1 mark]



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4

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The table below provides data on a business.

	2017	2018
Number of employees	25	20
Labour turnover (%)	20	10
Total units of output	500	420

Statement 1: 'This business had a higher labour retention rate in 2018 than 2017.'

Statement 2: 'This business had higher labour productivity in 2018 than 2017.'

Read statements 1 and 2 and select the correct option from the following

A Statement 1 is true. Statement 2 is true.

☐

B Statement 1 is true. Statement 2 is false.

☐

C Statement 1 is false. Statement 2 is true.

☐

D Statement 1 is false. Statement 2 is false.

☐

[1 mark]

0 6

The culture of a business changes from an emphasis on decisions being made by the original owner, to a culture in which there are stated rules and each worker has defined responsibilities.

According to Handy, this is a change in culture from

A person to role.

☐

B person to task.

☐

C power to role.

☐

D power to task.

☐

[1 mark]



0 4

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9

1 3

A business's competitive advantage is based on innovation. Hofstede's national cultures model includes indices for uncertainty avoidance (UAI) and power distance (PD).

Based only on Hofstede's national cultures, this business would benefit most from locating in a country with

[1 mark]

A a high UAI index and a high PD index.

☐

B a high UAI index and a low PD index.

☐

C a low UAI index and a high PD index.

☐

D a low UAI index and a low PD index.

☐

1 4

Statement 1: 'Usually there is a negative correlation between changes in consumers' incomes and changes in the quantity demanded of a product.'

Statement 2: 'Usually there is a positive correlation between changes in the price of a competitor's product and changes in the quantity demanded of a product.'

Read statements 1 and 2 and select the correct option from the following options.

[1 mark]

A Statement 1 is true. Statement 2 is true.

☐

B Statement 1 is true. Statement 2 is false.

☐

C Statement 1 is false. Statement 2 is true.

☐

D Statement 1 is false. Statement 2 is false.

☐

Turn over for the next question

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09

As a small business grows, the founder starts to delegate responsibilities. Every employee will have clear procedures to follow in their jobs.

Which statement below describes the change in culture of this business?

[1 mark]

- A

Person culture to role culture

☐
- B

Person culture to task culture

☐
- C

Power culture to role culture

☐
- D

Power culture to task culture

☐

10

A business sets two operational objectives for its four factories:

- to achieve a minimum capacity utilisation of 80%
- to achieve a minimum labour productivity of 2 units per employee.

The table below provides data for each factory.

Which factory achieved **both** objectives?

[1 mark]

	Factory	Capacity	Output	Number of employees	
A	Factory A	100	90	50	☐
B	Factory B	100	85	45	☐
C	Factory C	100	80	40	☐
D	Factory D	100	75	30	☐



14

03

Read the information below and then answer the questions that follow.

Do not write
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box**Zani**

Zani PLC is a jewellery retailer. Its products include rings, necklaces and bracelets that are made with precious metals and gemstones. Zani PLC has a strong brand reputation for unique designs. The company targets high-income earners. The price elasticity of demand for Zani PLC's products is estimated to be -0.4 .

Zani PLC was established in 2005 by Ted Zani. Ted had previously worked for a big multinational jewellery business but left because he wanted to be his own boss. He set up the business with venture capital. In its early years, with Ted in charge, the company had a power culture (according to Handy's model). Shareholders felt a change of culture was necessary as the business got bigger and so Ted was replaced as Chief Executive in 2013.

Zani PLC set up 16 of its own stores in its first eight years. The company has continued to grow since then by selling 150 franchises around the world.

03.1

What is meant by venture capital?

[2 marks]

2



15

03.2

Explain **one** reason why Zani PLC's shareholders wanted to change the power culture at the company.

[5 marks]

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16

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0 3

Read the information below and then answer the questions that follow.

Kento Cola

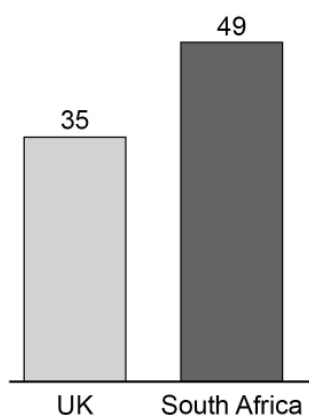
Carbonated soft drinks (CSDs), such as cola, are non-alcoholic, fizzy beverages containing flavourings, sweeteners and other ingredients. CSDs have been criticised by some commentators for contributing to an obesity crisis. The World Health Organisation is encouraging more governments to place a tax on CSDs.

Kento Cola is a drinks manufacturer based in the UK. It is presently reviewing its portfolio within Europe, which traditionally has been its biggest market. Recently the company has also been investing more money into markets outside of Europe. For example, it is set to invest £2.4 billion in Africa by 2020. Last month Kento announced a planned merger with one of South Africa's largest bottled water and still drinks producers.

Whilst other economies are in decline or experiencing slow growth, Africa is continuing to achieve high growth rates. Consumer spending, already rising, is expected to boom between now and 2024 reaching £1.7 trillion per year in 2030. However, trying to grow in any international market brings its challenges and the many countries within Africa differ significantly – for example, socially, politically, culturally and economically as well as in terms of their competitive environment.

Figure 7: A comparison of Power Distance index, one of Hofstede's cultural dimensions, between the UK and South Africa.

The rating is an index number out of 100.

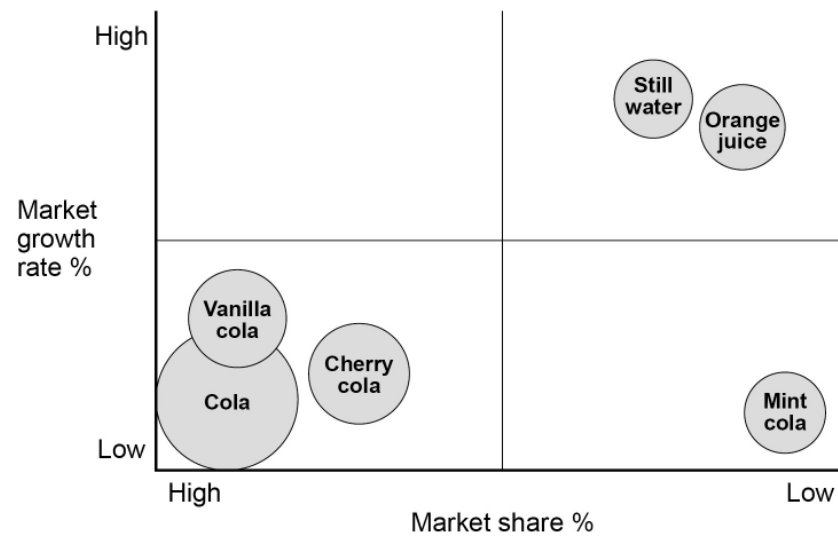


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17

Do not write
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box**Figure 8:** Kento's products in Europe

The area of the circle represents the product's revenue.

Figure 9: A comparison of Africa and Europe in 2016

	Africa	Europe
Population	1 218 million	738 million
Annual population growth	2.53%	0.06%
% population that is urban	40%	74%
Average age	19.5 years old	41.9 years old
Average annual income per person	£1 400	£29 200

Question 3 continues on the next page



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18

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A manager from the UK is moving to South Africa to lead a team of local staff. Explain how the difference in Hofstede's cultural dimension of 'Power Distance' shown in **Figure 7** might affect her management style.

[9 marks]

[illegible]

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With reference to **Figure 8**, analyse the actions Kento should take regarding its product portfolio in Europe to improve its long term financial performance. **[9 marks]**

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10

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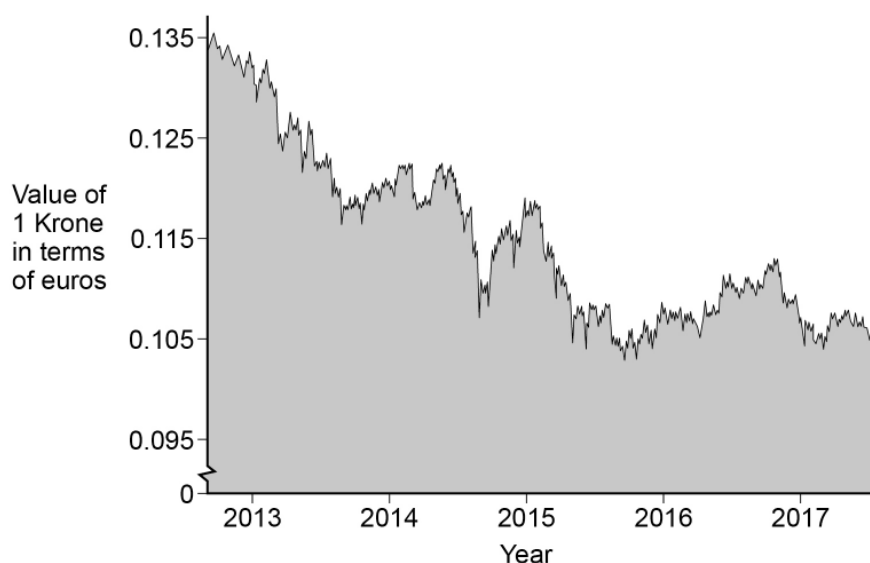
Read the information below and then answer the questions that follow.

Do not write
outside the
box**Lego**

The Lego Group is one of the largest manufacturers and retailers of play material in the world. It is a private limited company based in Denmark that is wholly owned by the Kristiansen family. The company's product range includes Lego, Lego Duplo, Lego Star Wars and Lego Friends.

Lego has been investing heavily in recent years; this has reduced the funds available for dividends. It is building new facilities in China and Mexico as part of its strategy to locate production nearer its markets. The company also invests significantly in attempts to spot consumer trends through market research and in new product development. Each year, new product launches account for approximately 60% of the company's sales.

The company's profits are calculated in the Danish currency, the Krone. Given that it is a global business selling in over 130 countries and buying resources from around the world, the company's profits depend partly on exchange rates. A significant proportion of its sales are in Europe.



The company's mission statement is to 'Inspire and develop the builders of tomorrow'. Its culture is based on openness, trust and its core values of 'Creativity, Imagination, Fun, Learning, Quality and Care'. Lego's managers say that its continued success is made possible by the culture of the business and that it is important to take actions to help ensure employees share this culture.



14

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19

Analyse why an underperforming business with a role culture might choose to move towards a power culture.

[9 marks]

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Case study: SSN Ltd (A Level Paper 3, June 2022 insert)

The full case study for Q4 (16 marks), which follows on the next pages. Read it before answering.

Rapid early success

Ten years ago, Bemí Agboola perfected her first commercial cybersecurity system. The innovative software used a totally new approach to protect against hackers' attempts to steal customer data from retailers' e-commerce websites. Though others have produced similar systems, Bemí's business (SSN Ltd) is now well established in the cybersecurity market. The company has branched out into other aspects of cybersecurity by designing and installing tailor-made security systems for large businesses. At the heart of the business remains Bemí's programming – protected, like any piece of software code, by copyright. 5

Bemí has shown a fearless approach to making major decisions quickly. She does not see the need for strategic planning, preferring to seize opportunities as they arise. As a result, SSN Ltd has kept up with the high rate of technological change that characterises the cybersecurity industry. Bemí's approach to decision-making has enabled SSN Ltd to experience a phenomenal growth in sales (**Appendix A**). One consequence of this growth has been the need to expand its workforce. Bemí has hired programmers, administration, marketing and sales teams, many straight from university. From simple beginnings, the business now rents an expensive head office in London and regional offices in New York and Beijing. With over 100 employees across its three offices, Bemí feels it is increasingly hard to monitor what is happening within the business. 10 15

Bemí remains determined to keep increasing the company's share of the highly competitive cybersecurity market and therefore spends heavily on promoting the business and its products. The objective is to raise SSN Ltd's profile among global business leaders who are her potential customers, as a complement to more direct methods of targeting them (see **Appendix B**). 20

Problems emerging

Despite its growth in revenue, the company has always had a very low operating profit margin. Cash flow has been a major problem in the last few months. In the past, SSN Ltd had found it easy to borrow money. Now its bank has stated that it is no longer willing to increase SSN Ltd's overdraft. Part of SSN Ltd's problem has been slow payment from its customers. Bemí is considering the use of debt factoring to improve its cash flow. The debt factor would charge a fee of 5% of any debt that is factored. 25 30

Everybody working for SSN Ltd knows that the business is very much controlled by Bemí. She owns 51% of the shares and makes all major decisions. Managers who want to succeed within the company tend to be those who can anticipate Bemí's wishes and implement her ideas. Within this power culture, Bemí uses a very 'hands-on' approach, taking a keen interest in the work of her programmers. Bemí tries to drop into each office frequently. This is a habit that some managers feel is based on an unwillingness to fully delegate decision-making to them. This has created an environment where some staff expect Bemí to check or even reverse decisions they make. 35

The future

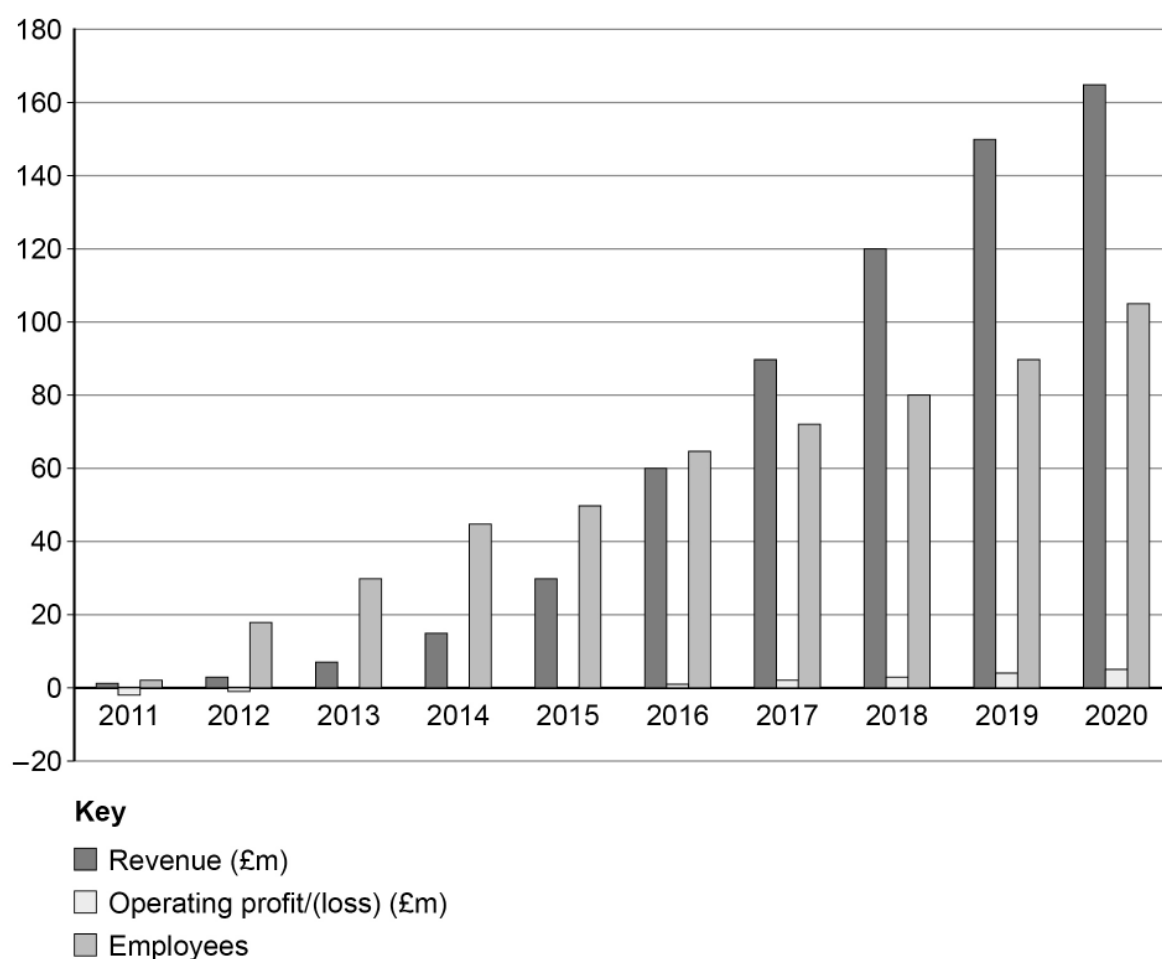
The business media often features stories about SSN Ltd. Its expansion has been exceptional, even in a market which continues to grow rapidly. During the last year, Bemí has been increasingly criticised for the way she has been running the business. 40



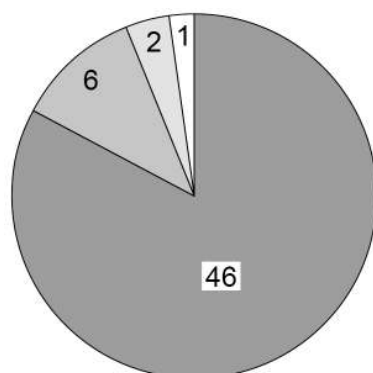
This has centred on what some consider to be excessive risk-taking. In recent days, several sources have suggested that a major competitor is preparing a takeover offer for SSN Ltd. These rumours have suggested that the competitor may be prepared to pay £50m for SSN Ltd, primarily to acquire the copyright to SSN Ltd's software. Analysts say that this competitor is likely to shut down SSN Ltd, terminating the contracts of all staff but preserving the brand name and the software. 45

Detailed examination of SSN Ltd's financial information (**Appendix C**) suggests that the business may be close to failure. 50

Appendix A SSN Ltd historic data



Appendix B SSN Ltd breakdown of 2020 promotional expenditure (£m)



Key

- Sponsorship of sporting and arts events
- Advertising in trade magazines and on websites
- Face to face personal selling
- Direct electronic communications

Appendix C

Table 1 SSN Ltd balance sheet (statement of financial position) as at 31/5/21

	£m
Non-current assets	25
Inventories	0.5
Receivables	16.5
Payables	(18)
Overdraft	(5)
Non-current liabilities	(18)
Net assets	1
Total equity	1



Table 2 SSN Ltd income statement for year ended 31/5/21

	£m
Sales turnover (revenue)	165
Cost of sales	(50)
Expenses	(110)
Operating profit	5
Net finance cost	(4)
Profit for the year	1
Dividends	(3)
Retained profit/(loss)	(2)

END OF SOURCE

This question is based on the case study: SSN Ltd

A Level Paper 3, June 2022 insert. Printed in full on the pages just before this one (from page 57).

< CASE STUDY

11

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To what extent might SSN Ltd benefit from changing its power culture to a role culture?

[16 marks]

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[illegible][illegible]

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SUB-TOPIC 3.10.3 · 16 questions · 100 marks · lowest tariff first

MANAGING STRATEGIC IMPLEMENTATION

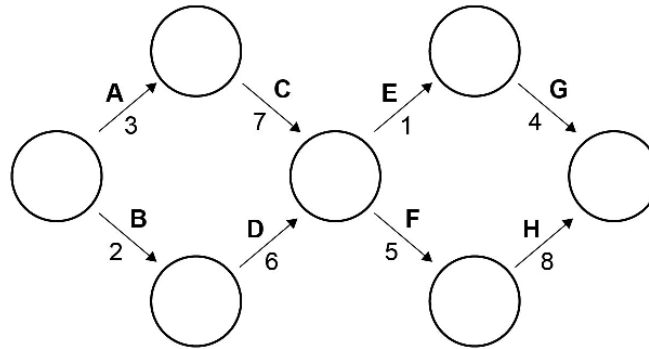
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The network in **Figure 3** shows the activities involved in the launch of a new product. All timings are in days.

Figure 3: Network for the launch of a new product



The duration of the critical path for this network is:

- A 23 days
- B 21 days
- C 15 days
- D 13 days

☐
☐
☐
☐

[1 mark]

15



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10

Do not write
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box**Section B**Answer **all** questions in this section.

The data in **Figure 4** shows the expected financial outcomes of an investment into new equipment.

Figure 4

Year	Annual inflows (£000)	Annual outflows (£000)	Net return (£000)	Discount factor (5%)
0	0	50	(50)	1.00
1	30	17	13	0.95
2	40	12	28	0.91
3	40	13	27	0.86

1 6Based on the data in **Figure 4**, calculate the payback of the investment.**[3 marks]**

Payback _____

Workings _____

3

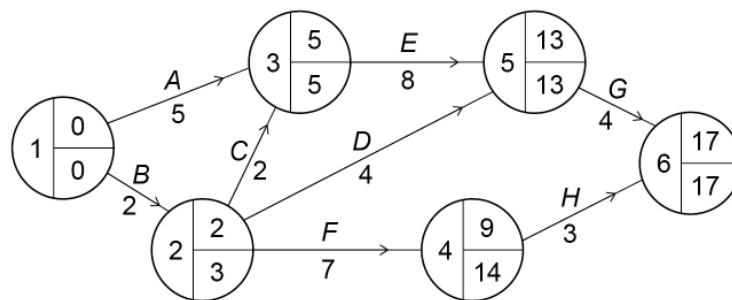
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7

Figure 2

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1 2

Based on the network shown in **Figure 2**, the total float time for activity D is

A 2 days

☐

B 6 days

☐

C 7 days

☐

D 9 days

☐

[1 mark]

1 3

Based on the network shown in **Figure 2**, if activity B is delayed by 6 days the duration of the critical path

A does not change.

☐

B increases by 1 day.

☐

C increases by 5 days.

☐

D increases by 6 days.

☐

[1 mark]

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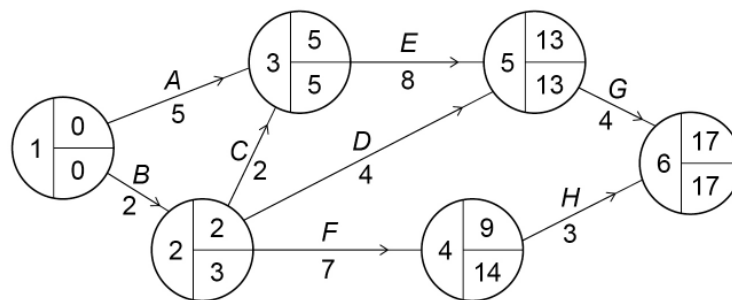
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7

Figure 2

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1 2

Based on the network shown in **Figure 2**, the total float time for activity D is

A 2 days

☐

B 6 days

☐

C 7 days

☐

D 9 days

☐

[1 mark]

1 3

Based on the network shown in **Figure 2**, if activity B is delayed by 6 days the duration of the critical path

A does not change.

☐

B increases by 1 day.

☐

C increases by 5 days.

☐

D increases by 6 days.

☐

[1 mark]

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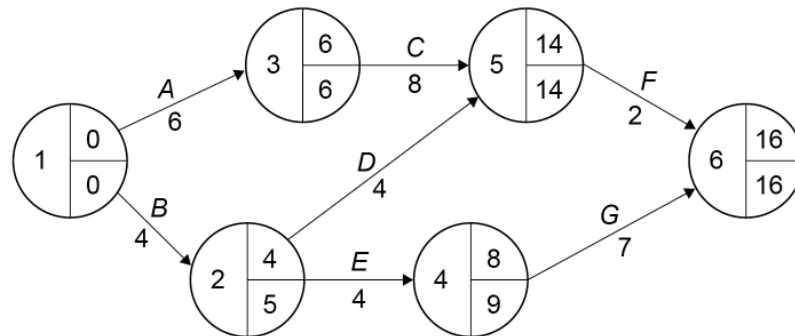


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10

Section BAnswer **all** questions in this section.Do not write
outside the
box**1 6****Figure 2** shows a network for a project. All timings are shown in days.**Figure 2 Network for a project****1 6 . 1**

State the activities on the critical path.

[1 mark]

1 6 . 2

What is the float time, in days, for Activity D?

[1 mark]

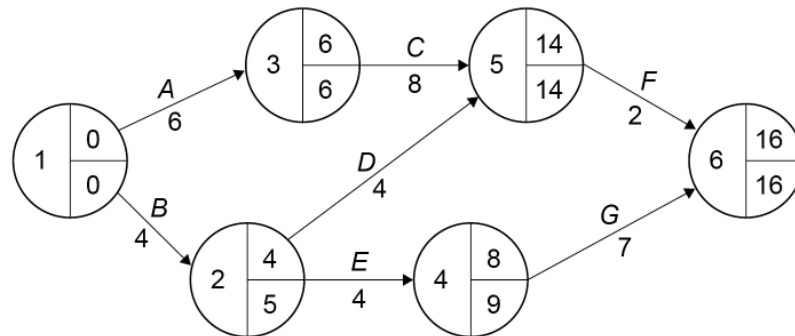


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Section BAnswer **all** questions in this section.Do not write
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State the activities on the critical path.

[1 mark]

1 6 . 2

What is the float time, in days, for Activity D?

[1 mark]



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11

The business has learned that Activity E will now take 7 days to complete.

1 6 . 3

Given this change, state the activities on the critical path.

[1 mark]

1 6 . 4

Given this change, what is the duration of this critical path, in days?

[1 mark]

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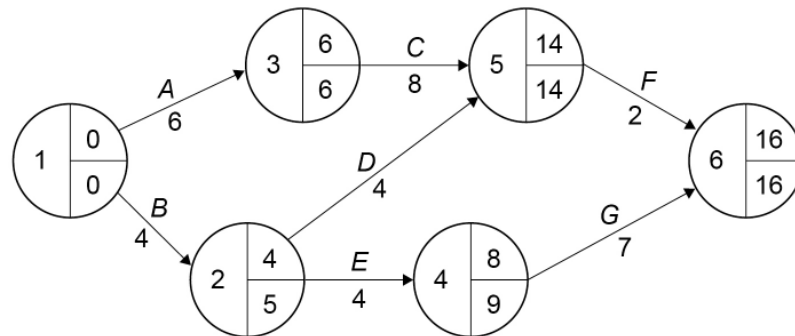
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10

Section BAnswer **all** questions in this section.Do not write
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State the activities on the critical path.

[1 mark]

1 6 . 2

What is the float time, in days, for Activity D?

[1 mark]



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11

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1 6 . 3

Given this change, state the activities on the critical path.

[1 mark]

1 6 . 4

Given this change, what is the duration of this critical path, in days?

[1 mark]

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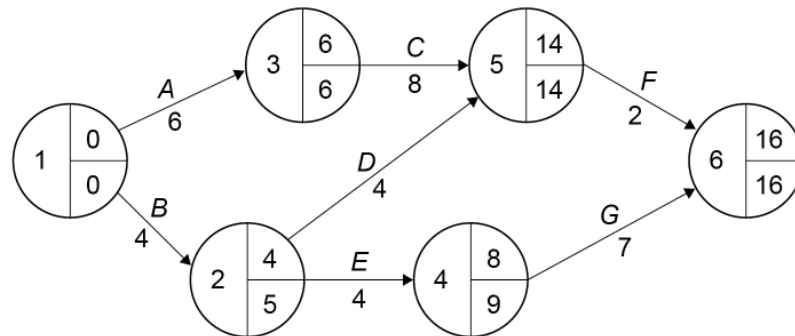
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10

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State the activities on the critical path.

[1 mark]

1 6 . 2

What is the float time, in days, for Activity D?

[1 mark]



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11

The business has learned that Activity E will now take 7 days to complete.

1 6 . 3

Given this change, state the activities on the critical path.

[1 mark]

1 6 . 4

Given this change, what is the duration of this critical path, in days?

[1 mark]

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6

09

Statement 1: 'In a network diagram, the path with the lowest total float time is the critical path.'

Statement 2: 'In a network diagram, at least one activity must have a float time.'

Read statements 1 and 2 and select the correct option from the following options.

[1 mark]

A Statement 1 is true. Statement 2 is true.

☐

B Statement 1 is true. Statement 2 is false.

☐

C Statement 1 is false. Statement 2 is true.

☐

D Statement 1 is false. Statement 2 is false.

☐

10

Statement 1: 'A business might improve the quality of its product in order to make its demand more price elastic.'

Statement 2: 'A business might improve the quality of its product in order to increase added value.'

Read Statements 1 and 2 and select the correct option from the following options.

[1 mark]

A Statement 1 is true. Statement 2 is true.

☐

B Statement 1 is true. Statement 2 is false.

☐

C Statement 1 is false. Statement 2 is true.

☐

D Statement 1 is false. Statement 2 is false.

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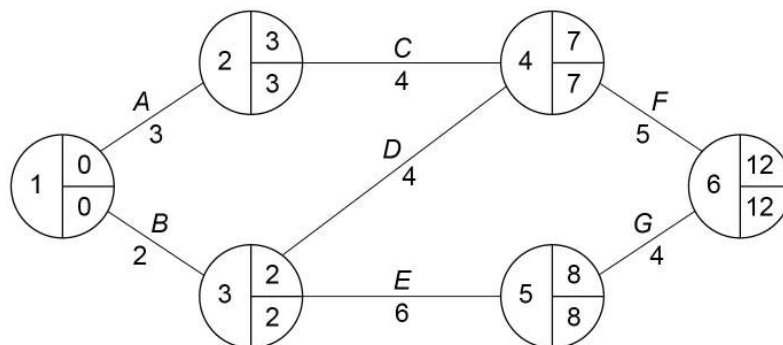


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8

1 4Questions **14** and **15** are based on the network below:Do not write
outside the
boxReferring to the network above, which **one** of the following statements is **true**?**[1 mark]**

- A** Activity B is not on a critical path.
- B** Activity D is not on a critical path.
- C** Activity G is not on a critical path.
- D** All of the activities (A to G) are on a critical path.

☐☐☐☐**1 5**

Referring to the network shown above:

If Activity A is delayed by 3 days, the duration of the critical path will:

[1 mark]

- A** not change.
- B** increase by 1 day.
- C** increase by 2 days.
- D** increase by 3 days.

☐☐☐☐**15**

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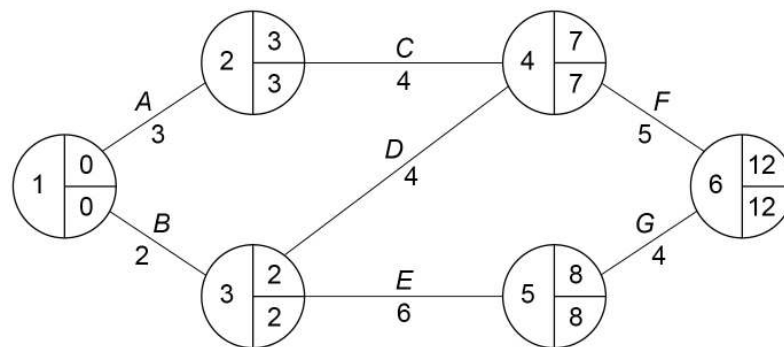
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Questions 14 and 15 are based on the network below:

Do not write
outside the
boxReferring to the network above, which **one** of the following statements is **true**?

[1 mark]

- A Activity B is not on a critical path.
- B Activity D is not on a critical path.
- C Activity G is not on a critical path.
- D All of the activities (A to G) are on a critical path.

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Referring to the network shown above:

If Activity A is delayed by 3 days, the duration of the critical path will:

[1 mark]

- A not change.
- B increase by 1 day.
- C increase by 2 days.
- D increase by 3 days.

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18

0 3

Read the information below and then answer the questions that follow.

*Do not write
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box***Galin plc**

Galin is a large multinational company that sells products in 10 different categories, including fabric care (eg washing powder), home care (eg furniture polish) and hair care (eg shampoo) products. It has 50 different brands and in 2018 achieved global sales of \$60 billion.

Galin has chosen to have a regional organisational structure, dividing the world into six regions: North America, Europe, Asia, Latin America, the Middle East and Africa. There are major differences between these regions: for example, in terms of market conditions, labour markets and economic factors.

In 2018 Galin invested 3% of its sales revenue into research and development (compared with an industry average of 1%) and owned 55 000 patents. Its new products achieve high profit margins. When developing products, Galin encourages collaboration between people in different jobs.

An objective of the company for 2019 is to increase labour productivity.



1 8

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Read the information below and then answer the questions that follow.

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WWH Ltd

WWH Ltd manufactures and sells a single model of wood-burning stove. Rising energy prices mean that gas and electric heating is expensive to run. Wood-burning stoves are a cheaper and increasingly popular alternative source of heating in homes. This has led to an increase in demand for WWH Ltd's wood-burning stoves. WWH Ltd is profitable and owns its buildings.

WWH Ltd uses demand forecasts to estimate how many wood-burning stoves to make. Once manufactured, the stoves are stored in WWH Ltd's warehouse until they are needed. When a customer places an order, they pay a 25% deposit and the remaining 75% when the stove is fitted in the customer's home. The production department has been able to increase manufacturing to keep up with the growing demand. However, lead time for fitting by WWH Ltd's expert fitters has been increasing and is currently two months.

Looking to the future, WWH Ltd's directors are concerned. The government has introduced legislation to set environmental standards for wood-burning stoves. News media continue to run stories that the sale of wood-burning stoves may be banned completely in the future. This uncertainty means that banks are not willing to lend WWH Ltd any more money.

Up until now, WWH Ltd's directors have seen the focus on a single product as a strength which has allowed them to keep a simple organisational design:

- no need for research and development and new product development
- functional structure with department responsibilities unchanged since the business set up
- relatively flat structure which helps to keep costs under control.

Now, the directors want to grow the business and are considering recruiting more staff and developing a portfolio of new products. Developing newer models of wood-burning stoves may enable WWH Ltd to keep ahead of ever-increasing government environmental standards. Alternatively, developing unrelated products could reduce dependence on a market with increasing government regulation.



Case study: Hopps London (A Level Paper 3, June 2018 insert)

The full case study for Q3 (16 marks), which follows on the next pages. Read it before answering.

Source 1**Hopps London**

Jack Hopper started his business, Hopps Clothing Ltd, a year ago. Although he enjoyed the £25 000 salary he was earning working for a bank, he was frustrated by the routine work and was eager to test his entrepreneurial skills. With an eye for an opportunity, Jack took his interest in fashion and turned it into a business which he would run in his spare time. Hopps Clothing Ltd produces a small range of clothing, reflecting Jack's interest in 'urban style' clothing and accessories.

5

Jack's first attempt at a range of clothing consisted of three items – caps, beanie hats and T-shirts featuring his own Hopps London logo. Information on the costs and prices of these items is shown in **Appendix A**. Still living with his parents, Jack used their house and garage as his storage space and his bedroom as an office. This kept his fixed costs to a minimum.

10

As a new, small clothing brand, Jack had two distribution options:

- sell online only through his own website
- sell through retailers.

Jack needed to find a way to distribute his clothing to consumers. Finding a retailer that was interested in selling his clothes was difficult. He did receive a proposal from Debenhams, who demanded exclusive distribution rights and expected high retail margins, as shown in **Appendix A**. Jack felt that selling through his own website allowed better targeting of the 15–30 year-olds that made up his target market.

15

As a start-up business Jack found it hard to find manufacturers willing to produce the small batches he wanted to order. He did find a supplier who was willing to produce his designs in batches of no fewer than 200 units for each design. For the T-shirts, Jack ordered a total of 200 in a range of sizes, following advice from the supplier on which would be likely to sell best. As Jack's was a new business, the supplier was unwilling to offer credit, so Jack had to use his savings and an overdraft to pay for all the stock in advance. Once his supplier had delivered, Jack's parents' house was suddenly full of cardboard boxes containing products that Jack now had to sell. Jack's parents were not happy.

20

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Jack knew that in order to build his brand, promotion would be critical in such a crowded market. His strategy used social media. Instagram was his preferred platform. He initially used friends, and even himself, to model his clothing. Sales did not happen as quickly as he had hoped. Chatting to other entrepreneurs, Jack found that celebrity endorsement can be critical if using social media. Jack used several 'lesser known' celebrity endorsements to generate sales – as major stars with thousands of followers charged too much for an endorsement. In his first year Jack spent a total of £1000 on social media. The items shown in the Instagram posts sold well. Jack had sold out of the most popular sizes and colours within a couple of weeks of each post. It took the rest of the year to sell the rest of his stock – and therefore return Jack's bank balance to positive figures.

30

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Planning a new range

40

For his next range of clothing, Jack has decided to only produce T-shirts, themed around famous brands of his childhood. He plans to have the full range of designs manufactured and ready to sell at Crepe City, a major urban footwear and fashion fair in London, which takes place in 25 weeks' time. Jack plans to use network analysis to help him manage the process of getting everything ready in time for the launch.

45

Appendix B shows the activities Jack needs to complete before launching the new range, and the network diagram he constructed. Since constructing the diagram, Jack's designer has told him it will probably take 5 weeks to digitalise his new designs, while the website re-design is likely to take 14 weeks.

The future

50

Jack has really enjoyed starting his own business. He would love to turn it into a full-time job. However, he is not willing to do so unless he can earn the same amount of profit from the business as his salary at the bank.

If Jack quits his job, he plans to pursue a 3-year growth strategy involving:

- recruiting eight regional salespeople covering the whole of the UK to visit retailers
- recruiting a full-time website administrator
- recruiting a specialist digital marketing director
- renting a storage unit for inventory
- increasing his annual marketing budget.

55

60

In addition to carefully monitoring the work of his new recruits, Jack would spend time visiting potential suppliers, as well as working on new designs for clothing and managing the business's inventory and finances.

Jack recognises that the business would need to grow rapidly to achieve his objective of £25 000 profit but is concerned by the problems that growth would bring. However, he has unshakeable faith in the brand, and his designs, and his bank job is not getting any more interesting.

65

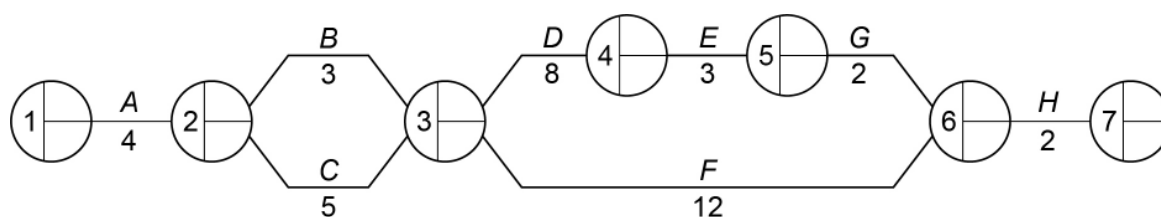
Appendix A Financial data for Hopps Clothing Ltd last year

	Cost per unit – paid by Jack to his supplier (£)	Price that Debenhams offered to pay Hopps Clothing Ltd (£)	Retail selling price (£)
T-shirts	9	15	24
Caps	7	12	20
Beanie hats	7	10	16

Other costs incurred:

- marketing costs of £1000
- £10 per month website fee
- bank account fee £10 per month.



Appendix B

Activity		Jack's original estimated duration (weeks)
A	Jack produces designs	4
B	Designer digitalises designs	3
C	Jack arranges a supplier	5
D	Manufacturing	8
E	Arrange and execute photoshoot for social media campaign	3
F	Website re-design	12
G	Social media campaign runs	2
H	Final preparations for product launch event at Crepe City	2

Source: Jack's own estimates

Appendix C

Forecasts for next year if Jack runs the business full time

Item	Expected annual online sales volume	Expected online selling price (£)	Expected annual sales volume through retailers	Expected price retailers will pay Jack (£)
T-shirts	2000	24	33 000	15

Additional information for next year if Jack runs the business full time:

Total fixed costs = £200,000

Variable cost per unit = £9

END OF SOURCES

This question is based on the case study: Hopps London

A Level Paper 3, June 2018 insert. Printed in full on the pages just before this one (from page 89).

< CASE STUDY

6

03

Using the data in **Appendix B** and the **case study**, evaluate whether Jack is likely to meet the deadline for his new range.

[16 marks]

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In his first year, Jack only used e-commerce instead of distributing through a retailer. To what extent was this a good choice? You should support your answer using **Appendix A** and the **case study**.

[16 marks]

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Case study: AM plc (Aerial Manufacturing plc) (A Level Paper 3, November 2021 insert)

The full case study for Q4 (16 marks), which follows on the next pages. Read it before answering.

The past

Aerial Manufacturing plc (AM plc) manufactures toys. For 20 years the business has made remote-controlled toy aircraft, drones and helicopters. These have been sold through retailers in the UK. Shortly after the company was founded, it moved all its manufacturing operations to a factory in China. This allowed AM plc to take advantage of cheap manufacturing costs – primarily due to the low wages paid to factory workers in China at the time. The company's headquarters – including its product design department – stayed in the UK. 5

A new boss

A new Chief Executive, Roger Hicks, was appointed a few months ago. Prompted by shareholder dissatisfaction over low profitability, he was given two main objectives:

- increase sales turnover quickly 10
- increase dividend payments to shareholders by 2025.

Roger immediately analysed the existing strategic position of the business. He knew that recent rises in wage rates in Chinese factories meant that wage rates there are now closer to those in the UK. He analysed performance data from the AM plc factory (Appendix A) and visited the factory. He found what Blake and Mouton would describe as a 'produce or perish' style of management. Unlike similar factories in China, which use a 'middle of the road' style, AM plc's factory relied on a high division of labour where each worker completed one small repetitive task. Supervisors were paid a bonus according to the output per worker for their section. As a result, rest breaks had been shortened and shifts extended by supervisors desperate to achieve bonuses for themselves. Following his review, Roger knew things had to change and introduced a new corporate strategy. 15 20

A new corporate strategy

AM plc will no longer make toys or sell through retailers. Roger's new strategy will build on the company's existing expertise in manufacturing remote-controlled aircraft and drones but targeting different customers. AM plc will design and manufacture sophisticated drones to be used by businesses which need an aerial capability as part of their operations. Drones are used in many industries including agriculture, construction and distribution. Roger intends to produce a range of drones specialising in inspection, high-quality video footage and parcel delivery. 25

AM plc will be selling directly to businesses. Roger is confident that this strategy offers opportunities for huge growth as it is founded on the company's core competence of designing and manufacturing drones. Instead of trying to be a cheap supplier in the mass market for toys, the business will switch to a strategy of focused differentiation. Differentiation will come from being a long-established business in the industry with exceptionally high-performing and durable products. Market research is encouraging, with sales forecasts shown in Appendix B. 30 35



A new site

Roger believes he must move AM plc's manufacturing back to the UK. His operations director has identified two possible sites for a new factory. Site A is 30 miles from London. The area offers an attractive place to live and work, easy access to many potential customers' headquarters and good transport links to the rest of the UK. Site B is in the North West of England. After the recent closure of a nearby car factory, local unemployment is high. Site B is £2m cheaper than Site A and close to a port, therefore offering easy shipping for exports. Further data about each site is in Appendix C. 40

A new factory

Roger's vision of the new factory focuses on highly skilled workers using advanced robotics. Output will be of exceptionally high levels of quality, but with the flexibility to adjust the products being made to suit individual customers' specific requirements. Roger will use a 'Just in Time' system at the new factory. This will have implications for the frequency and size of deliveries, cash flow and the inventory turnover ratio. 45

Building a factory will be a complex process involving thousands of different activities. Roger understands the challenges involved in planning and managing a project of this size. In a former job as project manager for a multinational manufacturer, he had supervised the construction of several factories. He intends to use network analysis to identify the critical path. The existing factory in China will be closed in ten months and Roger is confident the new factory will be operational by then. 50

Finances

Roger has allocated a total budget for the change in strategy of £10m. Much of that will be spent on the new site, factory and production equipment, with the rest available for marketing. He has a bank loan arranged to borrow up to the full £10m. 55

Roger is confident that his decisions will lead to success in meeting his two objectives.



Appendix A 2020 performance data on AM plc's Chinese factory and similar factories in China

	AM plc Chinese factory	Average for similar factories in China
Unit cost	£23	£25
Productivity (units of output per worker per month)	240	200
Labour turnover	40%	15%
Defect rate per 1000 products	80	10

Appendix B Sales forecasts for AM plc based on quantitative market research

Years after change of strategy	Sales volume (units sold)	Sales value (£m)
Year 1	2300	11.5
Year 2	2800	14
Year 3	4000	20
Year 4	6000	30

Appendix C Information on possible sites for AM plc's new factory

	Site A	Site B
Initial investment (purchase of land plus factory construction and production equipment)	£8m	£6m
Average selling price per unit	£5000	£5000
Fixed costs per year	£6m	£4.5m
Variable costs per unit	£2500	£3000
Maximum capacity (units per year)	10 000	8000



Appendix D Extracts from latest annual accounts for AM plc

	£m
Sales turnover	22
Cost of sales	20
Inventories	5
Other current assets	1
Current liabilities	6
Non-current liabilities	5
Total equity	15

END OF SOURCE



< CASE STUDY

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[16 marks]

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Case study: Vignal Babbel Motors (VBM) (A Level Paper 3, June 2025 insert)

The full case study for Q3 (16 marks), which follows on the next pages. Read it before answering.

Vignal Babbel Motors (VBM)

Background information

Vignal Babbel Motors (VBM) is a car manufacturer based in Europe, with roots dating back over 100 years.

The car industry has changed rapidly in the last 20 years and the business has struggled to keep up with the pace of external change. VBM's previous success was based on a core competence of designing and building extremely efficient, reliable and long-lasting diesel engines. 5

Over 100 European cities have now introduced legislation creating low emission zones. This means that most diesel-powered vehicles' owners have to pay a daily fee to enter these zones. In addition, several European countries have announced that sales of new petrol- and diesel-powered vehicles will be banned in the future (see **Appendix A**). As a result, sales of diesel-powered vehicles have begun to fall rapidly in VBM's traditional European markets (see **Appendix B**). 10

VBM only began work on developing electric vehicles five years ago. The company does not expect to launch an electric-powered vehicle until next year. Many competitors are already selling large volumes of electric vehicles. 15

VBM's sales in Europe have fallen due to increased environmental concerns. However, demand for VBM's traditional diesel-powered vehicles has been rising in some parts of South-East Asia, particularly Vietnam. The directors have started to discuss plans to build and operate a new factory in Vietnam to meet the rising demand in its South-East Asian markets. 20

Internal conflict

Meetings of the Board of Directors have been difficult for the last few years. Several directors have argued that the company must fight hard to maintain its share of the European market. They argue for the need to show loyalty to the company's employees and traditional customer base in Europe. They hope this will avoid the bad publicity caused by factory closures and the related redundancies. 25

However, another group of directors has stressed the need to better match capacity to changing global patterns of demand. This group proposes a strategy of retrenchment – closing three of VBM's four European factories. These closures would mean around 5000 redundancies. VBM would maintain just one European factory that would concentrate on producing electric vehicles for the European market. The capital released could be used to fund the construction of the proposed factory in Vietnam. 30

Major changes agreed

The proposals to retrench VBM's European operations and build the factory in Vietnam were approved at last month's annual shareholders' meeting. Since then, plans have been developed for the opening of the Vietnamese factory (see **Appendix C**). VBM's Operations Director is leading the project. He has drawn up a network diagram showing that the factory could be opened in a year. 35



The HR Director has warned that the diagram is based on some optimistic assumptions: 40

‘We have no experience of operating in Vietnam. We will need to understand recruitment systems and legislation plus train staff to operate the technology that we plan to use in the factory.’

The HR Director has advised that:

- the time allowed for recruitment should be increased by one month 45
- training the new workforce will take two months longer than initially predicted.

Retrenchment in Europe

Meanwhile, a retrenchment plan has been developed. This plan deals with:

- the process of closing three European factories
- adjusting VBM's marketing strategy to selling electric vehicles instead of petrol- and diesel-powered vehicles in Europe. 50

The plan also:

- outlines how and when announcements of factory closures plus 5000 redundancies will be made
- includes details of the redundancy settlements required for staff 55
- details the HR department's role in consulting with stakeholder groups on how to reduce the effects of the factory closures.

Appendix A

Table 1 Selected places where legislation has been passed, banning sales of new petrol- and diesel-powered vehicles, showing date when ban starts

Place	Start of ban
Norway	2025
UK	2030
EU	2035
California (USA)	2035
Quebec (Canada)	2035
China	2035

Turn over for Appendices B and C

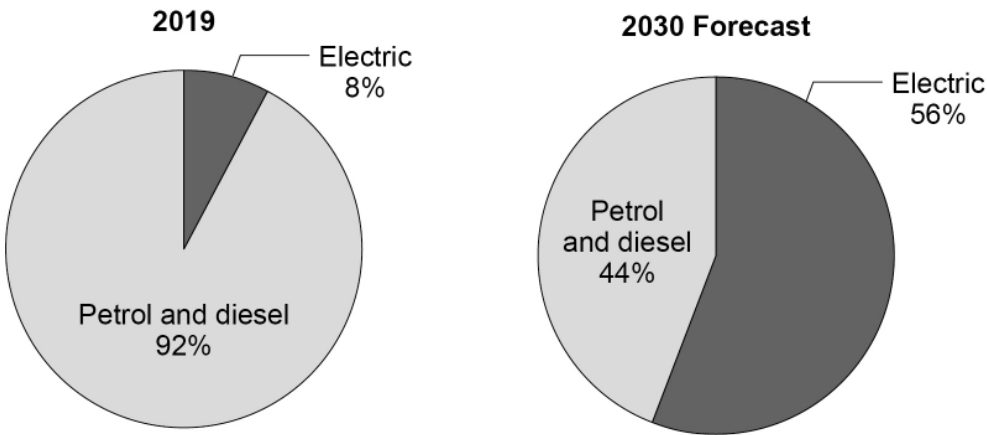


Appendix B Total car sales by power source

Table 2 Percentage of total car sales in the EU that use diesel engines

Year	Diesel-powered vehicles' share of European Union car market
2015	52%
2019	32%
2025 (forecast)	17%

Figure 1 Global car sales market share by power source

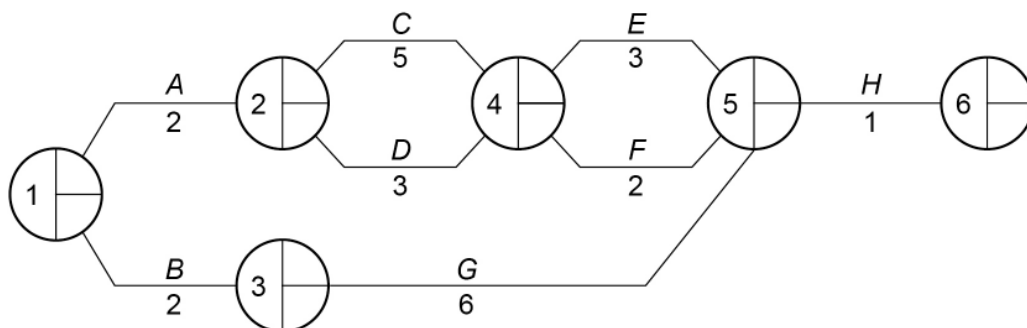


Appendix C

Table 3 Data used to construct network diagram in **Figure 2**

Activity		Operations Director's expected duration (Months)
A	Prepare site	2
B	Recruit workforce	2
C	Build factory building	5
D	Purchase production equipment	3
E	Find and contract suppliers	3
F	Install equipment	2
G	Train workforce	6
H	Test production line	1

Figure 2 Network diagram for new factory opening



END OF SOURCES



This question is based on the case study: Vignal Babbel Motors (VBM)

A Level Paper 3, June 2025 insert. Printed in full on the pages just before this one (from page 102).

< CASE STUDY

8

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VBM's Operations Director believes that the new factory could be opened in a year.

Do you agree?

Justify your view by using the data in **Appendix C** and other information provided.

[16 marks]

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Case study: Logger Boards Ltd (A Level Paper 3, June 2023 insert)

The full case study for Q6 (24 marks), which follows on the next pages. Read it before answering.

Bodhi Doyle started surfing when he was just 5 years old. Forty years later, he is the owner and manager of a successful company that specialises in manufacturing professional-quality surf boards using only recycled materials. Bodhi owns 100% of the shares of Logger Boards Ltd; a business which dominates its niche market.

Throughout the company's 25-year history, it has followed Bodhi's founding mission: 5

'Logger Boards Ltd exists to intensify the thrill of riding waves while helping nature recover in its battle with humanity.'

The business has grown from a one-man operation to fill a small workshop with five full-time highly skilled employees creating environmentally friendly, top-quality surfboards. 10

From the very beginning, Bodhi's products have been popular, while several mass-market UK-based surfboard manufacturers have struggled to survive. Logger Boards Ltd has had chances to buy these businesses cheaply in order to expand. Bodhi has declined these opportunities. He also recently turned down a chance to take over Logger Boards Ltd's specialist paint supplier. 15

Bodhi has worked tirelessly to seek out the very best recycled materials to ensure that his boards meet the demands of the world's best surfers. The workshop is now powered completely by renewable energy sources from an onsite wind turbine and a solar-panelled roof. Any waste-water generated is filtered onsite and reused wherever possible. However, with sales at a record high, Bodhi knows that the cramped conditions in the workshop, combined with a lack of storage space for materials, have reduced efficiency. 20

Demand for Logger Boards Ltd surfboards is expected to keep growing. Bodhi has conducted careful planning for a possible new production facility on the existing site that will allow the business to increase total capacity. This would enable the business to: 25

- keep all of its environmentally friendly systems
- create space for more output
- employ more workers if needed.

Bodhi's thorough research has generated forecast data, shown in **Appendix A**. The cost of building the new production facility is estimated to be £500 000. Logger Board's Ltd's bank has offered a long-term loan for this amount, at an annual interest rate of 5%. Further financial information for Logger Boards Ltd is provided in **Appendix B**. 30

Demand for Bodhi's surfboards has grown without the need for promotional expenditure. Bodhi's approach to promotion has been to rely solely on Logger Board's Ltd's social media account on Instagram. Bodhi posts pictures and videos on this account. He has become an 'accidental' influencer with 200 000 followers. The content focuses less on the business and more on Bodhi's surfing lifestyle and personal environmental beliefs. Details of Logger Boards Ltd's followers and customers are shown in **Appendix C**. 35

Bodhi remains undecided about his expansion plans – he has always aimed to minimise the level of risk involved in any business decision he has made. He is also concerned that a larger business may be harder to control, especially given his passion for ensuring that Logger Boards Ltd's mission remains central to the way the business 40



operates. Although his bank manager has suggested that communication and organisational structure will be vital to the success of the growth strategy, Bodhi feels that his leadership will be the most important aspect if the strategy is to succeed. 45

Appendix A Data for current workshop and forecast for new production facility

	Current workshop	Forecast for first year in new production facility
Productivity (units per worker per year)	500	600
Total cost per unit (£s)	350	350
Output (units per year)	2 500	3 000
Capacity (units per year)	2 500	7 500
Fixed costs	£125 000	£250 000
Percentage of waste that is recycled	98	95

Turn over for Appendix B



Appendix B Current financial data for Logger Boards Ltd (before new production facility)**Table 1** Balance sheet (statement of financial position) extracts

	£000s
Current assets	246
Current liabilities	120
Non-current liabilities	400
Total equity	1 000

Table 2 Income statement extracts

	£000s
Sales turnover	1 125
Cost of sales	750
Expenses	125
Finance cost (interest paid on loans)	20
Profit for the year	230



Appendix C Data on Logger Boards Ltd customers and social media followers

Figure 1 Age profile of Logger Boards Ltd customers and social media followers

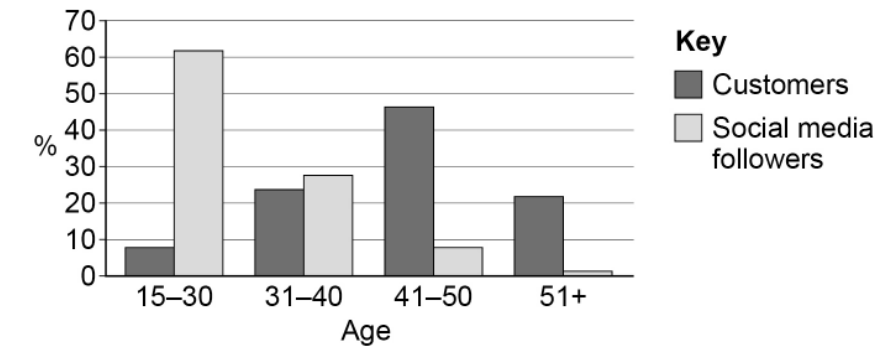
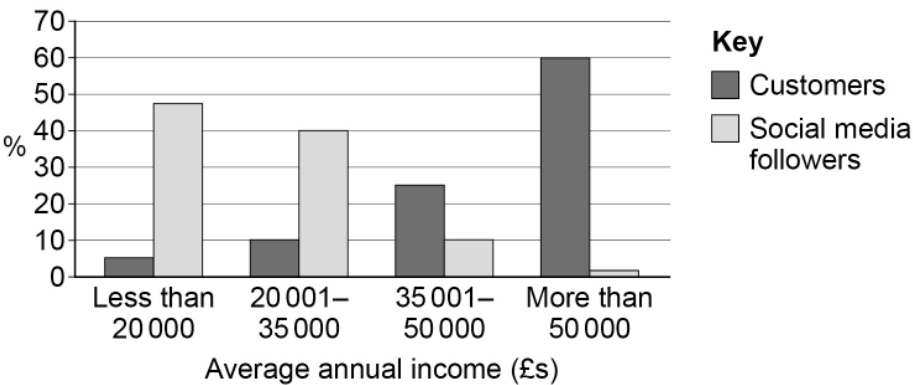


Figure 2 Average income of Logger Boards Ltd customers and social media followers



END OF SOURCES

This question is based on the case study: **Logger Boards Ltd**

A Level Paper 3, June 2023 insert. Printed in full on the pages just before this one (from page 109).

< CASE STUDY

06

Many businesses have a strategy of growth.

To what extent does the success of a growth strategy for any business depend mainly on its leadership?

[24 marks]

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PROBLEMS WITH STRATEGY AND WHY STRATEGIES FAIL

8

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Statement 1: 'An emergent strategy is an initially unplanned strategy which arises in response to change.'

Statement 2: 'Strategic drift occurs when a planned strategy is continually modified in response to changes.'

Read statements 1 and 2 and select the correct option from the following:

A Statement 1 is true.
Statement 2 is true.

☐

B Statement 1 is true.
Statement 2 is false.

☐

C Statement 1 is false.
Statement 2 is true.

☐

D Statement 1 is false.
Statement 2 is false.

☐

[1 mark]

1 5

A factory has just experienced a zero level of inventory. It wishes to have a buffer level of inventory of 80 units. It uses 35 units per day and has a lead time of 5 days with its supplier.

Its re-order level is

A 80 units.

☐

B 95 units.

☐

C 175 units.

☐

D 255 units.

☐

[1 mark]

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07

Strategic drift occurs when a business

- A** implements a plan that has been designed to cope with unexpected and unwelcome changes.
- B** introduces a previously unplanned strategy in response to external changes.
- C** introduces a previously unplanned strategy in response to internal changes.
- D** maintains a strategy that is no longer suited to current circumstances.

☐☐☐☐

[1 mark]

08

Statement 1: 'According to Ansoff, market penetration involves selling an existing product in a new market.'

Statement 2: 'According to Ansoff, diversification can be either developing a new product or entering a new market.'

Read statements 1 and 2 and select the correct option from the following

- A** Statement 1 is true. Statement 2 is true.
- B** Statement 1 is true. Statement 2 is false.
- C** Statement 1 is false. Statement 2 is true.
- D** Statement 1 is false. Statement 2 is false.

☐☐☐☐

[1 mark]

09

Decreasing government subsidies on a country's agriculture would be

- A** fiscal policy which encourages more open trade.
- B** fiscal policy which increases protectionism.
- C** monetary policy which encourages more open trade.
- D** monetary policy which increases protectionism.

☐☐☐☐

[1 mark]

Turn over ►



05

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4

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Statement 1: 'Lean production should reduce unit costs because it involves a business buying raw materials in greater bulk.'

Statement 2: 'Lean production should reduce unit costs because it reduces wastage of raw materials.'

Read statements 1 and 2 and select the correct option from the following options.

[1 mark]

A Statement 1 is true. Statement 2 is true.

☐

B Statement 1 is true. Statement 2 is false.

☐

C Statement 1 is false. Statement 2 is true.

☐

D Statement 1 is false. Statement 2 is false.

☐

0 6

The table below shows four possible scenarios.

Scenario	Managers' willingness to make internal changes	Likelihood of external changes in market
A	High	High
B	High	Low
C	Low	High
D	Low	Low

In which of these scenarios is strategic drift **least** likely to occur?

[1 mark]

A Scenario A

☐

B Scenario B

☐

C Scenario C

☐

D Scenario D

☐

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8

1 4

Statement 1: 'An emergent strategy only occurs in response to external change.'**Statement 2:** 'Strategic drift occurs whenever a business changes a planned strategy.'**Read statements 1 and 2** and select the correct option from the following options:
[1 mark]**A** Statement 1 is true. Statement 2 is true.☐**B** Statement 1 is true. Statement 2 is false.☐**C** Statement 1 is false. Statement 2 is true.☐**D** Statement 1 is false. Statement 2 is false.☐

1 5

A business's decision to increase its level of capital expenditure is most likely to:
[1 mark]**A** achieve long-term growth.☐**B** achieve short-term profits.☐**C** avoid cash flow problems.☐**D** reduce gearing levels.☐Do not write
outside the
box

15



0 8

IB/G/Jun22/7132/1



1

1

The success of a firm’s employee engagement may be shown through all of the following outcomes **except**:

[1 mark]

A higher labour productivity.

☐

B higher labour retention rates.

☐

C higher labour turnover.

☐

D lower absence rates.

☐

1

2

Which **one** of the following situations is most likely to cause strategic drift?

[1 mark]

	External change	Strategic change	
A	High	High	☐
B	High	Low	☐
C	Low	High	☐
D	Low	Low	☐

Turn over for the next question

Do not write
outside the
box



14

0 3

Read the information below and then answer the questions that follow.

Do not write
outside the
box

Disrupted supply

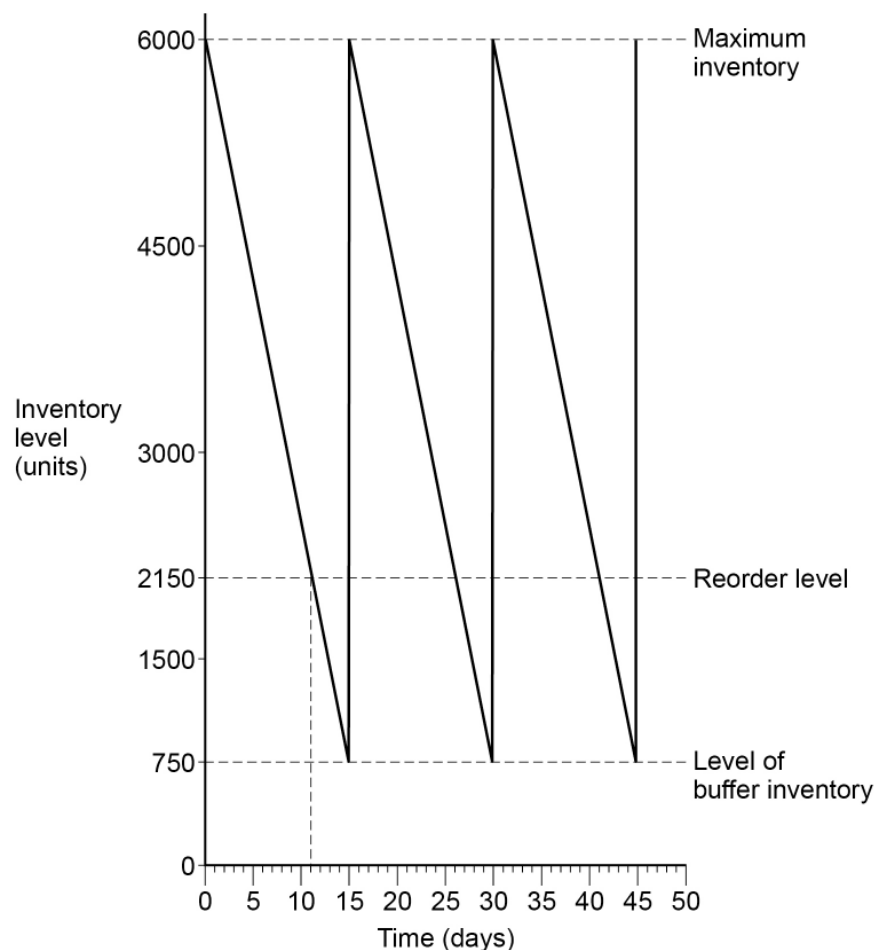
DT is a UK-based business manufacturing circuit boards which it sells to other businesses. All of DT's output is exported to Europe. The components that DT uses are sourced in the UK.

The supplier of a vital component closed suddenly in early 2020 disrupting DT's supply chain. DT's usual pattern of inventory control for this component is shown in **Figure 1**.

DT was forced to buy this component from a new and more expensive supplier.

DT stated: 'We had no contingency plan. It was impossible for us to find alternative supplies quickly enough to fulfil all our existing orders. The new supplies had higher levels of defects.'

Figure 1 Inventory control chart showing DT's usual pattern before disruption



2



1 4

IB/G/Jun22/7132/2



03.5

Analyse how contingency planning might have helped DT maintain its competitiveness.

[9 marks]

Do not write
outside the
box

9

Turn over ►



0 3

Read the information below and then answer the questions that follow.

Do not write
outside the
box**Global Airways (GA)**

Cabin crew are staff on an airplane who look after the passengers. The managers of Global Airways (GA) have recently proposed new pay levels for cabin crew who join the company from January 2019. Their pay would be lower than the cabin crew already employed by the company. This is part of an effort by GA to cut costs to enable the business to be more price competitive in response to aggressive price cuts by rivals. GA managers believe that cutting the price of its tickets can help to increase the airline's operating profit margins on its flights.

A trade union, called UAS, represents many of the cabin crew staff. UAS has complained about the proposed pay levels. There has been one meeting so far between the UAS and senior management about the proposal. Managers want the pay deal to go ahead, UAS does not.

Since the meeting:

- UAS is considering whether to advise GA's cabin crew that they take strike action
- the managers of GA have arranged to lease planes and use crew from another airline if needed. Managers believe that with these contingency plans GA could operate over 99% of its normal flight schedule
- the managers have undertaken new research (Appendix G).

Appendix G New research for GA's management

- Income elasticity of demand for GA flights: +1.5
- Estimated annual income changes of GA's target market 2018–2020: –2%
- Cabin crew membership of UAS union has increased this year to 65%



0	3	.	3
---	---	---	---

To what extent do you think it is essential for an airline to undertake contingency planning?

[16 marks]

*Do not write
outside the
box*



23

*Do not write
outside the
box*

Extra space

Turn over ►



Case study: SSN Ltd (A Level Paper 3, June 2022 insert)

The full case study for Q6 (24 marks), which follows on the next pages. Read it before answering.

Rapid early success

Ten years ago, Bemí Agboola perfected her first commercial cybersecurity system. The innovative software used a totally new approach to protect against hackers' attempts to steal customer data from retailers' e-commerce websites. Though others have produced similar systems, Bemí's business (SSN Ltd) is now well established in the cybersecurity market. The company has branched out into other aspects of cybersecurity by designing and installing tailor-made security systems for large businesses. At the heart of the business remains Bemí's programming – protected, like any piece of software code, by copyright. 5

Bemí has shown a fearless approach to making major decisions quickly. She does not see the need for strategic planning, preferring to seize opportunities as they arise. As a result, SSN Ltd has kept up with the high rate of technological change that characterises the cybersecurity industry. Bemí's approach to decision-making has enabled SSN Ltd to experience a phenomenal growth in sales (**Appendix A**). One consequence of this growth has been the need to expand its workforce. Bemí has hired programmers, administration, marketing and sales teams, many straight from university. From simple beginnings, the business now rents an expensive head office in London and regional offices in New York and Beijing. With over 100 employees across its three offices, Bemí feels it is increasingly hard to monitor what is happening within the business. 10 15

Bemí remains determined to keep increasing the company's share of the highly competitive cybersecurity market and therefore spends heavily on promoting the business and its products. The objective is to raise SSN Ltd's profile among global business leaders who are her potential customers, as a complement to more direct methods of targeting them (see **Appendix B**). 20

Problems emerging

Despite its growth in revenue, the company has always had a very low operating profit margin. Cash flow has been a major problem in the last few months. In the past, SSN Ltd had found it easy to borrow money. Now its bank has stated that it is no longer willing to increase SSN Ltd's overdraft. Part of SSN Ltd's problem has been slow payment from its customers. Bemí is considering the use of debt factoring to improve its cash flow. The debt factor would charge a fee of 5% of any debt that is factored. 25 30

Everybody working for SSN Ltd knows that the business is very much controlled by Bemí. She owns 51% of the shares and makes all major decisions. Managers who want to succeed within the company tend to be those who can anticipate Bemí's wishes and implement her ideas. Within this power culture, Bemí uses a very 'hands-on' approach, taking a keen interest in the work of her programmers. Bemí tries to drop into each office frequently. This is a habit that some managers feel is based on an unwillingness to fully delegate decision-making to them. This has created an environment where some staff expect Bemí to check or even reverse decisions they make. 35

The future

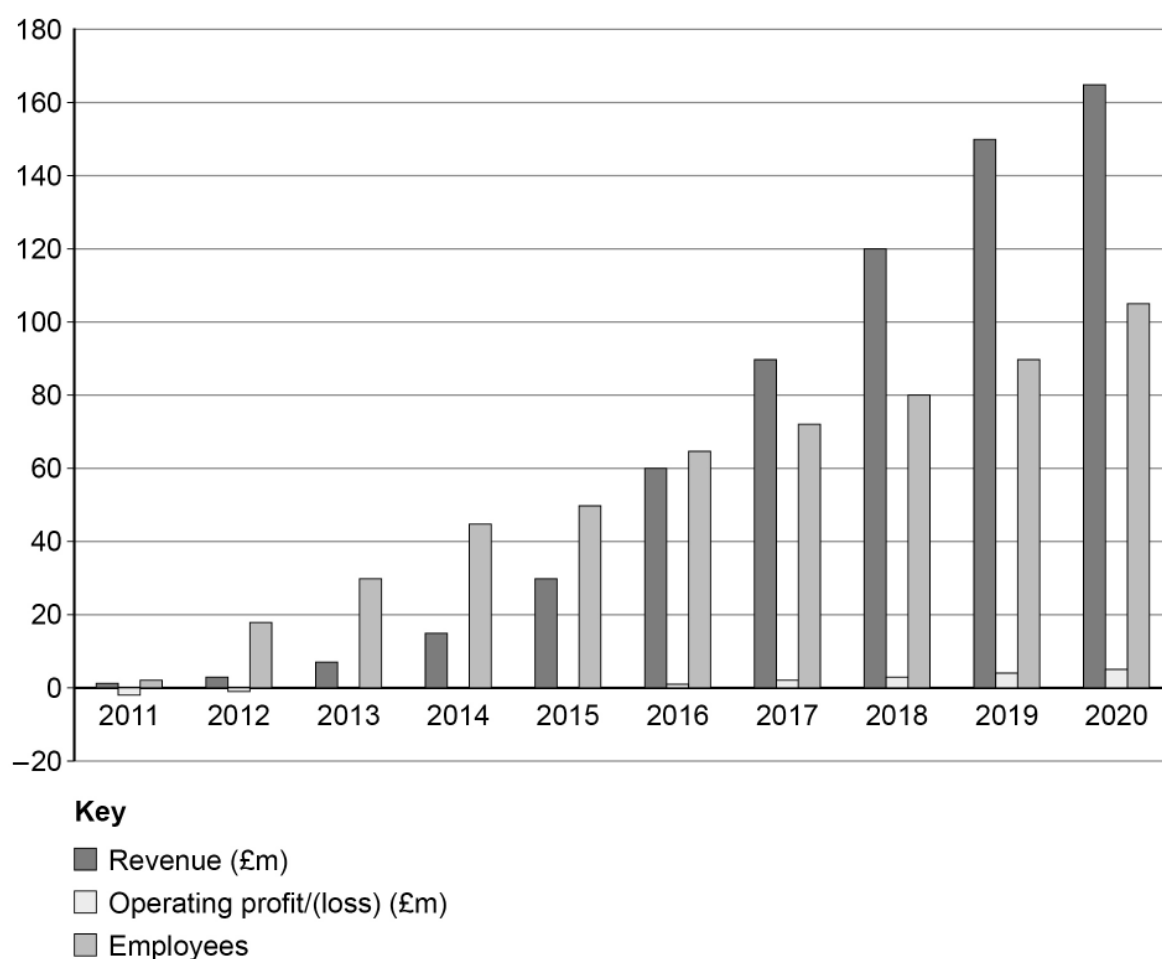
The business media often features stories about SSN Ltd. Its expansion has been exceptional, even in a market which continues to grow rapidly. During the last year, Bemí has been increasingly criticised for the way she has been running the business. 40

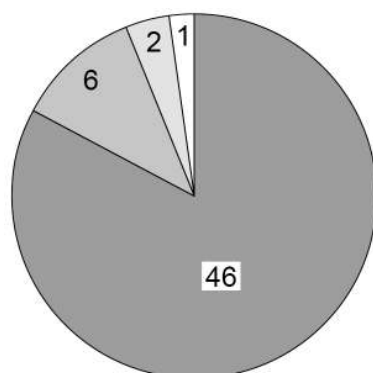


This has centred on what some consider to be excessive risk-taking. In recent days, several sources have suggested that a major competitor is preparing a takeover offer for SSN Ltd. These rumours have suggested that the competitor may be prepared to pay £50m for SSN Ltd, primarily to acquire the copyright to SSN Ltd's software. Analysts say that this competitor is likely to shut down SSN Ltd, terminating the contracts of all staff but preserving the brand name and the software. 45

Detailed examination of SSN Ltd's financial information (**Appendix C**) suggests that the business may be close to failure. 50

Appendix A SSN Ltd historic data



Appendix B SSN Ltd breakdown of 2020 promotional expenditure (£m)**Key**

- Sponsorship of sporting and arts events
- Advertising in trade magazines and on websites
- Face to face personal selling
- Direct electronic communications

Appendix C**Table 1 SSN Ltd balance sheet (statement of financial position) as at 31/5/21**

	£m
Non-current assets	25
Inventories	0.5
Receivables	16.5
Payables	(18)
Overdraft	(5)
Non-current liabilities	(18)
Net assets	1
Total equity	1



Table 2 SSN Ltd income statement for year ended 31/5/21

	£m
Sales turnover (revenue)	165
Cost of sales	(50)
Expenses	(110)
Operating profit	5
Net finance cost	(4)
Profit for the year	1
Dividends	(3)
Retained profit/(loss)	(2)

END OF SOURCE

This question is based on the case study: SSN Ltd

A Level Paper 3, June 2022 insert. Printed in full on the pages just before this one (from page 130).

< CASE STUDY

18

0	6
---	---

'Without strategic planning all businesses are doomed to fail.'

To what extent do you agree with this statement?

[24 marks]

*Do not write
outside the
box*



19

*Do not write
outside the
box*

Extra space



Turn over ►



21

Do not write
outside the
box

Turn over ►



23

Do not write
outside the
box

[illegible]

Turn over ►



15

Section C

Answer **either** Question 21 **or** Question 22.

Do not write
outside the
box

Shade the lozenge below to indicate which optional question you have answered.

Question

2	1	
---	---	---

Question

2	2	○
---	---	---

CORRECT METHOD ☒

WRONG METHODS



2	1
---	---

Many businesses use contingency planning to prepare for major threats. Some of these contingency plans work well, but others fail to protect the business.

To what extent is the success of a contingency plan for a major threat more dependent on internal factors than external factors?

[25 marks]

OR

2	2
---	---

Is it inevitable that large, growing businesses will eventually experience rising unit costs? Justify your view.

[25 marks]

[illegible]

Turn over ►



Section D

Answer **either** Question 23 **or** Question 24.

Shade the lozenge below to indicate which optional question you have answered.

Question 23

Question 24

CORRECT METHOD

WRONG METHODS

23

To what extent does rapid change in the external environment mean that strategic drift is inevitable for a business?

[25 marks]

OR

24

Will the introduction of lean production always lead to lower unit costs?

Justify your view.

[25 marks]

Do not write
outside the
box



Question 12 · Section A objective test question

Correct answer: A

(1 mark for the correct answer) · Source: AQA mark scheme, Section A answer key



Question 12 · Section A objective test question

Correct answer: D

(1 mark for the correct answer) · Source: AQA mark scheme, Section A answer key



Question 14 · Section A objective test question

Correct answer: D

manipulation to overcome self-interest.

(1 mark for the correct answer) · Source: AQA mark scheme, Section A answer key



Question 03 · Section A objective test question

Correct answer: B

improve the speed of vertical communication.

(1 mark for the correct answer) · Source: AQA mark scheme, Section A answer key



MARK SCHEME – A-LEVEL BUSINESS – 7132/1 – JUNE 2018

2	0	Analyse how layering might affect the level of profit of a business.	[9 marks]
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Marks for this question: AO1 = 3, AO2 = 3 and AO3 = 3

Level	The student will typically demonstrate:	Marks
3	A good response overall that focuses on many of the demands of the question Provides an answer to the question set that: - demonstrates a depth and range of knowledge and understanding of issues in the question - demonstrates analysis which is well developed and is applied effectively to the context.	7–9
2	A reasonable response overall that focuses on some of the demands of the question Provides an answer to the question set that: - demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question - demonstrates analysis which is developed and is applied to the context.	4–6
1	A limited response overall with little focus on the demands of the question Provides an answer to the question set that: - demonstrates a limited range and depth of knowledge and understanding of issues in the question - demonstrates analysis with little development and with mainly descriptive application to the context.	1–3

The demands of the question are:

- the consequences of layering in a business
- in relation to the profits of the business.

Indicative content:

- layering leads to a wider span of control. This might motivate a manager who perceives their role as having greater status, leading to greater effort and output
- layering will increase the workload of managers and thus reduce their efficiency; consequently leading to higher costs or lower revenue
- this wider span of control may worsen communication which can lead to mistakes and poorer (less efficient) customer service
- removing layers of management may give greater autonomy (a motivating factor) to subordinates; thus improving efficiency
- vertical communication may improve with fewer layers and so workers may make quicker decisions and satisfy customer needs more promptly.

Max mid L2 if generic consequences of layering without link to profit.



MARK SCHEME – A-LEVEL BUSINESS STUDIES – 7132/2 – JUNE 2018

0	3	2	<i>Lewin's force field analysis identifies driving and restraining forces. Analyse one driving force and one restraining force in Appendix G for the proposed change to the pay levels for cabin crew.</i>
			[9 marks]

Marks for this question: AO1 = 2, AO2 = 3 and AO3 = 4

Level	The student will typically demonstrate:	Marks
3	A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: - demonstrates a depth and range of knowledge and understanding of issues in the question - demonstrates analysis which is well-developed and is applied effectively to the context.	7-9
2	A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question set that: - demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding or relatively few issues in the question - demonstrates analysis which is developed and is applied to the context.	4-6
1	A limited response overall with little focus on the demands of the question. Provides an answer to the question set that: - demonstrates a limited range and depth of knowledge and understanding of issues in the question - demonstrates analysis with little development and with mainly descriptive application to the context.	1-3

Demands of question focus on:

- analysis of one driving force for change
- analysis of one restraining force for change
- the context of the proposed pay deal for cabin crew.

Answers may include:

Driving forces:

- impact of the forecasted change in income on sales given the income elasticity; likely to lead to lower sales so may put greater pressure on need to cut costs. Demand is income elastic and income is expected to fall; this means the impact on sales is expected to be relatively great. Managers will be under pressure and may be able to show unions the need for cuts

Restraining force:

- membership of trade union has increased. Should give employees more bargaining power, eg if they have industrial dispute more employees likely to be involved. Employees have support and guidance of union so may be better organised and be able to put more pressure on managers.

Level 3: Clear link between one driving force and one restraining force and the proposed change to pay levels in context of GA



MARK SCHEME – A-LEVEL BUSINESS STUDIES – 7132/2 – JUNE 2018

Level 2: Clear link between either one driving force and one restraining force and the proposed change to pay levels or driving and restraining forces considered but link is not clear or not in context of GA

Level 1: Understanding of Lewin's force field analysis but no or weak link to the proposed pay levels

Credit other valid lines of analysis.

0	3	.	3	<i>To what extent do you think it is essential for an airline to undertake contingency planning?</i>	[16 marks]
---	---	---	---	--	------------

Marks for this question: AO1 = 2, AO2 = 3, AO3 = 4 and AO4 = 7

Level	The student will typically demonstrate:	Marks
4	An excellent response overall that is fully focused on the key demands of the question. Provides an answer to the question set that: - demonstrates a depth and range of knowledge and understanding that is precise and well selected in relation to issues in the question - demonstrates analysis throughout which is well developed, is applied effectively to the context and considers a balanced range of the issues in the question - makes judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as a whole throughout.	13 -16
3	A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: - demonstrates a depth and range of knowledge and understanding of issues in the question - demonstrates analysis which is well developed, applied effectively to the context and considers a range of issues in the question - makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole.	9-12
2	A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question set that: - demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question - demonstrates analysis which is developed, applied to the context and considers some of the issues in the question - makes judgements or provides solutions which are built on analysis, but lack balance and are not fully focused on the question as a whole.	5-8



MARK SCHEME – A-LEVEL BUSINESS – 7132/2 – JUNE 2019

0	2	2	WR employs its taxi drivers on flexible employment contracts. Analyse one advantage and one disadvantage of this for the business.
			[9 marks]

Marks for this question: AO1 = 2, AO2 = 3, AO3 = 4

Level	The student will typically demonstrate:	Marks
3	A good response overall that focuses on many of the demands of the question Provides an answer to the question set that: - demonstrates a depth and range of knowledge and understanding of issues in the question - demonstrates analysis which is well developed and is applied effectively to the context.	7–9
2	A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question set that: - demonstrates a limited knowledge and understanding of issues in the question or a good knowledge and understanding of relatively few issues in the question - demonstrates analysis which is developed and is applied to the context.	4–6
1	A limited response overall with little focus on the demands of the question. Provides an answer to the question set that: - demonstrates a limited knowledge and understanding of issues in the question - demonstrates analysis with little development and with mainly descriptive application to the context.	1–3

The demands of the question are:

- analyse one advantage and one disadvantage of flexible employment contracts for WR

Indicative content/answers may include:

Advantage for the business:

- may provide a degree of flexibility that employees want in terms of hours and times of work. This may motivate, e.g. allow them to meet other needs such as self-actualisation in their non-work life. May lead to more employee engagement. Employees may stay with the business for longer reducing labour turnover and increasing labour retention. This may mean the business has lower recruitment and training costs.
- may mean the business has less fixed costs compared to full-time staff; labour costs will change according to demand which can improve overall profitability.

MARK SCHEME – A-LEVEL BUSINESS – 7132/2 – JUNE 2019

Disadvantage for the business:

- may lead to insecurity for employees, e.g. they are not sure when they will work; they may not have permanent contracts. Earnings may not be predictable. The flexible contracts may demotivate, eg with employees not meeting their security needs (Maslow). This may increase labour turnover and the business may struggle to attract good staff. It may reduce labour productivity increasing unit costs and reducing profit margins.

Accept other relevant answers.

Further guidance

Level	Responses typically
3	Clearly analyse the relationship between the flexible employment contract and one advantage and one disadvantage for the business.
2	Analyse the relationship between the flexible employment contract and either one advantage or one disadvantage for the business. Or Some link between flexible employment contract and one advantage and one disadvantage but not clearly made
1	Make fragmented points, which might be advantages or disadvantages, or comments about flexible employment contracts, but no links apparent.



MARK SCHEME – A-LEVEL BUSINESS – 7132/2 – JUNE 2023

0	3	3	Simply Bake plc decided to remove palm oil from its products.
			With reference to Lewin's force field analysis, analyse why this decision was made. [9 marks]

Marks for this question: AO1 = 2, AO2 = 3, AO3 = 4

Level	The student will typically demonstrate:	Marks
3	A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: - demonstrates a depth and range of knowledge and understanding of issues in the question - demonstrates analysis which is well-developed and is applied effectively to the context.	7–9
2	A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question set that: - demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question - demonstrates analysis which is developed and is applied to the context.	4–6
1	A limited response overall with little focus on the demands of the question. Provides an answer to the question set that: - demonstrates a limited range and depth of knowledge and understanding of issues in the question - demonstrates analysis with little development and with mainly descriptive application to the context.	1–3

The demands of the question are:

- demonstrate understanding of Lewin's force field analysis – driving forces and resistance forces
- analyse how by 2020 the driving forces must have exceeded the resistance forces
- apply the concept to the information in the case.

Indicative content:

A decision to change is made at the point where driving forces for change exceed the forces resisting the change, consequently this must be the case at the point of the decision.

The case refers to a number of driving forces and resistance forces, the driving forces include:

- growing dissatisfaction among consumers noticed by supermarkets
- Simply Bake faces pressure from its customers – supermarkets, and these are powerful forces in markets
- pressure from campaign groups, eg through the media
- more awareness of effects of deforestation.

MARK SCHEME – A-LEVEL BUSINESS – 7132/2 – JUNE 2023

Resistance forces include:

- costs of production – palm oil has been seen as a cheap ingredient
- (previous) consumer demand for cheap food – this may not have gone away

Allow other relevant arguments.



MARK SCHEME – A-LEVEL BUSINESS – 7132/1 – JUNE 2025

1	8	The table below shows changes to the structure of Newtown plc.												
<table border="1"> <thead> <tr> <th>Feature</th><th>Before 2024</th><th>2024 onwards</th></tr> </thead> <tbody> <tr> <td>Number of staff</td><td>3906</td><td>3616</td></tr> <tr> <td>Average span of control</td><td>5</td><td>15</td></tr> <tr> <td>Levels of hierarchy</td><td>6</td><td>4</td></tr> </tbody> </table>			Feature	Before 2024	2024 onwards	Number of staff	3906	3616	Average span of control	5	15	Levels of hierarchy	6	4
Feature	Before 2024	2024 onwards												
Number of staff	3906	3616												
Average span of control	5	15												
Levels of hierarchy	6	4												
Analyse how this restructuring of Newtown plc in 2024 might affect its speed of response to customer enquiries.														
[9 marks]														

Marks for this question: AO1 = 2, AO2 = 3 and AO3 = 4

Level	The student will typically demonstrate:	Marks
3	A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: • demonstrates a depth and range of knowledge and understanding of issues in the question • demonstrates analysis which is well developed and is applied effectively to the context.	7–9
2	A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question set that: • demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question • demonstrates analysis which is developed and is applied to the context.	4–6
1	A limited response overall with little focus on the demands of the question. Provides an answer to the question set that: • demonstrates a limited range and depth of knowledge and understanding of issues in the question • demonstrates analysis with little development and with mainly descriptive application to the context.	1–3



MARK SCHEME – A-LEVEL BUSINESS – 7132/1 – JUNE 2025

The demands of this question are:

- showing an understanding of average span of control and levels of hierarchy
- analysing how this particular restructuring might affect the company's speed of response.

Indicative content:

Possible responses include:

- speed of response measures how promptly a good or service is provided for the customer.

The Table shows three organisational changes:

- average span of control has tripled from 5 to 15. This will increase the number of subordinates for each manager, potentially slowing down managerial decisions
- this will also have a major impact on managers' workloads, potentially causing bottlenecks in communication and decision-making
- a higher span of control will encourage more delegation of responsibility and greater authority for subordinates. This can lead to more immediate responses to customer requirements
- fewer levels of hierarchy will mean that vertical communication is likely to be quicker, thus improving response time
- a reduction in staff of 290 people will increase individual workloads, potentially leading to slower speed of response
- the loss of 290 people may mean losing some intellectual capability and this may lower efficiency in the short-run, possibly causing problems such as delays and faults in orders.

Context is speed of response.

Marker's Note: To reach L3, at least two of the three items of data need to be utilised in the answer. This use can be explicit (eg a reduction of staff of 290) or implicit (eg. a reduction in staff).

0	1	Analyse, with reference to Kotter and Schlesinger's work, two barriers to change that KMH plc will face when implementing its new strategy.
		[12 marks]

Marks for this question: AO1=3, AO2=3, and AO3=6

Level	The student will typically demonstrate:	Marks
3	A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: • demonstrates a depth and range of knowledge and understanding of issues in the question • demonstrates analysis which is well developed, applied effectively to the context and considers a range of issues in the question	9 – 12 marks
2	A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question set that: • demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question • demonstrates analysis which is developed, applied to the context and considers some of the issues in the question	5 – 8 marks
1	A limited response overall with little focus on the demands of the question. Provides an answer to the question set that: • demonstrates a limited range and depth of knowledge and understanding of issues in the question • demonstrates analysis with little development and mainly descriptive application to the context	1-4 marks

The focus of the question is on:

- Analysing two reasons why people resist change that may occur when KMH plc implements its new strategy
- Using Kotter and Schlesinger's theory

Indicative content:

Kotter and Schlesinger identified 4 main reasons why change might be resisted:

- Self-interest – they would be worse off if the change occurred, e.g. one of the 140 who would lose their job. Average loss of salary would be substantial if 140 redundancies would save £12m
- Fear and misunderstanding – they do not trust the managers' motives – especially if new production machinery is to be introduced. This may be caused by inadequate information or a lack of communication



MARK SCHEME – A-LEVEL BUSINESS – 7132/3 – JUNE 2017

-
- Different assessments – they understand the reasons for the change but disagree with them; they may think they have a better plan – especially in the case of senior managers who may 'blame' sales staff for falling revenue or production staff for failing to control costs effectively. Many may question the ability of a former microchip company CEO to properly understand this market/business
 - Prefer things as they are, low tolerance to change; they do not like change – especially as KMH has been investing heavily in people, with significant spending on training. KMH are one of Britain's favourite employers



MARK SCHEME – A-LEVEL BUSINESS – 7132/3 – JUNE 2025

0	1	Use Lewin's force field model to analyse why VBM is making major changes now.
		[12 marks]

Marks for this question: AO1 = 3, AO2 = 3, AO3 = 6

Level	The student will typically demonstrate:	Marks
3	A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: - demonstrates a depth and range of knowledge and understanding of issues in the question - demonstrates analysis which is well developed, applied effectively to the context and considers a range of issues in the question.	9–12
2	A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question set that: - demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question - demonstrates analysis which is developed, applied to the context and considers some of the issues in the question.	5–8
1	A limited response overall with little focus on the demands of the question. Provides an answer to the question set that: - demonstrates a limited range and depth of knowledge and understanding of issues in the question - demonstrates analysis with little development and mainly descriptive application to the context.	1–4

The demands of this question are:

- shows understanding of Lewin's model
- uses Lewin's model to analyse how balance between the two forces has changed for VBM

Indicative content:

Driving forces:

- loss of demand in Europe – significant reduction in sales, caused by legislation
- growing demand in South-East Asia
- failure to develop electrical vehicles early enough.

Restraining forces:

- loyalty to European customers
- loyalty to European workforce – with so many redundancies bad publicity is likely to result, harming the company's image in Europe
- cost of the changes will be significant.

Well-developed arguments will explore the fact that there has been a shift in the relative balance between driving and restraining forces meaning that the company must act now. Limited responses may fail to make reference to Lewin's model.

Some candidates will interpret 'the changes' differently. The indicative content above refers to closing European factories AND beginning EV production in Europe AND entering the Vietnamese market with diesel vehicles. If candidates focus solely on a complete switch to EV production, this is still creditworthy, though note that growing demand in South-East Asia would become a restraining force

Accept other relevant arguments.



MARK SCHEME – A-LEVEL BUSINESS – 7132/2 – JUNE 2024

0	2	3	Soundcheck plc's management has had good relationships with trade unions and its staff have been supportive of strategic change. To what extent does consultation with trade unions enable all businesses to overcome resistance to strategic change? [16 marks]
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Marks for this question: AO1 = 2, AO2 = 3, AO3 = 4, AO4 = 7

Level	The student will typically demonstrate:	Marks
4	An excellent response overall that is fully focused on the key demands of the question. Provides an answer to the question set that: • demonstrates a depth and range of knowledge and understanding that is precise and well-selected in relation to issues in the question • demonstrates analysis throughout which is well-developed, is applied effectively to the context and considers a balanced range of the issues in the question • makes judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as a whole throughout.	13–16
3	A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: • demonstrates a depth and range of knowledge and understanding of issues in the question • demonstrates analysis which is well-developed, applied effectively to the context and considers a range of issues in the question • makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole throughout.	9–12
2	A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question set that: • demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question • demonstrates analysis which is developed, applied to the context and considers some of the issues in the question • makes judgements or provides solutions which are built on analysis, but lack balance and are not fully focused on the question as a whole.	5–8
1	A limited response overall with little focus on the demands of the question. Provides an answer to the question set that: • demonstrates a limited range and depth of knowledge and understanding of issues in the question • demonstrates analysis with little development, mainly descriptive application to the context and considers a limited number of issues in the question • makes judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole.	1–4



MARK SCHEME – A-LEVEL BUSINESS – 7132/2 – JUNE 2024

The demands of the question are:

- to demonstrate an understanding of the role of consultation in employee relations and of factors that are relevant to successful strategic change
- to analyse how effective consultation with trade unions can influence employee attitudes towards strategic change
- to make a judgement concerning whether all businesses can overcome resistance to change through consultation.

Indicative content:

Consultation may be beneficial:

- because employees who are well engaged with management may be more likely to appreciate the need for strategic change and support its implementation
- as greater employee engagement should improve the alignment of worker and corporate vision and goals
- it may help management to understand change resistance if they engage with workers' representatives and so appreciate staff concerns
- if resisting forces/reasons for resistance to change are understood and facilitation and support/participation and involvement (or other elements of Kotter & Schlesinger's model) are used to overcome barriers to change
- if it can promote change by influencing the balance of (Lewin's) forces that either support or resist change
- if it is a genuine, two-way exchange of information and ideas.

Evaluation could be provided by considering issues such as:

- situations when consultation may not be beneficial, such as when management ignores outcomes of consultation or if it creates too much delay in choosing and implementing strategy
- the nature of the strategic change, how large it is or its potential impact on workers and the extent to which it may conflict with their self-interest
- the effectiveness with which the change is communicated to employees
- the extent to which workers within the firm/industry are represented by a trade union
- whether alternative forms of employee representation may provide more suitable routes to overcoming change resistance
- whether relations with unions are adversarial or collaborative.

Further guidance

There is no requirement for students to refer to the music streaming industry or any specific business, but it would be valid to consider whether trade union consultation may be more or less effective given the varying employee relations environments which exist in different industries. Judgement could focus on the extent to which there will be a positive relationship between consultation and strategic change for all businesses.

Credit other valid lines of analysis and judgement.



MARK SCHEME – A-LEVEL BUSINESS – 7132/1 – JUNE 2018

2	1	Evaluate the extent to which the use of stakeholder mapping can help the managers of a public limited company to manage change more effectively.
		[25 marks]

25 mark evaluative questions: AO1 = 5, AO2 = 4, AO3 = 6 and AO4 = 10

Level	The student will typically demonstrate	Marks
5	An excellent response overall that is fully focused on the key demands of the question. Provides an answer to the question set that: • demonstrates a depth and range of knowledge and understanding that is precise and well selected in relation to issues in the question • demonstrates analysis throughout which is well developed, is applied effectively to the context and considers a balanced range of the issues in the question • makes judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as a whole throughout.	21–25
4	A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: • demonstrates a depth and range of knowledge and understanding of issues in the question • demonstrates analysis which is well developed, applied effectively to the context and considers a range of issues in the question • makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole.	16–20
3	A reasonable response overall that focuses on some demands of the question. Provides an answer to the question set that: • demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question • demonstrates analysis which is developed, applied to the context and considers some of the issues in the question • makes judgements or provides solutions which are built on analysis, but lack balance and are not fully focused on the question as a whole.	11–15



MARK SCHEME – A-LEVEL BUSINESS – 7132/1 – JUNE 2018

2	A limited response overall with little focus on the demands of the question. Provides an answer to the question set that: • demonstrates a limited range and depth of knowledge and understanding of issues in the question • demonstrates analysis with little development, mainly descriptive application to the context and considers a limited number of issues in the question • makes judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole.	6–10
1	A weak response overall lacking focus on the demands of the question. Provides an answer to the question set that: • demonstrates isolated or imprecise knowledge and understanding • demonstrates undeveloped analysis with descriptive application to the context and lacking focus on the question • makes judgements or proposes solutions based on assertions.	1–5

The demands of the question are on:

- the extent to which
- stakeholder mapping can help managers of a plc
- to manage change more effectively.

Indicative content may include:

- stakeholder mapping enables managers to recognise the stakeholder groups who have the greatest interest in a particular issue
- it also enables managers to recognise which stakeholder groups have the most power to influence a particular decision.

This allows managers to:

- focus on managing change through decisions that are most likely to be supported by stakeholders with the most power or influence
- ensure that stakeholders with the most interest are involved in the decisions
- recognise likely areas of conflict that might arise so that appropriate actions can be taken (such as gaining the support of one stakeholder group in order to counter opposition from another group)
- negotiate with groups who might disagree with a strategy, in order to offer benefits from other decisions.

The extent to which stakeholder mapping can help managers to manage change more effectively may depend on:

- whether the change is arising from internal factors or the external business environment
- the potential impact of the change on key stakeholder groups; how significant any benefit or negative consequence may be for a group
- the extent to which stakeholder groups share common interests
- the extent to which there is conflict between different stakeholder groups
- whether stakeholder mapping can provide an accurate picture of the power and interest of different stakeholder groups on a particular issue



MARK SCHEME – A-LEVEL BUSINESS – 7132/1 – JUNE 2018

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- how stakeholder mapping is used; it may identify the position of different groups but managers still have to manage the change. It may help identify the relative power and interest of groups and therefore how managers may want to respond to them but the right actions still have to be chosen and implemented effectively. Stakeholder mapping may help categorise where groups are and focus thinking on what to do with different groups but this does not ensure change is actually managed effectively.



MARK SCHEME – A-LEVEL BUSINESS – 7132/1 – JUNE 2022

2	5	Businesses using flexible employment contracts can be criticised for being unethical. To what extent should businesses avoid the use of flexible employment contracts?
[25 marks]		

25-mark evaluative questions: AO1 = 5, AO2 = 4, AO3 = 6, AO4 = 10

Level	The student will typically demonstrate:	Marks
5	An excellent response overall that is fully focused on the key demands of the question. Provides an answer to the question set that: - demonstrates a depth and range of knowledge and understanding that is precise and well selected in relation to issues in the question - demonstrates analysis throughout which is well developed, is applied effectively to the context and considers a balanced range of the issues in the question - makes judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as a whole throughout.	21–25
4	A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: - demonstrates a depth and range of knowledge and understanding of issues in the question - demonstrates analysis which is well developed, applied effectively to the context and considers a range of issues in the question - makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole.	16–20
3	A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question set that: - demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question - demonstrates analysis which is developed, applied to the context and considers some of the issues in the question - makes judgements or provides solutions which are built on analysis, but lack balance and are not fully focused on the question as a whole.	11–15
2	A limited response overall with little focus on the demands of the question. Provides an answer to the question set that: - demonstrates a limited range and depth of knowledge and understanding of issues in the question - demonstrates analysis with little development, mainly descriptive application to the context and considers a limited number of issues in the question - makes judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole.	6–10



MARK SCHEME – A-LEVEL BUSINESS – 7132/1 – JUNE 2022

1	A weak response overall lacking focus on the demands of the question. Provides an answer to the question set that: • demonstrates isolated or imprecise knowledge and understanding • demonstrates undeveloped analysis with descriptive application to the context and lacking focus on the question • makes judgements or proposes solutions based on assertions.	1–5
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The demands of the question are:

- understanding the meaning of flexible employment contracts
- understanding the meaning of 'unethical' and explaining why flexible employment contracts might be unethical
- analysing reasons why businesses might avoid the use of flexible contracts
- analysing reasons why businesses might choose to use flexible contracts
- comparing these reasons in order to make an overall judgement on the extent to which such contracts should be avoided.

Indicative content may include:

- explaining the nature of flexible employment contracts, such as part-time work, job-sharing, flexitime, annual hours, working from home and zero-hour contracts
- understanding the concept of unethical.

Analysing reasons why flexible employment contracts might be avoided:

- zero-hour contracts provide employees with very little security and can make it difficult for employees to find other work, even if their employer is not giving them hours of work
- flexible contracts are often given to the lowest paid, most vulnerable members of a business's workforce
- in some cases it may be impossible to ensure that minimum wage legislation is being complied with
- flexitime may only suit the needs of the business rather than the welfare of the employees.

Analysing reasons why flexible employment contracts might be used:

- zero-hour contracts may suit the needs of employees who can choose when and where to work
- flexible contracts can enhance the quality of life of employees if they can choose their specific working hours
- flexible contracts can allow a business to respond more quickly to the needs of its customers and other stakeholders, such as owners and suppliers
- flexible contracts can enable a business to save costs and improve its productivity. This can ensure its survival, thus protecting jobs.

Evaluation

Some flexible employment contracts might be considered to be unethical. However, some elements, such as working from home, may be an unethical way of cutting business costs **or** a very ethical way of meeting the preferences of employees.

Job-sharing and flexitime are often desired by employees to a greater extent than employers and would be seen to be ethical.

A business should cater for all of its stakeholders' needs. Flexible employment contracts may cause disadvantages for stakeholders, such as customers and owners, by reducing efficiency and increasing costs.



MARK SCHEME – A-LEVEL BUSINESS – 7132/1 – JUNE 2022

Overall evaluation should be based on the logical conclusion arising from the arguments used within the answer.

Marker's Note

The reference to unethical behaviour is intended to provide guidance. However, it is **not** necessary to include reference to it in the answer. Answers can achieve all five levels of response by just providing arguments for and against flexible contracts, without referring to ethical or unethical behaviour.

Question 14 · Section A objective test question

Correct answer: C

(1 mark for the correct answer) · Source: AQA mark scheme, Section A answer key



Question 11 · Section A objective test question

Correct answer: C

(1 mark for the correct answer) · Source: AQA mark scheme, Section A answer key



Question 06 · Section A objective test question

Correct answer: C

(1 mark for the correct answer) · Source: AQA mark scheme, Section A answer key



Question 13 · Section A objective test question

Correct answer: D

(1 mark for the correct answer) · Source: AQA mark scheme, Section A answer key



Question 09 · Section A objective test question

Correct answer: C

Power culture to role culture.

(1 mark for the correct answer) · Source: AQA mark scheme, Section A answer key



MARK SCHEME – A-LEVEL BUSINESS – 7132/2 – JUNE 2020

0	3	1	What is meant by venture capital?	[2 marks]
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Marks for this question: AO1 = 2

Venture capital is a form of financing typically provided to small, start up or growing businesses that are potentially high risk but have high growth potential.

2 marks clear understanding.

1 mark some understanding.

0	3	2	Explain one reason why Zani PLC's shareholders wanted to change the power culture at the company.	[5 marks]
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Marks for this question: AO1 = 2, AO2 = 3

Level	The student will typically demonstrate:	Marks
3	A good response overall that focuses on many of the demands of the question. eg explain one reason why Zani's shareholders wanted to change the power culture.	4–5
2	A reasonable response overall that focuses on some of the demands of the question. eg explains one problem of power culture.	2–3
1	A limited response that focuses on few demands of the questions. eg shows understanding of power culture.	1

The demands of the question:

- to explain one reason why Zani's shareholders wanted to change the power culture.

Indicative content/Answers may include:

- a power culture occurs when there is a large focus on those at the centre of the organisation - they are seen as key decision makers
- the shareholders wanted to change because it limits growth because there is more pressure on those at the centre to make decisions; they can struggle to make decisions quickly as more decisions are required. This can delay decision making. In this case Ted may have wanted to keep control himself but that becomes increasingly difficult as the business grows and he would need to delegate to others.
- shareholders might want this to lead to greater returns in terms of dividends or share price/value.

Accept other relevant answers.



0	3	.	1	A manager from the UK is moving to South Africa to lead a team of local staff. Explain how the difference in Hofstede's cultural dimension of 'Power Distance' shown in Figure 7 might affect her management style. [9 marks]
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Marks for this question: AO1 = 3, AO2 = 3 and AO3 = 3

Level	The student will typically demonstrate:	marks
3	A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that : • demonstrates a depth and range of knowledge and understanding of issues in the question • demonstrates analysis which is well-developed and is applied effectively to the context.	7–9 marks
2	A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question set that : • demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question • demonstrates analysis which is developed and is applied to the context.	4–6 marks
1	A limited response overall with little focus on the demands of the question. Provides an answer to the question set that : • demonstrates a limited range and depth of knowledge and understanding of issues in the question • demonstrates analysis with little development and with mainly descriptive application to the context.	1–3 marks

The focus of the question is on:

- How might the fact that South Africa's index number is greater than UKs impact on a manager's style.

Indicative content may include:

- If there is a high power distance, there is an acceptance of hierarchy and differences in seniority. Moving from a culture that is less accepting of this may require a change in management style. Local staff may expect the manager to act clearly as their manager and not respond well to a more democratic, team approach.
- The implication is that the manager may want to try and change her style to adapt to the local culture or change the expectations of her style by the local team. How well this transition is made will affect motivation and the effectiveness of the local team.
- As the power distance index is increasing from 35 to 49 the manager may want to adopt a more autocratic approach and clear hierarchical models, as workers in South Africa are more accepting of a wider distance between themselves and the manager.

MARK SCHEME – A-LEVEL BUSINESS STUDIES – 7132/2 – JUNE 2018

0	2	2	<i>Analyse the actions managers at Lego might take to help ensure that its employees share the culture of the business.</i>
			[9 marks]

Marks for this question: AO1 = 2, AO2 = 3 and AO3 = 4

Level	The student will typically demonstrate:	Marks
3	A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: - demonstrates a depth and range of knowledge and understanding of issues in the question - demonstrates analysis which is well-developed and is applied effectively to the context.	7-9
2	A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question set that: - demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question - demonstrates analysis which is developed and is applied to the context.	4-6
1	A limited response overall with little focus on the demands of the question. Provides an answer to the question set that: - demonstrates a limited range and depth of knowledge and understanding of issues in the question - demonstrates analysis with little development and with mainly descriptive application to the context.	1-3

The demands of the question focus on:

- the actions that managers at Lego might take
- how these might impact on culture of employees.

Possible responses:

Answers may include

- it may ensure its recruitment and selection process attracts and identifies people with the right qualities; eg assesses creativity
- may demonstrate the culture by rewarding/praising those who demonstrate “Creativity, Imagination, Fun, Learning, Quality and Care”. Eg this is what might be measured and rewarded, equally may not reward those who do not show these qualities
- training may reinforce values and ensure understanding of mission statement
- funding may invest in those who have projects linked to core values, eg investing in new product development.

Level 3: Clear link between more than one action taken by managers and the impact of this on employees sharing the culture of Lego

Level 2: Clear link between one action taken by manager and the impact of this on employees sharing the culture of Lego or more than one action considered but link is not clear or not in context of Lego

Level 1: Understanding of culture and identifies action(s) that managers may take but weak link

Credit other valid lines of analysis.



MARK SCHEME – A-LEVEL BUSINESS – 7132/1 – JUNE 2024

1	9	Analyse why an underperforming business with a role culture might choose to move towards a power culture.
		[9 marks]

Marks for this question: AO1 = 3, AO2 = 3 and AO3 = 3

Level	The student will typically demonstrate:	Marks
3	A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: • demonstrates a depth and range of knowledge and understanding of issues in the question • demonstrates analysis which is well developed and is applied effectively to the context.	7–9
2	A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question set that: • demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question • demonstrates analysis which is developed and is applied to the context.	4–6
1	A limited response overall with little focus on the demands of the question. Provides an answer to the question set that: • demonstrates a limited range and depth of knowledge and understanding of issues in the question • demonstrates analysis with little development and with mainly descriptive application to the context.	1–3



MARK SCHEME – A-LEVEL BUSINESS – 7132/1 – JUNE 2024

The demands of this question are:

- showing an understanding of Handy's role culture and power culture
- analysing why an underperforming business might choose to move towards a power culture from a role culture.

Indicative content:

- recognising that a power culture is where power is concentrated in the hands of a small group or central figure who determine(s) the business' approach
- recognising that a role culture is focused on set procedures and role descriptions
- analysing that a role culture can lead to underperformance if a traditional, bureaucratic approach leads to a lack of adaptability in the business
- analysing that a power culture focuses power in the hands of a few people who will be able to react quickly to underperformance. In contrast, a role culture tends to require more consultation and consensus in order to implement change
- analysing that a role culture is most suited to an environment which is stable and unchanging. In a dynamic environment, power culture can react more quickly to external changes that might be leading to underperformance
- analysing that a power culture tends to feature more centralisation of decision-making. Any problems identified by management can be dealt with more consistently and effectively than in a role culture, where a more decentralised approach can lead to more variations and inconsistencies in strategies and actions.

MARK SCHEME – A-LEVEL BUSINESS – 7132/3 – JUNE 2022

0	4	To what extent might SSN Ltd benefit from changing its power culture to a role culture?
[16 marks]		

Marks for this question: AO1 = 2, AO2 = 3, AO3 = 4, AO4 = 7

Level	The student will typically demonstrate:	Marks
4	An excellent response overall that is fully focused on the key demands of the question. Provides an answer to the question set that: - demonstrates a depth and range of knowledge and understanding that is precise and well selected in relation to issues in the question - demonstrates analysis throughout which is well developed, is applied effectively to the context and considers a balanced range of the issues in the question - makes judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as a whole throughout.	13–16
3	A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: - demonstrates a depth and range of knowledge and understanding of issues in the question - demonstrates analysis which is well developed, applied effectively to the context and considers a range of issues in the question - makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole.	9–12
2	A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question set that: - demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question - demonstrates analysis which is developed, applied to the context and considers some of the issues in the question - makes judgements or provides solutions which are built on analysis, but lack balance and are not fully focused on the question as a whole.	5–8
1	A limited response overall with little focus on the demands of the question. Provides an answer to the question set that: - demonstrates a limited range and depth of knowledge and understanding of issues in the question - demonstrates analysis with little development, mainly descriptive application to the context and considers a limited number of issues in the question - makes judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole.	1–4



MARK SCHEME – A-LEVEL BUSINESS – 7132/3 – JUNE 2022

The demands of this question are:

- analyse the benefit(s) of the existing power culture and potential benefit(s) of a move to role culture in the context of SSN Ltd
- make a judgement on the extent to which SSN Ltd might benefit from a change from a power culture to role culture.

Indicative content:**Benefits of existing power culture:**

- quick decision-making with nobody expecting Bemis to consult – which enables Bemis to seize opportunities in a rapidly evolving technology-based market
- a single-mindedness to the organisation providing a clear steer to decision-making and direction – decisions are taken on a basis of ‘what would Bemis do’ – which could be effective if her decision-making principles are clearly understood throughout the business
- the power culture may have encouraged risk-taking which has enabled the business to grow rapidly – evidenced by the data in **Appendix A**.

Benefits of a role culture:

- Bemis is finding it hard to monitor and effectively control the business after its growth (perhaps indicating a crisis of autonomy). Clear roles would help ensure accountability for decision-making. At present, decision-makers are trying to ‘second-guess’ Bemis’s wishes, a role culture might encourage her to use delegation more effectively, ensuring more effective decision-making throughout the business.
- Managers to whom some decision-making power is delegated are likely to become more motivated
- Decisions are more likely to be taken by specialists
- May reduce an excessively risky approach to decision-making – with role culture’s emphasis on following procedures, it may temper the organisation’s attitude to risk.

Accept other relevant arguments.

Evaluation

An effective judgement should flow from the arguments presented. Judgement is likely to come through the assessment of whether the benefits of cultural change outweigh the drawbacks.

Recognition that a power culture can be highly effective in the early stages of a business, but less effective once the business has grown could be applied to this context effectively. Judgement may also seek to address in what ways a change in culture would be beneficial – the changes implied by a shift from power to role culture may bring financial and organisational benefits, but may also slow SSN Ltd’s reactions to market changes, perhaps preventing the kind of growth that it has experienced so far. Meanwhile, responses suggesting that cultural change may be welcomed in some of the company’s offices and less so in others would be able to use Hofstede to justify this.

Effective responses may recognise not only the benefits to SSN Ltd of each cultural type but also the challenges involved in changing culture. In this context it may be hard for Bemis to relinquish the power that she has wielded and the company’s rapid growth is likely to be attributable to its power culture. However, the difficulties of cultural change may be eased when an organisation is struggling financially with key stakeholders better able to understand the need for change. Cultural change may come too late for the business if failure or takeover come quickly.

MARK SCHEME – A-LEVEL BUSINESS – 7132/1 – JUNE 2021

2	2	An understanding of Hofstede's model of national cultures is vital to the success of a business that is entering an overseas market.
		Do you agree? Justify your view.
		[25 marks]

25-mark evaluative questions: AO1 = 5, AO2 = 4, AO3 = 6 and AO4 = 10

Level	The student will typically demonstrate:	Marks
5	An excellent response overall that is fully focused on the key demands of the question. Provides an answer to the question set that: • demonstrates a depth and range of knowledge and understanding that is precise and well selected in relation to issues in the question • demonstrates analysis throughout which is well developed, is applied effectively to the context and considers a balanced range of the issues in the question • makes judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as a whole throughout.	21–25
4	A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: • demonstrates a depth and range of knowledge and understanding of issues in the question • demonstrates analysis which is well developed, applied effectively to the context and considers a range of issues in the question • makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole.	16–20
3	A reasonable response overall that focuses on some demands of the question. Provides an answer to the question set that: • demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question • demonstrates analysis which is developed, applied to the context and considers some of the issues in the question • makes judgements or provides solutions which are built on analysis, but lack balance and are not fully focused on the question as a whole.	11–15



MARK SCHEME – A-LEVEL BUSINESS – 7132/1 – JUNE 2021

2	A limited response overall with little focus on the demands of the question. Provides an answer to the question set that: • demonstrates a limited range and depth of knowledge and understanding of issues in the question • demonstrates analysis with little development, mainly descriptive application to the context and considers a limited number of issues in the question • makes judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole.	6–10
1	A weak response overall lacking focus on the demands of the question. Provides an answer to the question set that: • demonstrates isolated or imprecise knowledge and understanding • demonstrates undeveloped analysis with descriptive application to the context and lacking focus on the question • makes judgements or proposes solutions based on assertions.	1–5

The demands of the question are:

- recognising the key features of Hofstede's national cultures
- analysing how these features might influence a business's success overseas
- assessing the importance of Hofstede's ideas in order to achieve success.

Indicative content may include:

Analysis of how an understanding of Hofstede might help success. For example:

- if the Power Distance Index (PDI) is high, strong leadership and direction will help success
- if Individualism (IDV) is high, this will negatively impact on a business that uses teamwork extensively in its operations
- high Masculinity (MAS) will create issues for a business that has equality as a corporate objective
- a low Uncertainty Avoidance Index (UAI) will help a business that requires an innovative and creative workforce, whereas a high UAI will suit a business that is risk averse
- high long-term orientation (LTO) will suit a business that requires time to reap the benefits of growth in the overseas market, as the workforce will be more prepared to wait for rewards
- a high Indulgence versus restraint index (IVR) will indicate a society with greater freedom and desire for leisure; this will affect the creativity and productivity of the workforce.



MARK SCHEME – A-LEVEL BUSINESS – 7132/1 – JUNE 2021

Evaluation

- The arguments shown above can help a business to decide whether a country is a desirable market.
- Hofstede's cultures can guide a business towards successful strategies in an overseas market as it can assist a business in its approach to human resource management, operations management and the best way to market its products.

BUT

- There are many other factors that may influence success, such as the size of the overseas market, its accessibility and competitiveness, stability, and accessibility of materials.
- In addition, PESTLE factors are likely to have a major impact on success and the business may have less understanding of PESTLE factors in an overseas market.

Although it is logical to argue that it is less vital than other factors, the question is focused on Hofstede and so a good response must show understanding of Hofstede in this context. Arguments about non-Hofstede factors can form part of any evaluation of how vital it is, but analysis must incorporate how Hofstede's ideas can help success or explain why it may not help.



Question 15 · Section A objective test question

Correct answer: A

(1 mark for the correct answer) · Source: AQA mark scheme, Section A answer key



Question 12 · Section A objective test question

Correct answer: C

(1 mark for the correct answer) · Source: AQA mark scheme, Section A answer key



Question 13 · Section A objective test question

Correct answer: C

(1 mark for the correct answer) · Source: AQA mark scheme, Section A answer key



MARK SCHEME – A-LEVEL BUSINESS – 7132/1 – JUNE 2021

Section B

16	.	1	State the activities on the critical path.	[1 mark]
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Marks for this question: AO1 = 1

Critical path activities are **ACF**

16	.	2	What is the float time, in days, for Activity D?	[1 mark]
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Marks for this question: AO2 = 1

Float time for D = $14 - 4 - 4 =$ **6 days**

The business has learned that Activity E will now take 7 days to complete.				
16	.	3	Given this change, state the activities on the critical path.	[1 mark]

Marks for this question: AO2 = 1

New critical path is **BEG**

16	.	4	Given this change, what is the duration of this critical path, in days?	[1 mark]
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Marks for this question: AO2 = 1

Duration in days = $4 + 7 + 7 =$ **18 days**

MARK SCHEME – A-LEVEL BUSINESS – 7132/1 – JUNE 2021

Section B

16	.	1	State the activities on the critical path.	[1 mark]
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Marks for this question: AO1 = 1

Critical path activities are **ACF**

16	.	2	What is the float time, in days, for Activity D?	[1 mark]
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Marks for this question: AO2 = 1

Float time for D = $14 - 4 - 4 =$ **6 days**

The business has learned that Activity E will now take 7 days to complete.				
16	.	3	Given this change, state the activities on the critical path.	[1 mark]

Marks for this question: AO2 = 1

New critical path is **BEG**

16	.	4	Given this change, what is the duration of this critical path, in days?	[1 mark]
----	---	---	---	----------

Marks for this question: AO2 = 1

Duration in days = $4 + 7 + 7 =$ **18 days**

MARK SCHEME – A-LEVEL BUSINESS – 7132/1 – JUNE 2021

Section B

16	.	1	State the activities on the critical path.	[1 mark]
----	---	---	--	----------

Marks for this question: AO1 = 1

Critical path activities are **ACF**

16	.	2	What is the float time, in days, for Activity D?	[1 mark]
----	---	---	--	----------

Marks for this question: AO2 = 1

Float time for D = $14 - 4 - 4 =$ **6 days**

The business has learned that Activity E will now take 7 days to complete.				
16	.	3	Given this change, state the activities on the critical path.	[1 mark]

Marks for this question: AO2 = 1

New critical path is **BEG**

16	.	4	Given this change, what is the duration of this critical path, in days?	[1 mark]
----	---	---	---	----------

Marks for this question: AO2 = 1

Duration in days = $4 + 7 + 7 =$ **18 days**

MARK SCHEME – A-LEVEL BUSINESS – 7132/1 – JUNE 2021

Section B

16	.	1	State the activities on the critical path.	[1 mark]
----	---	---	--	----------

Marks for this question: AO1 = 1

Critical path activities are **ACF**

16	.	2	What is the float time, in days, for Activity D?	[1 mark]
----	---	---	--	----------

Marks for this question: AO2 = 1

Float time for D = $14 - 4 - 4 =$ **6 days**

The business has learned that Activity E will now take 7 days to complete.				
16	.	3	Given this change, state the activities on the critical path.	[1 mark]

Marks for this question: AO2 = 1

New critical path is **BEG**

16	.	4	Given this change, what is the duration of this critical path, in days?	[1 mark]
----	---	---	---	----------

Marks for this question: AO2 = 1

Duration in days = $4 + 7 + 7 =$ **18 days**

Question 09 · Section A objective test question

Correct answer: B

Statement 1 is true. Statement 2 is false.

(1 mark for the correct answer) · Source: AQA mark scheme, Section A answer key



Question 14 · Section A objective test question

Correct answer: B

Activity D is not on a critical path.

(1 mark for the correct answer) · Source: AQA mark scheme, Section A answer key



Question 15 · Section A objective test question

Correct answer: D

increase by 3 days.

(1 mark for the correct answer) · Source: AQA mark scheme, Section A answer key



MARK SCHEME – A-LEVEL BUSINESS – 7132/2 – JUNE 2019

0	3	2	Analyse why Galin has chosen a regional organisational structure rather than a functional one.
			[9 marks]

Marks for this question: AO1 = 2, AO2 = 3, AO3 = 4

Level	The student will typically demonstrate:	Marks
3	A good response overall that focuses on many of the demands of the question Provides an answer to the question set that: - demonstrates a depth and range of knowledge and understanding of issues in the question - demonstrates analysis which is well developed and is applied effectively to the context.	7–9
2	A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question set that: - demonstrates a limited knowledge and understanding of issues in the question or a good knowledge and understanding of relatively few issues in the question - demonstrates analysis which is developed and is applied to the context.	4–6
1	A limited response overall with little focus on the demands of the question. Provides an answer to the question set that: - demonstrates a limited knowledge and understanding of issues in the question - demonstrates analysis with little development and with mainly descriptive application to the context.	1–3

The demands of the question:

- to analyse why the company would choose a regional organisational structure rather than a functional one

Indicative content/Answers may include:

- Galín operates in six different regions. It will need to understand the different conditions of these regions, e.g. the market conditions and different requirements of customers. It may want to adapt accordingly and by organising regionally activities within an area will be focused on these specific needs and better co-ordinated, e.g. marketing and HR will be both adapted to local conditions and therefore should be more successful
- a functional structure would be organised around areas such as marketing, operations, and human resources without a regional focus. This may lead to 'silo' thinking where departments do not share ideas and where each department does not adapt sufficiently to the demands of different regions, eg HR decisions may need to adapt to different employment legislation and labour markets, operations may need to produce different products for different regions. Galín wants collaboration between people in different jobs to encourage innovation but this might not occur in a functional structure.

Accept other relevant answers.



MARK SCHEME – A-LEVEL BUSINESS – 7132/2 – JUNE 2019

Further guidance

Level	Responses typically
3	Clearly analyse the reason(s) for choosing a regional organisational structure for Galin relative to functional structure. Or Clearly analyse benefit(s) of a regional organizational structure to Galin.
2	Analyse a reason for a regional organisational structure for Galin. Or Has some link(s) between a regional organisational structure and benefit(s)/ reason(s)
1	Demonstrate understanding of functional and/or regional organisational structures.



MARK SCHEME – A-LEVEL BUSINESS – 7132/2 – JUNE 2024

0	3	2	WWH Ltd's directors are considering making and selling a portfolio of products rather than a single product, in order to increase growth. Analyse how WWH Ltd's organisational design may change if the directors decide to do this. [9 marks]
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Marks for this question: AO1 = 2, AO2 = 3, AO3 = 4

Level	The student will typically demonstrate:	Marks
3	A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: - demonstrates a depth and range of knowledge and understanding of issues in the question - demonstrates analysis which is well-developed and is applied effectively to the context.	7–9
2	A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question set that: - demonstrates a reasonable knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question - demonstrates analysis which is developed and is applied to the context.	4–6
1	A limited response overall with little focus on the demands of the question. Provides an answer to the question set that: - demonstrates a limited range and depth of knowledge and understanding of issues in the question - demonstrates analysis with little development and with mainly descriptive application to the context.	1–3

The demands of the question are:

- demonstrate understanding of organisational design and its elements
- analyse possible implications for WWH Ltd's organisational design
- in the context of their current organisational design

Answers may include:

- structure may become taller as more complexity is added to the business leading to higher costs
- those higher up the hierarchy may end up with wider spans of control, leading to less close supervision/more delegation/addition training needs as scope of jobs change
- the structure may become less centralised as scope of manager's jobs increases
- the business may need to set up a new product development team requiring skills not currently available in the business
- a functional structure may be less effective and a move to a product-based structure may be suitable if the new products are very different
- suggestions for other organisation structures are acceptable, analysis should be relevant to WWH Ltd.

Accept all relevant arguments.



MARK SCHEME – A-LEVEL BUSINESS STUDIES – 7132/3 – 2018

0	3	Using the data in Appendix B and the case study , evaluate whether Jack is likely to meet the deadline for his new range.
		[16 marks]

Level	The student will typically demonstrate:	Marks
4	An excellent response overall that is fully focused on the key demands of the question. Provides an answer to the question set that: • demonstrates a depth and range of knowledge and understanding that is precise and well selected in relation to issues in the question • demonstrates analysis throughout which is well developed, is applied effectively to the context and considers a balanced range of the issues in the question • makes judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as a whole throughout.	13-16 marks
3	A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: • demonstrates a depth and range of knowledge and understanding of issues in the question • demonstrates analysis which is well developed, applied effectively to the context and considers a range of issues in the question • makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole.	9-12 marks
2	A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question set that: • demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question • demonstrates analysis which is developed, applied to the context and considers some of the issues in the question • makes judgements or provides solutions which are built on analysis, but lack balance and are not fully focused on the question as a whole.	5-8 marks
1	A limited response overall with little focus on the demands of the question. Provides an answer to the question set that: • demonstrates a limited range and depth of knowledge and understanding of issues in the question • demonstrates analysis with little development, mainly descriptive application to the context and considers a limited number of issues in the question • makes judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole.	1-4 marks



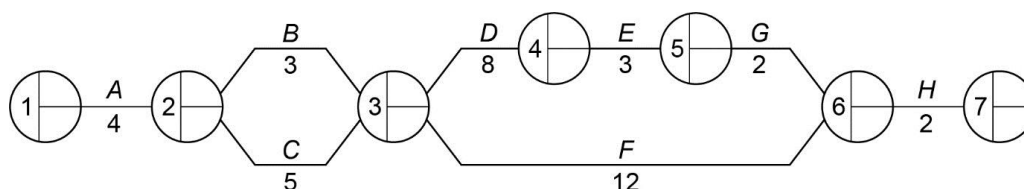
MARK SCHEME – A-LEVEL BUSINESS STUDIES – 7132/3 – 2018

Marks for this question: AO1 = 2, AO2 = 3, AO3 = 4 and AO4 = 7

The demands of the question are:

- to use data in **Appendix B** to identify reasons why Jack may/may not be ready to launch
- to use data in the case study to identify reasons why Jack may/may not be ready to launch – this could include designer's updated estimates (from the case study) to work out 'new' critical path
- to build a chain of logic linking data/information from the appendix and/or case study to the likelihood of meeting the deadline
- to make a justified judgement on likelihood of meeting the deadline.

Indicative content:



Node	EST based on Jack's original estimates	LFT based on Jack's original estimates	EST WITH designer's amendments	LFT WITH designer's amendments
1	0	0	0	0
2	4	4	4	4
3	9	9	9	9
4	17	17	17	18
5	20	20	20	21
6	22	22	23	23
7	24	24	25	25

Data in appendix suggests the deadline will be met because:

- original network diagram suggests Jack is likely to meet the deadline with 1 week to spare (24 weeks)
- float time is available on activities *B* and *F*, but only 2 and 1 weeks respectively
- if *B* is delayed by 2 weeks, there is no delay on the whole project
- if *F* is delayed by 2 weeks, the project will be complete in 25 weeks – still (just) hitting the deadline
- Original critical path A, C, D, E, G, H

Possible reasons the deadline may be missed:

- all estimates are Jack's – he is relatively inexperienced and may be overly optimistic
- given information from the designer in the case study, any delay on the new critical path of A, B and/or C, F, H will cause the deadline to be missed. A delay of more than 1 week on D, E and G will push the project over 25 weeks.

The extent to which the deadline is likely to be met may depend on:



MARK SCHEME – A-LEVEL BUSINESS STUDIES – 7132/3 – 2018

- the original (24) and new (25) estimates being within the 25 week deadline – suggest likelihood is high
- the reliability of estimates Eg, Jack's and designer's
- there being no more delays
- recognition that Critical Path Analysis is an effective planning tool, but does not guarantee implementation.

Credit any other valid lines of analysis and evaluation.

If candidate shows evidence of correct calculation of NEW critical path or float times or duration, credit any argument that uses this as 'applied effectively to context'

If candidate correctly states original critical path or float times or duration, an argument that use this information is 'applied to context' as a minimum

Can use new and old diagrams

MARK SCHEME – A-LEVEL BUSINESS – 7132/3 – JUNE 2021

0	4	To what extent is network analysis likely to be useful to AM plc when constructing its new factory?
[16 marks]		

Marks for this question: AO1 = 2, AO2 = 3, AO3 = 4, AO4 = 7

Level	The student will typically demonstrate:	Marks
4	An excellent response overall that is fully focused on the key demands of the question. Provides an answer to the question set that: - demonstrates a depth and range of knowledge and understanding that is precise and well selected in relation to issues in the question - demonstrates analysis throughout which is well developed, is applied effectively to the context and considers a balanced range of the issues in the question - makes judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as a whole throughout.	13–16
3	A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: - demonstrates a depth and range of knowledge and understanding of issues in the question - demonstrates analysis which is well developed, applied effectively to the context and considers a range of issues in the question - makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole.	9–12
2	A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question set that: - demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question - demonstrates analysis which is developed, applied to the context and considers some of the issues in the question - makes judgements or provides solutions which are built on analysis, but lack balance and are not fully focused on the question as a whole.	5–8
1	A limited response overall with little focus on the demands of the question. Provides an answer to the question set that: - demonstrates a limited range and depth of knowledge and understanding of issues in the question - demonstrates analysis with little development, mainly descriptive application to the context and considers a limited number of issues in the question - makes judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole.	1–4



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The demands of this question are:

- analyse the benefits and limitations of using network analysis
- when planning and implementing a complex project such as building AM plc's new factory
- make a justified judgement on how useful network analysis will be in this case.

Indicative content:

Useful because:

- There is time pressure to get started in time for the company re-launch in ten months. Network analysis should help complete the project as quickly as possible.
- Network analysis allows managers to focus on critical activities to help prevent overall delays.
- Latest finish times allow mini-deadlines to be set for the contractors responsible for each activity's completion.
- Earliest start times can help to reduce working capital requirements ensuring materials are not purchased too early, tying up cash unnecessarily – useful given the company's strained liquidity position – current ratio = 1

Limitations:

- all activity durations will be estimates – although Roger has experience planning and managing similar projects from his previous role
- it's a planning tool, which can help with execution but does not guarantee deadlines will be met – there are likely to be many activities to complete and many contractors involved
- unexpected events can delay activities.

Accept other relevant arguments.

Evaluation:

An effective judgement should flow from the arguments presented. Judgement is likely to come through the assessment of the usefulness of critical path analysis. This will recognise limitations to the technique but also its usefulness in speeding up complex projects such as this one – in a context where speed is vital to AM plc. Recognition that Roger has experience of project management may also suggest that network analysis may be useful here.

MARK SCHEME – A-LEVEL BUSINESS – 7132/3 – JUNE 2025

0	3	VBM's Operations Director believes that the new factory could be opened in a year. Do you agree? Justify your view by using the data in Appendix C and other information provided. [16 marks]
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Marks for this question: AO1 = 2, AO2 = 3, AO3 = 4, AO4 = 7

Level	The student will typically demonstrate:	Marks
4	An excellent response overall that is fully focused on the key demands of the question. Provides an answer to the question set that: - demonstrates a depth and range of knowledge and understanding that is precise and well selected in relation to issues in the question - demonstrates analysis throughout which is well developed, is applied effectively to the context and considers a balanced range of the issues in the question - makes judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as a whole throughout.	13–16
3	A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: - demonstrates a depth and range of knowledge and understanding of issues in the question - demonstrates analysis which is well developed, applied effectively to the context and considers a range of issues in the question - makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole.	9–12
2	A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question set that: - demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question - demonstrates analysis which is developed, applied to the context and considers some of the issues in the question - makes judgements or provides solutions which are built on analysis, but lack balance and are not fully focused on the question as a whole.	5–8



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1	A limited response overall with little focus on the demands of the question. Provides an answer to the question set that: • demonstrates a limited range and depth of knowledge and understanding of issues in the question • demonstrates analysis with little development, mainly descriptive application to the context and considers a limited number of issues in the question • makes judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole.	1–4
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The demands of this question are:

- shows understanding of the network diagram and table in **Appendix C**
- analyses reasons why the project is and is not likely to be completed within a year
- analyses data from **Appendix C** and other information to support response, showing understanding of network analysis
- offers a judgement on whether the project is likely to be completed within a year.

Indicative content:

Arguments supporting completion within a year:

- the network diagram suggests completion in 11 months
- the diagram shows float time on activities D (2 months), F (1 month), B (2 months) and G 2 months even with a 'deadline' of 11 months
- with the HR director's recommendations, the project will be completed in 12 months – B and G become critical after adjusting durations for the HR director's advice (new critical path is B,G,H.
- there may be scope to reassess the network, such as starting the search for suppliers earlier.

Arguments against completion within the year:

- there is evidence the Operations director has been too optimistic – what other activity durations may have been underestimated
- a delay on any one of activities A, C, E or H would delay the project past 11 months, eliminating float time
- after HR director's changes there can be no delays to critical activities without missing the 12 month deadline
- the business has never operated manufacturing in Vietnam – will they be able to make realistic assumptions about activity durations without such experience or advice
- European retrenchment may prove a distraction especially to management, causing delays.

Evaluation

Judgement will hinge on the perceived likelihood of the Operations director's predicted durations being accurate. There are several reasons to believe that this is unlikely. The context highlights the limitations of network analysis as a tool. The answer may also depend on the extent to which the company's resources are channelled into the project which may help to keep timings on track or distracted by European upheaval.

Responses that correctly identify the original project duration as 11 and use this number correctly will be at least reasonable. Responses that fail to use Appendix C will be reasonable at best given the demands of the question.



MARK SCHEME – A-LEVEL BUSINESS – 7132/3 – JUNE 2023

0	6	Many businesses have a strategy of growth.
		To what extent does the success of a growth strategy for any business depend mainly on its leadership?
		[24 marks]

Marks for this question: AO1 = 5, AO2 = 4, AO3 = 6, AO4 = 9

Level	The candidate will typically demonstrate	Marks
5	An excellent response overall that is fully focused on the key demands of the question. Provides an answer to the question set that: - demonstrates a depth and range of knowledge and understanding that is precise and well selected in relation to issues in the question - demonstrates analysis throughout which is well developed, is applied effectively to the context and considers a balanced range of the issues in the question - makes judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as whole throughout.	21–24
4	A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: - demonstrates a depth and range of knowledge and understanding of issues in the question - demonstrates analysis which is well developed, applied effectively to the context and considers a range of issues in the question - makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole.	16–20
3	A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question set that: - demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question - demonstrates analysis which is developed, applied to the context and considers some of the issues in the question - makes judgements or provides solutions which are built on analysis, but lack balance and are not fully focused on the question as a whole.	11–15
2	A limited response overall with little focus on the demands of the question. Provides an answer to the question set that: - demonstrates a limited range and depth of knowledge and understanding of issues in the question - demonstrates analysis with little development, mainly descriptive application to the context and considers a limited number of issues in the question - makes judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole.	6–10



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1	A weak response overall lacking focus on the demands of the question Provides an answer to the question set that: • demonstrates isolated or imprecise knowledge and understanding • demonstrates undeveloped analysis with descriptive application to the context and lacking focus on the question • makes judgements or proposes solutions based on assertions.	1–5
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The demands of this question are:

- analyses the importance of leadership and at least one other factor in determining the success of a growth strategy
- for any business
- makes a justified judgement on whether the business' leadership is the main determinant of a growth strategy's success.

Indicative content:**Arguments suggesting success of a growth strategy depends mainly on leadership:**

- the leader is likely to be responsible for culture, strategic decision-making and ensuring execution, plus potentially providing the sense of purpose or mission for the organisation
- the leader is responsible for major strategic decisions such as how growth is to be funded, how the business' structure will need to be changed and how effective communication can be maintained in the growing business – potentially minimising the effects of diseconomies of scale
- the success of any strategy is likely to be determined by the extent to which the leader makes the right decisions
- a strategy that all staff buy into is more likely to be effective, here the role of the leader as the seller of a vision is critical
- one role of leadership will be to ensure that employees remain motivated as the business grows
- Greiner's model of growth does suggest that some crises need an adjustment of leadership style.

Arguments suggesting the leader's role is not the main determinant of success of a growth strategy:

- leadership, structure and communication are all likely to matter. Without the right structural change, diseconomies of scale may arise when growing reducing the likelihood of success of a growth strategy
- strategic planning and execution are likely to be important – the leader cannot do everything – execution from other staff is required if a strategy is to be implemented effectively
- many external factors can affect the success of any strategy – by definition, these will be outside the control of the leader
- Greiner's model of growth suggests that there are several stages in the growth of a business where systems need adapting rather than any obvious leadership actions are important.

Accept other relevant arguments.

Evaluation

An effective judgement should flow from the arguments presented. Judgement is likely to come through the assessment of situations in which the statement could be true weighed up against situations in which it is not. The judgement should be focused on a strategy of growth, rather than general success of a business.

The leader will be able to influence many if not all of the internal factors influencing success. The leader's vision/planning may even be able to allow for the effects of external factors; however, it is naïve to suggest that the leader can control all factors affecting a strategy of growth. The validity of the statement may be dependent upon the size of the business, volatility of external factors and the leader them self, perhaps the style of leadership they adopt.



MARK SCHEME – A-LEVEL BUSINESS – 7132/3 – JUNE 2023

Appendix 1 – Other possibly relevant calculations

Income Statements

Current Situation		Projected	
	£000's		£000's
Sales Turnover	1,125	X 1.2	1,350
Cost of Sales	750	X 1.2	900
Gross Profit	375	X 1.2	450
Expenses	125		250
Operating Profit	250		200
Finance costs	20		45
Profit for the year	230		155

Revenue of £1,125,000 / 2,500 units = a price of £450 per board

Assuming same relationship between Price and VC

GPM = 33.3% or multiply through by 1.2 to reflect the increase in output.

Contribution per unit = Price of £450 – VC of 300 = £150

Old Break-even

FC of £125,000 / CPU of 150 = 833.3 or 834 units

Projected

FC of £250,000 / CPU of £150 = 1,666.67 or 1,667 units

Compound interest rates

Year 1	£525,000
Year 2	£551,250
Year 3	£578,812.5
Year 4	£607,753.125
Year 5	£638,140.781



Question 14 · Section A objective test question

Correct answer: B

(1 mark for the correct answer) · Source: AQA mark scheme, Section A answer key



Question 07 · Section A objective test question

Correct answer: D

(1 mark for the correct answer) · Source: AQA mark scheme, Section A answer key



Question 06 · Section A objective test question

Correct answer: B

(1 mark for the correct answer) · Source: AQA mark scheme, Section A answer key



Question 14 · Section A objective test question

Correct answer: D

Statement 1 is false. Statement 2 is false.

(1 mark for the correct answer) · Source: AQA mark scheme, Section A answer key



Question 12 · Section A objective test question

Correct answer: B

High Low

(1 mark for the correct answer) · Source: AQA mark scheme, Section A answer key



MARK SCHEME – A-LEVEL BUSINESS – 7132/2 – JUNE 2022

0	3	5	Analyse how contingency planning might have helped DT maintain its competitiveness.
			[9 marks]

Marks for this question: AO1 = 2, AO2 = 3, AO3 = 4

Level	The student will typically demonstrate:	Marks
3	A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: - demonstrates a depth and range of knowledge and understanding of issues in the question - demonstrates analysis which is well-developed and is applied effectively to the context.	7–9
2	A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question set that: - demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question - demonstrates analysis which is developed and is applied to the context.	4–6
1	A limited response overall with little focus on the demands of the question. Provides an answer to the question set that: - demonstrates a limited range and depth of knowledge and understanding of issues in the question - demonstrates analysis with little development and with mainly descriptive application to the context.	1–3

The demands of the question are:

- to understand contingency planning
- to analyse how this may help DT reduce the negative impacts of problems with supply
- to analyse this through to the impact on competitiveness.

Indicative content:

- contingency plans allow a business to work through ‘what if’ scenarios to plan in case predictable disruptions might occur
- in effect the contingency plan allows managers to give thought to what to do if XYZ happens – meaning if something does happen the business does not start from scratch and will appear more organised in tackling problem
- in this case the business had no contingency plan.
- managed to source alternatives – but not quickly enough to fulfil existing orders, at greater cost and with more defects.
- but at least this maintained production and kept supplying customers
- in this case the events were unexpected – so possibly not part of a contingency plan – but if the process of planning had happened managers may be equipped to manage changes
- with no plan, some customers’ were not fulfilled and as a result competitiveness may fall.

Allow other relevant arguments.

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Level 2: Clear link between either one driving force and one restraining force and the proposed change to pay levels or driving and restraining forces considered but link is not clear or not in context of GA

Level 1: Understanding of Lewin's force field analysis but no or weak link to the proposed pay levels

Credit other valid lines of analysis.

0	3	.	3	<i>To what extent do you think it is essential for an airline to undertake contingency planning?</i>	[16 marks]
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Marks for this question: AO1 = 2, AO2 = 3, AO3 = 4 and AO4 = 7

Level	The student will typically demonstrate:	Marks
4	An excellent response overall that is fully focused on the key demands of the question. Provides an answer to the question set that: - demonstrates a depth and range of knowledge and understanding that is precise and well selected in relation to issues in the question - demonstrates analysis throughout which is well developed, is applied effectively to the context and considers a balanced range of the issues in the question - makes judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as a whole throughout.	13 -16
3	A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: - demonstrates a depth and range of knowledge and understanding of issues in the question - demonstrates analysis which is well developed, applied effectively to the context and considers a range of issues in the question - makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole.	9-12
2	A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question set that: - demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question - demonstrates analysis which is developed, applied to the context and considers some of the issues in the question - makes judgements or provides solutions which are built on analysis, but lack balance and are not fully focused on the question as a whole.	5-8



MARK SCHEME – A-LEVEL BUSINESS STUDIES – 7132/2 – JUNE 2018

1	A limited response overall with little focus on the demands of the question. Provides an answer to the question set that: • demonstrates a limited range and depth of knowledge and understanding of issues in the question • demonstrates analysis with little development, mainly descriptive application to the context and considers a limited number of issues in the question • makes judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole.	1-4
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Demands of the question focus on:

- an analysis of the value of contingency planning to an airline
- a consideration of the extent to which it is essential
- this requires a supported judgement and a balanced argument in context

Answers may include:

- may help reduce the costs of any negative occurrence in the future and help ensure revenues continue, eg in this case there is the danger of a strike and no passengers
- may help avoid negative publicity, eg if there were cancelled flights or an environmental disaster.

However

- need to consider the potential costs of planning (eg if initial investment in resources is required) and the opportunity cost
- it may be that some contingency planning is required especially in this industry which is high profile.

There are certain issues an airline would be expected to plan for, eg terrorist attack, emergency landings, accidents, major and sudden increases in oil prices. There are other things they may want to plan for, eg sudden departure of Chief Executive.

Whether contingency planning is essential may depend on

- What sort of contingency planning- planning for what?
- How much is invested relative to overall funds of the business and relative to likely impact if event does happen.
- Likely that some contingency planning is essential and that management would be found to be negligent if they did not do it. Question is what and how well they do it.



MARK SCHEME – A-LEVEL BUSINESS – 7132/3 – JUNE 2022

0	6	'Without strategic planning all businesses are doomed to fail.'
		To what extent do you agree with this statement?
		[24 marks]

Marks for this question: AO1 = 5, AO2 = 4, AO3 = 6, AO4 = 9

Level	The candidate will typically demonstrate:	Marks
5	An excellent response overall that is fully focused on the key demands of the question. Provides an answer to the question set that: • demonstrates a depth and range of knowledge and understanding that is precise and well selected in relation to issues in the question • demonstrates analysis throughout which is well developed, is applied effectively to the context and considers a balanced range of the issues in the question • makes judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as whole throughout.	21–24
4	A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: • demonstrates a depth and range of knowledge and understanding of issues in the question • demonstrates analysis which is well developed, applied effectively to the context and considers a range of issues in the question • makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole.	16–20
3	A reasonable response overall that focuses on some of the demands of the question. Provides an answer to the question set that: • demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question • demonstrates analysis which is developed, applied to the context and considers some of the issues in the question • makes judgements or provides solutions which are built on analysis, but lack balance and are not fully focused on the question as a whole.	11–15
2	A limited response overall with little focus on the demands of the question. Provides an answer to the question set that: • demonstrates a limited range and depth of knowledge and understanding of issues in the question • demonstrates analysis with little development, mainly descriptive application to the context and considers a limited number of issues in the question • makes judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole.	6–10



MARK SCHEME – A-LEVEL BUSINESS – 7132/3 – JUNE 2022

1	A weak response overall lacking focus on the demands of the question. Provides an answer to the question set that: • demonstrates isolated or imprecise knowledge and understanding • demonstrates undeveloped analysis with descriptive application to the context and lacking focus on the question • makes judgements or proposes solutions based on assertions.	1–5
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The demands of this question are:

- analyse the role of strategic (future) planning in preventing business failure
- analyse how businesses can survive, or even thrive, without strategic planning (ie reacting to issues as they arise)
- make a judgement on the extent to which a lack of strategic planning will lead to business failure for all businesses.

Indicative content:

Contingency planning should be accepted as a form of strategic planning

A lack of strategic planning will lead to failure because:

- market trends may be missed or not reacted to – for example technological change which radically alters a market can be spotted and plans implemented to adjust to the changes – Nokia failed while Apple succeeded
- the business may lack a logical and overarching plan to co-ordinate business resources and ensure that the resources required can be acquired
- strategic drift is more likely to occur.

A lack of strategic planning will not necessarily lead to failure because:

- Intuitive decision-making may allow great innovations to take place, where a more considered strategic approach to planning may shy away from risk.
- Emergent strategy can be effective but, by definition, does not involve the realization of traditional long-term strategic planning. Businesses can thrive through effective use of emergent strategy.
- Business failure is ultimately the result of a shortage of cash. Managing cash effectively may not require strategic planning, merely careful cash management.
- Strategic planning has limitations. There are plenty of reasons for failure that may not be prevented by strategic planning:
 - A plan must be implemented effectively in order to provide benefit to the business. Failure in implementation is a very common cause of business failure.
 - Without effective leadership to drive strategic action, a business may choose the wrong strategy or fail to implement the plan effectively.
 - Organisational structure may hamper efforts to follow the right strategic plan – a business expanding internationally into markets where the need to respond to local conditions is high will need to ensure a decentralised structure – centralised decision-making will not enable local conditions to be satisfied.
 - Poor communication within an organisation may also mean strategic plans are not implemented effectively.
 - Economic change may be very hard to predict – neither the financial crash of 2008 nor the global pandemic of 2020 were widely foreseen. Such unpredictable events may drive businesses into failure, although to some extent contingency planning may help to mitigate this risk.
 - Technological change can be the result of an innovative breakthrough by one business which effectively protects its intellectual property – meaning rivals simply cannot develop a product or service to compete given the HR and/or financial constraints they may face.



MARK SCHEME – A-LEVEL BUSINESS – 7132/3 – JUNE 2022

- The arrival of a new competitor may ‘come out of the blue’ – ie be unpredictable, thus impossible to plan for. Where the competitor is especially powerful this may spell doom for existing companies who would have been unable to plan for such an eventuality.

At SSN Ltd:

(there is no expectation to refer to SSN Ltd, but it can be used as valid context)

(a response that SOLELY considers SSN Ltd as a context would not fully address the third demand of the question re. ‘all businesses’)

- Bemis’s lack of willingness to adopt a strategic planning approach is likely to lay behind many of the business’ issues, including a failure to build an organisation that effectively manages its finances.
- Growth for the sake of growth is rarely an effective strategy, especially if a strategic plan is not developed to head off the problems of growth.

Accept other relevant arguments.

Evaluation

An effective judgement should flow from the arguments presented. Judgement is likely to come through the assessment of situations in which the statement could be true, weighed up against situations in which a business may survive or thrive without strategic planning. A consideration of timescale would be a valid route to judgement – since strategic planning deals with long-term issues, it is failure on the long-term which is more likely, although short-term performance, whilst the external environment remains relatively stable, may be fine.

The extent to which a lack of strategic planning may or may not lead to failure depends on:

- the rate of change in the market or industry in which a business operates
- the quality of management decision-making, which may be affected by experience of market insight
- the extent to which the strategic plan is effectively implemented
- the quality of the strategic planning – were the right choices made?

Overall:

A lack of strategic planning is almost certain to increase the chances of business failure. However, it does not guarantee that all businesses are doomed. There are circumstances in which businesses can thrive or at least survive without strategic planning, whilst there are causes of business failure which strategic planning may be unable to prevent.

MARK SCHEME – A-LEVEL BUSINESS – 7132/3 – JUNE 2022

Appendix 1

Though no question requires the calculation of financial ratios, some students may have attempted to calculate ratios for SSN Ltd to help contextualise their responses. The most commonly used ratio values are shown in the table below:

Ratio	Value
Current ratio	$\frac{\pounds 17\text{m}}{\pounds 23\text{m}} = \mathbf{0.74}$
Gearing	$\frac{\pounds 18\text{m}}{\pounds 19\text{m}} \times 100 = \mathbf{94.7\%}$
ROCE	$\frac{\pounds 5\text{m}}{\pounds 19\text{m}} \times 100 = \mathbf{26.3\%}$
Operating profit margin	$\frac{\pounds 5\text{m}}{\pounds 165\text{m}} \times 100 = \mathbf{3.03\%}$
Receivable days	$\frac{\pounds 16.5\text{m}}{\pounds 165\text{m}} \times 365 = \mathbf{36.5 \text{ days}}$
Payable days	$\frac{\pounds 18\text{m}}{\pounds 50\text{m}} \times 365 = \mathbf{131.4 \text{ days}}$
Inventory turnover	$\frac{\pounds 50\text{m}}{\pounds 0.5\text{m}} = \mathbf{100 \text{ times}}$



MARK SCHEME – A-LEVEL BUSINESS – 7132/1 – JUNE 2023

Section C

2	1	Many businesses use contingency planning to prepare for major threats. Some of these contingency plans work well, but others fail to protect the business. To what extent is the success of a contingency plan for a major threat more dependent on internal factors than external factors? [25 marks]
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25-mark evaluative questions: AO1 = 5, AO2 = 4, AO3 = 6 and AO4 = 10

Level	The student will typically demonstrate:	Marks
5	An excellent response overall that is fully focused on the key demands of the question. Provides an answer to the question set that: • demonstrates a depth and range of knowledge and understanding that is precise and well selected in relation to issues in the question • demonstrates analysis throughout which is well developed, is applied effectively to the context and considers a balanced range of the issues in the question • makes judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as a whole throughout.	21–25
4	A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: • demonstrates a depth and range of knowledge and understanding of issues in the question • demonstrates analysis which is well developed, applied effectively to the context and considers a range of issues in the question • makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole.	16–20
3	A reasonable response overall that focuses on some demands of the question. Provides an answer to the question set that: • demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question • demonstrates analysis which is developed, applied to the context and considers some of the issues in the question • makes judgements or provides solutions which are built on analysis, but lack balance and are not fully focused on the question as a whole.	11–15
2	A limited response overall with little focus on the demands of the question. Provides an answer to the question set that: • demonstrates a limited range and depth of knowledge and understanding of issues in the question • demonstrates analysis with little development, mainly descriptive application to the context and considers a limited number of issues in the question	6–10



MARK SCHEME – A-LEVEL BUSINESS – 7132/1 – JUNE 2023

	• makes judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole.	
1	A weak response overall lacking focus on the demands of the question. Provides an answer to the question set that: • demonstrates isolated or imprecise knowledge and understanding • demonstrates undeveloped analysis with descriptive application to the context and lacking focus on the question • makes judgements or proposes solutions based on assertions.	1–5

The demands of the question are:

- showing an understanding of contingency planning
- recognising the nature of potential threat(s)
- understanding and analysing how internal factors can influence the success of a business's contingency planning
- understanding and analysing how external factors can influence the success of a business's contingency planning
- comparing the impact of different factors on the success of contingency planning in order to conclude whether internal factors are more significant than external factors.

Indicative content may include:

Analysing the impact of internal factors, such as:

- the leadership style adopted
- the speed of response of the business
- the resources available to the business, such as its physical assets and human resources, and their suitability to deal with the situation.

Analysing the impact of external factors, such as:

- whether the threat is more or less serious than anticipated
- whether other external factors, such as the state of the economy or political changes, are affecting the contingency plan outcomes
- the reactions of other businesses, such as suppliers and competitors, and the consequent impact on the business.

Evaluation

- assessing instances in which internal actions can limit the problems arising from the event
- assessing the circumstances in which external factors can be most crucial
- making a judgement on whether internal factors are more important than external factors in terms of influencing the success of contingency planning.



MARK SCHEME – A-LEVEL BUSINESS – 7132/1 – JUNE 2024

Section D

2	3	To what extent does rapid change in the external environment mean that strategic drift is inevitable for a business?
[25 marks]		

25-mark evaluative questions: AO1 = 5, AO2 = 4, AO3 = 6 and AO4 = 10

Level	The student will typically demonstrate:	Marks
5	An excellent response overall that is fully focused on the key demands of the question. Provides an answer to the question set that: - demonstrates a depth and range of knowledge and understanding that is precise and well selected in relation to issues in the question - demonstrates analysis throughout which is well developed, is applied effectively to the context and considers a balanced range of the issues in the question - makes judgements or provides solutions which are built effectively on analysis, show balance and have a clear focus on the question as a whole throughout.	21–25
4	A good response overall that focuses on many of the demands of the question. Provides an answer to the question set that: - demonstrates a depth and range of knowledge and understanding of issues in the question - demonstrates analysis which is well developed, applied effectively to the context and considers a range of issues in the question - makes judgements or provides solutions which are built on analysis, show balance and address the question as a whole.	16–20
3	A reasonable response overall that focuses on some demands of the question. Provides an answer to the question set that: - demonstrates a limited knowledge and understanding of a range of issues in the question or a good knowledge and understanding of relatively few issues in the question - demonstrates analysis which is developed, applied to the context and considers some of the issues in the question - makes judgements or provides solutions which are built on analysis, but lack balance and are not fully focused on the question as a whole.	11–15
2	A limited response overall with little focus on the demands of the question. Provides an answer to the question set that: - demonstrates a limited range and depth of knowledge and understanding of issues in the question - demonstrates analysis with little development, mainly descriptive application to the context and considers a limited number of issues in the question - makes judgements or proposes solutions which have limited links to analysis or limited focus on the question as a whole.	6–10

MARK SCHEME – A-LEVEL BUSINESS – 7132/1 – JUNE 2024

1	A weak response overall lacking focus on the demands of the question. Provides an answer to the question set that: • demonstrates isolated or imprecise knowledge and understanding • demonstrates undeveloped analysis with descriptive application to the context and lacking focus on the question • makes judgements or proposes solutions based on assertions.	1–5
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The demands of the question are:

- showing an understanding of the external environment and how it might change (rapidly)
- showing an understanding of 'strategic drift'
- analysing the factors, both internal and external, that can lead to strategic drift
- assessing the extent to which strategic drift is inevitable as a result of rapid change in the external environment.

Indicative content may include:

- understanding that a strategy is more likely to become unsuitable (drift) as a result of change
- understanding that a business focusing on a 'planned strategy' is more likely to experience strategic drift than one that focuses on an 'emergent strategy' approach
- recognising the possible external changes that can contribute to strategic drift, such as:
 - actions of competitors
 - changes in consumer tastes
 - economic change
 - changes in individual behaviour and attitudes
 - changing customer expectations
 - environmental changes
 - political, legal and social change
 - technological change
- analysing how the factors above might cause changes
- analysing how internal factors can contribute to strategic drift through factors such as:
 - a rigid culture
 - a reluctance to change strategies and methods
 - being reactive to change rather than being proactive and anticipating change
 - an organisational structure that is rigid and not suited to external changes
 - an unwillingness or inability to keep pace with technological change
 - inertia.

Evaluation

The wide range of factors that can lead to strategic drift suggests that some strategic drift is likely to occur. However, the extent to which strategic drift is inevitable will depend on:

- how significant the external changes affecting the business are – for example, is there a major change in the economy or consumer tastes
- what has caused the external change. For example, new entrants into a market may cause quicker and more significant change to strategy than a more gradual change, such as might occur through social or environmental factors
- how prepared the business is to modify the internal factors that might lead to strategic drift. The business might be able to limit strategic drift by:
 - assessing how constant monitoring and reviewing of external and internal factors can prevent or limit the extent to which strategic drift occurs in a business
 - using a philosophy based on emergent strategies rather than a rigid planned strategy approach
 - evaluating the need for significant, possibly transformational change, can reduce or overcome strategic drift.



MARK SCHEME – A-LEVEL BUSINESS – 7132/1 – JUNE 2024

Evaluation will be further credited to answers that draw a conclusion that assesses the extent to which rapid external change makes strategic change inevitable.



WHAT THE EXAMINERS SAID · comments from AQA's Reports on the Examination

Quoted word for word, in the same order as the questions. Not every question has a comment.

2. Q12 · A Level Paper 1 · June 2018 · 1 mark · 3.10.1

< MARK SCHEME

This was a relatively accessible question on Kotter & Schlesinger's ideas on overcoming resistance to change. Nearly 60% of students gave the correct answer. The popularity of two of the incorrect responses suggests a relatively high level of uncertainty amongst students on this topic.

Source: AQA Report on the Examination, A Level Business 7132/1, June 2018.

4. Q3 · A Level Paper 1 · June 2024 · 1 mark · 3.10.1

< MARK SCHEME

From the examiner's comments on Section A (multiple-choice questions). The comment may mention other questions too.

Question 9, on 'decision trees' proved to be the easiest question, followed closely by question 3, on layering. Two popular topics –

Source: AQA Report on the Examination, A Level Business 7132/1, June 2024.

5. Q20 · A Level Paper 1 · June 2018 · 9 marks · 3.10.1

< MARK SCHEME

This proved to be the most accessible of the Section B questions, with almost 40% of students reaching level 3 on the marking scheme. Most students understood layering and were able to offer relevant arguments. The consequences were frequently linked well to profit, with negative and positive consequences explored. Responses often showed a good understanding of this concept.

Source: AQA Report on the Examination, A Level Business 7132/1, June 2018.

6. Q3.2 · A Level Paper 2 · June 2018 · 9 marks · 3.10.1

< MARK SCHEME

Overall this was an accessible question. The majority of students achieving at least level 2 and a high proportion in the top band of the marking scheme. Those who fully read and answered the question using Appendix G had a good basis from which to develop their arguments. The analysis of the restraining force was generally better with students recognising the increased bargaining power of the cabin crew and the threat of industrial action.

Most students were able to identify a driving and a restraining force, although a minority got them mixed up. There were too many students however that hadn't read the question fully and therefore failed to use Appendix G in their answers. Of those that did use the appendices, many students did not make the link between the income elasticity of +1.5 and the predicted fall in incomes. Many were still confused between income elasticity and price elasticity and thus went off at a tangent. There was an overall lack of focus on how the forces related to the cut in pay.

Even when students opened their argument with words from the question for focus, paragraphs were quite lengthy and by the time they had got to the end the focus was lost. Many students would have benefitted by taking their argument back to the question at the end.

Source: AQA Report on the Examination, A Level Business 7132/2, June 2018.

7. Q2.2 · A Level Paper 2 · June 2019 · 9 marks · 3.10.1

< MARK SCHEME

The question called for an advantage and disadvantage to reach Level 3 and in context of the business, not for the employees. More effective responses made clear links between flexible contracts and application to WeRide. With this question there were many possible advantages and disadvantages. The key to a good response was for students to plan and select the most appropriate ie those they could analyse most clearly. The majority considered the advantages to be cost related, and the disadvantages were linked to motivation and how it would improve customer satisfaction. More effective responses considered how WeRide could benefit from lower

fixed costs and higher profits due to better management of shifts and driver availability, while conversely the insecurity of employees may demotivate drivers and lead to increase in labour turnover increasing recruitment/training costs.

Many students struggled though to put this in terms of WeRide and a taxi company, often leading the development of points to be rather generic in approach.

Source: AQA Report on the Examination, A Level Business 7132/2, June 2019.

8. Q3.3 · A Level Paper 2 · June 2023 · 9 marks · 3.10.1

< MARK SCHEME



Q3.3 · A Level Paper 2 · June 2023 (continued)

Overall, this was a well answered question. Most students were able to achieve at least level 2 by referring to the forces for change in relation to Simply Bake. The more developed answers that were able to access higher marks referred to driving forces and resisting forces and considered the relative weighting of each in the decision to make the change.

However, like the other theoretical questions, success here rested on knowing the theory. Many identified the driving force and were able to develop through. Far fewer were able to state or show the driving force outweighed the restraining force. A common inaccuracy was to mistakenly assert that it was the general customers who were providing the driving force rather than identifying Simply Bakes customers are the supermarkets.

Source: AQA Report on the Examination, A Level Business 7132/2, June 2023.

9. Q18 · A Level Paper 1 · June 2025 · 9 marks · 3.10.1

[< MARK SCHEME](#)

This question had the greatest facility of the 9 mark questions, with most students reaching level 2 or 3. Most students were able to show an understanding of at least one element of the data in the table and demonstrate its impact on the speed of response, although a significant minority tended to focus on other outcomes, rather than the speed of response. Students showed a clear understanding of organisational structures and in a number of cases the impact of tall and flat structures on speed of response. The main discriminating factors were the reference to (or lack of reference to) the speed of response and the limited focus on just one item of data in the answer.

Source: AQA Report on the Examination, A Level Business 7132/1, June 2025.

10. Q1 · A Level Paper 3 · June 2017 · 12 marks · 3.10.1

[< MARK SCHEME](#)

The best responses to this question showed a clear understanding of Kotter and Schlesinger's barriers to change. Focusing on two barriers, successful students identified the barrier, analysed why this barrier was likely to arise in the case of KMH and considered the consequences. A number of less successful responses drifted away from the focus of the question to explain how barriers could be overcome.

Less successful responses often showed little or no understanding of Kotter and Schlesinger's work on barriers to change, and instead analysed barriers that did not relate to why people in an organisation resist change.

Source: AQA Report on the Examination, A Level Business 7132/3, June 2017.

11. Q1 · A Level Paper 3 · June 2025 · 12 marks · 3.10.1

[< MARK SCHEME](#)

General feedback

A question which caused problems for some, this examined a model that has been on the specification since its inception. Some 'for' change responses simply explained why the business needed to change with no reference to Lewin or the terminology of the model. These were limited responses. A number of students did successfully identify forces driving change (or referred, acceptably) to for change or 'push' factors. Analysis of restraining forces proved rarer. Unfortunately, some misidentified negative driving forces – notably a shrinking European market, as restraining forces.

The very best responses picked up on the word 'now' in the question and were able to show that Lewin's model suggests that these forces are changing all the time and change will occur only once the driving forces outweigh the restraining forces.

Source: AQA Report on the Examination, A Level Business 7132/3, June 2025.

12. Q2.3 · A Level Paper 2 · June 2024 · 16 marks · 3.10.1

[< MARK SCHEME](#)

Most students were able to at least access level 2, as they were able to discuss the pros and cons of trade unions or general theories of resistance to change. Many were able to develop straightforward arguments but then there was often a lack of consideration on the focus of trade unions, consultation, and strategy. Higher scoring responses were able to access level 3, by referencing wider examples where consultation with unions has not worked eg rail workers or junior doctors or using examples of industries where unionisation (density) is not strong eg retail. Some students brought in models such as Kotter and Schlesinger or Lewin but at times became too generic and descriptive of these models and lost focus to "consultation." A few confused trade unions with trading blocs or the pros and cons of trade.

Source: AQA Report on the Examination, A Level Business 7132/2, June 2024.

13. Q21 · A Level Paper 1 · June 2018 · 25 marks · 3.10.1

[< MARK SCHEME](#)


Q21 · A Level Paper 1 · June 2018 (continued)

Although this was the least popular essay, student performance on this question proved to be a fairly close match with the other essays. Most students showed understanding of stakeholder mapping and the better responses were able to link the usefulness of stakeholder mapping to managing change, using situations or scenarios to show when it was (or was not) helpful or sufficient. Some students drifted into evaluation of change management without having established the use of stakeholder mapping first.

Source: AQA Report on the Examination, A Level Business 7132/1, June 2018.

14. Q25 · A Level Paper 1 · June 2022 · 25 marks · 3.10.1

< MARK SCHEME

As with Q23, this essay proved to be a popular choice. Many students drew on their own experiences or knowledge to support their arguments and the use of context was again a particular strength of the cohort's answers to this question. On the whole, answers showed balance and an effective use of business theory in answering this question. Most students drew on the reference to 'unethical' in their response, although interpretations of the term varied considerably. Some students produced excellent answers, based solely on zero-hour contracts. However, students who recognised other forms of flexible employment contracts were able to produce more wide-ranging responses.

Overall, performance in the Section D essays did not match performance on Section C. This may have arisen from students running out of time, but on the whole students seemed to have more than enough time to complete their answers.

Source: AQA Report on the Examination, A Level Business 7132/1, June 2022.

16. Q11 · A Level Paper 1 · June 2018 · 1 mark · 3.10.2

< MARK SCHEME

This question was on Hofstede's view of national cultures. The majority of students gave the correct answer (C) but almost one-quarter gave option D. It was evident that students had a better understanding of long-term orientation than uncertainty avoidance.

Source: AQA Report on the Examination, A Level Business 7132/1, June 2018.

17. Q6 · A Level Paper 1 · June 2019 · 1 mark · 3.10.2

< MARK SCHEME

This test of Handy's cultures was answered well, with most students providing the correct answer. The answers indicated that students were clearer in their understanding of power culture than role or task cultures.

Source: AQA Report on the Examination, A Level Business 7132/1, June 2019.

18. Q13 · A Level Paper 1 · November 2020 · 1 mark · 3.10.2

< MARK SCHEME

From the examiner's comments on Section A (multiple-choice questions). The comment may mention other questions too.

Q13 – This question required precise knowledge of Hofstede's model. Only 30% of the students were able to provide the correct answer indicating that many students lacked this knowledge, although it was the most popular response. All three distractors were chosen regularly.

Source: AQA Report on the Examination, A Level Business 7132/1, November 2020.

20. Q3.2 · A Level Paper 2 · November 2020 · 5 marks · 3.10.2

< MARK SCHEME

Power culture was generally quite well understood and the reasons for moving away from it developed. Not all students were able to set this in the context of shareholders.

Source: AQA Report on the Examination, A Level Business 7132/2, November 2020.

21. Q3.1 · A Level Paper 2 · June 2017 · 9 marks · 3.10.2

< MARK SCHEME

The best answers showed a good understanding of Hofstede's theory, linked it to an autocratic approach and explained clearly how the management style needed to change and why this is necessary. Contrasting the UK management style to that of South Africa and its more hierarchical model was a popular approach. This allowed an effective discussion of the differing culture the manager will face in her new environment. Very good students were able to analyse the data well.

A significant number of students did not understand 'Power Distance'. It was evident many had not learnt Hofstede in the depth required to succeed on this question. Some students knew what Power Distance was and could explain it and identify a potential need to change to a more autocratic style, but then did not develop this line of argument. Many interpreted the data the wrong way round or students who knew Hofstede discussed wider theories of cultural difference but lacked focus on the specifics of this question.

Source: AQA Report on the Examination, A Level Business 7132/2, June 2017.



22. Q2.2 · A Level Paper 2 · June 2018 · 9 marks · 3.10.2[< MARK SCHEME](#)

The question asked for 'actions' and to reach Level 3 on the marking scheme more than one action was needed in context to Lego. Stronger responses made a clear link between possible actions and how they would support the sharing of the culture. The application to Lego was evident in the better responses. With this question there were many possible actions – the key to a good response was for students to think and plan to select the most appropriate actions i.e. those they could analyse most clearly. Understanding of culture was good, with the recruitment process being a popular action suggested to get the type of person likely to have the qualities to correspond to the Lego culture. Training was also proposed as an action to emphasise and draw out 'Ideas or Creativity' in employees. Many students had clearly studied Google and applied their studies to Lego.

Most responses suggested that students understood the concept of culture and as a result came up with relevant points. However, many did not develop their points in enough detail and many responses were generic and not in context of Lego. Many students tried to incorporate motivational theorists into this answer and, whilst it worked for some, it resulted in a confused and poorly written answer for others. Many were more focused on motivation using generic and often irrelevant or inaccurate application of theories to address employee performance rather than addressing 'sharing culture'.

Source: AQA Report on the Examination, A Level Business 7132/2, June 2018.

23. Q19 · A Level Paper 1 · June 2024 · 9 marks · 3.10.2[< MARK SCHEME](#)

Discrimination on this question tended to be provided by the student's understanding of role culture. Most students showed a better understanding of power culture than role culture and there were some excellent uses of context in the analysis presented. Role culture was understood, but students tended to find it more difficult to integrate this knowledge into their answer to the question set. Stronger answers were often those that were able to explain why a role culture might lead to underperformance, and how a power culture could rectify this issue. Where both cultures were utilised in the analysis there was a tendency to reach Level 3

Source: AQA Report on the Examination, A Level Business 7132/1, June 2024.

24. Q4 · A Level Paper 3 · June 2022 · 16 marks · 3.10.2[< MARK SCHEME](#)

This was a question that most students clearly felt confident in answering, and it was, on the whole, well-answered. The most common limitation was a tendency to provide one-sided responses - only exploring the benefits of changing from a power to a role culture. The question clearly invited an examination of either the problems that might be caused by the cultural change or analysis of the benefits of maintaining a power culture. A small number of students wrote about

other cultural types identified by Handy, but not required by the question – an example of the importance of sticking closely to the question asked.

Source: AQA Report on the Examination, A Level Business 7132/3, June 2022.

27. Q12 · A Level Paper 1 · June 2019 · 1 mark · 3.10.3[< MARK SCHEME](#)

and Question 13

Both questions were based on a network diagram. Other than Question 4, these two questions proved to be the most challenging multiple-choice questions in this paper. They required careful scrutiny of the network. Question 13 in particular proved to be a challenging test because many students did not recognise that there were four different paths through the network. However, it was pleasing to see that nearly all students recognised that the 6-day delay in a non-critical activity would not increase the critical path by 6 days.

Source: AQA Report on the Examination, A Level Business 7132/1, June 2019.

36. Q3.2 · A Level Paper 2 · June 2019 · 9 marks · 3.10.3[< MARK SCHEME](#)

This proved quite a tricky question for some students. Most students understood the difference between the two but very few were able to make comparisons between them and really state why a regional structure would be more suitable. There were numerous generic, knowledge-based responses as students found it slightly difficult to get context into their answers. A number did achieve this by discussing the products that Galin made and their suitability for different regions. Many students attempted to use relevant theories like Bartlett and Ghoshal or Hofstede's Cultural Dimensions, and a few did so well. The idea of being more able to cater for local needs was the most common approach and some effective responses focused on this, giving context of different markets/cultures and contrasting this with a more centralised standard approach.

A number of answers were focused on labour costs in different regions and answered the question as if it was multinationals with production in different countries. There was much quoting of information that was in the case without developing the benefits of using it. Using the stimulus is good to help support arguments and build context to responses, but simply restating the text does not gain any merit.



Q3.2 · A Level Paper 2 · June 2019 (continued)

Source: AQA Report on the Examination, A Level Business 7132/2, June 2019.

37. Q3.2 · A Level Paper 2 · June 2024 · 9 marks · 3.10.3

[< MARK SCHEME](#)

The higher scoring answers here were able to focus on the context of multiple products and suggest how and why the company might change to a more matrix style of organisational design. The majority of students were able to suggest changes, many picking up on the lack of Research and Development department or the current flat structure and explaining how this could change, but more than found it tricky to relay the why these changes might be made.

Some students misinterpreted the question and referred to design of products instead of the organisation.

Source: AQA Report on the Examination, A Level Business 7132/2, June 2024.

38. Q3 · A Level Paper 3 · June 2018 · 16 marks · 3.10.3

[< MARK SCHEME](#)

Students who were able to calculate the duration of the network provided in Appendix B, especially after the 'new' information provided in the body of the text, were well on their way to an excellent answer. Unfortunately, some failed to use the results of their calculations to fully address the likelihood of Jack meeting the deadline. There were some one-sided responses, that failed to weigh up issues that may prevent the deadline being reached, and without any balance, an answer struggles to move beyond the level of reasonable. However, for many students this question offered an opportunity to produce a two-sided, developed response, using the information required by the question and produce a top-level response. This question does illustrate the importance of ensuring that any information explicitly referred to in the question (e.g. appendix B), must be used in order to fully meet the demands of the question

Source: AQA Report on the Examination, A Level Business 7132/3, June 2018.

40. Q3 · A Level Paper 3 · June 2025 · 16 marks · 3.10.3

[< MARK SCHEME](#)

General feedback

The question explicitly asked for Appendix C data to be used and there was an expectation that the expected duration of the project would be calculated. This enabled the data to be used to support the premise that the factory could be opened within a year. Almost all students recognised the need to provide a two-sided response – finding arguments from the case study to suggest that a year might not be feasible.

Evaluation on this question tended to be somewhat simplistic, without weighing up the relative merits of the two sides of argument, and simply choosing one or other perspective. A worryingly high minority of students showed no understanding of network analysis but were able to pick up some marks by exploring qualitative issues that may cause delays to the factory construction. However, without accurate use of Appendix C data, responses were not likely to achieve a level 3 or 4 mark.

Source: AQA Report on the Examination, A Level Business 7132/3, June 2025.

41. Q6 · A Level Paper 3 · June 2023 · 24 marks · 3.10.3

[< MARK SCHEME](#)

General feedback

This question, as is common for question 6s on Paper 3, proved challenging to students in two main ways. Firstly, many students failed to offer context to their responses, meaning that theoretical analysis could be credited, but a developed argument requires an aspect of context applied to the analysis. Though this may be by naming a specific business case (Logger Boards would have been credited), context may equally well be shown by illustrating a scenario in which an argument may be especially relevant (leadership may be more important to growth if existing and new staff are inexperienced or unskilled). The second common problem is the difficulty that students find in addressing all the demands of the question. In this case, many students were unable to effectively explore the 'growth strategy' aspect of the question, instead analysing the relative importance of leadership in business success in general. Some students struggled to offer any valid counter-argument, required for evaluative questions to show some balance.

Source: AQA Report on the Examination, A Level Business 7132/3, June 2023.

42. Q14 · A Level Paper 1 · June 2018 · 1 mark · 3.10.4

[< MARK SCHEME](#)

This question gave two true-false statements on strategy. Over half of students gave the correct answer. Their responses indicated a high level of certainty on the meaning of 'emergent strategy' but less certainty on 'strategic drift'. In essays, students are very keen to introduce 'strategic drift' into their answers; it appears to be a topic which excites interest more than understanding.

Source: AQA Report on the Examination, A Level Business 7132/1, June 2018.



43. Q7 · A Level Paper 1 · June 2019 · 1 mark · 3.10.4[< MARK SCHEME](#)

Most students showed a good understanding of strategic drift in responding to this 'definition' style of question.

Source: AQA Report on the Examination, A Level Business 7132/1, June 2019.

44. Q6 · A Level Paper 1 · November 2020 · 1 mark · 3.10.4[< MARK SCHEME](#)

From the examiner's comments on Section A (multiple-choice questions). The comment may mention other questions too.

Q6 – This test of strategic drift confirmed that some students lack clarity in their understanding of strategic drift, with all three distractors showing some support, although the correct option was chosen by over 40% of students.

Source: AQA Report on the Examination, A Level Business 7132/1, November 2020.

45. Q14 · A Level Paper 1 · June 2022 · 1 mark · 3.10.4[< MARK SCHEME](#)

From the examiner's comments on Section A (multiple-choice questions). The comment may mention other questions too.

Questions 14 and 11 also provided a significant challenge to students. In Q14, although, 'strategy' is a central theme of the specification, students often lacked the precise understanding required to answer this question. For Q11 (on SWOT analysis), it was a lack of understanding of infrastructure (Section 3.7.4) that caused the problem.

Source: AQA Report on the Examination, A Level Business 7132/1, June 2022.

47. Q3.5 · A Level Paper 2 · June 2022 · 9 marks · 3.10.4[< MARK SCHEME](#)

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

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

Source: AQA Report on the Examination, A Level Business 7132/2, June 2022.

48. Q3.3 · A Level Paper 2 · June 2018 · 16 marks · 3.10.4[< MARK SCHEME](#)

The key to this question was whether contingency planning is "essential" in the context of airlines. The basis of the GA cabin crew dispute gave a ready-made vehicle to discuss the need for a plan and better responses built on this to offer a wider range and depth and context of airlines rather than just GA. There were some good examples of real airlines and the problems they have faced in context of contingency plans containing some very good references to Ryanair pilot strikes, volcanoes, terrorist activities and in-flight accidents as well as planes in the wrong place following the recent Beast from the East that caused European wide disruption to flights. The better responses were able to balance this with arguments regarding the level of time, cost and resource required for contingency planning with several very solid lines of argument referencing the competitive nature of the industry and the pressures on those that especially operate in the low-cost bracket.

Less well-developed responses were those that understood why contingency planning might be useful in the context of the GA case, but could not balance this view. Plenty of students could identify why it was essential but struggled to develop counter arguments or had weak development making the answer unbalanced. Some struggled to get into context of an airline, instead writing a general essay on the pros and cons of contingency planning and did not focus on whether it is essential.

Many answers talked about other types of planning: a marketing strategy or human resource planning or planning for seasonal demand. There was often confusion between what is a crisis needing a contingency plan and what is strategy ie price cuts/customer service. Weaker students were focused on strategic planning rather than contingency, and although some answers were well written, they didn't answer the question. Worryingly it was apparent that some students had no comprehension of the notion of contingency planning at all.

Source: AQA Report on the Examination, A Level Business 7132/2, June 2018.



49. Q6 · A Level Paper 3 · June 2022 · 24 marks · 3.10.4[< MARK SCHEME](#)

The vast majority of students had sufficient time to produce a substantial response to this question. The best responses showed a clear understanding of the nature and purpose of strategic planning, thus building effective arguments about how a business that eschews these benefits is likely to increase its risk of failure. Most students could see a counter-argument loosely based around emergent strategy as an alternative that can be especially effective in highly dynamic external environments. Perhaps an indicator of time pressure was the difficulty that some had in fully returning to the question in making their judgements – too few focused on the statement ‘all businesses are doomed to fail’ within their judgement.

Source: AQA Report on the Examination, A Level Business 7132/3, June 2022.

50. Q21 · A Level Paper 1 · June 2023 · 25 marks · 3.10.4[< MARK SCHEME](#)

There were some excellent answers to this question, showing a clear understanding of the nature of contingency planning and the internal and external factors that might affect the successful implementation of the plan. Good responses tended to either emphasise the importance of leadership and planning or examined the external changes that might impact on successful implementation of a contingency plan. It was pleasing to see such a variety of approaches, with answers drawing on different theories, such as business culture and management styles. Weaker responses tended to discuss planning in general, rather than contingency planning. Many students incorporated the impact of Covid into their answers, to good effect. Other topical issues were also utilised, often to good effect.

Source: AQA Report on the Examination, A Level Business 7132/1, June 2023.

51. Q23 · A Level Paper 1 · June 2024 · 25 marks · 3.10.4[< MARK SCHEME](#)

There was a range of responses to this question. Most answers showed a good understanding of external changes and their impact on business strategy. However, the understanding of the concept of strategic drift was less clear. Many students appeared to perceive it to be a deliberate and planned change in strategy. Nevertheless, overall performance was comparable to other questions because of the strength of the analysis of external change.

Source: AQA Report on the Examination, A Level Business 7132/1, June 2024.

