

AS AND A-LEVEL **BUSINESS**

AS (7137)

A-level (7138)

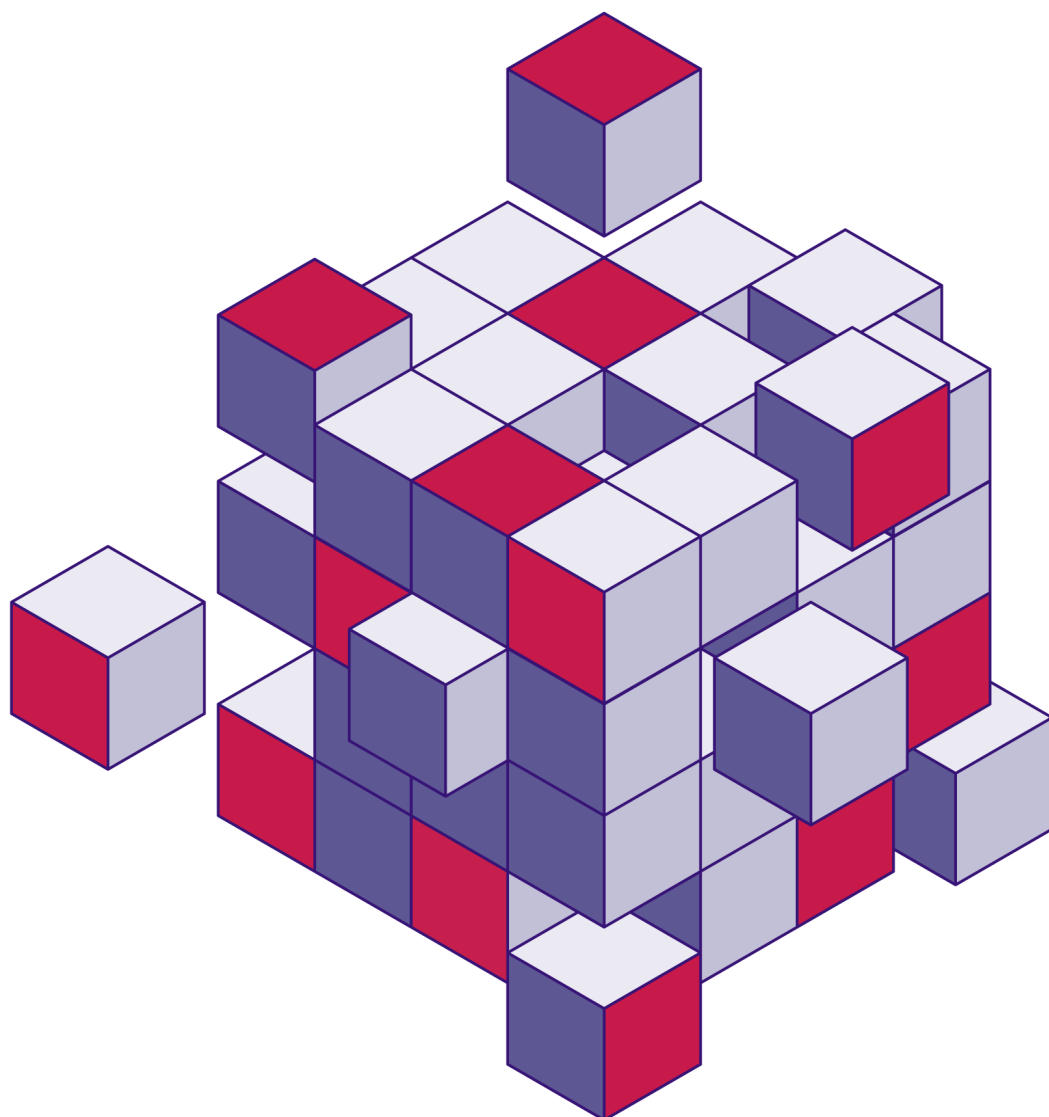
Specification

For teaching from September 2026 onwards

For AS exams in 2027 onwards

For A-level exams in 2028 onwards

Version 1.1 November 2025



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Are you using the latest version of this specification?

- You will always find the most up-to-date version of this specification on our website at aqa.org.uk/7138
- We will write to you if there are significant changes to the specification.

1 Introduction

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

Dynamic and engaging content

We have a long history and proven track record of providing high quality, successful business qualifications that we have continued to improve through teacher feedback, operational experience and by working closely with universities and the wider academic community.

Our content is designed to engage learners through topics and issues that are relevant to today's society. Learners will study key contemporary developments such as digital technology, impact of business on the environment, business ethics, modern workplace practices and global strategy.

Real-life skills

Learners will develop real-world knowledge and practical skills to analyse data, think critically about issues and make informed decisions – all of which are essential for further study and employment.

Assessment success

Our question papers use consistent question types, command words and follow the same structure across all papers. The question types will drive skills such as application, analysis, problem-solving and decision-making. Real-life case studies will be used and all questions will be asked within business contexts.

Teach AS and A-level together

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

Comprehensive support

We offer a comprehensive range of support and resources to help with your planning, teaching and assessment of our specifications through direct contact with our business subject team, our website, teacher CPD courses and work with publishers. At AQA, we help your learners get the results they deserve, from the exam board you can trust.

You can find out about all our business qualifications at aqa.org.uk/business

1.2 Support and resources to help you teach

We've worked with experienced teachers to provide you with a range of resources that will help you confidently plan, teach and prepare for exams.

Teaching resources

Visit aqa.org.uk/7138 to see all our teaching resources. They include:

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

Preparing for exams

Visit aqa.org.uk/7138 for everything you need to prepare for our exams, including:

- past papers, mark schemes and examiner reports
- Exampro: a searchable bank of past AQA exam questions
- example learner answers with examiner commentaries.

Analyse your learners' results with Data Insights

Find out which questions were the most challenging, how the results compare to previous years and where your learners need to improve. Data Insights, our free online results analysis tool, will help you see where to focus your teaching. Find out more at aqa.org.uk/data-insights

For information about results, including maintaining standards over time, grade boundaries and our post-results services, visit aqa.org.uk/results

Keep your skills up-to-date with professional development

Time in the classroom is precious, but we understand that as your career develops, the skills and knowledge you need may change. As well as subject-specific training, we offer a range of courses to help boost your skills.

Our events calendar is full of different ways for you to learn, understand and be inspired. Find out more at aqa.org.uk/professional-development.

Help and support

Visit our website for information, guidance, support and resources at aqa.org.uk/7138

If you'd like us to share news and information about this qualification, sign up for emails and updates at aqa.org.uk/keepinformed

Alternatively, you can call or email our subject team direct.

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2 Specification at a glance

This qualification is linear. Linear means that learners will sit all their exams at the end of the course.

2.1 Subject content

3.1 [Unit: What is business? Managing marketing and finance](#) (page 12)

- 3.1.1 [Business and objectives](#) (page 12)
- 3.1.2 [Forms of business and stakeholders](#) (page 13)
- 3.1.3 [Marketing management](#) (page 14)
- 3.1.4 [Financial management](#) (page 18)

3.2 [Unit: Managing people and operations](#) (page 21)

- 3.2.1 [People management](#) (page 21)
- 3.2.2 [Operations management](#) (page 24)
- 3.2.3 [Managing business culture \(A-level\)](#) (page 28)

3.3 [Unit: Business and society, business and the external environment, and business strategy \(A-level only\)](#) (page 29)

- 3.3.1 [Business and society](#) (page 29)
- 3.3.2 [Business and the external environment](#) (page 30)
- 3.3.3 [Strategy](#) (page 31)
- 3.3.4 [Change](#) (page 34)

2.2 Assessments

AS

Paper 1
What's assessed AS content in Unit 3.1 (see section 4.6.1)
How it's assessed • Written exam: 1 hour 45 minutes • 80 marks • 50% of AS
Questions Two case studies. Each case study will be followed by six compulsory questions worth 40 marks in total.



Paper 2
What's assessed AS content in Unit 3.2 (with links to Unit 3.1. See section 4.6.1)
How it's assessed • Written exam: 1 hour 45 minutes • 80 marks • 50% of AS
Questions Two case studies. Each case study will be followed by six compulsory questions worth 40 marks in total.

A-level

Paper 1
What's assessed Unit 3.1 (see section 4.6.2)
How it's assessed • Written exam: 2 hours • 90 marks • 33.3% of A-level
Questions Two case studies. Each case study will be followed by five compulsory questions worth 45 marks in total.



Paper 2**What's assessed**

Unit 3.2 (with links to Unit 3.1. See section 4.6.2)

How it's assessed

- Written exam: 2 hours
- 90 marks
- 33.3% of A-level

Questions

Two case studies. Each case study will be followed by five compulsory questions worth 45 marks in total.

**Paper 3****What's assessed**

Unit 3.3 (with links to Unit 3.1 and Unit 3.2. See section 4.6.2)

How it's assessed

- Written exam: 2 hours
- 90 marks
- 33.3% of A-level

Questions

Two case studies. Each case study will be followed by five compulsory questions worth 45 marks in total.

3 Subject content

Learners of this course should study business in a variety of contexts (eg different sized businesses, different sectors, UK focused and multinational, business to business, business to consumer and a range of different markets and business situations) and consider topics such as:

- the functional areas of business namely marketing, finance, operations and human resources
- the impact of digital technology on business
- the influence of ethical and environmental issues on business decisions
- the external environment of business
- the importance of the context of business in relation to decision-making
- strategic planning
- how business activities affect competitiveness
- the interrelated nature of business activities
- use of non-quantitative and quantitative data in decision-making (including the interpretation of index numbers and calculations such as ratios and percentages). See [Annex: Quantitative skills in business](#) (page 45)

The subject content in this specification is structured by main area of study (listed under 'content') and what learners need to know about that main area of study (listed under 'additional information').

The subject content is divided into three main units. It is expected that learners will build upon the knowledge, skills and understanding developed as they move through each unit, making connections between the content included in each.

The topics lend themselves to studying and engaging with the business world. The specification and assessment should encourage learners to follow business developments and think critically about contemporary business issues. The assessment material is based on real business situations which helps ensure our assessments remain relevant and engaging. Where appropriate, real company data will be provided. However, in some instances, data may be fabricated solely for illustrative purposes. Any such fabricated data is not affiliated with, nor does it represent, any actual business or organisation.

3.1 Unit: What is business? Managing marketing and finance

3.1.1 Business and objectives

Content	Additional information
Entrepreneurs	• reasons for setting up in business: financial and non-financial • characteristics of entrepreneurs: risk taker, resilient, focused, passionate, innovative, adaptable • challenges of setting up in business • change in role of entrepreneurs as business grows
Business planning and decisions	• purpose and value of a business plan • meaning and importance of competitiveness • influences on business decisions: objectives, risk, reward, resources, market conditions, ethics, opportunity costs • importance of risks and rewards in business decision making • ethical dilemmas in decision making including profit vs ethics
Business objectives	• purpose and value of setting business objectives • characteristics of effective objectives: Specific, Measurable, Accountable, Realistic, Time specific (SMART)

3.1.2 Forms of business and stakeholders

Content	Additional information
Different forms of business	• sole traders • private limited companies (Ltd) • public limited companies (plc) • co-operative: worker, consumer and producer • social enterprises Issues to consider when comparing forms of business: • control • objectives • sources of finance • distribution of profits • unlimited and limited liability • reasons to buy shares • influences on share price and the significance of share price changes Calculate, interpret and analyse: • market capitalisation • dividends per share • dividend yield
Stakeholders	• internal stakeholders: employees, owners/ shareholders • external stakeholders: customers, suppliers, other creditors, community, government • the impact of business activity on stakeholders • ethical responsibilities to stakeholders

3.1.3 Marketing management

Content	Additional information
Identifying/anticipating/understanding customer needs	• purpose and value of market research • value of primary and secondary market research • value of quantitative and qualitative data • meaning and significance of confidence levels and confidence intervals • purpose and value of market mapping • influences on how market research is conducted: risk, cost, time, need for reliability
Markets and marketing data	• implications for marketing of different types of markets: business to business (B2B), business to consumer (B2C), consumer to consumer (C2C), goods vs services • the implications for business of different market conditions: degrees of competition, competitive behaviour and market growth Calculate, interpret and analyse: • market size including size of market segments • market and sales growth • market share • sales data e.g. sales per region/product/store • return on marketing spend Interpret and analyse: • sales volume and sales value • values of correlation: positive, negative, strong and weak Analysis of marketing data should include index numbers, calculating percentages and percentage changes

Content	Additional information
Demand	- influences on demand Calculate, interpret and analyse - values of price and income elasticities of demand - the effect of price changes on revenue given the price elasticity of demand - the effect of income changes on quantity demanded given the income elasticity of demand (positive and negative)
Target market	- purpose and value of market segmentation: demographic, geographic, psychographic, behavioural - influences on choosing and entering a target market - advantages and disadvantages of operating in niche and mass markets - adapting the marketing mix for the target market
Marketing objectives and planning	- meaning and significance of marketing objectives: lead generation, sales, market share, brand awareness, customer retention, engagement, conversion - influences on the marketing objectives set by a business - influences on, and significance of, the marketing budget - implications of changes in demand on the marketing mix: a rise or fall in demand, cyclical demand, seasonal demand - the interrelationship between marketing decisions and other functions - how marketing decisions affect the competitiveness of a business

Content	Additional information
Marketing mix: product	• significance of the stages of product lifecycle model (development, introduction, growth, maturity, decline) for marketing planning and other functions • extension strategies: advertising, rebranding, lowering the price, adapting the product • significance of product portfolio analysis for marketing planning: the Boston Matrix (dogs, cash cows, question marks and stars) • purpose, value and challenges of new product development
Marketing mix: price	• influences on price: marketing objectives, target market, level of demand, price elasticity of demand, costs, competitors' actions, marketing mix • impact of price on sales volume, revenue and profit margins • methods of pricing: cost based, demand based (penetration pricing, price skimming, dynamic pricing), competition based (premium, going rate, discount)
Marketing mix: distribution (place)	• purpose and value of a distribution channel • advantages and disadvantages of direct distribution including e-commerce • advantages and disadvantages of using intermediaries: wholesalers and retailers • advantages and disadvantages of different distribution channels • advantages and disadvantages of multi-channel distribution

Content	Additional information
Marketing mix: promotional mix	• purpose and value of promotion • purpose and value of advertising • purpose and value of social media and influencers • purpose and value of sales promotions • purpose and value of sponsorship • purpose and value of personal selling including the role of account managers and sales teams in managing client relationships and sales • purpose and value of building a strong brand, brand loyalty, own label brands • influences on the promotional mix
Digital technology and marketing	• purpose and value of digital technology including Artificial Intelligence (AI) in marketing for: • social media campaigns • content marketing • search engine optimisation (SEO) • pay per click (PPC) • website cookies • measures of success in digital marketing should include search performance, click-through rates, time spent on a site, conversion rates, number of users/subscribers, advertising revenue • purpose and value of Customer Relationship Management (CRM): customer acquisition, customer retention, lead generation, pipeline management • purpose and value of data analytics in marketing: segmentation, campaign performance tracking, personalisation, predictions, dynamic pricing • how the use of digital technology in marketing can affect competitiveness
International marketing (A-level only)	• purpose, value and challenges of marketing internationally • adapting the marketing mix for international markets
Ethical issues in marketing (A-level only)	• ethical issues in product, promotional and pricing decisions

3.1.4 Financial management

Content	Additional information
Managing finance	• meaning and significance of financial objectives: profit, profitability, cash flow, liquidity, levels of borrowing • influences on the financial objectives set by a business • the interrelationship between financial decisions and other functions • how financial decisions affect the competitiveness of a business
Internal and external sources of finance	Advantages and disadvantages of different sources of finance, including the suitability of a source for a particular business or context: • internal sources of finance: • owners' investment • retained profits • sale of assets • sale and leaseback • working capital • external sources of finance: • trade credit • share capital • overdraft • loans • business angels • private equity • crowd funding
Break-even	Calculate, interpret and analyse • fixed costs • variable costs • total costs • revenue • contribution per unit • total contribution • break-even output • margin of safety • interpret and analyse break-even charts • illustrate and analyse the effects of changes in price, output and costs on a break-even chart • purpose and value of break-even analysis

Content	Additional information
Profit	- the distinction between gross profit, operating profit and profit for the year - the meaning and significance of the difference between profit and cash - the meaning and significance of the difference between profit and profitability - advantages and challenges of different ways of increasing gross and operating profits: increasing revenue and/or decreasing costs
Budgets	- purpose and value of budgeting including zero-based budgeting Calculate, interpret and analyse: - budget variances (adverse and favourable variances)
Cash flow and liquidity	- meaning and significance of payables - meaning and significance of receivables - purpose and value of cash flow forecasting - advantages and disadvantages of ways of improving cash flow: debt factoring, shortening payment time from customers, early payment incentives, credit checks, increasing payment time to suppliers, reduce outgoings, better invoice management Complete, interpret and analyse: - cash flow forecasts Calculate, interpret and analyse: - current ratio - acid test ratio - payables days - receivables days

Content	Additional information
Financial reporting	Interpret and amend: • income statement • statement of financial position (balance sheet) Calculate, interpret and analyse: • profit • gross profit and gross profit margin • operating profit and operating profit margin • profit for the year and profit for the year margin • return on capital employed (ROCE) • return on investment • gearing Importance of trends, benchmarking, context including business environment, business objectives and strategy Limitations of financial reporting: historic, does not include non-financial factors such as morale, brand reputation and environmental impact Analysis of financial data should include index numbers, calculating percentages and percentage changes
Assessing financial position and performance	Assess financial position and performance: • profits and profit margins • return on capital employed (ROCE) • return on investment • cash flow and liquidity • gearing • shareholder rewards: dividend per share and dividend yield • break-even output • margin of safety • budget variance Relative to objectives, competitors, business planning and context of the business
Ethics in finance (A-level only)	Ethical issues with: • tax avoidance • payment terms for customers and suppliers

3.2 Unit: Managing people and operations

3.2.1 People management

Content	Additional information
Human resource (HR) objectives and planning	• meaning and significance of human resource objectives: • number and skills of employees • employee turnover/retention • employee engagement • employee costs • equality, diversity, inclusion and belonging • influences on the HR objectives set by a business • purpose and value of human resource planning: recruitment, training, retention, redeployment, redundancy • advantages and disadvantages of different forms of employment: part-time, full-time, temporary, permanent, zero-hours, freelance • meaning and significance of flexible employment • influences on human resource planning: current workforce, future human resource needs, skills and numbers gaps, labour market • the interrelationship between human resource decisions and other functions • how human resource decisions affect the competitiveness of a business

Content	Additional information
Human resource data	• purpose and value of measuring: • employee engagement • employee representation • employee diversity • employee wellbeing • key performance indicators (KPIs) for employees in their roles Calculate, interpret and analyse: • employee performance data including productivity, sales per employee • employee turnover • employee costs (as a percentage of revenue) Analysis of human resource data should include index numbers, calculating percentages and percentage changes
Organisational design	• meaning and significance of span of control and levels of hierarchy • advantages and disadvantages of tall and flat organisational structures • advantages and disadvantages of centralisation and decentralisation • advantages and disadvantages of restructuring including delayering and centralisation
Leadership	• influences on and impact of different leadership styles: autocratic, democratic, transformational • impact of leadership on individual, team and business performance
Developing people	• purpose and value of employee appraisal • purpose, value and challenges of acquiring, managing, developing and retaining talent
Teamwork	• purpose and value of teams • factors influencing the effectiveness of teams: Hackman's model of team effectiveness
Motivation	• benefits and challenges of motivating employees • theories of motivation: Taylor, Maslow and Herzberg

Content	Additional information
Methods of rewarding people	Advantages and disadvantages of different methods of financial rewards/remuneration: • wages • salaries • piece rate • commission • performance-related pay • shares • fringe benefits Advantages and disadvantages of different non-financial methods of rewarding people: • delegation • empowerment • job enrichment • training and development • remote, hybrid and flexible working
Employee wellbeing	• benefits and challenges of improving employee wellbeing • methods of improving employee wellbeing: physical and mental health support services, inclusive work environment, employee voice, flexible working
Employer and employee relations	• purpose and value of employee representation/employee voice and involvement in decision-making • advantages and disadvantages of individual and collective representation including trade unions and employee forums • reasons for, and consequences of poor employer-employee relations • how to manage and improve employer-employee relations
Ethics in HR (A-level only)	• purpose and value of a code of conduct Ethical issues relating to: • equality, diversity, inclusion and belonging • pay gaps: gender gaps and gaps between senior managers and other employees

3.2.2 Operations management

Content	Additional information
Managing operations	• meaning and significance of different operations objectives: efficiency, quality, volume of goods and services, flexibility, environmental impact • influences on operations objectives set by the business • how managing operations helps a business add value • factors influencing choice of operations location: costs, demand, access to resources and markets, infrastructure, government incentives, ethical and people considerations, break-even, return on investment, environmental • the interrelationship between operational decisions and other functions • how operational decisions affect the competitiveness of a business
Operations data: objectives and key performance indicators (KPIs)	Calculate, interpret and analyse: • employee productivity • unit costs • resource utilisation (including capacity utilisation) Interpret and analyse: • KPIs such as wait times, returns, defects, complaints, speed of response, delivery times, customer service ratings/ satisfaction ratings • measures of environmental impact and sustainability Analysis of operations data should include index numbers, calculating percentages and percentage changes

Content	Additional information
Efficiency	• meaning and significance of resource utilisation and efficiency Ways of improving resource utilisation and efficiency including: • improved capacity utilisation • lean production: reducing inventory, reducing re-works, reducing waiting times, reducing transportation times, kaizen, standardised processes • reducing waste, recycling, reuse of materials • effective scheduling • improving employee productivity/performance • improving cost control • advantages and disadvantages of ways of increasing efficiency
Quality	• meaning and significance of quality • costs of poor quality • methods of improving quality: quality control, quality assurance, Total Quality Management (TQM), quality circles, benchmarking • advantages and disadvantages of different methods of improving quality
Environmental impact of operations	• purpose and value of more environmentally sustainable operations • ways of reducing the environmental impact of operations: waste reduction, resource efficiency, reducing emissions, carbon footprint, sustainable sourcing, circularity • challenges of reducing the environmental impact of operations: costs, supply chain limitations, operational disruption required to change processes

Content	Additional information
Matching output to demand	• Ways of managing supply to match demand, to cope with high and low demand, and fluctuating levels of demand (cyclical and seasonal): • changing production scheduling • increasing or decreasing inventory • different forms of employment: part-time, temporary, zero-hours, freelance • outsourcing • investment in capital and technology • increasing or decreasing capacity • advantages and disadvantages of different ways of responding to changes in demand • challenges of not matching supply to demand
Supply chain management	• advantages and disadvantages of producing internally compared to buying in • purpose and value of managing the supply chain including relationships with suppliers and logistics from suppliers and to customers • influences on sourcing suppliers: number and choice of suppliers • impact of supply chain issues on a business • influences on the distribution of profits between the business and suppliers and along the supply chain • purpose and value of supply chain transparency and supplier third party accreditations
Inventory management	• reasons to hold inventory • purpose and value of inventory management • influences on the amount of inventory held • advantages and disadvantages of just in time vs just in case inventory control Calculate, interpret and analyse: • inventory turnover

Content	Additional information
Innovation	• purpose, value and challenges of being innovative through developing new products/processes • ways of developing innovation: research and development, talent acquisition and retention, cross-functional teams, intrapreneurship • protecting innovation through intellectual property: patents and copyrights
Project management	• purpose and value of project management • purpose and value of network analysis Network analysis to include: • understanding, interpreting and amending network diagrams Calculate, interpret and analyse: • float times and the critical path
Scale of operations	• meaning and significance of economies of scale: technical, purchasing and financial • meaning and significance of diseconomies of scale: control, communication and coordination
Impact of technology on operations	• purpose and value of using technology (including AI) in operations: • in inventory management • in supply chain management • in automation to improve competitiveness
Ethics in operations (A-level only)	• purpose and value of a supplier code of conduct and supplier audits Ethical issues in: • sourcing suppliers • product safety • the environmental impact of operations

3.2.3 Managing business culture (A-level)

Content	Additional information
Business values and culture (A-level only)	• purpose and significance of the values promoted by a business • factors influencing business culture: leadership and employee values, leadership style, mission, reward systems, organisational structure, customer expectations • impact of positive and negative business culture • reasons for, and challenges of, changing business culture • impact of business culture on the competitiveness of a business

3.3 Unit: Business and society, business and the external environment, and business strategy (A-level only)

3.3.1 Business and society

Content	Additional information
Sustainability	• meaning and significance of sustainability • environmental sustainability: waste reduction, resource efficiency, reducing emissions, carbon footprint, sustainable sourcing, circularity • social sustainability: fair treatment of workers, supporting local communities, ethical sourcing • economic sustainability: long-term profitability without exploiting resources or people • the challenges of implementing sustainability • purpose and value of using a Triple Bottom Line framework (People, Planet, Profit)
Corporate Social Responsibility (CSR)	• purpose and value of Corporate Social Responsibility (CSR) • Carroll's Corporate Social Responsibility pyramid • meaning and significance of a shareholder compared to a stakeholder approach • meaning and significance of CSR compared to PR: greenwashing, bluewashing
Environmental, Social and Governance (ESG)	• purpose and value of Environmental, Social and Governance (ESG) reporting • measures of Environmental, Social and Governance (ESG) performance including health and safety, emissions, resource usage, community investment and philanthropy, composition of directors • value of improving Environmental, Social and Governance (ESG) performance

3.3.2 Business and the external environment

Content	Additional information
Competitive environment	• meaning and significance of Porter's five forces: rivalry, buyer power, supplier power, entry threat and substitute threat • influences on the strengths of each of the five forces • impact of the five forces on a business • how a business might influence the five forces • how a business might respond to changes in the five forces
Political/legal environment	The opportunities and threats, and the impact on the functional areas of business, created by changes in the political and legal environment. • trade agreements • protectionism: tariffs, quotas, trade regulations • consumer protection • employee protection (including The Equality Act) • competition policy • environmental protection • how a business might respond to these changes
Economic environment	The opportunities and threats, and the impact on the functional areas of business, created by changes in the economic environment: • economic growth (GDP) • taxation (direct and indirect) • inflation • interest rates • exchange rates (appreciation and depreciation) • unemployment rates Calculate, interpret and analyse the effect of exchange rate changes on export prices and import costs • how a business might respond to these changes

Content	Additional information
Social environment	The opportunities and threats, and the impact on the functional areas of business, created by changes in the social environment: • demographic factors • consumer values • activism • how a business might respond to these changes
Technological change	The opportunities and threats, and the impact on the functional areas of business, created by changes in the technological environment including: • digital and disruptive technologies including Artificial Intelligence (AI) • how a business might respond to these changes

3.3.3 Strategy

Content	Additional information
Strategy and planning	• purpose and value of strategy and planning • assessment of business performance to include marketing, finance, human resource and operations data • the impact of quantitative and qualitative analysis on strategic and functional decisions
Influences on strategy	• purpose and value of having a mission, vision and setting objectives • purpose and value of SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis • purpose and value of stakeholder mapping: how this influences business activity and how the business manages different stakeholders • influences on stakeholder power and interest • actions stakeholders can take to influence business decisions • impact of stakeholder actions

Content	Additional information
Selecting a strategy	• advantages and disadvantages of each of the strategies in the Ansoff Matrix (market development, market penetration, new product development, diversification) • meaning of positioning in terms of benefits and price • advantages and disadvantages of different positioning strategies: low-cost vs differentiation strategies • advantages and disadvantages of changing positioning
Implementation of strategic decisions	• factors affecting the successful implementation of strategy: resources, quality of planning and monitoring, leadership, communication, external factors • reasons why a business might lose its competitiveness including strategic drift • the difficulties of maintaining competitiveness
Strategic investment decisions	• purpose and value of investment (capital expenditure) • factors influencing investment including objectives, non-financial factors and risk, business confidence Calculate, interpret and analyse: • payback • average rate of return • net present value

Content	Additional information
Business growth	• advantages and disadvantages of being a small or medium sized enterprise (SME) • reasons why business grow • challenges of growth • advantages and disadvantages of internal (organic) growth, and external (inorganic) growth • advantages and disadvantages of different methods of growth including mergers, acquisitions and franchising • advantages and disadvantages of different forms of integration: vertical (backward and forward), horizontal and conglomerate • advantages and challenges of growing sustainably • reasons for, and challenges of, retrenchment • impact of growth and retrenchment on functional areas
Global strategy	• opportunities and threats for a business of becoming more global • benefits and drawbacks of selling and/or operating globally • attractiveness of different areas as a market • advantages and disadvantages of different ways of entering international markets: exporting, licensing, joint ventures, direct investment • advantages and disadvantages of globalisation • reasons for, and challenges of, producing abroad • attractiveness of different countries as a production base • impact of global strategy on functional areas
Digital strategy	• purpose and value of a digital strategy • impact of a digital strategy on functional areas and competitiveness

3.3.4 Change

Content	Additional information
Change	• internal and external reasons for change • advantages and disadvantages of change for stakeholders • reasons for resistance to change including Kotter and Schlesinger's four reasons for resistance • management of change including Lewin's Force Field analysis (driving and restraining forces)
Risk and uncertainty	• the importance of assessing and planning for risk and uncertainty Types of risk businesses face: • financial risk • strategic risk • operational risk • compliance risk • reputational risk • cybersecurity risk Advantages and disadvantages of different ways to manage risk: • conducting market research • sales forecasting • developing contingency and crisis management plans • succession planning • arranging insurance coverage • diversifying products, markets, or suppliers • investment and training • cybersecurity measures Advantages and disadvantages of different ways to manage uncertainty: • scenario planning • developing an agile business • ways of developing an agile business: flat organisational structure, empowerment, transformational leadership, cross-functional teams

4 Scheme of assessment

Find past papers and mark schemes, and specimen papers for new courses, on our website at aqa.org.uk/pastpapers

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

Assessments and certification for the AS specification are available for the first time in May/June 2027 and then every May/June for the life of the specification.

Assessments and certification for the A-level specification are available for the first time in May/June 2028 and then every May/June for the life of the specification.

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

All materials are available in English only.

4.1 Aims

Courses based on this specification must encourage learners to:

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

4.2 Assessment objectives

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

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

- AO1: Demonstrate knowledge of terms, concepts, theories, methods and models to show an understanding of how individuals and organisations are affected by and respond to business issues

Knowledge: a learner demonstrates knowledge of a relevant factor or concept, for example, risk taking is an entrepreneurial concept.

Understanding: a learner uses this knowledge to show understanding of how this knowledge is relevant to the question, for example, risk taking can lead to someone identifying a potential new business opportunity and trying it out which can create a new market; this is relevant understanding for a question which asks about entrepreneurial characteristics and business success.

- AO2: Apply knowledge and understanding to various business contexts to show how individuals and organisations are affected by and respond to issues

Application occurs when a learner makes use of the context provided in the case study or question. Basic application identifies relevant factors in the context and attempts to relate this to the analysis; for example, selecting relevant numbers for a calculation. Better application makes use of the context to support the analysis in the answer. Better application may combine contextual factors in an item, undertake a calculation with data provided or relate the analysis throughout to the business context.

Note: Simply repeating elements from the case study is not creditworthy.

- AO3: Analyse issues within business, showing an understanding of the impact on individuals and organisations of external and internal influences

Analysis occurs when there is a chain of reasoning. Basic analysis will have perhaps just one step in the chain or will be missing steps in the chain of reasoning. For example:

- if the demands of a question are that the impact of a particular action is analysed in relation to profit and the answer provides a chain of reasoning which ends with sales, this chain of reasoning is still missing a step to get to profit.
- if a question asks for an analysis of lean production in relation to profit, for example, and the answer jumps from lean production to lower costs to profit but does not explain how lean production reduces costs then there is a step in the chain of reasoning which is missing.

Stronger analysis has logical, relevant chains of reasoning which have an appropriate start and end point and are clearly relevant to the question rather than generic. For example, if the question relates to an entrepreneurial characteristic and business success the highest level of analysis will link the two with logical steps.

- AO4: Evaluate quantitative and qualitative information to make informed judgements and propose evidence-based solutions to business issues.

Evaluation relates to judgements made or solutions proposed. Judgements may be made on a particular argument in an answer as well as in an overarching judgement of the arguments made. Weak judgement has few links to the application and analysis in the answer. Better evaluation may make a judgement of an issue and/or of the question but be unbalanced, for example, ignore the counter arguments made. The strongest evaluation weighs up the arguments made effectively and convincingly answers the question set. The response is coherent because it builds logically on the arguments. Evaluation which is simply an assertion or a statement with no support is not creditworthy. Evaluation may include challenging the data presented.

As part of effective evaluation, high-level responses should critically assess the reliability and origins of the data used to support a chosen action or situation. This includes questioning the credibility of the data sources, considering whether alternative information might offer a more accurate or relevant perspective, and evaluating the potential impact of changes in the external environment on the data over the short or long term. These considerations are not mutually exclusive, and any evaluation that thoughtfully challenges the assumptions underlying either quantitative or qualitative data should be credited.

Assessment objective weightings for AS Business

Assessment objectives (AOs)	Component weightings (approx %)		Overall weighting (approx %)
	Paper 1	Paper 2	
AO1	16.25	16.25	32.5
AO2	13.75	13.75	27.5
AO3	10	10	20
AO4	10	10	20
Overall weighting of components	50	50	100

Assessment objective weightings for A-level Business

Assessment objectives (AOs)	Component weightings (approx %)			Overall weighting (approx %)
	Paper 1	Paper 2	Paper 3	
AO1	8.14	8.14	8.14	24.44
AO2	8.14	8.14	8.14	24.44
AO3	8.89	8.89	8.89	26.66
AO4	8.14	8.14	8.14	24.44
Overall weighting of components	33.3	33.3	33.3	100

4.3 Assessment weightings

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

AS

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

A-level

Component	Maximum raw mark	Scaling factor	Maximum scaled mark
Paper 1	90	x1	90
Paper 2	90	x1	90
Paper 3	90	x1	90
Total scaled mark:			270

4.4 Command Words

The table below highlights the command words used in this qualification's assessments.

Command Words	Description	Mark tariff
Define*	Knowledge and understanding only. (AO1)	2
Explain*	Demonstrate knowledge and understanding of a business term/concept in the context of the case study material provided. (AO1 and AO2)	4
Analyse	Analyse an issue in the context of the case study material provided. (AO1, AO2, AO3)	6

Command Words	Description	Mark tariff
Assess	Assess the arguments for and against a particular issue and make a judgement. For example, learners may be asked whether a single particular action is right for a business. Learners will be weighing up the arguments for and against the action or issue presented and then deciding which argument is stronger. This question type requires a judgement. (AO1, AO2, AO3, AO4)	9
Evaluate	There are two types of evaluate questions: A) Learners are required to identify and evaluate two possible courses of action to solve a particular problem or opportunity facing a business and make a recommendation as to which is most suitable B) Learners are required to evaluate two options presented in the question and make a judgement of which the business should choose. (AO1, AO2, AO3, AO4)	15
		*used in AS assessment only

4.5 Assessment of extended response

Assessment materials are designed to allow learners to demonstrate a sustained, coherent line of reasoning that is relevant, substantiated, and logically structured.

15-mark questions in both AS and A-level papers assess learners' ability to analyse, evaluate, and make judgements.

In A-level Paper 3, extended responses take a strategic view, asking learners to solve a business problem or recommend a course of action to achieve a specific outcome.

Some questions may allow learners to propose and evaluate their own options, applying relevant knowledge and skills to justify their recommendation.

4.6 Synoptic Assessment

Synoptic assessment requires learners to draw together knowledge, skills and understanding from across the full course of study.

Synopticity occurs when learners draw on knowledge from different parts of the specification. This is especially relevant in AS paper 2 and A-level paper 3. Synoptic responses show a holistic understanding of business and are often characteristic of top-level answers.

Whilst the key focus of any question is directly linked to the content for that unit, there are opportunities for learners to link to other areas of the specification in their answers.

4.6.1 AS

Paper 1 is standalone, with questions based on Unit 3.1.

Paper 2 focuses on Unit 3.2 and Sections 3.1.1 and 3.1.2 from Unit 3.1. However, question end points may require knowledge and skills from across Unit 3.1, including calculations. For example, in the sample assessment materials (SAMs) Question 2.6 asks learners to calculate break-even (3.1.4) to support their answer.

One 15-mark question in paper 2 (e.g. Question 2.6) will require learners to draw together knowledge and understanding from across the full AS course.

The 15-mark questions in both papers award the use of sophisticated concepts (Annex 8). Accurate use will be credited.

4.6.2 A-level

Paper 1 is standalone, with questions based on Unit 3.1.

Paper 2 focuses on Unit 3.2, but question end points may require knowledge and skills from Unit 3.1, including calculations. For example, SAMs Question 1.1 begins with teamwork (3.2.1) and ends with financial performance (3.1.4).

Paper 3 focuses on Unit 3.3, but question end points may require knowledge and skills from across Units 3.1 and 3.2, including calculations. For example, SAMs Question 1.2 asks learners to analyse one way in which a change in the legal environment (3.3.2) might affect the profit (3.1.4) of the business.

One 15-mark question in paper 3 (e.g. SAMs Question 2.5) will require learners to draw together knowledge and skills from across the full course.

All 15-mark questions award the use of sophisticated concepts (Annex 8). Accurate use will be credited.

5 General administration

You can find information about all aspects of administration, as well as all the forms you need, at aqa.org.uk/examsadmin

5.1 Entries and codes

You only need to make one entry for each qualification – this will cover all the question papers, non-exam assessment and certification.

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

If a learner takes two specifications with the same discount code, further and higher education providers are likely to take the view that they have only achieved one of the two qualifications. Please check this before your learners start their course.

Qualification title	AQA entry code	DfE discount code
AQA Advanced Subsidiary GCE in Business	7137	3210 (post-16), AA3 (KS4)
AQA Advanced Level GCE in Business	7138	3210

This specification complies with:

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

Ofqual has accredited these specifications. The qualification accreditation number (QAN) for the AS is 610/6450/6. The QAN for the A-level is 610/6449/X

5.2 Overlaps with other qualifications

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

5.3 Awarding grades and reporting results

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

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

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

5.4 Resits and shelf life

Learners can resit the qualification as many times as they wish, within the shelf life of the qualification.

5.5 Previous learning and prerequisites

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

However, we recommend that learners should have the skills and knowledge associated with a GCSE Business or equivalent.

5.6 Access to assessment: diversity and inclusion

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

The subject criteria have been assessed to see if any of the skills or knowledge required present any possible difficulty to any learners, whatever their ethnic background, religion, sex, age, disability or sexuality. Tests of specific competences were only included if they were important to the subject.

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

Learners with disabilities and special needs

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

We can make arrangements for disabled learners and learners with special needs to help them access the assessments, as long as the competences being tested aren't changed. Access arrangements must be agreed **before** the assessment. For example, a Braille paper would be a reasonable adjustment for a Braille reader.

To arrange access arrangements or reasonable adjustments, you can apply using the online service at aqa.org.uk/eaqa

Special consideration

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

Your exams officer should apply online for special consideration at aqa.org.uk/eaqa

For more information and advice visit aqa.org.uk/access or email accessarrangementsqueries@aqa.org.uk

5.7 Working with AQA for the first time

If your school or college hasn't previously offered our specifications, you need to register as an AQA centre. Find out how at aqa.org.uk/becomeacentre

5.8 Private candidates

This specification is available to private candidates.

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

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

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

- speak to the exams officer at the school or college where you intend to take your exams
- visit our website at aqa.org.uk/privatecandidates
- email privatecandidates@aqa.org.uk

6 Annex: Quantitative skills in business

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

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

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

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

These quantitative skills may be assessed across the assessment objectives.

The quantitative skills which will require the use of a formula, the calculation of a percentage change or index number are indicated in the additional information of the specification by the phrase 'calculate, interpret and analyse'. The use of the phrase 'interpret and analyse' indicates that learners will not be expected to carry out a calculation of that content.

AS

Each paper will include two quantitative questions, assessed through either 9-mark or 15-mark formats (e.g., two 9-mark, two 15-mark, or one of each). Learners are expected to perform calculations and apply the results in their analysis and evaluation. Quantitative skills will be assessed across all assessment objectives (AO1 - AO4).

A-level

Papers 1 and 2 will include two quantitative questions, assessed through either 9-mark or 15-mark formats (e.g., two 9-mark, two 15-mark, or one of each). Paper 3 will feature a single quantitative question, worth either 9 or 15-marks. Learners are expected to perform calculations and apply the results in their analysis and evaluation. Quantitative skills will be assessed across all assessment objectives (AO1 - AO4).

7 Annex: Formulae and key data

Unit 3.1 Focus: What is business? Managing marketing and finance	
1	Market capitalisation of a business = Number of issued shares × Current share price
2	Dividend per share = $\frac{\text{Total dividend paid}}{\text{Number of ordinary shares in issue}}$
3	Dividend yield (%) = $\frac{\text{Dividend per share (pence)}}{\text{Share price (pence)}} \times 100$
4	Market share (%) = $\frac{\text{Sales of one product OR brand OR business}}{\text{Total sales in the market}} \times 100$
5	Market growth (%) = $\frac{\text{Change in the size of the market over a period}}{\text{Original size of the market}} \times 100$
6	Price elasticity of demand = $\frac{\% \text{ change in the quantity demanded}}{\% \text{ change in price}}$
7	Income elasticity of demand = $\frac{\% \text{ change in the quantity demanded}}{\% \text{ change in income}}$
8	Variable costs (total variable costs) = Variable cost per unit × Number of units sold
9	Total costs = Fixed costs + Variable costs

Unit 3.1 Focus: What is business? Managing marketing and finance	
10	Revenue = Selling price per unit × Number of units sold
11	Contribution per unit = Selling price – Variable costs per unit
12	Total contribution = Contribution per unit × Units sold OR Total revenue – Total variable costs
13	Break-even output = $\frac{\text{Fixed costs}}{\text{Contribution per unit}}$
14	Margin of safety = Actual level of output – Break-even level of output
15	Budget variance = Budgeted figure – Actual figure
16	Payable days = $\frac{\text{Payables}}{\text{Cost of sales}} \times 365$
17	Receivable days = $\frac{\text{Receivables}}{\text{Revenue}} \times 365$
18	Current ratio = $\frac{\text{Current assets}}{\text{Current liabilities}}$
19	Acid test ratio = $\frac{(\text{Current assets} - \text{Inventory})}{\text{Current liabilities}}$
20	Profit = Total revenue – Total costs OR Total contribution – Fixed costs
21	Gross Profit = Revenue – Cost of sales

Unit 3.1 Focus: What is business? Managing marketing and finance	
22	Gross profit margin (%) = $\frac{\text{Gross profit}}{\text{Revenue}} \times 100$
23	Operating profit = Gross profit – Operating expenses
24	Operating profit margin (%) = $\frac{\text{Operating profit}}{\text{Revenue}} \times 100$
25	Profit for year = Operating profit + Profit from other activities – Net finance costs – Tax
26	Profit for year margin (%) = $\frac{\text{Profit for year}}{\text{Revenue}} \times 100$
27	Return on capital employed (ROCE) (%) = $\frac{\text{Operating profit}}{\text{Total equity + non-current liabilities}} \times 100$ Where total equity + non-current liabilities = capital employed
28	Return on marketing spend = $\frac{\text{Profit from marketing activities}}{\text{Amount of marketing spend}} \times 100$
29	Return on investment (%) = $\frac{\text{Profit from the investment (£)}}{\text{Cost of the investment (£)}} \times 100$
30	Gearing (%) = $\frac{\text{Non-current liabilities}}{\text{Total equity + non-current liabilities}} \times 100$ Where total equity + non-current liabilities = capital employed

Unit 3.2 Focus: Managing people and operations
The formula and key data from Unit 3.1 plus the formulae and key data in this table

31	Employee productivity = $\frac{\text{Output over a time period}}{\text{Number of employees}}$
32	Sales per employee = $\frac{\text{Sales over a time period}}{\text{Number of employees}}$
33	Employee turnover (%) = $\frac{\text{Number of staff leaving}}{\text{Number of staff employed by the business}} \times 100$
34	Employee costs (as a percentage of revenue) = $\frac{\text{Employee costs}}{\text{Revenue}} \times 100$
35	Unit costs (average costs) = $\frac{\text{Total costs}}{\text{Number of units of output}}$
36	Capacity utilisation (%) = $\frac{\text{Actual output}}{\text{Maximum possible output}} \times 100$
37	Inventory turnover = $\frac{\text{Cost of sales}}{\text{Average inventories held}}$
38	Float time = Latest Finish Time for the activity - Duration of the activity – Earliest Start Time for the activity

Unit 3.3: Business and society, business and the external environment, and business strategy The formula and key data from Units 3.1 and 3.2, plus the formulae and key data in this table	
39	Payback period (days / years): • Identify the net cash flows for each period (e.g. year) • Keep a cumulative total of the cash flows (including initial investment) • When the total net cash flow becomes positive, that is the end of the payback period To calculate the precise payback period: $\frac{\text{Cumulative cash flow figure (from the final year of negative cumulative cash flow)}}{\text{Cash flow figure (from the year cumulative cash flow becomes positive)}}$
40	Average rate of return (%) = $\frac{\text{Average annual return (£)}}{\text{Initial cost of project (£)}} \times 100$
41	Net present value (NPV) Cash flow x Discount Factor = Present value Net present value = Present value – Cost of investment

8 Annex: Sophisticated concepts

Learners that make use of relevant theories, concepts, models and frameworks in their responses, that are not the direct focus of a question are making use of sophisticated concepts. The appropriate use of these sophisticated concepts strengthens the quality of their analysis.

- Sophisticated concepts refer to relevant theories, models, or frameworks used appropriately, even if not directly required by the question.
- Their use strengthens analysis and demonstrates a deeper understanding of business issues.
- Examples include:
 - Ansoff Matrix for market penetration strategies.
 - Boston Matrix for portfolio analysis.
 - Break-even and margin of safety for cost-related decisions.
 - Kotter's barriers to change for organisational change.
 - Investment appraisal techniques (for example, ARR, NPV) for spending decisions.
- The key is relevance and accuracy—sophisticated concepts must be applied meaningfully to enhance the argument.

The use of sophisticated concepts is identified as a typical characteristic of a Level 5 response; it demonstrates a strong, sophisticated understanding of the subject. However, where the use of sophisticated concepts is demonstrated in any response, the impact on the quality of analysis will be recognised.

The specification includes the following sophisticated concepts:

a) Models and framework

1. Market mapping
2. Product Life Cycle
3. Boston Matrix (Product Portfolio analysis)
4. Network analysis (includes float and critical path identification)
5. Hackman's model of team effectiveness
6. Ansoff Matrix (market penetration, market development, product development, diversification)
7. SWOT analysis
8. Stakeholder mapping (power vs interest grid)
9. Porter's Five Forces
10. Triple Bottom Line (Profit, People, Planet)
11. Carroll's Corporate Social Responsibility pyramid
12. Lewin's Force Field Analysis
13. Kotter and Schlesinger's – reasons for resistance to change

b) Theorists

1. Taylor
2. Maslow
3. Herzberg

c) Financial concepts**Profitability**

1. Gross profit and gross profit margin
2. Operating profit and operating profit margin
3. Profit for the year and profit for the year margin
4. Return on capital employed (ROCE)
5. Return on investment
6. Return on marketing spend

Liquidity

7. Current ratio
8. Acid test ratio

Efficiency

9. Payables days
10. Receivables days
11. Inventory turnover
12. Employee costs as a % of revenue

Other financial concepts

13. Dividends and dividend yield
14. Market share
15. Gearing
16. Cash flow forecasting
17. Contribution and contribution per unit
18. Break-even output
19. Margin of safety
20. Budget variance (adverse/favourable)
21. Average rate of return (ARR)
22. Net present value (NPV)

d) Analytical Concepts

1. Price elasticity of demand
2. Income elasticity of demand
3. Correlation (strong/weak, positive/negative)
4. Labour productivity
5. Capacity utilisation
6. Opportunity cost
7. Economies of scale
8. Stakeholder vs shareholder approaches
9. ESG (Environmental, Social, Governance) metrics
10. Risk (including probability and likely outcomes) vs uncertainty
11. Strategic drift

Get help and support

Visit our website for information, guidance, support and resources at aqa.org.uk/7138

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