

# AQA ALEVEL BUSINESS

## QUANTITATIVE AND NUMERICAL SKILLS

Quantitative / Numerical Skills	RAG	PAPER 1	PAPER 2	PAPER 3	Notes
QS1: calculate, use and understand ratios, averages and fractions					
QS2: calculate, use and understand percentages and percentage changes					
QS3: construct and interpret a range of standard graphical forms					
QS4: interpret index numbers					
QS5: calculate cost, revenue, profit and break-even					
QS6: calculate investment appraisal outcomes and interpret results					
QS7: interpret values of price and income elasticity of demand					
QS8: use and interpret quantitative and non-quantitative information in order to make decisions					
QS9: interpret, apply and analyse information in written, graphical and numerical forms					

Specification Area / Topics	RAG	Paper 1	Paper 2	Paper 3	Notes
<b>3.1 WHAT IS BUSINESS?</b>					
<b>3.1.1 Understanding the nature and purpose of business</b>					
Business Objectives					
Mission Statements					
Measurement of profit					
Revenue					
Variable and Fixed Costs					
<b>3.1.2 Understanding different business forms</b>					
Different Forms of Business (sole traders, private ltd, plcs)					
Limited and Unlimited Liability					
Private and Public Sector Organisations					

Shares, Share Prices and Market Capitalisation					
Shareholders and Why They Invest					
Effect of Ownership on Mission, Objectives, Decisions and Performance					
<b>3.1.3 Understanding that businesses operate within an external environment</b>					
Factors influencing costs and demand (competition, market conditions, incomes, interest rates, demographic factors, environmental issues, fair trade)					
<b>3.2 MANAGERS, LEADERSHIP AND DECISION MAKING</b>					
<b>3.2.1 Understanding management, leadership and decision making</b>					
What Managers Do/Roles of Managers					
Tannenbaum Schmidt Continuum (Key Model)					
Blake Mouton Managerial Grid (Key Model)					
Effectiveness of Different Styles of Management and Leadership					
<b>3.2.2 Understanding management decision making</b>					
Scientific Decision Making					
Risks, Rewards, Uncertainty and Opportunity Cost					
Decision Trees					
Influences on Decision Making					
<b>3.2.3 Understanding the role and importance of stakeholders</b>					
Role and Importance of Stakeholders					
Stakeholder Mapping (Key Model)					
Influences on the relationship with stakeholders					
Managing the relationship with different stakeholders					

<b>3.3 DECISION MAKING TO IMPROVE MARKETING PERFORMANCE</b>					
<b>3.3.1 Setting marketing objectives</b>					
Value of Setting Marketing Objectives (sales volume and sales value; market size; market and sales growth; market share; brand loyalty)					
Internal & External Influences on Marketing Objectives					
<b>3.3.2 Understanding markets and customers</b>					
Marketing Research – Secondary					
Marketing Research - Primary					
Marketing Research - Quantitative and Qualitative					
Marketing Research – Sampling					
Market Mapping (Key Model)					
Market Size, Growth and Market Share					
Positive and Negative Correlation					
Confidence Intervals					
Extrapolation					
Price Elasticity of Demand					
Income Elasticity of Demand					
Use of Data in Marketing Decision Making					
Technology and Marketing Decision Making					
<b>3.3.3 Making marketing decisions: segmentation, targeting, positioning</b>					
Market Segmentation (demographic, geographic, income, behavioural)					
Niche and Mass Markets					
<b>3.3.4 Making marketing decisions: using the marketing mix</b>					
Extended Marketing Mix - 7p's (Key Model)					
Consumer Goods and Industrial Goods					
Boston Matrix (Key Model)					
Product Life Cycle (Key Model)					
Influences on and Value of New Product Development					

Pricing Decisions: Penetration Pricing					
Price Decisions: Price Skimming					
Branding					
Promotional Decisions					
Multichannel Distribution					
Digital Marketing					
E-commerce					
<b>3.4 DECISION MAKING TO IMPROVE OPERATIONAL PERFORMANCE</b>					
<b>3.4.1 Setting operational objectives</b>					
Operational Objectives (costs; quality; speed of response & flexibility; dependability; environmental; added value)					
Internal & External Influences on Operational Objectives					
<b>3.4.2 Analysing operational performance</b>					
Labour Productivity					
Unit Costs (average costs)					
Economies of Scale					
Diseconomies of Scale					
Capacity & Capacity Utilisation					
<b>3.4.3 Making operational decisions to improve performance: increasing efficiency and productivity</b>					
Importance of capacity					
How to use capacity efficiently					
Importance of Efficiency and Productivity					
Lean Production (including <del>Just</del> Time)					
Difficulties increasing efficiency and labour productivity					
Choosing the optimal resource mix					
Capital and Labour Intensive Processes					
Technology and Operational Efficiency					

<b>3.4.4 Making operational decisions to improve performance: improving quality</b>					
Importance of quality					
Quality control and quality assurance					
Benefits and difficulties of improving quality					
Consequences of poor quality					
<b>3.4.5 Making operational decisions to improve performance: managing inventory and supply chains</b>					
Flexible Operations / Mass Customisation					
Use of temporary and part time employees					
Producing to Order					
Inventory Management					
Inventory Control Charts (lead time; re-order levels; buffer inventory; re-order quantities)					
Influences on the choice of suppliers					
Value of outsourcing					

Specification Area / Topics	RAG	Paper 1	Paper 2	Paper 3	Notes
<b>3.5 DECISION MAKING TO IMPROVE FINANCIAL PERFORMANCE</b>					
<b>3.5.1 Setting financial objectives</b>					
Value of Setting Financial Objectives (return on investment; long-term funding that is debt)					
Distinction between cash flow and profit					
Gross profit, operating profit and profit for the year					
Cash Flow Objectives					
Capital Structure Objectives					
Internal & External Influences on Financial Objectives					
<b>3.5.2 Analysing financial performance</b>					
Budgets and Budgeting					
Cash flow forecasts					
Variance Analysis					
Break-even Analysis (break-even output; margin of safety; contribution per unit; total contribution)					
Ratio Analysis - Gross Profit & Gross Margin					
Ratio Analysis - Operating Profit & Profit for the Year					
Timings of Cash Inflows and Outflows: Payables					
Timings of Cash Inflows and Outflows: Receivables					
<b>3.5.3 Making financial decisions: sources of finance</b>					
Sources of Finance - Debt Factoring					
Sources of Finance - Bank Overdrafts					
Sources of Finance - Bank Loans					
Sources of Finance - Retained Profits					
Sources of Finance - Share Capital					
Sources of Finance - Venture Capital					
<b>3.5.4 Making financial decisions: sources of finance</b>					

Methods of Improving Cash Flow					
Methods of Improving Profits and Profitability					
Difficulties Improving Cash Flow and Profit					
<b>3.6 DECISION MAKING TO IMPROVE HUMAN RESOURCE PERFORMANCE</b>					
<b>3.6.1 Setting human resource objectives</b>					
Human Resource Objectives (employee engagement and involvement; talent development; training; diversity; alignment of values; number, skills and location of employees)					
Internal & External Influences on Human Resource Objectives					
Soft & Hard HRM					
<b>3.6.2 Analysing human resource performance</b>					
Labour Turnover & Retention Rates					
Labour Productivity					
Employee Costs as a Percentage of Turnover					
Labour cost per unit					
<b>3.6.3 Making human resource decisions: improving organisational design and managing the human resource flow</b>					
Job Design Hackman and Oldham (Key Model)					
Flexible Working					
Organisational Design Authority, Span & Hierarchy					
Organisational Design Delegation					
Organisational Design Centralisation & Decentralisation					
Human Resource Flow (resource plan; recruitment; training; redeployment; redundancy)					



<b>3.6.4 Making human resource decisions: improving motivation and engagement</b>					
Motivation Theories - Taylor					
Motivation Theories – Maslow <b>Hot Topic?</b>					
Motivation Theories - Herzberg					
Value of theories of motivation					
Financial Methods of Motivation (piece rate; commission; salary; performance- related pay)					
Non-Financial Methods of Motivation					
<b>3.6.5 Making human resource decisions: improving motivation and engagement</b>					
Influences on the extent and methods of employee involvement in decision making (trade unions; works councils)					
Managing and improving employer-employee communications and relations					
Value of good employer-employee relations					
<b>3.7 ANALYSING THE STRATEGIC POSITION OF A BUSINESS</b>					
<b>3.7.1 Mission, corporate objectives and strategy</b>					
Influences on the Mission of a Business <b>Hot Topic?</b>					
Internal & External Influences on Corporate Objectives (short-termism; business ownership; external & internal environment)					
Distinction between Strategy & Tactics					
SWOT Analysis (Key Model)					
<b>3.7.2 Analysing the existing internal position of a business to assess strengths and weaknesses: financial ratio analysis</b>					
Financial Ratios - Profitability: Return on Capital Employed (ROCE)					
Financial Ratios - Liquidity: Current Ratio					
Financial Ratios - Gearing					
Financial Ratios - Efficiency: Payables Days					
Financial Ratios - Efficiency: Receivables Days					
Financial Ratios - Efficiency: Inventory Turnover					
Value of Financial Ratios in Assessing Performance					

Specification Area / Topics	RAG	Paper 1	Paper 2	Paper 3	
<b>3.7.3 Analysing the existing internal position of a business to assess strengths and weaknesses: overall performance</b>					
Core Competencies (Key Model)					
Assessing Performance: Short-termism v Long-term					
Kaplan & Norton's Balanced Scorecard (Key Model)					
Elkington's Triple Bottom Line (Key Model)					
<b>3.7.4 Analysing the external environment to assess opportunities and threats: political and legal change</b>					
Competition Legislation					
Labour Market Legislation					
Environmental Legislation					
<b>3.7.5 Analysing the external environment to assess opportunities and threats: economic change</b>					
Economic Environment: Economic Growth (GDP)					
Economic Environment: Exchange Rates					
Economic Environment: Inflation					
Economic Environment: Fiscal & Monetary Policy					
Open Trade & Protectionism					
Reasons for Greater Globalisation of Business					
Importance of Globalisation for Business					
Importance of Emerging Economies for Business					
<b>3.7.6 Analysing the external environment to assess opportunities and threats: social and technological</b>					
Urbanisation and Migration					
Consumer Lifestyle and Buying Behaviour					
Growth of Online Businesses					
Corporate Social Responsibility (CSR)					
Carroll's CSR Pyramid (Key Model)					
Stakeholder v Shareholder Concept					
Technological Change and Strategy					

Pressure for Socially Responsible Behaviour					
<b>3.7.7 Analysing the external environment to assess opportunities and threats: the competitive environment</b>					
Porter's Five Forces (Key Model)					
<b>3.7.8 Analysing strategic options: investment appraisal</b>					
Investment Appraisal Payback Period					
Investment Appraisal Average Rate of Return (ARR)					
Investment Appraisal Net Present Value (NPV)					
Factors Influencing Investment Decisions					
Sensitivity Analysis					
<b>3.8 CHOOSING STRATEGIC DIRECTION</b>					
<b>3.8.1 Strategic direction: choosing which markets to compete in and what products to offer</b>					
Ansoff's Matrix (Key Model)					
Reasons for choosing and value of different options for strategic direction					
<b>3.8.2 Strategic positioning: choosing how to compete</b>					
Porter's Generic Strategies (Key Model)					
Bowman's Strategy Clock (Key Model)					
Influences on the Choice of Strategic Positioning					
Value of different strategic positioning strategies					
Competitive Advantage					

<b>3.9 STRATEGIC METHODS HOW TO PURSUE STRATEGIES</b>					
<b>3.9.1 Assessing a change in scale</b>					
Organic and External Growth					
Retrenchment					
Economies of Scale (technological; purchasing; managerial)					
Economies of Scope					
Diseconomies of Scale					
Experience Curve (Key Model)					
Synergy					
Overtrading					
Greiner's Model of Growth (Key Model)					
Mergers & Takeovers					
Franchising					
Types of Integration (backward vertical; forward vertical; horizontal; conglomerate integration)					
<b>3.9.2 Assessing innovation</b>					
Types of Innovation (product; process)					
Value of innovation					
Kaizen					
Research & Development					
Intrapreneurship					
Benchmarking					
Protecting Innovation: Patents and Copyrights					
Impact of Innovation on the Functional Areas of Business					
<b>3.9.3 Assessing internationalisation</b>					
Methods of Entering International Markets (export; licensing; alliances; direct investment)					
Factors Influencing the Attractiveness of International Markets					
Offshoring / Reshoring					

Multinationals					
Influences on buying, selling and producing abroad					
Bartlett & Ghoshal's Model of International Strategy (Key Model)					
<b>3.9.4 Assessing greater use of digital technology</b>					
Digital Technology E-commerce					
Digital Technology Big Data					
Digital Technology Data Mining					
Digital Technology Enterprise Resource Planning (ERP)					
Value of Digital Technology & Pressure to Adopt It					
Impact of Digital Technology on the Functional Areas					
<b>3.10 MANAGING STRATEGIC CHANGE</b>					
<b>3.10.1 Managing change</b>					
Causes and Types of Change (internal; external; incremental; disruptive)					
Value of Change					
Lewin's Force Field Analysis (Key Model)					
Flexible Organisations: Restructuring					
Flexible Organisations: Delaying					
Flexible Organisations: Flexible Employment Contracts					
Flexible Organisations: Organic Structures & Mechanistic Structures					
Flexible Organisations: Knowledge and information management					
Kotter & Schlesinger: Resistance to Change (Key Model)					
Kotter & Schlesinger: Overcoming Resistance to Change (Key Model)					

<b>3.10.2 Managing organisational culture</b>					
Handy's Four Classifications of Organisational Culture (Key Model)					
Hofstede's Six Dimensions of International Culture (Key Model)					
Importance of Organisational Culture					
Influences on the Organisational Culture of a Business					
Reasons for Changing Organisational Culture					
Problems of Changing Organisational Culture					
<b>3.10.3 Managing strategic implementation</b>					
Value of Leadership in Strategy Implementation					
Value of Communication in Strategy Implementation					
Importance of Organisational Structure in Strategy Implementation (functional; product-based; regional; matrix)					
Network Analysis (Critical Path Analysis)					
<b>3.10.4 Problems with strategy and why strategies fail</b>					
Planned versus Emergent Strategy					
Strategic Drift (Key Model)					
Divorce Between Ownership & Control					
Corporate Governance					
Evaluating strategic performance					
Strategic Planning					
Contingency Planning					