GENERAL

as level business studies section 1 2 revision notes

Published: September 19, 2026 | Index ID: #-

AS Level Business Studies Section 1 & 2 Revision Notes

Preparing for the AS Level Business Studies exam can feel overwhelming, especially when you're juggling multiple subjects. The first two sections—Business Environment and Strategic Planning, and Organisational Structure and Design—form the backbone of the curriculum. Mastering these topics not only gives you a solid foundation for the rest of the syllabus but also equips you with analytical tools that are useful in everyday business contexts.

In this comprehensive guide, we'll break down each key concept, provide concise yet detailed revision notes, and offer practical study tips. By the end, you should feel confident tackling any exam question related to Sections 1 and 2.

Section 1: Business Environment and Strategic Planning

1.1 Understanding the Business Environment

The business environment comprises all external factors that influence an organization's operations. It is typically divided into the **internal environment**—the company's own resources and capabilities—and the **external environment**, which includes:

- Economic factors (inflation, unemployment, GDP growth)
- Political and legal factors (regulations, trade policies)
- Social and cultural factors (demographics, lifestyle trends)
- Technological factors (innovation, automation)
- Environmental factors (sustainability, climate change)
- Competitive factors (market structure, rivalry)

Exam questions often ask you to analyse how these elements impact business decisions. Use the **PESTLE** framework to structure your responses:

1. Political
2. Economic
3. Social
4. Technological
5. Legal
6. Environmental

Remember to support your analysis with real-world examples, such as how the COVID-19 pandemic altered consumer behaviour or how GDPR impacted data handling.

1.2 The Strategic Planning Process

Strategic planning is the systematic approach to setting goals, allocating resources, and determining actions to achieve long-term success. The process typically follows these stages:

1. Environmental Scanning – Gathering internal and external data.
2. Strategy Formulation – Developing corporate, business, and functional strategies.
3. Strategy Implementation – Allocating resources and assigning responsibilities.

4. Evaluation and Control – Monitoring performance and making adjustments.

Use the **SWOT analysis**(Strengths, Weaknesses, Opportunities, Threats) to identify strategic options. For example, a tech company might identify a strength in proprietary software, a weakness in limited brand recognition, an opportunity in emerging markets, and a threat from rapid technological change.

1.3 Corporate, Business, and Functional Strategies

Understanding the hierarchy of strategies is essential:

- Corporate Strategy – Decisions about the overall scope of the organization (e.g., diversification, acquisitions).
- Business Strategy – How a business competes in a particular market (e.g., cost leadership, differentiation).
- Functional Strategy – How specific departments (marketing, finance, HR) support the business strategy.

When answering exam questions, clearly distinguish between these levels and provide examples. For instance, a conglomerate's corporate strategy might involve acquiring a renewable energy firm to diversify its portfolio.

1.4 Competitive Analysis

Examiners often test your ability to evaluate competition using frameworks like **Porter's Five Forces**:

1. Threat of New Entrants – Barriers to entry.
2. Bargaining Power of Suppliers – Supplier concentration and switching costs.
3. Bargaining Power of Buyers – Customer concentration and price sensitivity.
4. Threat of Substitutes – Availability of alternative products.
5. Industry Rivalry – Number of competitors and growth rate.

Apply this model to real companies. For example, analyze the smartphone industry's high rivalry and strong buyer power.

1.5 Strategic Decision-Making Tools

Beyond SWOT and PESTLE, other tools include:

- BCG Matrix – Positioning of product lines (Stars, Cash Cows, Question Marks, Dogs).
- Value Chain Analysis – Identifying primary and support activities that create value.
- VRIO Framework – Assessing resources for Value, Rarity, Imitability, and Organization.

In revision notes, summarise each tool's purpose and illustrate with a concise example.

Section 2: Organisational Structure and Design

2.1 Types of Organisational Structure

Different structures align with varying strategic objectives and operational needs. Common types include:

- Functional Structure – Departments based on functions (marketing, finance).
- Divisional Structure – Divisions based on products, geography, or customer groups.
- Matrix Structure – Combines functional and divisional lines, creating dual reporting.
- Flat (Horizontal) Structure – Few hierarchical layers, promoting autonomy.
- Network Structure – Core business with outsourced functions.

When comparing structures, focus on pros and cons such as clarity of responsibility, speed of decision-making, and flexibility.

2.2 Design Principles

Organisational design involves aligning structure with strategy. Key principles include:

1. Centralisation vs. Decentralisation – Degree of decision authority at top level.
2. Span of Control – Number of subordinates per manager.
3. Specialisation – Depth of expertise within roles.
4. Standardisation – Consistency of processes and procedures.
5. Flexibility – Ability to adapt to change.

Use case studies to illustrate how a multinational company might centralise strategic decisions while decentralising operational choices to regional managers.

2.3 Roles and Responsibilities

Clear role definition prevents duplication of effort and conflict. Typical roles include:

- Chief Executive Officer (CEO) – Overall strategy and vision.
- Chief Operating Officer (COO) – Day to day operations.
- Chief Financial Officer (CFO) – Financial planning and risk management.
- Chief Marketing Officer (CMO) – Market positioning and brand strategy.
- Human Resources Manager – Talent acquisition and development.

In revision notes, highlight how these roles interact within different structures.

2.4 Communication and Coordination

Effective communication is the lifeblood of any organisation. Key concepts include:

- Formal vs. Informal Channels – Hierarchical memos vs. informal chats.
- Vertical Communication – Upward and downward flows.
- Horizontal Communication – Across departments or teams.
- Feedback Loops – Mechanisms for continuous improvement.

Explain how matrix structures may create communication challenges due to dual reporting lines.

2.5 Change Management

Organisations constantly evolve. Understanding change management theories helps explain why change succeeds or fails. Key models include:

1. Lewin's 3 Stage Model – Unfreeze, Change, Refreeze.
2. Kotter's 8 Step Process – From establishing urgency to embedding new practices.
3. ADKAR Model – Awareness, Desire, Knowledge, Ability, Reinforcement.

When revising, note the importance of leadership commitment and employee engagement.

Revision Strategies for Sections 1 & 2

3.1 Create Summary Sheets

Condense each topic into a one page summary. Use bullet points, diagrams, and colour coding to enhance retention. For example, draw a quick PESTLE diagram for a chosen industry.

3.2 Practice with Past Papers

Exam questions often follow familiar patterns. Work through past AS Level Business Studies papers, focusing on sections 1 and 2. Time yourself to improve speed and accuracy.

3.3 Use Flashcards

Flashcards are perfect for memorising definitions (e.g., "What is a BCG matrix?") and key differences between

structures.

3.4 Group Study Sessions

Discussing concepts with peers forces you to articulate ideas clearly, uncovering gaps in understanding.

3.5 Apply Real World Scenarios

Link theory to current events. For instance, analyse how a recent merger impacted the organisational structure of the companies involved.

Conclusion

Sections 1 and 2 of the AS Level Business Studies syllabus lay the groundwork for understanding how businesses operate and succeed. By mastering concepts such as the business environment, strategic planning tools, organisational structures, and change management, you'll be well prepared to answer exam questions with depth and clarity.

Remember to keep your revision notes concise, use real world examples, and practice regularly. With consistent effort, you'll not only excel in your exams but also gain valuable insights that will serve you in any business context.

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