

Cumbernauld Academy

Faculty of Business IT and Computing Science



Business Management

CfE Higher Past Papers
(incl Old Higher Papers)



National
Qualifications
2015

X710/76/11

Business Management

MONDAY, 11 MAY

1:00 PM – 3:15 PM

Total marks — 70

SECTION 1 — 30 marks

Attempt ALL questions.

SECTION 2 — 40 marks

Attempt ALL questions.

It is recommended that you spend 15 minutes reading over the information provided in **SECTION 1** before responding to the questions.

Write your answers clearly in the answer booklet provided. In the answer booklet, you must clearly identify the question number you are attempting.

Use **blue** or **black** ink.

Before leaving the examination room you must give your answer booklet to the Invigilator; if you do not, you may lose all the marks for this paper.



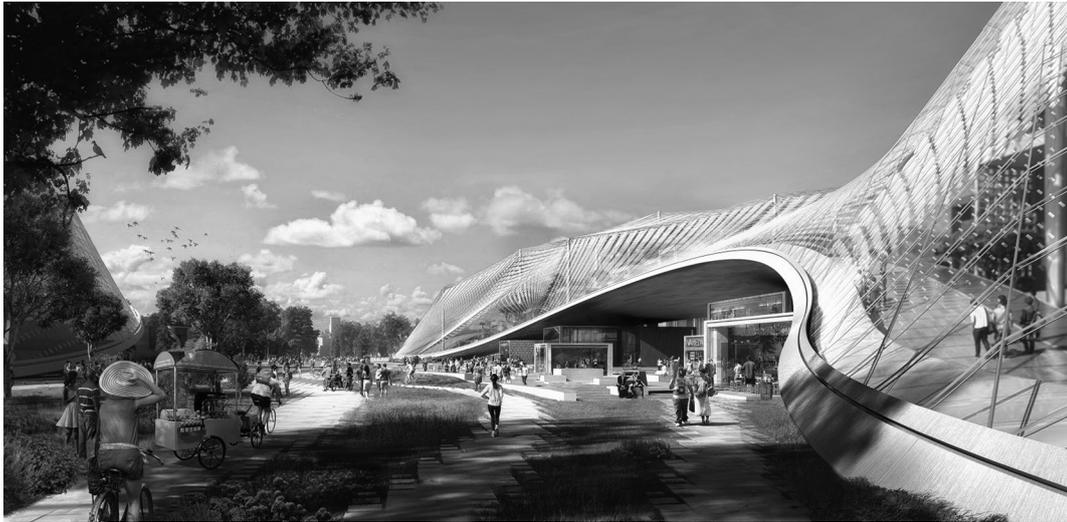
* X 7 1 0 7 6 1 1 *

SECTION 1 — 30 marks

Read ALL the following information and attempt ALL the questions that follow.

Welcome to the Google plex!

Internet giant to build futuristic headquarters



INTRODUCTION

Google plc, the internet giant, has planned a massive expansion of its Californian headquarters (HQ). The million square foot headquarters, commonly referred to as the “Googleplex”. This is the first time the company has commissioned a building to be designed from scratch rather than modifying premises built by others. Google will have a building designed exactly for its own purpose and one which takes staff needs into account.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Google’s HQ plans to have solar panels and charging stations for employees’ electric cars or indeed Google’s own “driverless” cars that transport employees around the district. A low-energy heating and cooling system will allow Google to supply 100 percent fresh air economically. Most existing buildings introduce only a small percentage of fresh air. The company also seeks to eliminate potentially harmful chemicals in building materials. Google also have their own charity called “Google.org” and one of their commitments is to encourage the use of renewable energy in the United States of America.

GOOGLE'S PRODUCT PORTFOLIO

The need for a new HQ comes as Google has grown by developing many new products. It has also acquired other technology companies over the years (see Exhibit 1). Products range from the original Google search engine to the Android mobile operating system for smartphones and tablets. Google's product portfolio can be seen in more detail in Exhibit 2.



CORPORATE CULTURE

Google has a very relaxed corporate culture and this has been taken into account in the planning of the building. Although employees can work from outwith the office, the new HQ has been designed to encourage employees to want to be there so that they benefit from regular communication and idea sharing. Most Google employees have flexible working hours, adding to the general feeling of wellbeing.

The design will also allow employees to meet up easily and chat. Employees can wear their own casual clothes and pedal on free bicycles or walk to informal meetings in the roof gardens or coffee shops. The Googleplex will continue to use the preferred Google colour scheme of primary colours currently used in the existing HQ and will house impressive facilities. Google's offices are well-known for their perks such as gourmet cafes, sleep pods, laptops attached to gym equipment and even pool tables and bowling alleys!

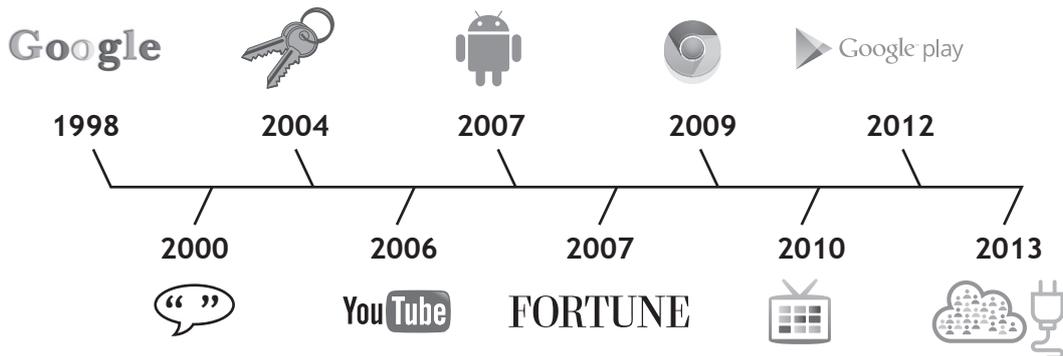
RECRUITMENT AND SELECTION

Google's new employees are called "Nooglers". It may soon face competition in employing the very best potential "Nooglers" because other technology giants are also improving their offices. These rival businesses wish to ensure that they, like Google, can attract the best talent in the competitive job market.

Google and their competitors recruit for vacancies outwith their current staff from the same pool of University graduates and the wider workforce. Apple, its main competitor, is currently building an even bigger environmentally friendly campus. Meanwhile, Facebook is trying to tempt the next generation of IT graduates by creating a "Main Street" of stores, restaurants and facilities at the centre of its headquarters.

[Turn over

Exhibit 1 – Google’s timeline



1998 – Google.com

Google.com is registered as a domain.

2000 – Google in 10 Languages

The first 10 languages of Google are released. Today, search is available in 150+ languages.

2004 – Move to new HQ

Google move to their Mountainview headquarters, 11 years before the move to their latest “Googleplex” HQ.

2006 – YouTube acquired

Google announce the takeover of YouTube.

2007 – Android

Google launch Android – the first open platform for smartphone devices.

2007 – “Fortune” Best Company to Work For

Google is rated no 1 company to work for in a well-known business magazine.

2009 – Google Chrome

Google launch their own web browser, Google Chrome.

2010 – Google TV

Google TV is launched.

2012 – Google Play

Android Market is rebranded Google Play, a digital content store offering apps, games, books, music and more.

2013 – Energy efficiency in the cloud

Google funded research shows that increased use of cloud computing would drastically reduce energy consumption.

Exhibit 2 – Google’s Product Portfolio

		Market Share	
		High	Low
Market Growth	High	<ul style="list-style-type: none"> • Android mobile operating system • YouTube • Gmail 	<ul style="list-style-type: none"> • Google Chrome internet browser • Google Nexus smartphone • Google TV
	Low	<ul style="list-style-type: none"> • Google search engine 	<ul style="list-style-type: none"> • Google self-driving cars

Exhibit 3 – Extract from Google’s financial statements for the years 2011-2013

Google plc Income Statement (Trading, Profit and Loss Account) 2011-2013

	2011 \$ Million	2012 \$ Million	2013 \$ Million
Revenue (Sales)	\$37,905	\$50,175	\$59,825
Less Cost of Sales	<u>\$13,188</u>	<u>\$20,634</u>	<u>\$25,858</u>
GROSS PROFIT	\$24,717	\$29,541	\$33,967
<u>Less Expenses</u>			
Sales & Advertising	\$4,589	\$6,143	\$7,253
Research & Development	\$5,162	\$6,793	\$7,952
Administration	<u>\$3,224</u>	<u>\$3,845</u>	<u>\$4,796</u>
	<u>\$12,975</u>	<u>\$16,781</u>	<u>\$20,001</u>
PROFIT FOR THE YEAR (Net Profit)	<u>\$11,742</u>	<u>\$12,760</u>	<u>\$13,966</u>

[Turn over

The following questions are based on ALL the information provided and on knowledge and understanding you have gained whilst studying the course.

- | | |
|---|---|
| 1. (a) (i) Describe the method of production used to create Google's new headquarters. | 1 |
| (ii) Discuss the advantages and disadvantages of the method of production described in 1(a)(i). | 5 |
| (b) Describe the advantages to Google of having a varied product portfolio as shown in Exhibit 2. | 5 |
| (c) Explain the benefits of Google's corporate culture to the organisation and its employees. | 4 |
| (d) As a plc, Google has to publish its final accounts as shown in Exhibit 3. | |
| (i) Describe the following financial terms: | |
| • Revenue (Sales); | |
| • Gross Profit. | 2 |
| (ii) Describe the trend in profitability using examples from Exhibit 3. | 1 |
| (e) Google's development of its new headquarters is an example of organic (internal) growth. | |
| Describe other methods of growth available to Google. | 4 |
| (f) Google aims to attract the best available talent from outwith its current staff. | |
| Discuss the use of this method of recruitment. | 5 |
| (g) Describe the ways in which Google demonstrates positive Corporate Social Responsibility (CSR) as shown in the case study. | 3 |

SECTION 2 — 40 marks

Attempt ALL questions

- | | | | |
|----|-----|--|---|
| 2. | (a) | Describe the sales promotions which could be used when launching a new product. | 4 |
| | (b) | Discuss the factors an organisation might consider before selecting a channel of distribution. | 4 |
| | (c) | Compare the use of random sampling and quota sampling when carrying out market research. | 2 |
| 3. | (a) | Discuss the advantages and disadvantages of centralised stock storage. | 4 |
| | (b) | Explain the disadvantages of just in time stock control. | 4 |
| | (c) | Describe the benefits of achieving Fairtrade certification. | 2 |
| 4. | (a) | Describe the advantages to an organisation of using cash budgets. | 4 |
| | (b) | Describe the reasons why a competitor may be interested in the financial information of an organisation. | 2 |
| | (c) | Discuss the sources of long-term finance available to a plc. | 4 |
| 5. | (a) | Describe the features of Maslow's motivation theory. | 4 |
| | (b) | Explain the benefits of positive employee relations. | 3 |
| | (c) | Discuss the effects of the Equality Act 2010 on an organisation. | 3 |

[END OF QUESTION PAPER]

ACKNOWLEDGEMENT

Section 1 – Logo, image and information are adapted from Google. Reproduced by kind permission of Google plc.

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X234/12/11

NATIONAL
QUALIFICATIONS
2015

MONDAY, 11 MAY
1.00 PM – 3.30 PM

BUSINESS
MANAGEMENT
HIGHER

Candidates should attempt **all** questions in Section **One** and **two** questions from Section **Two**.

Read all the questions carefully.

100 marks are allocated to this paper.

50 marks for Section **One** and

50 marks for Section **Two**.

Answers are to be written in the answer book provided.



SECTION ONE

This section should take you approximately 1 hour 15 minutes.

Read through the following information, then answer the questions which follow.

Hall's Meat Factory To Close

Hall's meat factory at Broxburn, owned by Vion UK, was expected to close in February 2013 with the loss of over 1700 jobs. Unless a buyer was found the meat processing plant would be wound down from October 2012. The workers felt this information was delivered by management in a very impersonal manner.



The news that the factory was to close came despite attempts by the Scottish Government, the local council and union officials to negotiate with Vion UK. The factory was bought by Vion UK in 2008 from the troubled Grampian Country Food Group.

The company Chairman, Peter Barr said "We have done everything in our power to avoid having to take this extremely regrettable action but we have been unable to identify any viable alternative to the closure of the factory at Broxburn."

Vion UK claimed they had invested over £10 million in the struggling factory over the 2 previous years. However, even after the investment in new processes, the factory continued to make record losses.

The challenging economic conditions at the time left the owners with no option other than to close the factory. The food sector industry was suffering heavily due to the recession which resulted in families cutting food budgets. Family spending on any luxury food items had reduced considerably as families switched their spending to more basic food stuff. This led to an increase in competition from brands producing similar types of products that Hall's manufactured. Vion UK were forced to reduce their price on Hall's products and to increase their budget for promotional activities to hold onto their market share.

Peter Barr said "The outdated and inefficient layout of the site and increasing costs meant that the factory had been making a loss for a number of years. There was also over capacity in the marketplace for meat products and due to this we are now in a position that is unsustainable."



FOOD GROUP

Vion UK claimed they had carried out extensive discussions with their employees and also union representatives to seek alternative solutions. The owners even claimed that some efficiency improvements had been found, but they were not nearly enough to bridge the considerable losses being made by the factory. The consultation period had lasted 90 days and during that spell the factory was still making a loss of £75,000 per day.

The Scottish Government had been involved from an early stage and formed a task force with the sole objective of saving as many jobs as possible. They offered to buy the site from Vion UK and lease it back to them, freeing up much needed working capital,

but this offer was rejected. During the period of the task force 3 potential bidders expressed an interest in buying the factory. However, after carrying out extensive research none of the buyers placed a firm offer.

The Scottish Government Finance Secretary, John Swinney, confirmed the task force would continue to try to find a buyer and to attempt to put in place a recovery plan should the factory close. He went on to say “This is disappointing news for those working at Hall’s of Broxburn and their families. Since Vion announced the proposed closure the Scottish Government has taken every action in our power to secure the future of the factory, working with the company and stakeholders. Teams have been put in place to help people who are looking at their options for the future.”

The Government also pledged to work to address the potential impact on the local area. A recovery plan was drawn up to address the closure and help find jobs for those affected by the job losses.

There was fury in the local community at the announcement, especially from the councillors and residents. They felt the decision seemed to confirm that Vion UK’s senior management had been stringing everyone along for months. Local councillors were very worried at the devastating effect on the area as 80 percent of the workforce live locally.



The Scottish Trades Union Congress added to the condemnation of Vion UK. The General Secretary of the STUC issued a very damaging statement: “The STUC is stunned and angry at the news that Vion will now proceed to close the Hall’s of Broxburn factory. Once again a skilled and productive workforce is paying for the mistakes of management over an extended period. Job losses of this scale will be extremely difficult to bear in the current economic slump. The STUC urge Vion to continue to ensure that all remaining options are pursued with extreme vigour.”

[Turn over

QUESTIONS

You should note that although the following questions are based on the stimulus material, it does not contain all the information needed to provide suitable answers to all the questions. You will need to make use of knowledge you have acquired whilst studying the course.

Answer ALL the questions.

- | | |
|---|---------------------------------|
| <p>1. Identify the problems faced by Vion UK. You should use the following headings. (Please identify problems only, solutions will not be credited.)</p> <ul style="list-style-type: none"> • Marketing • Finance • Human Resource Management • External Factors | 10 |
| <p>2. (a) Describe the possible objectives of a public sector organisation such as a local council.</p> <p>(b) Describe 2 other sectors of the economy.</p> | <p>4</p> <p>2</p> |
| <p>3. Describe the main features of an entrepreneurial structure.</p> | 3 |
| <p>4. Describe the actions an organisation could take to overcome cash flow problems.</p> | 4 |
| <p>5. Explain the advantages and disadvantages to an organisation of introducing ICT.</p> | 6 |
| <p>6. Compare the use of internal sources with external sources of recruitment.</p> | 4 |
| <p>7. Describe and justify 4 methods of direct selling that an organisation could use. (A different justification must be used each time.)</p> | 8 |
| <p>8. Describe employee payment systems that are available to an organisation.</p> | 5 |
| <p>9. Explain the advantages of using a structured decision making model.</p> | 4 |
| | (50) |

[END OF SECTION ONE]

SECTION TWO

This section should take you approximately 1 hour 15 minutes.

Answer TWO questions

- | | | | |
|----|-----|---|-------------|
| 1. | (a) | (i) Compare job production with batch production | 4 |
| | | (ii) Describe flow production. | 2 |
| | (b) | (i) Explain the impact of 3 environmental factors on an organisation. | 3 |
| | | (ii) Describe other external factors which could impact on an organisation. | 5 |
| | (c) | Describe the role of appraisal in improving an employee's performance. | 5 |
| | (d) | Describe the characteristics of quality information. | 6 |
| | | | (25) |
| 2. | (a) | Describe the main features of the Data Protection Act 1998. | 5 |
| | (b) | Discuss the use of quality inputs for an organisation. | 5 |
| | (c) | Explain the advantages and disadvantages to organisations of having own brand products. | 6 |
| | (d) | Describe niche marketing. | 3 |
| | (e) | Discuss the use of ratios to analyse financial data. | 6 |
| | | | (25) |
| 3. | (a) | Describe 6 methods that an organisation could use to segment its market. | 6 |
| | (b) | Explain the advantages to an organisation of using functional grouping. | 4 |
| | (c) | Describe the methods an organisation could use to create a strong corporate culture. | 5 |
| | (d) | Distinguish between strategic and tactical decisions. | 3 |
| | (e) | Describe the stages of a formal disciplinary procedure taken against an employee. | 4 |
| | (f) | Describe the advantages of collective bargaining carried out by a trade union. | 3 |
| | | | (25) |

[Turn over

SECTION TWO (continued)

4. (a) Describe the internal factors that would influence the success of a managerial decision. 5
- (b) Explain the advantages and disadvantages to an organisation of delayering. 5
- (c) Distinguish between the following financial terms:
- Fixed Assets and Current Assets
 - Gross Profit and Net Profit
 - Debtors and Creditors. 3
- (d) Describe the pricing tactics that could be used to extend the life of a product. 6
- (e) Describe and justify 3 methods of testing that could be used when selecting staff. (A different justification must be used each time.) 6
- (25)**
5. (a) Describe the final accounts that would be produced by a public limited company. 4
- (b) (i) Discuss the use of Just in Time stock control. 6
- (ii) Explain the factors an organisation would take into account before choosing a supplier. 5
- (c) Discuss the use of outsourcing by an organisation. 5
- (d) Describe the influence stakeholders could have on an organisation. 5
- (25)**

[END OF SECTION TWO]

[END OF QUESTION PAPER]

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ACKNOWLEDGEMENTS

Section One – Logo/Sign – Halls of Broxburn.

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Section One – Vion Logo and Photograph of Production.

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X234/12/01

NATIONAL
QUALIFICATIONS
2013

THURSDAY, 23 MAY
1.00 PM – 3.30 PM

BUSINESS
MANAGEMENT
HIGHER

Candidates should attempt **all** questions in Section **One** and **two** questions from Section **Two**.

Read all the questions carefully.

100 marks are allocated to this paper.

50 marks for Section **One** and

50 marks for Section **Two**.

Answers are to be written in the answer book provided.



SECTION ONE

This section should take you approximately 1 hour 15 minutes.

Read through the following information, then answer the questions which follow.

This passage has been removed due to copyright issues.

QUESTIONS

You should note that although the following questions are based on the stimulus material, it does not contain all the information needed to provide suitable answers to all the questions. You will need to make use of knowledge you have acquired whilst studying the course.

ANSWER ALL THE QUESTIONS.

This question has been removed due to copyright issues.

- | | | |
|----|---|---|
| 2. | Describe possible methods of growth for a public limited company. | 5 |
| 3. | Describe ways an organisation could encourage positive employee relations. | 6 |
| 4. | Discuss methods of grouping which could be used by a multi-national organisation. | 6 |
| 5. | Distinguish between the following: | |
| | (a) Primary information and secondary information | |
| | (b) Qualitative information and quantitative information. | 4 |
| 6. | Discuss quality management techniques that an organisation could use. | 8 |
| 7. | Describe financial information that potential shareholders could use to decide whether or not to invest in a company. | 6 |
| 8. | Explain the role of a manager in effective decision making. | 5 |

(50)

[END OF SECTION ONE]

SECTION TWO

Marks

This section should take you approximately 1 hour 15 minutes.

Answer TWO questions

- | | | | | |
|----|-----|------|---|-------------|
| 1. | (a) | (i) | Compare job production with flow production. | 3 |
| | | (ii) | Describe the main features of batch production. | 3 |
| | (b) | | Explain the considerations an organisation would take into account before choosing a supplier. | 6 |
| | (c) | | Discuss the use of external sources of recruitment. | 5 |
| | (d) | | Distinguish between a tactical decision and an operational decision. | 3 |
| | (e) | | Describe possible sources of finance for a partnership looking to expand its activities. | 5 |
| | | | | (25) |
| 2. | (a) | (i) | Justify the use of loss leaders as a pricing tactic. | 4 |
| | | (ii) | Describe methods a public relations department could use to improve the image of an organisation. | 4 |
| | (b) | | Explain the impact of industrial action on an organisation. | 4 |
| | (c) | | Describe reasons for an organisation making use of an assessment centre as part of the selection process. | 4 |
| | (d) | | Explain internal constraints that make decision making difficult. | 4 |
| | (e) | | Describe the role of the finance department in meeting the expectations of HMRC (Inland Revenue). | 2 |
| | (f) | | Describe factors that influence the formal structure of an organisation. | 3 |
| | | | | (25) |
| 3. | (a) | | Describe the use of ICT in a stock control system. | 5 |
| | (b) | | Explain the benefits of outsourcing for an organisation. | 4 |
| | (c) | | Distinguish between product orientation and market orientation. | 2 |
| | (d) | | Describe 5 extension strategies that could be used to extend a product's life-cycle. | 5 |
| | (e) | | Describe the limitations of ratio analysis when making financial decisions. | 5 |
| | (f) | | Explain the purpose of a SWOT analysis. | 4 |
| | | | | (25) |

SECTION TWO (continued)

- | | | |
|--------|--|-------------|
| 4. (a) | Discuss market research techniques used by an organisation. | 6 |
| (b) | Describe the impact of the Equality Act 2010 on organisations and employees. | 4 |
| (c) | Other than legislation explain the effect that external factors can have on an organisation. | 6 |
| (d) | Describe appraisal and justify its use. | 4 |
| (e) | Describe the effects of increasing a manager's span of control. | 5 |
| | | (25) |
| 5. (a) | Describe the advantages and disadvantages of branding for an organisation. | 6 |
| (b) | Discuss the use of just in time stock control. | 5 |
| (c) | Explain the impact on a marketing department of introducing modern technology. | 5 |
| (d) | Describe the interests stakeholders have in an organisation. | 4 |
| (e) | Describe reasons for cash flow problems that can affect an organisation. | 5 |
| | | (25) |

[END OF SECTION TWO]

[END OF QUESTION PAPER]

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X234/12/01

NATIONAL
QUALIFICATIONS
2012

WEDNESDAY, 30 MAY
1.00 PM – 3.30 PM

BUSINESS
MANAGEMENT
HIGHER

Candidates should attempt **all** questions in Section **One** and **two** questions from Section **Two**.

Read all the questions carefully.

100 marks are allocated to this paper.

50 marks for Section **One** and

50 marks for Section **Two**.

Answers are to be written in the answer book provided.



SECTION ONE

This section should take you approximately 1 hour 15 minutes.

Read through the following information, then answer the questions which follow.

Peter Scott & Co. Find a Buyer

Peter Scott & Co., the Hawick based textile manufacturer, was sold as a going concern to UK clothing company Gloverall in May 2010. Almost 120 of the Peter Scott & Co. staff were made redundant when it fell victim to the economic downturn. The remaining 20 staff were transferred to the Northampton based Gloverall, who made their name manufacturing duffle coats.

Samuel Lee, Gloverall director, said, "Gloverall is delighted to acquire a business with such a rich heritage and brand presence. We are currently reviewing our intentions to recommence full production of Peter Scott & Co. products in Hawick."

Peter Scott & Co.

Peter Scott founded the company in 1878 but success came slowly. However, Peter Scott's energy and perseverance, plus his practical knowledge and business ability, meant the business expanded. Peter Scott & Co. was still manufacturing in Hawick over 100 years later. During that time it went on to become one of Scotland's best known exporters.

Peter Scott

Right from the beginning Peter Scott always strove to buy the best in wool, silk, cashmere and cotton. This drove the cost of production up, meaning a high price needed to be charged in order to make a profit. This policy of purchasing expensive high quality materials continued until the company went into administration in 2010.

Unusually, for a modern manufacturing organisation of its size, it was still a private limited company. This prevented the company from raising much needed finance through the sale of shares on the stock market. Any investment had to come from the private sale of shares, limiting the number of potential investors.

The company, even from its humble beginnings, had always maintained close links with sporting and cultural activities in the UK. Peter Scott & Co. supplied a great deal of their clothing to the golfing world and in May 2010, Colin Montgomerie, the Ryder Cup Golf Captain, teamed up with the company to promote an exclusive range of golfing knitwear. This type of expensive promotion was required to keep the exclusive brand image. However, this was to be the last of the expensive promotional activities and extravagant spending carried out by the company.

Present Situation

Despite having an excellent reputation and strong brand, Peter Scott & Co. suffered heavily from increased overseas competition. Lower wages paid by overseas firms, meant they could charge lower prices for similar products. The worldwide economic slowdown in 2010, plus the reduction in spending on luxury items in the UK,



contributed to Peter Scott & Co. being placed under administration.

This resulted in 120 redundancies taking place and the company directors working closely with local and national government agencies to save the remaining jobs. The Scottish Government attempted to help the company directors by setting up discussions with several parties who had an interest in purchasing the company. However, these discussions were not successful and failed to save the vast majority of jobs.

In an attempt to save the company, local Conservative MSP, Mr John Lamont, contacted the Scottish Government Finance Secretary. However, the UK National Budget, announced by the Government in July 2010, saw savage cuts in all areas of Government spending. This meant that there were no Government funds available to save struggling companies.

Gloverall's Plans for Peter Scott & Co.

Gloverall revealed in August 2010 that it wanted to employ 60 people within two months. The firm's Finance Director Walter Goulding said, "We are continuing to employ the initial 20 people from Peter Scott & Co., but are now looking to build back up the local workforce." He added, "The administrators had more or less decimated



the workforce. There were no knitters or production staff left which left us in a poor situation to begin with. But the Peter Scott brand is an excellent product and we want to get production up and running again in Hawick as soon as possible".

Before Gloverall resumed manufacturing in Hawick they had to look closely at the production facility. The building was old and unsuitable for modern manufacturing practices. Also, the existing machinery at the Hawick factory needed upgrading to incorporate the latest technology.

Mr Goulding said, "Our firm is very big in the Far East and we want to further develop these markets. The plan is to invest in the production facility at Hawick and as the business grows, hopefully we will be in a position to expand. The 'Made in Scotland' label is very important to our future success". It is hoped for the Borders textile industry and Hawick in particular, that the success of Gloverall continues.

Sources: The Scotsman, May 2010

Drapersonline.com

Gloverall.com

[Turn over

QUESTIONS

Marks

You should note that although the following questions are based on the stimulus material, it does not contain all the information needed to provide suitable answers to all the questions. You will need to make use of knowledge you have acquired whilst studying the course.

Answer ALL the questions.

1. Identify the problems faced by Peter Scott & Co. You should use the following headings. (Please identify problems only, solutions will not be credited.)
 - Marketing
 - Finance
 - Operations
 - External Factors

10

 2. Other than funds, describe the types of assistance a Local Enterprise Company could provide for an organisation.

4

 3. Describe **2** pricing tactics that an organisation could use when selling an exclusive product.

4

 4. Describe the **3** main types of decision that an organisation could make.

3

 5. Distinguish between centralised and de-centralised decision making.

5

 6. Explain the benefits to an organisation of introducing ICT.

5

 7. (a) Describe the purposes of sales and production targets.

3

(b) Describe the actions that could be taken to overcome cash flow problems.

5

 8. Explain the problems that can arise from “under” and “over” stocking.

5

 9. Discuss the effects of introducing flexible working practices.

6
- (50)**

[END OF SECTION ONE]

SECTION TWO

Marks

This section should take you approximately 1 hour 15 minutes.

Answer TWO questions

- | | | | |
|----|-----|---|-------------|
| 1. | (a) | Describe the advantages and disadvantages of product endorsement. | 6 |
| | (b) | Discuss the use of customer grouping for an organisation. | 4 |
| | (c) | Describe and justify 3 sources of finance that could be used by a partnership. (A different justification must be used each time.) | 6 |
| | (d) | Describe the advantages of e-commerce to an organisation. | 5 |
| | (e) | Describe the features of high quality information. | 4 |
| | | | (25) |
| 2. | (a) | Describe different types of organisational relationships that can exist within a business. | 4 |
| | (b) | (i) Describe quality management systems that can be used within an organisation. | 7 |
| | | (ii) Describe 3 different types of production that could be used by an organisation. | 3 |
| | (c) | Describe 3 accounting ratios and justify their use. (A different justification must be used each time.) | 6 |
| | (d) | Explain how different methods of growth can lead to increased sales or profits. | 5 |
| | | | (25) |
| 3. | (a) | Describe the benefits of different types of information. | 4 |
| | (b) | Describe 5 stages of the recruitment process used by most organisations. | 5 |
| | (c) | Describe 3 different employment contracts and justify their use. (A different justification must be used each time.) | 6 |
| | (d) | Discuss the effects of outsourcing on an organisation. | 5 |
| | (e) | Explain the advantages and disadvantages of using a wholesaler. | 5 |
| | | | (25) |

[Turn over

SECTION TWO (continued)*Marks*

4. (a) Describe different forms of industrial action that an employee could take. 5
- (b) Describe the main features of the Equality Act 2010. 3
- (c) Describe the features of an effective stock control system. 5
- (d) (i) Compare the use of “time rate” with “piece rate” for paying employees. 3
- (ii) Describe other employee payment systems that could be used by an organisation. 4
- (e) Explain the advantages and disadvantages of using a structured decision making model. 5
- (25)**
5. (a) Describe the main characteristics of a multi-national corporation. 4
- (b) Describe the possible objectives of a private limited company. 4
- (c) (i) Describe the final accounts that would be produced by an organisation. 3
- (ii) Describe reasons why a competitor would make use of another organisation’s final accounts. 2
- (d) (i) Describe the 4 main stages of the product life cycle. 4
- (ii) Describe the effect of each stage on profits. 4
- (e) Distinguish between:
- quota sampling and random sampling 2
 - product led and market led organisations. 2
- (25)**

[END OF SECTION TWO]

[END OF QUESTION PAPER]

ACKNOWLEDGEMENTS

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NATIONAL
QUALIFICATIONS
2011

WEDNESDAY, 25 MAY
1.00 PM – 3.30 PM

BUSINESS
MANAGEMENT
HIGHER

Candidates should attempt **all** questions in Section **One** and **two** questions from Section **Two**.

Read all the questions carefully.

100 marks are allocated to this paper.

50 marks for Section **One** and

50 marks for Section **Two**.

Answers are to be written in the answer book provided.



SECTION ONE

This section should take you approximately 1 hour 15 minutes.

Read through the following information, then answer the questions which follow.

THE DEMISE OF SETANTA

The Irish pay-TV company Setanta was placed into administration after rescue talks, designed to secure new funding, collapsed. Setanta officially ceased to broadcast in the UK in June 2009 and all of its UK staff were made redundant.

Since its inception Setanta and its financial backers had invested hundreds of millions of pounds buying UK and international sporting rights. With the hard work and dedication of its staff, a pay-TV broadcaster was created which entertained people in 3 million homes with top-class sport. Now the initial investors have lost their capital and have been left wondering what went wrong.



The first indications of financial difficulties came to light at the end of the season 2008/09, when Setanta failed to meet a scheduled £3m broadcasting rights payment to the Scottish Premier League (SPL). This resulted in the SPL cancelling its agreement with Setanta. The SPL was one of a number of sporting organisations to count the cost of the loss of Setanta's broadcasting revenue.

As a result of government legislation Setanta was forced to suspend the collection of subscription payments from customers in the UK with immediate effect. It would have been illegal for Setanta to continue to collect existing direct debits or take on new customers knowing that administration loomed.

Some of the existing Setanta investors had stated they were prepared to commit significant funds to the business if it could improve its operating performance. This meant existing contracts having to be re-negotiated. The re-negotiations made some improvements but they were insufficient to convince the investors to part with their funds.



Setanta's founders had been left focusing on trying to rescue the Irish and North American operations, which were believed to be making a modest profit. The company continued to trade under Setanta Ireland and Setanta International. Neither Setanta Ireland nor Setanta International had been heavily marketed in the UK over the previous 5 years. Setanta concentrated on its UK base during this spell resulting in a low customer awareness of the Irish and International brands.

COMPETITION – SKY SPORTS AND ESPN

Setanta operated in a highly competitive market, with Sky and the Disney owned broadcaster ESPN, both huge rivals. These rivals were prepared to bid billions of pounds to secure the rights to specific sporting events, including Sky's broadcasting of the Premiership football in England. Setanta struggled to match the bidding of its rival broadcasting giants. Both Sky and ESPN also have vastly superior marketing structures which secure huge numbers of subscribers each year.



A lack of subscription income meant that Setanta was unable to make the payments to the governing bodies of the sports to which it held the broadcasting rights. Furthermore, the recession resulted in many viewers cancelling their subscriptions and cutting back on luxuries like satellite TV. With only 1.2 million subscribers in the UK, Setanta was well short of the 1.9 million subscribers it needed to break even.

In an attempt to attract new subscribers, Setanta massively overbid to secure certain broadcasting rights. This included a £390 million bid for a 3 year deal for 46 English Premiership football games per year. The games secured by Setanta were less significant than the glamour games bought by Sky and therefore much more difficult to market to subscribers. Losing out on these glamour games had a double impact on Setanta's revenue as advertisers pulled out from agreed marketing and advertising deals.

The logo for Sky Sports, featuring the words "SKY" and "SPORTS" in a bold, white, sans-serif font, separated by a vertical line. The logo is centered within a dark, rectangular background that has a subtle gradient.

Setanta seemed to compromise on what games were shown. They showed replays of top league games ahead of live lower league games, leaving subscribers unhappy. Setanta's camera work and technology also left many armchair fans disappointed. Setanta had fewer cameras and crews at games meaning less angles shown during matches. The use of poorer technology compared to their rival often resulted in interrupted broadcasts. Setanta's studio commentators seemed to be less comfortable in front of the camera than the Sky Sports presenters. One customer commented "I am shocked and disgusted with Setanta's (so called) 'sports' coverage". At a time when customer satisfaction should have been paramount, Setanta was failing to captivate the armchair fans.

The big winner in Setanta's demise was Sky Sports, who now have the sole broadcasting rights of the much sought after English Premiership football plus the SPL. With a virtual monopoly on football, companies are more than willing to pay Sky to show their advertisements.

Based on an article in www.guardian.co.uk

QUESTIONS

You should note that although the following questions are based on the stimulus material, it does not contain all the information needed to provide suitable answers to all the questions. You will need to make use of knowledge you have acquired whilst studying the course.

Answer ALL the questions.

- | | |
|--|----------------------|
| <p>1. Identify the problems faced by Setanta. You should use the following headings. (Please identify problems only, solutions will not be credited.)</p> <ul style="list-style-type: none"> • Marketing • Finance • Operations • External Factors | 10 |
| <p>2. Describe methods an organisation could use to encourage positive employee relations.</p> | 6 |
| <p>3. Describe financial information that stakeholders could use to assess an organisation's financial position.</p> | 5 |
| <p>4. Describe and justify 3 market research techniques that an organisation could use to assess customer satisfaction. (A different justification should be used each time.)</p> | 6 |
| <p>5. Explain the effects of delayering on an organisation.</p> | 4 |
| <p>6. (a) Distinguish between a wide area network and a local area network.</p> <p>(b) Describe and justify the use of 4 types of information. (A different justification should be used each time.)</p> | 2
8 |
| <p>7. Discuss the use of quality standards for an organisation.</p> | 6 |
| <p>8. Describe the benefits to an organisation of using interviews prior to appointing a new employee.</p> | 3 |
| | (50) |

[END OF SECTION ONE]

SECTION TWO

This section should take you approximately 1 hour 15 minutes.

Answer TWO questions.

- | | | | |
|----|-----|---|-------------|
| 1. | (a) | Distinguish between a strategic decision and a tactical decision. | 3 |
| | (b) | Explain the advantages of staff training for an organisation. | 4 |
| | (c) | Describe the role of a manager in staff appraisal. | 5 |
| | (d) | Discuss the use of just in time production. | 6 |
| | (e) | (i) Explain the effects that 3 political factors could have on an organisation.
(A different effect should be explained each time.) | 3 |
| | | (ii) Describe 4 external factors (other than political) that could have an impact on an organisation. | 4 |
| | | | (25) |
| 2. | (a) | Describe and justify 3 sources of finance available to a partnership.
(A different justification should be used each time.) | 6 |
| | (b) | Explain the reasons managers use accounting ratios. | 4 |
| | (c) | Describe the main features of the Data Protection Act 1998. | 5 |
| | (d) | (i) Explain the effects that branding its products could have on an organisation. | 5 |
| | | (ii) Describe the stages that a product might go through prior to being launched onto the market. | 5 |
| | | | (25) |
| 3. | (a) | Describe methods of growth. | 6 |
| | (b) | (i) Explain the impact that recent trends in retailing have had on organisations. | 4 |
| | | (ii) Describe the reasons why some manufacturers sell their products to retailers rather than directly to customers. | 4 |
| | (c) | Explain advantages and disadvantages of becoming a public limited company. | 5 |
| | (d) | (i) Describe the main characteristics of an entrepreneurial structure. | 3 |
| | | (ii) Distinguish between a centralised structure and a decentralised structure. | 3 |
| | | | (25) |

SECTION TWO (continued)

- | | | |
|----|---|-------------|
| 4. | (a) Compare the use of functional grouping with product grouping. | 5 |
| | (b) Explain internal problems that can exist when managers try to make effective decisions. | 5 |
| | (c) Describe different payment systems available to an organisation. | 5 |
| | (d) (i) Describe and justify 3 forms of testing (other than interviews) used in the selection process. (A different justification should be used each time.) | 6 |
| | (ii) Discuss the use of internal sources of recruitment. | 4 |
| | | (25) |
| 5. | (a) Explain the benefits of using Information Communications Technology for a multinational organisation. | 5 |
| | (b) Describe factors an organisation should consider when trying to encourage a positive corporate culture. | 5 |
| | (c) Explain the advantages to an organisation of using a structured decision making model. | 5 |
| | (d) Describe reasons why an organisation would use cash budgets. | 5 |
| | (e) Explain the advantages and disadvantages of using job production. | 5 |
| | | (25) |

[END OF SECTION TWO]

[END OF QUESTION PAPER]

ACKNOWLEDGEMENTS

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