

Cumbernauld Academy

Faculty of Business IT and
Computing Science

National 5

Business Management
Past Paper Marking Guidelines





National
Qualifications
2015

2015 Business Management

National 5

Finalised Marking Instructions

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General Marking Principles for National 5 Business Management

This information is provided to help you understand the general principles you must apply when marking candidate responses to questions in this Paper. These principles must be read in conjunction with the detailed marking instructions, which identify the key features required in candidate responses.

- (a) Marks for each candidate response must always be assigned in line with these General Marking Principles and the Detailed Marking Instructions for this assessment.
- (b) Marking should always be positive. This means that, for each candidate response, marks are accumulated for the demonstration of relevant skills, knowledge and understanding: they are not deducted from a maximum on the basis of errors or omissions.
- (c) If a specific candidate response does not seem to be covered by either the principles or detailed Marking Instructions, and you are uncertain how to assess it, you must seek guidance from your Team Leader.
- (d) i. Questions that ask candidates to Describe . . .
Candidates must make a number of relevant, factual points up to the total mark allocation for the question. These should be key points. The points do not need to be in any particular order. Candidates may provide a number of straightforward points or a smaller number of developed points, or a combination of these.

Up to the total mark allocation for this question:

- 1 mark should be given for each accurate relevant point of knowledge.
- a second mark could be given for any point that is developed from the point of knowledge

- ii. Questions that ask candidates to Explain . . .
Candidates must make a number of points that relate cause and effect and/or make the relationships between things clear, for example by showing connections between a process/situation. These should be key reasons and may include theoretical concepts. There is no need to prioritise the reasons.

Candidates may provide a number of straightforward reasons or a smaller number of developed reasons, or a combination of these.

Up to the total mark allocation for this question:

- 1 mark should be given for each accurate relevant point of reason.
- a second mark could be given for any other point that is developed from the same reason.

- iii. Questions that ask candidates to Discuss . . .
Where question asks candidates to discuss advantages and disadvantages they must make a number of relevant advantages and disadvantages up to the total mark allocation for the question. However, where question is only discuss this invites positives and negatives but does not insist on both.

Up to the total mark allocation for this question:

- 1 mark should be given for each advantage/disadvantage.

Detailed Marking Instructions for each question

Section 1

Question		Expected Answer(s)	Max Mark	Additional Guidance
1.	(a)	Identifiable market segments: <ul style="list-style-type: none"> • Age (only accept one example, eg youth) • Hobby/Interest • Location (Dundee) • Education 	2	Answers must come from the case study given. Award 1 mark for each valid market segment identified.
	(b) (i)	Identifiable charitable organisations: <ul style="list-style-type: none"> • People's Postcode Lottery • Comic Relief • Big Lottery Fund 	1	Answer must come from the case study given. Award 1 mark for correctly identifying a charitable organisation.
	(ii)	Response should be: <ul style="list-style-type: none"> • Third • Voluntary 	1	Award 1 mark for correct identification.
	(iii)	Responses could include: <p>Private Sector</p> <ul style="list-style-type: none"> • Organisations owned by private individuals • Aim to make a profit <p>Public Sector</p> <ul style="list-style-type: none"> • Organisations owned and controlled by the government or local authorities • Financed by taxes 	1	Candidates are required to describe one other sector of the economy to gain full marks. Award 1 mark for a valid description point. Watch for consequentiality from (ii). Minimum of two types of business organisation to be provided if used as a description - beware of list. Do not accept examples of organisations as a description. Accept any other suitable response.

Question		Expected Answer(s)	Max Mark	Additional Guidance
	(c)	<p>Responses could include:</p> <ul style="list-style-type: none"> • Can be a profit making organisation • Uses its profits to help its cause • Primarily has social or environmental aims • Provide community benefits • Job creation • Funded by grants and sponsorship • Has employees and volunteers • Operates in the third/voluntary sector 	2	<p>Candidates are required to consider 2 features of a social enterprise to gain full marks.</p> <p>Award 1 mark for each valid description point.</p> <p>Accept any other suitable response.</p>
	(d) (i)	<p>Responses could include:</p> <ul style="list-style-type: none"> • Ask customers opinions/interview customers • Place suggestions box in centre • Post a survey/questionnaire to their home • Create a feedback section on website • Set up a focus group • Feedback form 	2	<p>Candidates are required to consider 2 ways to gather customer feedback to gain full marks.</p> <p>Award 1 mark for each valid outlined method.</p> <p>Watch for repetition between questionnaire/survey.</p> <p>Accept any other suitable response.</p>
	(ii)	<p>Responses could include:</p> <ul style="list-style-type: none"> • Good customer recommendations which may lead to higher market share • Returning customers which increases sales/profits • Increased customer loyalty which makes it easier to promote new products • Improved reputation which attracts more customers or allows for higher prices to be charged • Improved customer satisfaction which means customers may return 	2	<p>Candidates are required to consider at least 2 benefits of good customer service to gain full marks.</p> <p>Award 1 mark for each valid explanation.</p> <p>Accept any other suitable response.</p>

Question		Expected Answer(s)	Max Mark	Additional Guidance
	(e) (i)	Identifiable methods of promotion: <ul style="list-style-type: none"> • Smartphone/Tablet app • Website • Social media - eg Facebook/Twitter 	2	Answers must come from the case study given. Candidates must identify 2 ways technology is used to promote the organisation to gain full marks. Social media examples - max 1 mark. Award 1 mark for each identified method.
	(ii)	Responses could include: <ul style="list-style-type: none"> • Allows for communication 24/7 • Communication is possible all over the world • Communication is faster/instant • A more cost effective way of promoting the organisation • Can pass on large volumes of information through the website or e-mail • Can target potential customers more easily • Creates a good image for the target market 	2	Candidates are required to consider 2 benefits to gain full marks. Award 1 mark for each valid description of a benefit of using ICT in Promotion. Quick/easy must be qualified. Accept any other suitable response.

Question		Expected Answer(s)	Max Mark	Additional Guidance
2.	(a)	Identifiable sector of industry: <ul style="list-style-type: none"> • Secondary sector • Tertiary sector 	1	Award 1 mark for correctly identifying the sector.
	(b)	Responses could include: <ul style="list-style-type: none"> • A business which is owned by a shareholder(s) • Shares are not traded on the stock market/sold privately • Run by a board of directors • Incorporated - separate legal identity from owners • Limited liability for owners 	2	Candidates are required to consider 2 features to gain full marks. Award 1 mark for each described feature. Do not accept objectives. Accept any other suitable response.
	(c)	Responses could include: <ul style="list-style-type: none"> • Brand loyalty which means you are guaranteed returning customers • Brand recognition so less advertising required • Gives an illusion/image of quality which means higher prices can be charged • Easier to launch new products due to customers being familiar with the brand 	2	Candidates are required to consider 2 benefits to gain full marks. Award 1 mark for a valid explanation of a benefit. Accept any other suitable response.
	(d) (i)	Identifiable methods of production: <ul style="list-style-type: none"> • Flow production - products are made in stages on a production/assembly line • Batch production - products are made in groups where one group of products are made together before another group is started 	1	Answers must come from the case study given. Accept either Flow or Batch production. Also accept Mass/Capital intensive. Award 1 mark for a valid description of the method of production.

Question	Expected Answer(s)	Max Mark	Additional Guidance
	<p>(ii) Responses could include:</p> <p>Flow</p> <ul style="list-style-type: none"> • Fast rate of production <ul style="list-style-type: none"> ○ Allows organisation to cope with demand • Manufacturing costs are reduced <ul style="list-style-type: none"> ○ Allows for more profits to be made • Mechanisation/automation can be used <ul style="list-style-type: none"> ○ Less staff wages need to be paid • Standardisation of products <ul style="list-style-type: none"> ○ Less complaints as all products are identical • Economies of scale can be gained <ul style="list-style-type: none"> ○ Discounts from bulk buying would be possible • Machine break-down can halt production <ul style="list-style-type: none"> ○ Leads to unhappy customers/loss of custom • Lack of variety of products <ul style="list-style-type: none"> ○ Customers may not pay a premium price for mass produced goods <p>Batch</p> <ul style="list-style-type: none"> • Variety of products can be produced <ul style="list-style-type: none"> ○ Can meet customers specifications to a degree • Economies of scale can be gained • Mechanisation/automation can be used • All products in batch are identical • Equipment must be cleaned between batches <ul style="list-style-type: none"> ○ Slows production down 	3	<p>Candidates must consider at least one cost and one benefit of the method of production identified to gain full marks.</p> <p>Award 1 mark for any cost/benefit. Up to 2 marks may be awarded for costs or benefits. Accept the development on any cost or benefit.</p> <p>Accept any other suitable response.</p> <p>Watch for consequentiality.</p>

Question	Expected Answer(s)	Max Mark	Additional Guidance
(e)	<p>Responses could include:</p> <ul style="list-style-type: none"> • Cascading - employees cascade training information to colleagues • Role Play - acting out or demonstrating a role or scenario to provide a demonstration of how to perform under particular conditions • Coaching - being taken through a task step by step and is helped by a trainer or a coach • Demonstration - trainee watches a task being demonstrated and then completes it themselves • Induction training - new employees are trained when they first start an organisation <ul style="list-style-type: none"> ○ Usually training on health and safety, procedures of the organisation • On-the-job training - employees are trained in the workplace whilst carrying out the job <ul style="list-style-type: none"> ○ This could be done by shadowing a colleague ○ Employee learns the processes specific to the organisation • Off-the-job training - employees are trained away from the workplace <ul style="list-style-type: none"> ○ This could be at a training centre or college ○ Employees are trained by experts 	3	<p>Candidates are required to consider at least 2 methods of training to gain full marks.</p> <p>Award 1 mark for each valid description point. Up to 2 marks may be awarded for any description of a method of training.</p> <p>Accept methods and types of training.</p> <p>Accept any other suitable response.</p>

Question	Expected Answer(s)	Max Mark	Additional Guidance
(f)	<p>Identifiable stakeholders are as follows. Responses could include:</p> <p>Owners/Shareholders</p> <ul style="list-style-type: none"> • Level of profits they earn • Image of the organisation • Dividends/return on investment <p>Staff</p> <ul style="list-style-type: none"> • Level of pay • Good working conditions • Job security <p>Customers/Commonwealth Committee</p> <ul style="list-style-type: none"> • High quality products for best possible price/value for money • Regular/consistent supply of goods 	3	<p>Answers must be linked to the stakeholders identified from the case study given.</p> <p>Candidates are required to consider at least 2 stakeholders to gain full marks. Candidates will receive no marks for identifying the stakeholder. However, a clear indication of which stakeholder they are referring to is necessary to gain any description mark.</p> <p>Award 1 mark for each valid interest. Up to 2 marks may be awarded for the interests of any stakeholder.</p> <p>No marks for influence of stakeholders.</p>

Section 2

Question		Expected Answer(s)	Max Mark	Additional Guidance
3.	(a)	No of cakes at BEP - 10 cakes Total Costs at BEP - £400	2	Award 1 mark for the correct identification of number of cakes. Award 1 mark for the correct identification of Total Costs.
	(b)	Variable Cost per Unit: Total Costs - Fixed Costs = Variable Costs £400 - £200 = £200 £200/10 units = £20 per unit	2	Award 1 mark for the correct calculation of Total Variable Costs. Award 1 mark for the correct calculation of Variable Cost per Unit. Consequential (1 mark) if candidate writes £400/10
	(c)	Responses could include: Break-Even <ul style="list-style-type: none"> • Point at which Total Costs = Total Sales/Revenue • Neither a Profit or a Loss is made as this is the point where sales cover costs Fixed Costs <ul style="list-style-type: none"> • Costs which do not vary with output or sales Variable Costs <ul style="list-style-type: none"> • Costs which vary directly with output or sales 	3	Candidates must define each of the 3 terms to gain full marks. Award 1 mark for each valid definition. FC/VC must refer to output or sales.

Question		Expected Answer(s)	Max Mark	Additional Guidance
	(d)	<p>Responses could include:</p> <p>Bank loan</p> <ul style="list-style-type: none"> • Paid back in instalments • Paid over a long period of time <p>Grant</p> <ul style="list-style-type: none"> • Money does not need to be repaid <p>Overdraft</p> <ul style="list-style-type: none"> • Suitable for short-term cash flow problems • Money available quickly as it can be prearranged • Can take more money out than you have in your account 	3	<p>Candidates are required to justify all 3 sources of finance to gain full marks.</p> <p>Award 1 mark for each valid justification.</p> <p>Do not accept any repeated justifications across the three sources.</p> <p>Watch for repetition.</p> <p>Accept any other suitable response.</p>

Question		Expected Answer(s)	Max Mark	Additional Guidance
4.	(a)	<p>Responses could include:</p> <ul style="list-style-type: none"> • Identify the vacancy (max 1) • Carry out a job analysis, examine the vacancy to identify the tasks and skills of the position • Create a job description, states the tasks and responsibilities of the job <ul style="list-style-type: none"> ○ Includes the conditions of the post eg pay, hours • Create a person specification, the skills and qualifications the ideal candidate would possess <ul style="list-style-type: none"> ○ Essential and desirable characteristics can be defined within this document. • Advertise the job - to enable the vacancy to be seen by applicants either internally or externally. <ul style="list-style-type: none"> ○ Internally on the organisation's intranet, noticeboard etc ○ Externally in newspapers, job centres etc • Send out application forms (max 1) 	4	<p>Candidates are required to consider at least 2 stages to gain full marks.</p> <p>Award 1 mark for each description point. Up to 3 marks may be awarded for any stage in the process.</p> <p>Accept any other suitable response.</p>

Question	Expected Answer(s)	Max Mark	Additional Guidance
(b)	<p>Responses could include:</p> <ul style="list-style-type: none"> • Pre-employment online screening to assess the suitability of applicants <ul style="list-style-type: none"> ○ Identical basic questions for anyone who wishes to apply ○ Helps narrow down the list to those most suited • Online application forms • Internet job websites • Online tests and assessments <ul style="list-style-type: none"> ○ This may be the first stage of selection before an interview • Database to record details of interviewees <ul style="list-style-type: none"> ○ To search for potential candidates with a specific skill or qualification • Telephone interviews through conference calling • Video conferencing through smartphones • Word processing to create application forms 	3	<p>Candidates can outline 3 ways technology is used in recruitment and selection to gain full marks. Award 1 mark for each outlined point.</p> <p>However, a candidate may decide to develop one method further. Up to 2 marks may be awarded for any method.</p> <p>Accept any other suitable response.</p>

Question	Expected Answer(s)	Max Mark	Additional Guidance
(c)	<p>Responses could include:</p> <ul style="list-style-type: none"> • Make the workplace safe and prevent risks to health <ul style="list-style-type: none"> ○ Ensure that plant and machinery is maintained and safe to use ○ Make sure that all materials are handled, stored and used safely ○ Provide adequate first aid facilities ○ Make sure that all facilities meet health and safety requirements eg ventilation ○ Check that the correct work equipment is provided and is properly used and regularly maintained ○ Take precautions against the risks caused by flammable or explosive hazards, electrical equipment, noise and radiation ○ Avoid potentially dangerous work involving manual handling ○ Provide protective clothing or equipment free of charge ○ Ensure that the right warning signs are provided and looked after ○ Carry out risk assessments • Create a Health and Safety policy • Ensure Health and Safety training is conducted regularly <ul style="list-style-type: none"> ○ When new legislation is issued ○ Regular reminders eg evacuation procedures 	3	<p>Candidates are required to consider at least 2 responsibilities to gain full marks.</p> <p>Award 1 mark for each valid description point. Up to 2 marks may be awarded for describing a responsibility.</p> <p>Accept any other suitable response.</p>

Question		Expected Answer(s)	Max Mark	Additional Guidance
5.	(a)	<p>Responses could include:</p> <ul style="list-style-type: none"> • Will avoid over-stocking and under-stocking <ul style="list-style-type: none"> ○ As stock levels will be known at all times • Reduces the need for stock-taking • Can be linked to supplier to order goods • Can identify best sellers/non-movers <ul style="list-style-type: none"> ○ Which will help managers make decisions on promotions • Up-to-date stock levels can be found instantly <ul style="list-style-type: none"> ○ Providing customers with accurate information • Stock can be re-ordered automatically when the re-order level is reached • Allows the organisation to keep track of stock rotation dates/perishable items. • Large amounts of information can be generated <ul style="list-style-type: none"> ○ That is useful for decision making purposes ○ Can search through large amounts of information quickly 	3	<p>Candidates are required to consider at least 2 advantages to gain full marks.</p> <p>Award 1 mark for each valid description point given. Up to 2 marks may be awarded for any advantage.</p> <p>Accept any other suitable response.</p>

Question		Expected Answer(s)	Max Mark	Additional Guidance
	(b)	<p>Responses could include any of the following:</p> <ul style="list-style-type: none"> • By reducing waste <ul style="list-style-type: none"> ○ This will help to reduce the amount of rubbish going to landfill sites ○ Using quality management processes • By recycling packaging/waste products <ul style="list-style-type: none"> ○ To meet their environmental aims • Solar panels/wind turbines could be used to help generate some of the electricity used in the production of products <ul style="list-style-type: none"> ○ This will reduce their energy bills • They could have special controls fitted to lights so they automatically switch off <ul style="list-style-type: none"> ○ This will help to reduce expenses for the organisation • Organic raw materials can be used 	2	<p>Candidates are required to consider at least one method to gain full marks.</p> <p>Award 1 mark for each valid description point given. Up to 2 marks may be awarded for any description of being more environmentally friendly.</p> <p>Accept any other suitable response.</p>
	(c) (i)	<p>Responses could include:</p> <ul style="list-style-type: none"> • (Quality) raw materials • Trained staff • Good recruitment and selection process • Maintained equipment • Up-to-date equipment 	2	<p>Candidates are required to identify 2 quality inputs to gain full marks.</p> <p>Award 1 mark for each valid input.</p>

Question		Expected Answer(s)	Max Mark	Additional Guidance
	(ii)	<p>Responses could include:</p> <ul style="list-style-type: none"> • Quality raw materials will result in a high quality finished product • Improve customer satisfaction <ul style="list-style-type: none"> ○ Customers are likely to recommend products • Helps to improve the image of the organisation • Will reduce the number of accidents in the workplace <ul style="list-style-type: none"> ○ Can meet safety targets • Less returns of faulty products <ul style="list-style-type: none"> ○ Reduces cost to the organisation 	3	<p>Candidates are required to consider at least 2 justifications to gain full marks.</p> <p>Award 1 mark for each valid justification. Up to 2 marks could be awarded for any developed justification.</p> <p>Accept any other reasonable response.</p>

Question			Expected Answer(s)	Max Mark	Additional Guidance
6.	(a)	(i)	<p>Responses could include:</p> <p>Product</p> <ul style="list-style-type: none"> • To ensure the product/service meets the customer needs • Packaging has to protect the product and make it appealing to the customer <p>Price</p> <ul style="list-style-type: none"> • What the customer has to pay for the product/service • To set price to ensure the business covers its costs to make a profit • If price too high customers may shop at competitors instead <p>Place</p> <ul style="list-style-type: none"> • Where the customer will purchase the good or service from • Includes website, high street shop • Distribution methods 	3	<p>Candidates are required to consider at least 2 elements to gain full marks.</p> <p>Award 1 mark for each valid description point. Up to 2 marks may be awarded for describing any element.</p> <p>Accept extended marketing mix.</p> <p>Accept any other suitable response.</p>

Question		Expected Answer(s)	Max Mark	Additional Guidance
	(ii)	<p>Responses could include:</p> <ul style="list-style-type: none"> • BOGOF - buy one get one free • Bonus packs - getting % extra for the same price • Free gift within the packs • Discounted prices for a limited period • Free samples to encourage customers to try a product • Loyalty cards - receive points for purchases • Competitions to win prizes • Celebrity endorsement whereby a celebrity is paid to use the product <ul style="list-style-type: none"> ○ Encourages fans of the celebrity to buy this to be like their hero 	3	<p>Candidates can outline 3 methods of promotion to gain full marks. Award 1 mark for each outlined method.</p> <p>However, a candidate may decide to develop one method further. Up to 2 marks may be awarded for any method.</p> <p>Easy/quick must be qualified.</p> <p>Accept any other suitable response.</p>

Question	Expected Answer(s)	Max Mark	Additional Guidance
(b)	<p>Responses could include:</p> <p>Costs</p> <ul style="list-style-type: none"> • The information may be out of date <ul style="list-style-type: none"> ○ This will mean the decision made on this may not be accurate • All the information is available to all your competitors <ul style="list-style-type: none"> ○ The organisation does not have the competitive edge • Information may be written from a bias point of view <ul style="list-style-type: none"> ○ As you are unsure of the reasons for gathering the information • Information may not be relevant to the organisation's needs <p>Benefits</p> <ul style="list-style-type: none"> • Information already exists therefore quicker to obtain • Large amounts of information available • Relatively inexpensive to gather and obtain <ul style="list-style-type: none"> ○ Researchers do not need interview training ○ Time is not wasted standing in streets etc trying to get first hand information 	4	<p>Candidates are required to consider at least one cost AND one benefit to gain full marks.</p> <p>Award 1 mark for any cost/benefit. Up to 3 marks may be awarded for costs or benefits. Accept the development on any cost or benefit.</p> <p>Easy/quick needs to be qualified.</p> <p>Accept any other suitable response.</p>

[END OF MARKING INSTRUCTIONS]



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Finalised Marking Instructions

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Part One: General Marking Principles for National 5 Business Management

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- (a) Marks for each candidate response must always be assigned in line with these General Marking Principles and the Detailed Marking Instructions for this assessment.
- (b) Marking should always be positive. This means that, for each candidate response, marks are accumulated for the demonstration of relevant skills, knowledge and understanding: they are not deducted from a maximum on the basis of errors or omissions.

- (c) i. Questions that ask candidates to Describe . . .
Candidates must make a number of relevant, factual points up to the total mark allocation for the question. These should be key points. The points do not need to be in any particular order. Candidates may provide a number of straightforward points or a smaller number of developed points, or a combination of these.

Up to the total mark allocation for this question:

- 1 mark should be given for each accurate relevant point of knowledge.
- a second mark could be given for any point that is developed from the point of knowledge

- ii. Questions that ask candidates to Explain . . .
Candidates must make a number of points that relate cause and effect and/or make the relationships between things clear, for example by showing connections between a process/situation. These should be key reasons and may include theoretical concepts. There is no need to prioritise the reasons.

Candidates may provide a number of straightforward reasons or a smaller number of developed reasons, or a combination of these.

Up to the total mark allocation for this question:

- 1 mark should be given for each accurate relevant point of reason.
- a second mark could be given for any other point that is developed from the same reason

- iii. Questions that ask candidates to Compare . . .
Candidates must demonstrate a true comparison in order to gain any mark. Both sides of the point must be clear but need not be linked. Candidates can write several points regarding the first comparison item followed by several points on the second and the marker match the points using codes (eg a, b, c)

Up to the total mark allocation for this question:

- 1 mark should be given for each compared point

Marking Instructions for each question

Section 1

Question			Expected Answer(s)	Max Mark	Additional Guidance
1.	(a)	(i)	<p>Identifiable skills and qualities from the case study. Responses could include:</p> <ul style="list-style-type: none"> • Caroline has completed training • Caroline has experience in managing a salon • Caroline has experience in dog grooming • Communication • Planning eg business plan • Decision making skills • Financial skills • Risk taking • Creativity/come up with an idea 	2	<p>Candidates are required to identify 2 skills or qualities of an entrepreneur, from the case study, to gain full marks. Points should be identifiable from the case study.</p> <p>Award 1 mark for each identified point.</p>
		(ii)	<p>Responses could include:</p> <ul style="list-style-type: none"> • Training - can to provide her clients with a top quality service • Managing a salon - able to manage the bookings and finance effectively • Experienced in dog grooming - that she will be able to meet customer needs <ul style="list-style-type: none"> ○ Can train new staff to same high standard • Communication skills - can build good relationships with customers or staff <ul style="list-style-type: none"> ○ Can make effective use of the business advisor • Planning - can reduce the risk of failure • Finance skills - so that she can avoid overspending 	2	<p>Candidates are required to outline how the 2 skills or qualities identified in (a)(i) will help Caroline develop her business, to gain full marks.</p> <p>Watch for consequentiality. Award marks if it shows how skill/quality develops the business even if skill/quality incorrect.</p> <p>Award 1 mark per outlined point.</p>

Question		Expected Answer(s)	Max Mark	Additional Guidance	
	(b)	<p>Responses could include:</p> <ul style="list-style-type: none"> • A grant is money that does not need to be repaid whereas a loan is money that must be repaid • With a grant no interest is incurred but with a loan interest will be added to the amount owed • A grant is usually a one off payment whereas a loan can be requested several times • Both types of finance from external sources 	2	<p>Candidates are required to make 2 valid comparisons to gain full marks.</p> <p>Candidates must demonstrate a true comparison in order to gain any mark. Both sides of the point must be clear but do not need to be linked.</p> <p>Award 1 mark per comparison point.</p> <p>Accept any other suitable response.</p>	
	(c)	<p>Responses could include:</p> <ul style="list-style-type: none"> • Will ensure that customers return <ul style="list-style-type: none"> ○ This will increase the sales of the company • Caroline will gain a good reputation <ul style="list-style-type: none"> ○ Which will entice new customers to try her business • Caroline will be able to charge higher prices • Customers will recommend to friends/family • Caroline may receive less complaints from customers 	2	<p>Candidates are required to consider at least one justification to gain full marks.</p> <p>Award 1 mark for any valid justification. Up to 2 marks may be awarded for developing a justification.</p> <p>Increase sales/profits max 1 mark.</p> <p>Accept any other suitable response.</p>	
	(d)	(i)	<p>Responses could include:</p> <ul style="list-style-type: none"> • Identify the vacancy • Carry out a job analysis • Create a job description • Create a person specification • Advertise the job • Send out application forms 	3	<p>Candidates can outline 3 stages in the recruitment process to gain full marks. Award 1 mark for each outlined stage. Do not accept ID alone e.g. job description.</p> <p>Accept the stages in any order.</p> <p>Wrong label no marks.</p> <p>Do not credit any stages of the selection process.</p>

Question		Expected Answer(s)	Max Mark	Additional Guidance
	(ii)	<p>Responses could include:</p> <ul style="list-style-type: none"> • The Equality Act 2010 simplifies the current discrimination laws and puts them all together in one piece of legislation • Any mention of the 9 protected characteristics • Now includes workplace victimisation, harassment and bullying • Prevents discrimination 	2	<p>Candidates must describe 2 features of the Equality Act to gain full marks.</p> <p>Award 1 mark for each valid description of a feature. Max 1 mark for any of the 9 protected characteristics.</p> <p>Accept any other suitable response.</p>
(e)	(i)	<p>Identifiable stage:</p> <ul style="list-style-type: none"> • Growth • Maturity 	1	<p>Candidates are required to identify the stage of the product life cycle from the case study.</p> <p>Award 1 mark for a correct identification of the stage.</p>
(e)	(ii)	<p>Responses could include:</p> <ul style="list-style-type: none"> • Growth - customers awareness of the product increases/sales start to grow sharply • Maturity - sales have reached their peak/she is fully booked up 	1	<p>Candidates are required to describe the growth or maturity stage of the product life cycle to gain full marks.</p> <p>Award 1 mark for a valid description of the stage.</p> <p>Watch for consequentiality. Description must match stage identified to gain award.</p>

Question		Expected Answer(s)	Max Mark	Additional Guidance	
2.	(a)	<p>Identifiable objectives from the case study. Responses could include:</p> <ul style="list-style-type: none"> • The Big Issue has the objective to reduce homelessness whereas a public sector organisation has the objective to provide a service to a community • Help homeless people earn a legitimate income whereas a public sector organisation has the objective to provide benefits for those in need • Both the Big issue and public sector organisations have the objective to make a difference • The Big Issue has an objective to make a profit whereas a public sector organisation has the objective to use public funds effectively • The Big Issue has an objective to increase awareness/sales whereas public sector organisation has the objective to provide a service • Both organisations have the objective to be socially responsible 	2	<p>Candidates are required to compare 2 aims to gain full marks. Aims of The Big Issue must come from the case study.</p> <p>Candidate must demonstrate a true comparison in order to gain any mark. Both sides of the point must be clear but do not need to be linked.</p> <p>Do not award marks for comparing features ie ownership/control etc - only objectives from the case study.</p> <p>Award 1 mark for each valid comparison.</p> <p>Accept any other suitable response.</p>	
	(b)	(i)	Identifiable method of promotion:	1	<p>Award 1 mark for correct identification of promotional method.</p> <p>Only accept celebrity endorsement or celebrity contribution (given in the case study)</p>
			<ul style="list-style-type: none"> • Celebrity Endorsement/Celebrity Contributions 		

Question	Expected Answer(s)	Max Mark	Additional Guidance
(ii)	<p>Responses could include:</p> <ul style="list-style-type: none"> • BOGOF - buy one get one free • Free features - buy the product and get a complimentary product with it • Discount for a limited time eg 25% extra • Competitions - buy the product and enter a competition to win a prize • Product endorsement... • Fundraiser... • TV advertising - producing audio-visual images to give information during commercial breaks • Radio advertising - producing a radio advert sometimes with catchy tunes that can be played on local or national radio stations • Newspaper/magazine advertising - images and information can be printed in local or national papers • Outdoor media/billboards/transport - large images can be shown • Big Issue website - using their own website can give lots of information on their magazine and up and coming stories 	2	<p>Candidates must describe 2 methods of promotion to gain full marks.</p> <p>Award 1 mark for each valid description.</p> <p>Maximum of 1 mark for methods of advertising.</p> <p>Advertising with an example only eg “advertising on TV” is not enough for a description - it needs additional detail.</p> <p>Do not accept advantages and disadvantages of method on their own.</p> <p>Watch for consequentiality.</p> <p>Accept any other suitable response.</p>

Question	Expected Answer(s)	Max Mark	Additional Guidance
(c)	<p>Responses could include:</p> <p>Political</p> <ul style="list-style-type: none"> • Changes in laws may prevent the magazine from publishing certain stories • Local councils may refuse to give vendors licences to sell on the streets <p>Economic</p> <ul style="list-style-type: none"> • There may be a reduction in consumer spending due to the recession • Cost of producing the magazine may increase due to inflation <p>Social</p> <ul style="list-style-type: none"> • There may be greater sympathy to homelessness which could increase sales of The Big Issue <p>Technological</p> <ul style="list-style-type: none"> • The growth in electronic newsstands/apps may lead to a decrease in demand for paper magazines <p>Environmental</p> <ul style="list-style-type: none"> • The weather eg heavy snow may prevent vendors from being able to go to their pitch to sell The Big Issue • Road works may mean delivery of the magazine is late in arriving from the distribution points <p>Competition</p> <ul style="list-style-type: none"> • Competition from other magazines may mean that The Big Issue loses sales • Other charity organisations do street/shop donations may take money away from Big Issue vendors 	3	<p>Candidates are required to consider at least 2 external factors to gain full marks. More than one factor per heading is acceptable.</p> <p>Award 1 mark for each valid explanation. Up to 2 marks may be awarded for any explanation of a factor.</p> <p>Accept any other suitable response.</p>

Question		Expected Answer(s)	Max Mark	Additional Guidance
	(d) (i)	<p>Responses could include:</p> <ul style="list-style-type: none"> • Air - plane • Road - van, lorry, car • Sea - boat • Pipeline • Electronic 	1	<p>Candidates are required to identify one method of distribution other than rail to gain full marks.</p> <p>Award 1 mark for identification.</p>
	(ii)	<p>Responses could include:</p> <ul style="list-style-type: none"> • Air <ul style="list-style-type: none"> ○ Provides fast transportation worldwide ○ Can be affected by weather/delays ○ Is relatively expensive ○ Not direct - another mode of transport is required when the delivery reaches the airport • Road <ul style="list-style-type: none"> ○ Allows door-to-door delivery ○ Can depart at any time/24 hours ○ Restrictions to the number of hours a lorry driver can work ○ Petrol prices increases makes this more expensive • Sea <ul style="list-style-type: none"> ○ It is more environmentally friendly ○ Can handle bulky goods ○ Goods may require additional road haulage to arrive at final destination ○ Slower method of transportation than others • Pipeline... • Electronic... 	3	<p>Candidates are required to give the advantages and disadvantages of the method identified in (d) (i).</p> <p>Award 1 mark for any advantage/disadvantage. Up to 2 marks may be awarded for advantages or disadvantages. Accept the development of any advantage or disadvantage.</p> <p>Easy/quick/cheap should be qualified or should show a comparator statement.</p> <p>Accept any other suitable response.</p> <p>Watch for consequentiality, however must relate to distribution. Accept rail.</p>

Question		Expected Answer(s)	Max Mark	Additional Guidance
	(e)	<p>Responses could include:</p> <ul style="list-style-type: none"> • Profit to be made • Cost of production <ul style="list-style-type: none"> ○ These may include materials and labour costs • Price of other magazines/competitors • Image to be generated <ul style="list-style-type: none"> ○ More up-market image may mean a higher price is charged • Income to be provided to vendors • Target market • What customers are willing to pay • Break-even point • Demand ... 	3	<p>Candidates must describe at least 2 factors to gain full marks.</p> <p>Award 1 mark for a valid description of each factor. Up to 2 marks may be awarded for describing any factor.</p> <p>Accept any other suitable response.</p>

Section 2

Question		Expected Answer(s)	Max Mark	Additional Guidance
3.	(a)	<p>Responses could include:</p> <p>Advantages</p> <ul style="list-style-type: none"> • Item can be reused to make new products • Takes less energy to recycle than to extract new materials • Limits the items ending up in landfills <ul style="list-style-type: none"> ○ Reduces cost of landfills as less are required ○ Improves the image of an organisation • May be cheaper to produce using recycled materials • Can give a competitive edge <p>Disadvantages</p> <ul style="list-style-type: none"> • Need to be sorted into different categories which takes time to do • Some items can only be recycled a limited amount of times ie paper • May be seen as inferior • May reduce quality 	4	<p>Candidates are required to consider at least one advantage AND one disadvantage to gain full marks.</p> <p>Award 1 mark for any advantage/disadvantage. Up to 3 marks may be awarded for advantages or disadvantages. Accept the development on any advantage or disadvantage. Max 1 for increase sales/profits.</p> <p>Accept any other suitable response.</p>

Question		Expected Answer(s)	Max Mark	Additional Guidance
	(b)	<p>Responses could include:</p> <ul style="list-style-type: none"> • Money tied up in stock which could be used to improve another area • Goods may deteriorate which could lead to high wastage costs • Greater chance of theft which could mean loss of profit from unsold goods • Greater storage/insurance costs which could mean prices may need to rise • Goods may become obsolete - this wastes money as no-one is willing to buy 	2	<p>Candidates are required to consider at least 2 problems to gain full marks.</p> <p>Award 1 mark for a valid explained problem.</p> <p>Accept any other suitable responses.</p>
	(c) (i)	<p>Responses could include:</p> <ul style="list-style-type: none"> • Quality Circles • Benchmarking • Quality Assurance • Total Quality Management • Quality Control • Quality Standards • Quality Inputs (each separate) Quality raw materials; training of staff; maintenance of machinery/equipment 	2	<p>Candidates must identify 2 methods to gain full marks.</p> <p>Award 1 mark for each correctly identified method.</p> <p>Accept each quality input as a separate method.</p> <p>Accept any other suitable responses.</p>

Question	Expected Answer(s)	Max Mark	Additional Guidance
	<p>(ii) Responses could include:</p> <p>Quality Circles</p> <ul style="list-style-type: none"> • Small group of employees who meet regularly to discuss how to improve methods of working <p>Benchmarking</p> <ul style="list-style-type: none"> • Trying to match the standard of the quality leader/competitor <p>Quality Assurance</p> <ul style="list-style-type: none"> • To ensure 'right first time' and prevent errors • Checking at every stage of the production process <p>Total Quality Management</p> <ul style="list-style-type: none"> • Continuous process where each employee takes responsibility to ensure quality is consistent with every product <p>Quality Control</p> <ul style="list-style-type: none"> • Checks at the beginning and end of the production process only <p>Quality Standards</p> <ul style="list-style-type: none"> • When the product reaches the required standard it can be awarded a quality logo • Give customers confidence <p>Quality Inputs - each separate</p> <ul style="list-style-type: none"> • Raw materials need to be of quality in order to obtain a quality final product • All staff must be trained so they are competent and are all working to the same quality standards • Machines need to be maintained so that they do not make mistakes affecting quality 	2	<p>Candidates are required to describe both methods identified in (c)(i) to gain full marks.</p> <p>Quality management - accept check at each stage of production but do not give again under quality assurance.</p> <p>Award 1 mark for each valid description.</p> <p>Accept any other suitable responses.</p>

Question		Expected Answer(s)	Max Mark	Additional Guidance
4.	(a)	<p>Responses could include:</p> <ul style="list-style-type: none"> • Fixed Costs - costs which do not vary with output or sales • Variable Costs - costs which do vary with output or sales • Sales Revenue - the income received from sale of goods/services 	3	<p>Candidates are required to define the 3 terms to gain full marks.</p> <p>Award 1 mark for each valid definition.</p> <p>Accept any other suitable response.</p>
	(b)	<p>Responses could include:</p> <ul style="list-style-type: none"> • Change to cheaper supplier/new supplier <ul style="list-style-type: none"> ○ Look to see if you can get bulk buying discount • Reduce wages <ul style="list-style-type: none"> ○ Cut overtime ○ Release temporary staff • Reduce utilities usage <ul style="list-style-type: none"> ○ Move to energy saving light bulbs ○ Fit sensors to switch lights off after a period of time of no motion • Reduce advertising/switch to cheaper methods <ul style="list-style-type: none"> ○ Set up own website ○ Send adverts through e-mail ○ Advertise in newspapers rather than on TV • Move to cheaper premises to reduce rent • Improve budgeting • Use machinery instead of employees (automation) • Hire purchase/leasing to spread payments 	3	<p>Candidates are required to consider at least 2 actions to gain full marks.</p> <p>Award 1 mark for each described action. Up to 2 marks may be awarded for describing an action.</p> <p>Do not accept methods of increasing cash flow.</p> <p>Accept any other suitable response.</p>

Question		Expected Answer(s)	Max Mark	Additional Guidance
	(c) (i)	<p>Responses could include:</p> <ul style="list-style-type: none"> • Formulae can be used to calculate information <ul style="list-style-type: none"> ○ Allows for automatic calculation if anything changes ○ Reduces error • Information can be saved and edited later • Templates can be used for financial information - eg Cash Budgets/Profit Statements <ul style="list-style-type: none"> ○ Standardisation of documents means that processes are easily replicated • Graphs/Charts can be created to display information <ul style="list-style-type: none"> ○ Allows easier comparison of difficult financial information 	2	<p>Candidates are required to consider at least one justification to gain full marks.</p> <p>Award 1 mark for any valid justification. Up to 2 marks may be awarded for any one justification.</p> <p>Do not accept “easy/quick to calculate” unless qualified.</p> <p>Accept any other suitable response.</p>
	(ii)	<p>Responses could include:</p> <ul style="list-style-type: none"> • Word Processing - to create documents informing departments of their annual budget figure • Word Processing - to compile the Shareholders’ Annual Financial Report • Database - to keep records of suppliers’ accounts due and/or debtors’ accounts owed • Database - to create reports of overdue accounts • PowerPoint - to display financial information at the shareholders meeting • Internet/website/online... 	2	<p>Candidates are required to consider 2 ways to gain full marks. Answer must link to finance.</p> <p>Award 1 mark for each valid description of use of software. Up to 2 marks may be awarded for describing different uses for a piece of software.</p> <p>Accept any other suitable response.</p>

Question		Expected Answer(s)	Max Mark	Additional Guidance
5.	(a)	<p>Responses could include:</p> <ul style="list-style-type: none"> • Collect CVs/application forms • Creating a short list/leet of suitable applicants <ul style="list-style-type: none"> ○ Compare the application forms to the job and person specification ○ Seek references from previous employers • Interviews on a one-to-one or panel basis <ul style="list-style-type: none"> ○ Asking each potential employee a series of questions to allow for comparison • Testing to provide additional information as to a candidate's suitability <ul style="list-style-type: none"> ○ Attainment - demonstrates skills ○ Aptitude - natural abilities ○ Intelligence - mental ability • Successful candidate(s) informed/make the final choice • Unsuccessful candidate(s) informed 	4	<p>Candidates are required to consider at least 2 stages to gain full marks.</p> <p>Award 1 mark for each valid description point. Up to 3 marks may be awarded for any stage.</p> <p>Watch for repetition in description.</p> <p>Accept any other suitable response.</p>

Question			Expected Answer(s)	Max Mark	Additional Guidance
	(b)	(i)	<p>Responses may include:</p> <ul style="list-style-type: none"> • Sit in - employees remain in the workplace but do not work • Overtime ban - employees refuse to work overtime • Work to rule - employees only undertake tasks stated in their job description • Go slow - employees produce work at a slower rate • Strike - last resort, where employees withdraw labour/refuse to work <ul style="list-style-type: none"> ○ Often accompanied by demonstrations, marches and a picket line • Withdrawal of overtime - employer removes the opportunity for employees to work overtime • Lock out - employees are locked out of the business premises • Close - last resort action where a factory or workplace is closed and relocated • Boycott... 	2	<p>Candidates must outline 2 methods to gain full marks. Award 1 mark for each valid outlined stage.</p> <p>Accept any other suitable response.</p>

Question		Expected Answer(s)	Max Mark	Additional Guidance
	(ii)	<p>Responses could include:</p> <ul style="list-style-type: none"> • Production within the organisation may come to a halt therefore the organisation could struggle to produce goods to meet customer demand <ul style="list-style-type: none"> ○ Causing customers to go elsewhere ○ Could damage the reputation of the organisation • Delays in the production of good can lead to loss of sales revenue as customers cancel orders • Employees refusing to work overtime or going slow would slow down production <ul style="list-style-type: none"> ○ Creating a poor image or reputation • Company's share price may fall due to the poor reputation of the firm • Organisation may find it difficult to recruit staff as they have a poor image with potential employees 	2	<p>Candidates can consider at least one impact to gain full marks.</p> <p>Award 1 mark for each explained impact. Up to 2 marks may be awarded for the explanation of an impact.</p> <p>Accept any other suitable response.</p>
	(c)	<p>Responses could include:</p> <ul style="list-style-type: none"> • Piece-rate is where they are paid by the units produced (or sales made) whereas time-rate is where employees are paid by the hour • Piece-rate means the more units produced, the higher the pay whereas time-rate means the more hours worked the higher the pay • Piece-rate means quality may suffer in order to get quantity whereas time-rate pay may result in a higher standard of output • Piece-rate is often used for unskilled/factory workers whereas time-rate pay is used for skilled workers (could be flipped) 	2	<p>Candidates are required to make 2 valid comparisons to gain full marks.</p> <p>Candidates must demonstrate a true comparison in order to gain any mark. Both sides of the point must be clear but do not need to be linked.</p> <p>Award 1 mark per comparison point.</p> <p>Accept any other suitable response.</p>

Question		Expected Answer(s)	Max Mark	Additional Guidance
6.	(a)	<p>Responses could include:</p> <ul style="list-style-type: none"> • Availability of finance • Availability of staff • Availability of time • Experience/Training of staff • Equipment available • Current technology • Quality of products • Leadership/Quality of management 	2	<p>Candidates are required to consider 2 internal factors to gain full marks.</p> <p>Award 1 mark for each valid outlined factor.</p> <p>Accept any other suitable response.</p>
	(b)	<p>Responses could include:</p> <ul style="list-style-type: none"> • Land - this refers to all natural resources <ul style="list-style-type: none"> ○ This includes farmland, water and coal ○ The reward for land is rent • Labour - this is the workforce (employees) <ul style="list-style-type: none"> ○ The reward for labour is wages • Capital - these are man-made resources <ul style="list-style-type: none"> ○ This includes premises, equipment, machinery ○ The money invested in the organisation ○ The reward for capital is interest • Enterprise - the idea for the business <ul style="list-style-type: none"> ○ The person who brings together the other 3 factors of production ○ The reward for enterprise is profit 	3	<p>Candidates are required to consider at least 2 factors of production to gain full marks.</p> <p>Candidates do not need to label the factor.</p> <p>Award 1 mark for any valid description. Up to 2 marks may be awarded for describing a factor of production.</p> <p>Accept any other suitable response.</p>

Question		Expected Answer(s)	Max Mark	Additional Guidance
	(c)	(i)	2	<p>Candidates are required to identify 2 stakeholders to gain full marks.</p> <p>Award 1 mark for any valid identification.</p> <p>Accept any other suitable response.</p> <p>Do not accept competitor</p>
				<p>Responses could include:</p> <ul style="list-style-type: none"> • Owners/Shareholders • Employees • Managers • Suppliers • Lenders/Creditors • Government • Local Community • Customers • Pressure Groups

Question	Expected Answer(s)	Max Mark	Additional Guidance
	<p>(ii) Responses could include:</p> <p>Owners</p> <ul style="list-style-type: none"> • Make major decisions which can lead to mistakes being made resulting in less profit • Can vary their level of investment which will impact the decision the organisation can make <p>Employees</p> <ul style="list-style-type: none"> • Can vary the quality of the work they produce which may result in wastage or complaints • Can carry out industrial action which will impact on the amount being produced <p>Suppliers</p> <ul style="list-style-type: none"> • Can vary the quality of their supplies which affects the quality of final product • Can delay delivery which will halt production <p>Lenders/Creditors</p> <ul style="list-style-type: none"> • Can vary the level of interest applied to loans which could make them more affordable • Set the time frame for repayment which will affect the cash outflows every month <p>Government</p> <ul style="list-style-type: none"> • Can change legislation which may cost the organisation more money to implement • Can change council policies/restrictions which make it easier for the organisation to gain planning permission 	3	<p>Candidates are required to consider the influences of each of the stakeholders identified in (i) to gain full marks.</p> <p>Award 1 mark for each valid explained influence. Up to 2 marks may be awarded for explaining the influences of any stakeholder.</p> <p>Accept any other suitable response.</p>

Question	Expected Answer(s)	Max Mark	Additional Guidance
	<p>Pressure Groups</p> <ul style="list-style-type: none"> • Can protest against the organisation's decisions/policies causing questions to be raised by the public <p>Local community</p> <ul style="list-style-type: none"> • Can protest about the actions of an organisation which can influence their image <p>Customers</p> <ul style="list-style-type: none"> • Can take their custom elsewhere which influences the organisation's level of sales 		

[END OF MARKING INSTRUCTIONS]



2015 Business Management

Intermediate 2

Finalised Marking Instructions

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Part Two: General Marking Principles for Business Management Intermediate 2

This information is provided to help you understand the general principles you must apply when marking candidate responses to questions in this Paper. These principles must be read in conjunction with the specific Marking Instructions for each question.

- (a)** Marks for each candidate response must always be assigned in line with these general marking principles and the specific Marking Instructions for the relevant question. If a specific candidate response does not seem to be covered by either the principles or detailed Marking Instructions, and you are uncertain how to assess it, you must seek guidance from your Team Leader/Principal Assessor. *You can do this by posting a question on the Marking Team forum or by e-mailing/phoning the e-marker Helpline.*
- (b)** Marking should always be positive ie, marks should be awarded for what is correct and not deducted for errors or omissions.

GENERAL MARKING ADVICE: Business Management Intermediate 2

The marking schemes are written to assist in determining the “minimal acceptable answer” rather than listing every possible correct and incorrect answer. The following notes are offered to support Markers in making judgements on candidates’ evidence, and apply to marking both end of unit assessments and course assessments.

Part Three: Marking Instructions for each Question

Section One

Question	Expected Answer(s)	Max Mark	Additional Guidance
1	<p>Bank Loan</p> <ul style="list-style-type: none"> • Money borrowed from a financial institute that will be paid back with interest <p>Issue Shares</p> <ul style="list-style-type: none"> • Sell shares to the public through the stock exchange <p>Issue Debentures</p> <ul style="list-style-type: none"> • A loan from a company which will be repaid at the end of the stated period <p>Mortgage</p> <ul style="list-style-type: none"> • Money borrowed for the purposes of buying premises or land <p>Retained Profit</p> <ul style="list-style-type: none"> • Profit that has been kept back and reinvested into the business rather than issued to shareholders <p>Grant</p> <ul style="list-style-type: none"> • Money given to an organisation if they meet the criteria specified • Does not need to be repaid <p>Leasing</p> <ul style="list-style-type: none"> • Renting the use of an asset for a period of time • Paid for the use in monthly instalments • Never actually own the asset <p>Sell Assets</p> <ul style="list-style-type: none"> • Unused/old <p>Hire Purchase</p> <ul style="list-style-type: none"> • Buying an asset by spreading the payments over a long period of time • Only own the asset once all payments have been made <p>1 mark for each identification – max 2 1 mark for each description – max 2</p>	4	

Question	Expected Answer(s)	Max Mark	Additional Guidance
2	<p>Quality Control</p> <ul style="list-style-type: none"> Quality is checked at the beginning (inputs) and end (outputs) of the production process Unacceptable products are either scrapped or put back for reworking <p>Quality Assurance</p> <ul style="list-style-type: none"> Quality is checked at every stage of the production process <p>Quality Circles</p> <ul style="list-style-type: none"> Groups of workers meet at regular intervals to discuss quality and how to improve it Suggestions taken to management for approval <p>Benchmarking</p> <ul style="list-style-type: none"> Identifying the best performers in an industry and trying to match them <p>Quality Inputs</p> <ul style="list-style-type: none"> Ensuring that raw materials are the best that they can be to ensure a quality output Ensuring that machinery and equipment is up to date and fully serviced so that it is working to its best at all times <p>Trained Staff</p> <ul style="list-style-type: none"> Ensuring staff are able to operate all machinery efficiently Ensuring staff know any operational procedures <p>Quality Management</p> <ul style="list-style-type: none"> All staff are involved in ensuring they reach the standard of quality required Doing things right first time – no tolerance for errors <p>Quality Standards</p> <ul style="list-style-type: none"> A symbol or logo that indicates that a product/service has met an agreed quality standard Gives an organisation a competitive edge <p>1 mark per described method</p>	3	

Question		Expected Answer(s)	Max Mark	Additional Guidance
3		<ul style="list-style-type: none"> • Tactical decisions are medium term decisions whereas operational decisions are short term decisions • Tactical decisions are made by junior or middle managers whereas operational decisions are made by all staff • Tactical decisions are based on how an organisation achieves its strategic decisions, operational decisions are day-to-day decisions <p>1 mark per distinguished point – both sides needed to get mark</p>	2	
4		<p>Advantages</p> <ul style="list-style-type: none"> • Relieves senior management from routine day-to-day decisions • Subordinates are more motivated • They are given extra responsibility • Decision making is quicker • Better decisions may be made <p>Disadvantages</p> <ul style="list-style-type: none"> • Senior managers lose control • Lack of standard procedures between departments • Rivalry may exist between branches <p>1 mark for each advantage or disadvantage – max 3 per area</p>	4	
5		<ul style="list-style-type: none"> • To assess performance of employee • To identify strengths and areas for improvement • To identify training needs • To set targets with employees • To improve communication between employees and management • To see if employee is ready for promotion • To award salary increases • To motivate staff (to work harder) <p>1 mark per outlined reason</p>	3	

Question		Expected Answer(s)	Max Mark	Additional Guidance
6	(a)	<ul style="list-style-type: none"> • Allows an organisation to anticipate changes in consumer taste and thereby make these changes in order to retain customers • Can keep organisation ahead of competition and therefore keep their market share • Can ensure product meets the needs of consumers so that they are happy and stay loyal • Can help identify a gap in the market and thereby enter a new market and increase market share • Can give information about the price consumers are willing to pay so that the organisation will set a price that will not put customers off • Can help identify the best way to promote a product so that they are maximising their chances of making customers aware of the product • Reduces risk of failure when launching a new product so that the organisation does not waste time and money developing a product that will not sell <p>1 mark per explained benefit</p>	3	
6	(b)	<ul style="list-style-type: none"> • E-mail • Internet • Word processor • Spreadsheet • Database • Network • Mobile phone • E-commerce • EPOS • Online Survey • Social Media • Any other appropriate type <p>1 mark per ID</p>	3	

Question		Expected Answer(s)	Max Mark	Additional Guidance
6	(c)	<p>E-mail</p> <ul style="list-style-type: none"> To contact potential or existing customers with promotions <p>Internet</p> <ul style="list-style-type: none"> To research information on competitors' marketing strategies <p>Word Processor</p> <ul style="list-style-type: none"> To create letters to send to customers to tell them about new products <p>Spreadsheet</p> <ul style="list-style-type: none"> To calculate sales targets for staff To create graphs showing market share, sales in particular products etc <p>Database</p> <ul style="list-style-type: none"> To keep customer records on their purchases etc <p>Network</p> <ul style="list-style-type: none"> To allow all Marketing department staff to access the same files regardless of their location in the organisation <p>Mobile phone</p> <ul style="list-style-type: none"> To send text messages to customers regarding promotions etc <p>E-commerce</p> <ul style="list-style-type: none"> To set up a website so that customers can buy their tickets online <p>EPOS</p> <ul style="list-style-type: none"> To gather information regarding customers' spending so that promotions can be tailored to them <p>Online survey</p> <ul style="list-style-type: none"> Using the Internet to carry out market research <p>Social Media</p> <ul style="list-style-type: none"> Placing an ad on sites such as Facebook <p>1 mark per described use - must relate to Marketing department to gain mark</p>	3	

[END OF SECTION ONE]

Section Two

Question			Expected Answer(s)	Max Mark	Additional Guidance
1	(a)	(i)	<p>Personal Selling</p> <ul style="list-style-type: none"> • Selling a product door-to-door • By telephone to encourage people to buy products • Allows products to be demonstrated • Benefits and technical details can be explained • Feedback can be received from potential customers <p>Mail Order</p> <ul style="list-style-type: none"> • Good sold to customers through catalogues • Allows the convenience of shopping from home • Often credit facilities are available • Some products may be exclusive • Does, however, lack the personal contact gained from a retail outlet • Delivery charges can be high • High levels of bad debt can occur <p>Direct Mail</p> <ul style="list-style-type: none"> • Promotional letters, brochures or leaflets sent directly to homes • Targets specific market segments • Can reach customers in a wide geographical area • Many customers view this as junk mail <p>Newspapers/Magazines</p> <ul style="list-style-type: none"> • Companies place adverts in these showing their products • Customers respond by filling in coupons or by telephone <p>Shopping Channels on TV</p> <ul style="list-style-type: none"> • TV programmes dedicated to selling goods to consumers • Consumers telephone to place a bid for items shown • Can reach a wide audience <p>Internet Selling</p> <ul style="list-style-type: none"> • Selling the product through a company website • Allows organisation to reach a global market • Customer information is easily gathered so that offers and promotions can be targeted to them • Saves the customer the time and hassle of shopping <p>Factory shop/own outlet (Accept as description)</p> <p>Watch for repetition of features</p>	4	

Question			Expected Answer(s)	Max Mark	Additional Guidance
1	(a)	(ii)	<ul style="list-style-type: none"> • Selling through a retailer • Selling through a wholesaler • Selling through a wholesaler then a retailer • Selling through an agent <p>1 mark per channel</p>	2	
1	(b)		<ul style="list-style-type: none"> • Identify the problem • Identify the objectives • Identify the constraints • Gather information • Analyse the information gathered • Devise possible solutions • Select the best solution • Communicate the decision • Plan and implement the decision • Evaluate the effectiveness of the decision <p>1 mark per stage Accept in any order</p>	5	
1	(c)	(i)	<ul style="list-style-type: none"> • Batch production is used when a group of identical items are made whereas flow production is used when vast quantities of the same product are made • Batch production relies on some machinery whereas flow production is often automated • In batch production batches of goods can be made to specific customer requirements whereas in flow production all goods are standard • Batch production could be a slow method of production whereas flow production would be faster <p>1 mark per distinguished point</p>	2	

Question			Expected Answer(s)	Max Mark	Additional Guidance
1	(c)	(ii)	<p>Advantages</p> <ul style="list-style-type: none"> • One-off items can be produced • Higher prices can be charged • Specifications can be changed to meet customer requirements • Workers are more highly motivated • Designs could be changed during production <p>Disadvantages</p> <ul style="list-style-type: none"> • High wage costs • Need for skilled workers • Higher research and development costs • Wide variety of tools and equipment required • Long time taken to fulfil orders <p>1 mark per description point – max 3 per area</p>	4	
1	(d)		<p>Costs</p> <ul style="list-style-type: none"> • Once trained, staff may leave which means that the organisation has paid out money and is not reaping the benefits • Financial cost of training is high with not only the cost of the course but also the cost of the transport/cover required to fill their place ...etc • Work time is lost whilst training takes place which means productivity will be down/orders may be delayed • After training, workers may demand a pay rise which the organisation may have to pay in order to retain them, (this increases their costs/reduces profits) <p>Benefits</p> <ul style="list-style-type: none"> • Staff will have been shown how to carry out their duties and will make fewer mistakes • Staff will become more flexible because their range of skills will be greater (therefore they will be able to do more than just their original job/making it easier for them to rotate in jobs) • Staff motivation will increase because they feel that they are being valued • This will make them more productive • The organisation's image improves because the public and potential staff will see that they care about the future of their workers • May be easier to attract new staff due to the improved image <p>1 mark per explained cost/benefit – max 3 per area</p>	4	

Question		Expected Answer(s)	Max Mark	Additional Guidance
1	(e)	<ul style="list-style-type: none"> • Offering discounts and promotions to encourage sales • Sell off unnecessary fixed assets • Encourage customers to pay bills swiftly • Arrange longer credit periods with suppliers • Seek out other sources of finance eg overdraft • Ask the owner to take fewer drawings • Find a cheaper supplier for raw materials • Spread payments of purchase of fixed assets <p>1 mark per ID</p>	4	
2	(a)	<ul style="list-style-type: none"> • Written – information in text format • Oral – information in verbal or sound format • Pictorial – information in picture or photographic format • Graphical – information in form of graphs or charts • Numerical – information in number format <p>Accept Qualitative and Quantitative</p> <p>1 mark per correct identification – max 3 1 mark per description – max 3</p>	6	

Question			Expected Answer(s)	Max Mark	Additional Guidance
2	(b)	(i)	<p>Gross Profit Ratio</p> <ul style="list-style-type: none"> Gross Profit/Sales x 100 The amount of gross profit made from every £ of sales The percentage of profit made (before expenses are deducted) on sales <p>Net Profit Ratio</p> <ul style="list-style-type: none"> Net Profit/Sales x 100 The amount of net profit made from every £ of sales The percentage of real profit made (after expenses are deducted) on sales <p>Mark-up Ratio</p> <ul style="list-style-type: none"> Gross Profit/Cost of Goods Sold x 100 The percentage of profit to be added to cost price to find selling price <p>Return on Capital Employed</p> <ul style="list-style-type: none"> Net Profit/Capital at Start x100 The percentage profit earned on the capital invested in the organisation <p>Acid Test Ratio</p> <ul style="list-style-type: none"> (Current Assets – Stock)/Current Liabilities The ability of an organisation to pay off its short term debts in a crisis Ideal 1:1 <p>Current Ratio</p> <ul style="list-style-type: none"> Current Assets/Current Liabilities The ability of an organisation to pay off its short term debts Ideal 2:1 <p>Rate of Stock Turnover</p> <ul style="list-style-type: none"> Cost of Goods sold/Average Stock The number of times an organisation buys in new stock in a year <p>1 mark per described point</p> <p>If both Current Ratio and Acid Test Ratio given then the descriptions must be different</p> <p>If both Gross Profit Ratio and Net Profit Ratio given then the descriptions must be different</p>	3	

Question			Expected Answer(s)	Max Mark	Additional Guidance
2	(b)	(ii)	<ul style="list-style-type: none"> Information is historical Comparisons can only be made between organisations of similar size/same industry etc Findings do not take into account staff factors such as morale or turnover Findings do not show which stage of the product life cycle a product is at Findings do not take into account external factors – maximum 1 <p>1 mark per outlined limitation</p>	3	
2	(c)		<ul style="list-style-type: none"> A charity is “owned” by a group of trustees A charity is run by a group of volunteers/board of trustees A charity is financed through donations/grants A charity has the objective of helping a cause A charity is usually exempt from paying taxes A charity has limited liability In the voluntary sector <p>1 mark per compared feature</p>	3	
2	(d)		<p>Maximum Stock Level</p> <ul style="list-style-type: none"> The highest amount of stock that the organisation should hold <p>Minimum Stock Level</p> <ul style="list-style-type: none"> The lowest amount of stock that the organisation should hold <p>Re-order Level</p> <ul style="list-style-type: none"> The level at which stock should be re-ordered <p>Re-order Quantity</p> <ul style="list-style-type: none"> The amount of stock that is required to bring the stock level back to its maximum <p>1 mark for identifying a level – max 3 1 mark per description – max 3</p>	6	

Question		Expected Answer(s)	Max Mark	Additional Guidance
2	(e)	<p>Political</p> <ul style="list-style-type: none"> • Changes in legislation set by the government may mean that an organisation has to implement changes to the way it carries out processes etc (which leads to higher costs) • Changes to the level of taxation to be paid by an organisation may mean that the organisation has less money to do other things <p>Economic</p> <ul style="list-style-type: none"> • Changes in the level of interest charged by a bank may mean that a loan becomes unaffordable and therefore any plans may need to be put on hold • Changes in the level of inflation may mean that supplies become more expensive (and the organisation may have to look further afield for cheaper alternatives) <p>Social</p> <ul style="list-style-type: none"> • Changes in people's tastes will require an organisation to continually be doing market research (and having to change its product range in order to keep up) <p>Technological</p> <ul style="list-style-type: none"> • Advances in technology may mean that an organisation may have to change production methods (costing it large sums of money initially) <p>Environmental</p> <ul style="list-style-type: none"> • UK government push to reduce carbon emissions has resulted in organisations having to change processes (which have cost them money) <p>Competitive</p> <ul style="list-style-type: none"> • If a direct competitor changes their pricing for example, then an organisation may be forced to do the same (otherwise it may lose customers) <p>1 mark for explaining <u>an effect</u> – max 3 per factor</p>	4	

Question			Expected Answer(s)	Max Mark	Additional Guidance
3	(a)	(i)	<ul style="list-style-type: none"> • Development • Introduction • Growth • Maturity • Saturation • Decline <p>1 mark per stage</p>	4	
3	(a)	(ii)	<ul style="list-style-type: none"> • Change the price by either reducing or increasing it • Alter the packing eg shape, size • Change the product eg new ingredients, new attachments • Introduce a new variety • Find a new use for the product eg Lucozade as a sports drink • Introduce special offers eg BOGOF, 3 for 2 • Offer the product in a different place eg online • Change the name of the product • Change methods of advertising eg Internet, TV <p>1 mark per outlined strategy</p>	4	
3	(b)		<p>Costs</p> <ul style="list-style-type: none"> • Cost of purchasing equipment (installing) – max 1 • Cost of maintaining equipment • Financial cost of training staff to use the equipment • Work time lost when ICT is being installed (and staff trained) • May lead to redundancy – demotivating staff • ICT will constantly need upgraded (therefore higher costs) • Resistance to change • Breakdown effects • Vulnerable to viruses/hacking <p>1 mark per described cost</p>	4	

Question			Expected Answer(s)	Max Mark	Additional Guidance
3	(c)	(i)	<ul style="list-style-type: none"> • Backwards Vertical and Forwards Vertical • Horizontal and Conglomerate • Backwards vertical is when a business merges with one at an earlier stage of production whereas forward vertical is when a business merges with one at a later stage of production • Horizontal integration is between businesses at the same stage of production whereas conglomerate integration is when unrelated businesses merge together <p>1 mark per distinguish point</p>	2	
3	(c)	(ii)	<ul style="list-style-type: none"> • Increased market share • Greater brand loyalty • Become less of a risk of takeover • More control over its supplies • Can benefit from economies of scale eg buying in bulk • More control over the distribution of its products • Banks will see it as a lesser risk • Better known <p>1 mark per benefit</p>	3	

Question		Expected Answer(s)	Max Mark	Additional Guidance
3	(d)	<ul style="list-style-type: none"> • Government • Creditors • Managers • Financial Journalists <p>Government</p> <ul style="list-style-type: none"> • To check levels of profits stated in order to see if the taxation calculated is correct <p>Creditors</p> <ul style="list-style-type: none"> • To see if they will be paid for the goods they have given • To see if the organisation can repay its loans • To see if they will get repeat business <p>Managers</p> <ul style="list-style-type: none"> • To see if they are going to meet their targets • To see if they are likely to receive their bonus • To see if job is safe • To inform decisions <p>Financial Journalists</p> <ul style="list-style-type: none"> • To write a report on the financial position of the organisation • To compare companies in a financial report <p>1 mark per use – each use must be different</p>	4	
3	(e)	<ul style="list-style-type: none"> • Increased cost of storing the stock (warehousing, heat and light, etc) • Increased cost of security/insurance • Loss of space • Too much money tied up in stock • Increased risk of deterioration • Increased risk of theft <p>1 mark per described problem</p>	4	
4	(a)	<ul style="list-style-type: none"> • To provide a quality service • To stick to a budget • To be cost effective • To reduce the waiting time for operations • To improve the cleanliness in hospitals <p>1 mark per aim</p>	3	

Question		Expected Answer(s)	Max Mark	Additional Guidance
4	(b)	<p>Shareholders</p> <ul style="list-style-type: none"> • Can vote at AGMs which will influence the direction or decisions made at that meeting <p>Employees</p> <ul style="list-style-type: none"> • Can take industrial action which will affect the rate of production that the organisation makes • Can influence the quality of the good being produced which may result in unhappy customers <p>Management</p> <ul style="list-style-type: none"> • Make all the day-to-day decisions and therefore may make decisions that do not fully meet the objectives of the organisation <p>Customers</p> <ul style="list-style-type: none"> • May decide to take their custom elsewhere thereby reducing the level of sales/profit in the organisation <p>Suppliers</p> <ul style="list-style-type: none"> • Can vary the amount of discount given which will mean the organisation may have to pay more/less for the resources • Can delay the delivery of the goods which may mean that the organisation has to halt production <p>Banks</p> <ul style="list-style-type: none"> • Can increase the lending rate which means the organisation can no longer afford to take out the loan it may have wanted • Can withhold a loan which may mean the organisation cannot achieve an objective <p>Local Community</p> <ul style="list-style-type: none"> • May protest against the organisation giving them a bad reputation (and putting customers off using them) <p>Government</p> <ul style="list-style-type: none"> • May introduce new legislation which may cost the organisation a lot of money to implement • May increase the rate of taxation which will reduce the level of profit the organisation has available to give to shareholders <p>1 mark per explained influence – max 3 per stakeholder</p>	4	

Question			Expected Answer(s)	Max Mark	Additional Guidance
4	(c)		<ul style="list-style-type: none"> • Can save money on wages and/or premises – max 1 • Can increase the profits of the organisation • Can make the organisation more competitive and efficient • Can empower remaining staff • Can concentrate on the core activities of the organisation <p>1 mark per described advantage</p>	2	
4	(d)	(i)	<ul style="list-style-type: none"> • Strike • Go Slow • Work to Rule • Overtime Ban • Sit In • Petition <p>1 mark per correct identification</p>	4	
4	(d)	(ii)	<ul style="list-style-type: none"> • Can reduce productivity • Customers may decide to take their business elsewhere • Goods may be made to a poorer standard • Loss of sales due to lack of stock • Uncertainty in the workplace can cause stress to employees • Some employees may be made redundant • Organisation may decide to close/switch production elsewhere <p>1 mark per described impact</p>	3	

Question			Expected Answer(s)	Max Mark	Additional Guidance
4	(e)	(i)	<p>Promotional pricing</p> <ul style="list-style-type: none"> • Prices reduced for a short period of time (to attract customers) • Used by organisations when they want to inject new life into an existing product • Or to reduce high volumes of stock <p>Skimming pricing</p> <ul style="list-style-type: none"> • Used when an organisation launches a new product with little competition • Consumers willing to pay high prices for being one of the first to own it • As more competition enters the market, the price lowers <p>Destroyer pricing</p> <ul style="list-style-type: none"> • Used by an organisation to destroy competition • Prices lowered to force competitors' prices down • Competitors cannot maintain this and are forced from the market • Prices rise when competition leaves <p>Penetration pricing</p> <ul style="list-style-type: none"> • Used when a product is introduced into a competitive market • Price is lowered to encourage customers to choose it over the competitors • Once a market share is established, price rises again <p>Cost-plus pricing</p> <ul style="list-style-type: none"> • Cost of producing the good is calculated and a percentage of profit is added to this to give selling price <p>High price</p> <ul style="list-style-type: none"> • Setting prices higher than competitors <p>Low price</p> <ul style="list-style-type: none"> • Setting prices lower than competitors <p>1 mark per description point No label required – label and description must match if given</p>	3	

Question			Expected Answer(s)	Max Mark	Additional Guidance
4	(e)	(ii)	<ul style="list-style-type: none"> • Cost of production • Competitors' prices • Level of profit an organisation wishes to make • Level of promotion/advertising carried out • Market the product is aimed at • Place where the product is sold • Level of demand <p>1 mark per outlined point</p>	3	
4	(f)		<ul style="list-style-type: none"> • Trading Account • Fixed Assets • Cash Budget <p>Trading Account</p> <ul style="list-style-type: none"> • Shows the amount of Gross Profit made in the trading period • Shows the amount of profit made from buying and selling goods <p>Fixed Assets</p> <ul style="list-style-type: none"> • Possessions that will last longer than one year <p>Cash Budget</p> <ul style="list-style-type: none"> • Prediction of the cash coming in and out of the organisation • Shows the money available at the end of a period • Lets organisation know if they will have cash flow problems <p>1 mark per correct definition</p>	3	

Question			Expected Answer(s)	Max Mark	Additional Guidance
5	(a)	(i)	<p>Application Form/CV</p> <ul style="list-style-type: none"> • Comparing details with other application forms (or CVs) • Comparing with job description • Comparing with person specification <p>Testing</p> <ul style="list-style-type: none"> • Putting candidates through a series of exercises eg physical, mental to see how they react <p>Aptitude Test</p> <ul style="list-style-type: none"> • A test to see a candidate's natural skills eg dexterity tests <p>Attainment Test</p> <ul style="list-style-type: none"> • A test to see if the applicant can demonstrate skills required for a specific job eg word processing test for an admin assistant <p>IQ/Intelligence Test</p> <ul style="list-style-type: none"> • A test on an applicant's mental ability (may include questions on literacy, numeracy, problem solving etc) <p>Assessment Centres</p> <ul style="list-style-type: none"> • Candidates are taken to a centre for a few days to assess various skills and qualities (eg teamwork, leadership, social skills) <p>Presentations</p> <ul style="list-style-type: none"> • A candidate may be asked to give a short presentation on a relevant topic, (for example, a sales manager may be asked to give a presentation on how to increase sales within the company) <p>References</p> <ul style="list-style-type: none"> • Asking a past employer (or other person) as to the candidate's suitability for the position <p>1 mark per described method</p>	3	

Question			Expected Answer(s)	Max Mark	Additional Guidance
5	(a)	(ii)	<p>Application Form/CV</p> <ul style="list-style-type: none"> • Can see if a candidate is properly qualified • Can see if a candidate has had appropriate experience • Can see if a candidate should be invited for an interview <p>Testing</p> <ul style="list-style-type: none"> • Can give further information about a candidate which may help decide on their suitability for the job • Physical test – to see if they are physically able to do the job eg police • IQ test – to see if they have the required level of intelligence to carry out the job <p>Assessment Centres</p> <ul style="list-style-type: none"> • Candidates can be assessed on their ability to handle given situation eg pressure • Candidate’s personality is assessed and how they react to situation <p>Presentations</p> <ul style="list-style-type: none"> • A way for a candidate to show the way they think the organisation should/could go in the future • Shows how much a candidate has researched their topic as well as how much “risk” they may be willing to take <p>References</p> <ul style="list-style-type: none"> • Candidate’s past performance in a work situation can be known <p>1 mark per described benefit Accept consequentiality</p>	3	

Question		Expected Answer(s)	Max Mark	Additional Guidance
5	(b)	<ul style="list-style-type: none"> • Informal Structure • Lateral Relationship • Span of Control <ul style="list-style-type: none"> • An informal structure is a relaxed structure with informal communication between staff (a grapevine) <ul style="list-style-type: none"> • A lateral relationship is between people on the same level of authority <ul style="list-style-type: none"> • Span of control is the number of subordinates that a superior is in charge of <p>1 mark per defined term</p>	3	
5	(c)	<p>Primary Sector</p> <ul style="list-style-type: none"> • Growing or taking resources from the earth <p>Secondary Sector</p> <ul style="list-style-type: none"> • Turning the raw materials into finished goods • Manufacturing the goods <p>Tertiary Sector</p> <ul style="list-style-type: none"> • Providing intangible items • Providing a service <p>1 mark for identification – max 3 1 mark for description – max 3</p>	6	

Question		Expected Answer(s)	Max Mark	Additional Guidance
5	(d)	<p>Advantages</p> <ul style="list-style-type: none"> • Primary information is gathered first hand so should be relevant for the purpose it is intended for • Information can be kept private so competitors will not need to find out your results • Information is up-to-date as it has been collected at the time it is required • Source of the information is known so you can go back and verify it or ask further questions <p>Disadvantages</p> <ul style="list-style-type: none"> • Can be expensive due to the cost of training staff • Information may be flawed due to taking too small a sample (or interviewer leading the interviewee) • People could have lied in order to get away (or to make themselves seem better) • Can be time consuming to collect due to the time taken for people to return their questionnaires • Researcher may be biased and therefore only select certain people (or only enter the information that is good) <p>1 mark per explained advantage/disadvantage – max 3 per area</p>	4	

Question		Expected Answer(s)	Max Mark	Additional Guidance
5	(e)	<ul style="list-style-type: none"> • Newspaper Advertising – promoting a product or service through a printed image – colour, text enhancement used • TV Advertising – promoting a product or service through the medium of TV – moving image, sound, colour etc • Product endorsement – using a famous personality to wear/use particular product – fans follow their idols and buy the product • Product placement – paying for products to appear in popular TV programmes or films – subtle way of advertising • BOGOFs – consumer buys one product and gets another free – feel they are getting more for their money • Bonus Packs – eg 50% free (whereby a consumer gets more of the product for the same money) • Competitions – consumer buys a product then gets the chance to win something by entering a competition (eg on cereal boxes, magazines etc) • Free Samples/Gifts – in supermarkets staff give out taster samples of new products (or consumer gets free perfume samples when buying from a cosmetics counter) • Direct Mail – sending specific details of products or services directly to identified consumers ie target market • Sponsorship • Vouchers/Money-off coupons – reduce the cost to the consumer <p>Only 1 type of advertising credited Watch for repetition 1 mark per method identified – max 3 1 mark per description – max 3</p>	6	

[END OF SECTION 2]

[END OF MARKING INSTRUCTIONS]



2014 Business Management

Intermediate 2

Finalised Marking Instructions

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Part One: General Marking Principles for Business Management Intermediate 2

This information is provided to help you understand the general principles you must apply when marking candidate responses to questions in this Paper. These principles must be read in conjunction with the specific Marking Instructions for each question.

- (a)** Marks for each candidate response must always be assigned in line with these general marking principles and the specific Marking Instructions for the relevant question. If a specific candidate response does not seem to be covered by either the principles or detailed Marking Instructions, and you are uncertain how to assess it, you must seek guidance from your Team Leader/Principal Assessor. *You can do this by posting a question on the Marking Team forum or by e-mailing/phoning the e-marker Helpline.*
- (b)** Marking should always be positive ie, marks should be awarded for what is correct and not deducted for errors or omissions.

GENERAL MARKING ADVICE: Business Management Intermediate 2

The marking schemes are written to assist in determining the “minimal acceptable answer” rather than listing every possible correct and incorrect answer. The following notes are offered to support Markers in making judgements on candidates’ evidence, and apply to marking both end of unit assessments and course assessments.

Part Two: Marking Instructions for each Question

Section 1

Question		Expected Answer(s)	Max Mark	Additional Guidance
1	(a)	Private Limited Company	1	If two or more types of business organisations given no marks awarded.
1	(b)	<p>Advantages</p> <ul style="list-style-type: none"> • Shareholders have limited liability. • Control is not lost to outside investors. • More capital can be raised from issuing shares. • Can bring in lots of experience and expertise. <p>Disadvantages</p> <ul style="list-style-type: none"> • Profits have to be shared amongst shareholders. • A legal process is required to set up the company. • Shares cannot be sold to the general public. • Firm is regulated by the Companies Act. <p>Do not accept high set up costs.</p> <p>1 mark per described advantage or disadvantage – max 3 per area</p>	4	<p>If type of business identified in (a) is incorrect award full marks if appropriate advantages and disadvantages match answer given in (a).</p> <p>If Public Limited Company is given in (a) and advantages/disadvantages given in (b) refer to a Private Limited Company award full marks if correct.</p>
2		<ul style="list-style-type: none"> • Strategic decisions are long term whereas tactical are medium term. • Strategic decisions are made by senior management whereas tactical are made by middle management. • Strategic decisions set out the overall purpose/aim of an organisation whereas tactical are how an organisation achieves the strategic objectives. <p>1 mark per distinguished point</p>	3	<p>Allow examples – must match type of decision.</p> <p>Managers/Board of Directors not accepted as suitable decision-makers at tactical level – too senior.</p>

Question		Expected Answer(s)	Max Mark	Additional Guidance
3		<p>Advantages</p> <ul style="list-style-type: none"> • Decisions are made by top managers who have the decision making skills. • Leads to better quality decisions. • Allows procedures to be standardised. • Decisions are made for the organisation as a whole. • Allows a corporate image to be promoted. • Employees know their role/position within the organisation. <p>Disadvantages</p> <ul style="list-style-type: none"> • Stifles staff initiative. • Staff not involved in decision making/No consultation. • Staff feel they have very little authority. • Decisions may not reflect the local conditions. <p>1 mark per described advantage or disadvantage – max 3 per area</p>	4	
4		<p>Random</p> <ul style="list-style-type: none"> • Individuals are randomly pre-selected from a list eg telephone book. • Once selected must be interviewed. <p>Quota</p> <ul style="list-style-type: none"> • Individuals are selected based on pre-determined characteristics or criteria. • Can interview anyone who matches the characteristics or criteria. <p>1 mark for identifying method – max 2 1 mark per description – max 2</p>	4	

Question		Expected Answer(s)	Max Mark	Additional Guidance
5		<ul style="list-style-type: none"> Fewer staff are required which may result in redundancies. Staff may need to be retrained in order for them to cope with the new technology increasing their skills. Older staff may feel unable to cope with change and therefore may feel threatened and leave. ICT can mean that personal contact with customers is lost therefore making staff feel they do not know their customers as well. Staff may feel isolated and communication with other staff may suffer. Staff can take advantage of homeworking with ICT resulting in them being able to arrange personal commitments more freely. <p>1 mark per explained effect</p>	3	
6		<ul style="list-style-type: none"> Payment of wages and salaries Maintaining financial records Payment of bills or accounts Controlling credit Producing the annual accounts for the organisation Analysing the accounting information Monitoring internal finances, eg budgets <p>1 mark per role</p>	3	
7		<ul style="list-style-type: none"> Good rate of pay Bonus Appraisal Training Offer perks/benefits (accept an example, eg subsidised canteens) Promotion Vary tasks/give breaks/more breaks Good working relationships More challenge Involvement in decision making Flexible working practices Setting targets <p>1 mark per identified method</p>	3	<p>Better salary/Good rate of pay – max 1</p> <p>Flexible working practices – max 1</p>
			(25)	

[END OF SECTION 1]

Section 2

Question			Expected Answer(s)	Max Mark	Additional Guidance
1	(a)		<ul style="list-style-type: none"> Someone who develops a business idea/ identifies a business opportunity and invests Person who brings the factors of production together. Person who takes a risk in order to produce a good or service. Initially they make all the decisions. Raise the start-up capital. <p>1 mark per described role</p>	3	Do not accept 'spots a gap in the market' unless developed.
1	(b)	(i)	<ul style="list-style-type: none"> TV Newspapers Magazines Radio Cinema Billboards Internet Direct Mail Mobile Phone Social Media (max – 1) <p>1 mark per identified method</p>	3	Do not accept any promotional activities e.g. celebrity endorsement, product placement in (i) but description marks if correct should still be awarded in (ii).
1	(b)	(ii)	<p>TV</p> <ul style="list-style-type: none"> Can be targeted to a large national audience. Products can be demonstrated. Products can be made appealing by using colour, movement, etc. <p>Newspapers</p> <ul style="list-style-type: none"> National exposure can be gained. Technical information can be explained. Can target products to specific segments depending on the newspaper. Adverts can be cut out and kept for later use. <p>Magazines</p> <ul style="list-style-type: none"> Colour adverts can have a great impact. Can target specific markets using special interest magazines. Can be kept for future reference. 	3	See above

Question			Expected Answer(s)	Max Mark	Additional Guidance
1	(b)	(ii)	<p>(Continued)</p> <p>Radio</p> <ul style="list-style-type: none"> • Cheaper to advertise than on TV. • Can have a captive audience as listeners tend not to channel surf. • Can target specific markets depending on the station used. <p>Cinema</p> <ul style="list-style-type: none"> • Have a captive audience. • Adverts can be selected to suit the type of film it is being shown before. <p>Billboards</p> <ul style="list-style-type: none"> • Can attract a wide target market. • Can have high visual impact due to size. • Seen by passers-by. <p>Internet</p> <ul style="list-style-type: none"> • Can be relatively <u>cheap</u> – not an expensive method of advertising. • Can be updated frequently. • Depending on the site they appear on can be used to target specific markets. <p>Direct Mail</p> <ul style="list-style-type: none"> • Target specific markets as the information is only sent to those who meet the criteria. <p>Mobile Phones</p> <ul style="list-style-type: none"> • Can send push messages directly to users (target specific users). <p>1 mark per advantage – accept advantages from the customer's point of view</p>		
1	(c)		<p>Data</p> <ul style="list-style-type: none"> • Raw information. • Unprocessed information. <p>Information</p> <ul style="list-style-type: none"> • Data that has been changed/processed/put into an order/given a context. <p>1 mark per definition.</p>	2	Accept for a definition of data 'information that has been collected'.

Question			Expected Answer(s)	Max Mark	Additional Guidance
1	(d)	(i)	<p>Ownership</p> <ul style="list-style-type: none"> • Sole trader owned by a single person whereas a local council is owned by the government (on behalf of the public). <p>Finance</p> <ul style="list-style-type: none"> • Sole trader gains finance from personal savings or loans or mortgages etc, whereas local council gains finance from central government grants or from local taxes. <p>Any one example of a source of finance for each. 1 mark per compared feature – need both sides to gain award.</p>	2	Finance for either sole trader or local council – only accept sources of finance.
1	(d)	(ii)	<ul style="list-style-type: none"> • To make as much profit/income as possible. • To gain a high level of sales turnover. • To expand into other markets. • To survive against competition. • To have the greatest number of customers. • To become the best in the field. • To improve their image/social responsibility. <p>1 mark per objective.</p>	2	

Question			Expected Answer(s)	Max Mark	Additional Guidance
1	(e)		<p>Price</p> <ul style="list-style-type: none"> To pay cheapest price possible so as to get the best value for their money. If they buy large quantities then the price should be reduced to reflect this. <p>Quality</p> <ul style="list-style-type: none"> To ensure that the finished product is the best it can be to ensure that customers will not complain or return the goods. <p>Reliability</p> <ul style="list-style-type: none"> So that the goods are delivered when required so production does not stop. So that the quantity of goods delivered is accurate in order to meet the demands of the organisation's customers. <p>Payment Terms</p> <ul style="list-style-type: none"> Pay cash in order to receive discounts. So that the organisation can take advantage of the credit period given and not pay until later. <p>1 mark per explained factor.</p>	4	
1	(f)	(i)	<ul style="list-style-type: none"> Gross Profit (Ratio). Net Profit (Ratio). Mark-up (Ratio). Return on Capital Employed. Acid Test (Ratio). Current (Ratio). Rate of Stock Turnover. <p>1 mark per identified ratio.</p>	3	Accept abbreviation ROCE.

Question			Expected Answer(s)	Max Mark	Additional Guidance
1	(f)	(ii)	<p>Gross Profit Ratio</p> <ul style="list-style-type: none"> Gross Profit/Sales x 100 The amount of gross profit made from every £ of sales The percentage of profit made, before expenses are deducted, on sales <p>Net Profit Ratio</p> <ul style="list-style-type: none"> Net Profit/Sales x 100 The amount of net profit made from every £ of sales The percentage of profit made, after expenses are deducted, on sales <p>Mark-up Ratio</p> <ul style="list-style-type: none"> Gross Profit/Cost of Goods Sold x 100 The percentage to be added to cost price to find selling price <p>Return on Capital Employed</p> <ul style="list-style-type: none"> Net Profit/Capital at Start x 100 The percentage profit earned on the capital invested in the organisation <p>Acid Test Ratio</p> <ul style="list-style-type: none"> Current Assets – Stock : Current Liabilities The ability of an organisation to pay off its short term debts in a crisis Ideal 1:1 <p>Current Ratio</p> <ul style="list-style-type: none"> Current Assets : Current Liabilities The ability of an organisation to pay off its short term debts Ideal 2:1 <p>Rate of Stock Turnover</p> <ul style="list-style-type: none"> Cost of Goods Sold/Average Stock The number of times an organisation buys in new stock in a year <p>1 mark per description – max 3</p>	3	Do not accept '1:1' only for Acid Test. Must include 'ideal or good ratio' in response in order to be awarded a mark.
				(25)	

Question		Expected Answer(s)	Max Mark	Additional Guidance
2	(a)	<p>Land – all natural resources. Labour – the workforce. Capital – all man-made resources, eg tools and machinery; the money invested in the organisation.</p> <p>1 mark for identifying the factor – max 3 1 mark per description – max 3</p>	6	
2	(b)	<ul style="list-style-type: none"> • Primary information is first hand whereas secondary information is second hand. • Primary information is gathered for a specific purpose whereas secondary information is gathered for one purpose and then reused for another. • Primary information is likely to be up-to-date whereas secondary is likely to be old/ historical. • Primary information is costly to gather whereas secondary information is cheap and easy to gather. • Primary information comes from known sources (can be verified) whereas with secondary information it can be difficult to find the original source. • Both sources of information can be internal/external (max – 1). <p>1 mark per compared point</p>	2	Do not accept “primary is internal whereas secondary is external”
2	(c)	<ul style="list-style-type: none"> • The product being sold/the nature of the product. • The finances available. • The desired image of the product. • Government restrictions. • The product’s life cycle. • Manufacturer’s distribution capabilities. • Target market/how popular the product is. <p>1 mark per factor</p>	4	Target market – max 1

Question			Expected Answer(s)	Max Mark	Additional Guidance
2	(d)	(i)	<p>Advantages</p> <ul style="list-style-type: none"> Batches can be changed to meet customers' requirements. Less highly <u>skilled</u> staff required. Machinery can be used to standardise the process. Reduces costs of production. Higher/larger amount output of products. <p>Disadvantages</p> <ul style="list-style-type: none"> Workers/machines may sit idle between batches. Cost of buying in expensive machinery. Staff less motivated as they are doing a repetitive task. Small batches can be costly. Problems may result in loss of whole batch <p>1 mark per advantage or disadvantage. Max 3 per area</p>	4	Accept 'all batches are the same' as an advantage.
2	(d)	(ii)	<ul style="list-style-type: none"> Increases storage costs which means profit levels may reduce. Increased risk of theft which means that tighter security measures will need to be provided. Increased risk of deterioration which means less stock to sell/use. Too much money tied up in stock which means that money cannot be used for other things. Loss of space which means that larger premises may need to be sought. <p>1 mark per explained problem.</p>	3	
2	(e)	(i)	<ul style="list-style-type: none"> Managers/directors. Owners/partners/shareholders. Creditors. Employees. Citizens/Customers. Competitors. Government. Financial journalists. <p>1 mark per user.</p>	3	

Question			Expected Answer(s)	Max Mark	Additional Guidance
2	(e)	(ii)	<p>Managers</p> <ul style="list-style-type: none"> To see if they are going to meet their targets. To see if they are likely to receive their bonus. <p>Owners</p> <ul style="list-style-type: none"> 'To see how much profit' they may receive. To see if the value of their investment is rising or falling. <p>Creditors</p> <ul style="list-style-type: none"> To see if they will be paid for the goods they have given. To see if the organisation can repay its loans. To see if they will get repeat business. <p>Employees</p> <ul style="list-style-type: none"> To see if they are likely to get a pay rise. To see if there is finance available to improve working conditions. To see if their jobs are secure. <p>Citizens/Customers</p> <ul style="list-style-type: none"> To see if the organisation is likely to close down. To see if the organisation can pay its bills. To see if the organisation is likely to be taking on more staff. <p>Competitors</p> <ul style="list-style-type: none"> To compare prices, profit figures, etc. To see the level of market share the organisation has. <p>Government</p> <ul style="list-style-type: none"> To check levels of profits stated in order to see if taxation calculated is correct. <p>Financial journalists</p> <ul style="list-style-type: none"> To provide a report on the company. <p>1 mark per use – each must be different.</p>	3	<p>Check profits – accept as a suitable answer on its own, for owner only. If given for another user answer must be developed.</p> <p>Owner – accept to see what profit and losses the company has.</p>
				(25)	

Question			Expected Answer(s)	Max Mark	Additional Guidance
3	(a)	(i)	<p>Identify the vacancy</p> <ul style="list-style-type: none"> Analyse the job to see if there is a vacancy to be filled. <p>Job Analysis</p> <ul style="list-style-type: none"> Analyse the vacancy to identify the skills, tasks and responsibilities required for the job. <p>Job Description</p> <ul style="list-style-type: none"> Draw up a description of the task, duties and responsibilities to be carried out. Can state the conditions of service, eg hours, salary, etc. <p>Person Specification</p> <ul style="list-style-type: none"> Draw up a description of the type of person that would be suitable for the job. Can describe the qualifications, experience, qualities required. <p>1 mark per identified stage – max 3 1 mark per description – max 3</p>	6	
3	(a)	(ii)	<p>Internally</p> <ul style="list-style-type: none"> Existing employees can develop their careers. Employees are already familiar with the organisation. Employees strengths and weaknesses are already known. Inexpensive/cheaper way of recruitment e.g. training - max 1. Not as much as training required. Can improve staff morale. <p>Externally</p> <ul style="list-style-type: none"> Can attract a larger range of people to apply for the job. New employees may bring fresh ideas into the business. Can avoid jealousy (that might exist between rival internal candidates). Larger pool of candidates to choose from. <p>1 mark per described advantage Max 3 in any area</p>	4	

Question			Expected Answer(s)	Max Mark	Additional Guidance
3	(b)	(i)	<ul style="list-style-type: none"> • Email • Video Conferencing • Internet • Database • Spreadsheet • Word Processor • EPOS • Network • GPS • CAD • CAM • PowerPoint • Computer/tablet/Ipad – max 1 • Mobile phone/Smart phone <p>1 mark per identified type of ICT</p>	3	Do not accept telephone or fax machine.
3	(b)	(ii)	<p>Email</p> <ul style="list-style-type: none"> • To communicate with suppliers regarding an order. <p>Video Conferencing</p> <ul style="list-style-type: none"> • To hold face-to-face meetings with factories/ operating plant in different areas of the country or world. <p>Internet</p> <ul style="list-style-type: none"> • To compare prices of different suppliers of raw materials. <p>Database</p> <ul style="list-style-type: none"> • To hold information on suppliers. • To hold information on different goods/ resources. <p>Spreadsheet</p> <ul style="list-style-type: none"> • To control stock coming in and going out. <p>EPOS</p> <ul style="list-style-type: none"> • Use of bar code readers to control movement of stock. 	3	

Question			Expected Answer(s)	Max Mark	Additional Guidance
3	(b)	(ii)	<p>(Continued)</p> <p>GPS</p> <ul style="list-style-type: none"> To keep track of delivery vehicles as they deliver stock from the warehouse to a plant, etc. <p>Network</p> <ul style="list-style-type: none"> To allow staff in a local or wide area to access the same stock information. <p>Mobile Phone</p> <ul style="list-style-type: none"> Contacting suppliers to check stock prices. <p>CAD</p> <ul style="list-style-type: none"> Use of computerised programmes to design the product and all its elements. <p>CAM</p> <ul style="list-style-type: none"> Use of robotics to construct the product. <p>Computer/tablet</p> <ul style="list-style-type: none"> To prepare stock records. <p>PowerPoint</p> <ul style="list-style-type: none"> Present stock control training. <p>1 mark per described use Use must relate to Operations to gain mark</p>		
3	(c)	(i)	<ul style="list-style-type: none"> A tall structure has many levels of management whereas a flat structure has few levels of management. In a tall structure the span of control is narrow whereas in a flat structure the span of control is wide. In a tall structure the chain of command is long whereas in a flat structure the chain of command is short. <p>1 mark per distinguished point</p>	2	<p>Accept diagrams with the tall and flat labels shown correctly –plus levels drawn in.</p> <p>See practice script – Display ID 6124576 Response ID 1246865.</p>

Question			Expected Answer(s)	Max Mark	Additional Guidance
3	(c)	(ii)	<p>Advantages</p> <ul style="list-style-type: none"> • Salary costs are less. • Quicker communication. • Quicker decision making. • Responds more quickly to change. • Managers can lighten their load. <p>Disadvantages</p> <ul style="list-style-type: none"> • Managers not able to oversee their work properly. • Workers may not have the skills needed to take on more responsibility. • Fewer chances of promotion for staff. <p>1 mark per described advantage or disadvantage – max 3 per area</p>	4	
3	(d)		<p>Input</p> <ul style="list-style-type: none"> • The raw materials being introduced into the production process. • The labour being introduced into the production process. <p>Process</p> <ul style="list-style-type: none"> • Combining the inputs or changing them to produce an actual product. <p>Output</p> <ul style="list-style-type: none"> • The finished product. <p>1 mark per definition</p>	3	<p>Process – accept quality checks</p> <p>Output – do not accept <u>selling</u> the finished good.</p>
				(25)	

Question		Expected Answer(s)	Max Mark	Additional Guidance
4	(a)	<p>Data Protection Act</p> <ul style="list-style-type: none"> Information must be obtained fairly and lawfully. Information must be adequate and relevant. Information must be accurate and up-to-date. Information must be kept secure. Information must not be disclosed to others. <p>Freedom of Information Act</p> <ul style="list-style-type: none"> Covers information held by public organisations. Individuals must be told if the public organisation holds information. Organisation must disclose information held within a specified time period. <p>Computer Misuse Act</p> <ul style="list-style-type: none"> Organisations must protect information from unauthorised access. Organisations must protect information being taken and used to commit an offence. Organisations must protect information from being modified without consent. <p>Copyright, Designs and Patent Act</p> <ul style="list-style-type: none"> Controls the copying of protected material and ensures that no unauthorised copying of material takes place. Applies to books, newspapers, music and computer programs. Prior to copying, a person/organisation must seek the owner's permission. Owner may charge a fee for copying. By paying a fee to the Copyright Licensing Agency, organisations are allowed to copy small extracts from materials without seeking permission. <p>1 mark for identifying an act – max 2 1 mark per description (accept features) – max 1 per act</p>	4	<p>Wrong legislation given, then no description marks awarded.</p> <p>If legislation title not given, description mark can still be awarded if correct.</p>

Question		Expected Answer(s)	Max Mark	Additional Guidance
4	(b)	<p>Trade Unions</p> <ul style="list-style-type: none"> • Represent employees with regard to pay negotiations. • Represent employees with regard to working conditions. • Represent employees with regard to other work-related issues, eg dismissal, grievance, etc. • Undertake collective bargaining on behalf of employees. • Have a more powerful negotiating position. • Give legal advice to employees. • Organise industrial action. • Consult on redundancy. <p>Works Councils</p> <ul style="list-style-type: none"> • Bring together management and workers. • Used to discuss matters that affect an organisation especially the workers. • Used as a way of introducing change. <p>1 mark per outlined role – max 3 per role</p>	4	
4	(c)	<p>Line relationship</p> <ul style="list-style-type: none"> • Relationship between a manager and his/her subordinates. • A vertical relationship – one showing authority over subordinates, eg Marketing Manager to Sales Representative. <p>Lateral relationship</p> <ul style="list-style-type: none"> • Relationship between staff of the same level in the organisation. • A horizontal relationship between equals, eg Finance Manager and Operations Manager. <p>1 mark per definition – max 2 1 mark per example – max 2</p>	4	<p>Award marks for suitable examples.</p> <p>If definitions are wrong way around award example marks if they match the definition given.</p>

Question		Expected Answer(s)	Max Mark	Additional Guidance
4	(d)	<p>Advantages</p> <ul style="list-style-type: none"> • Possibility of increasing profits/income. • Access to more customers. • Increase market share. • Can take advantage of cheap labour. • Can take advantage of government grants. • Can cut down on transport costs. • May improve the income in that area. • Can allow a country to become more competitive. <p>Disadvantages</p> <ul style="list-style-type: none"> • Could be detrimental to the existing businesses of that country. • Local employment can be dependent on the organisation (if they move out then it will mean heavy unemployment in an area). • They may use up the local natural resources. • (They can force local businesses out of business) which will create unemployment in an area. • (Profits earned go back to the home country) which means that the country loses out on this income. • Language barriers. • Cultural differences. • Delays in communication – time zones. • Delays in decision-making. • Legislation. • Reputation of one branch affecting another <p>1 mark per described advantage or disadvantage – max 3 per area</p>	4	

Question		Expected Answer(s)	Max Mark	Additional Guidance
4	(e)	<p>Flat rate/Annualised Salary</p> <ul style="list-style-type: none"> • Employees are paid a fixed salary per year. • Salary is divided into 12 equal monthly payments. <p>Piece Rate</p> <ul style="list-style-type: none"> • Workers are paid for the number of items they produce. <p>Overtime</p> <ul style="list-style-type: none"> • Payment for working extra hours above their set working week. • Normal hourly rate may be increased for any extra hours worked. <p>Bonus Rate</p> <ul style="list-style-type: none"> • Worker being paid extra when they reach a target, eg productivity, time-keeping, etc. • Often paid at key times, eg Christmas if the organisation is making a profit. <p>Commission</p> <ul style="list-style-type: none"> • Sales personnel earn a percentage of the products' sales value. • Can be the sole method of paying workers or on top of a basic wage/salary. <p>1 mark for identifying a method of payment – max 3 1 mark per description – max 3</p>	6	
4	(f)	<p>Gross Profit is the profit made from trading (buying and selling goods) whereas Net Profit is the final profit made after all expenses are paid.</p> <p>Fixed Assets are long term possessions whereas Current Assets are possessions that are constantly changing in value.</p> <p>Debtors are people who owe the organisation money whereas Creditors are people the organisation owes money to.</p> <p>1 mark per distinguished point</p>	3	
			(25)	

Question			Expected Answer(s)	Max Mark	Additional Guidance
5	(a)	(i)	<ul style="list-style-type: none"> Given to employees when they start working. Must be given within 8 weeks of starting employment. States the terms and conditions of employment for the employee. 	1	
5	(a)	(ii)	<ul style="list-style-type: none"> Job title Date employment begins Holiday entitlement Hours of work Rate of pay and timing Sickness pay entitlement Period of notice for termination of employment Name of employee <p>1 mark per ID</p>	2	
5	(a)	(iii)	<p>Equality Act 2010</p> <ul style="list-style-type: none"> Covers 9 protected characteristics. Details different types of discrimination. Protects against discrimination on the grounds of gender. Protects against discrimination on the grounds of age. Requirement for businesses to have a more diverse workforce. <p>Health and Safety at Work Act 1974</p> <ul style="list-style-type: none"> States employer and employee responsibilities with regard to health and safety. Employers have a responsibility to ensure that protective clothing, etc is provided. Employees have a responsibility to ensure that all safety equipment is being used appropriately. Employers need to assess risk. <p>1 mark per feature – max 3 per area</p>	4	Accept any of the protected characteristics

Question		Expected Answer(s)	Max Mark	Additional Guidance
5	(b)	<ul style="list-style-type: none"> To make appropriate decisions. To plan for the future of an organisation. To ensure that resources are in the right place at the right time. To give staff instructions. To oversee the running of the organisation so that it meets its objectives. To delegate appropriate work to staff. To motivate staff to do their best at all times. In charge of the day to day running of the organisation. <p>1 mark per role</p>	3	Award examples – max 1
5	(c) (i)	<ul style="list-style-type: none"> Finance Staff Information Technology Management Size Owner Time <p>1 mark per identified factor.</p>	2	
5	(c) (ii)	<p>Finance</p> <ul style="list-style-type: none"> Lack of finance may mean that an organisation has to consider cutting costs in order to implement a decision. <p>Staff</p> <ul style="list-style-type: none"> If staff do not have the necessary skills to implement a decision then they will require training delaying the decision. Lack of staff may mean that they do not have the workforce to carry out the decision. <p>Information</p> <ul style="list-style-type: none"> Better quality information will mean that the decision is more likely to succeed than if the information is incomplete, etc. <p>Technology</p> <ul style="list-style-type: none"> If an organisation has technology this may give them a competitive edge over their rival and make implementing a decision easier. <p>Management</p> <ul style="list-style-type: none"> If a manager is skilled at decision making then this can have a positive influence on the organisation and its workers. <p>1 mark per explained effect.</p>	2	

Question		Expected Answer(s)	Max Mark	Additional Guidance
5	(d)	<ul style="list-style-type: none"> • To highlight periods when a negative cash balance is expected. • To allow for action to be taken in advance of overspending. • To forecast periods of cash surplus. • To allow for time to plan investment of surplus cash, eg buy an asset. • To avoid liquidity problems. • To allow comparison between budgeted and actual figures. • To control and monitor cash flow. <p>1 mark per described purpose.</p>	3	
5	(e)	<p>Advantages</p> <ul style="list-style-type: none"> • Identical products are made. • Fewer complaints regarding standards. • Fewer workers are required. • Will cut the wages bill. • Machines can operate 24/7. • Means higher productivity. • Can motivate staff. <p>Disadvantages</p> <ul style="list-style-type: none"> • Large amounts of machinery are required (which means high setup costs). • Machinery can breakdown (which may mean loss of productivity until fixed). • Difficult to make products to meet customer's individual requirements (which means that customers may go elsewhere). <p>1 mark per explained advantage or disadvantage – max 3 per area</p>	4	



2013 Business Management

Intermediate 2

Finalised Marking Instructions

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Part One: General Marking Principles for Business Management Intermediate 2

This information is provided to help you understand the general principles you must apply when marking candidate responses to questions in this Paper. These principles must be read in conjunction with the specific Marking Instructions for each question.

- (a)** Marks for each candidate response must always be assigned in line with these general marking principles and the specific Marking Instructions for the relevant question. If a specific candidate response does not seem to be covered by either the principles or detailed Marking Instructions, and you are uncertain how to assess it, you must seek guidance from your Team Leader/Principal Assessor.
- (b)** Marking should always be positive ie, marks should be awarded for what is correct and not deducted for errors or omissions.

GENERAL MARKING ADVICE: Business Management Intermediate 2

The marking schemes are written to assist in determining the “minimal acceptable answer” rather than listing every possible correct and incorrect answer. The following notes are offered to support Markers in making judgements on candidates’ evidence, and apply to marking both end of unit assessments and course assessments.

Part Two: Marking Instructions for each Question

Section 1 Solutions

Question		Expected Answer/s	Max Mark	Additional Guidance
1	a	<p>Political/Government</p> <ul style="list-style-type: none"> Government legislation Government taxation Interest rates <p>Social</p> <ul style="list-style-type: none"> Society's beliefs and attitudes Demographics of a country <p>Technological</p> <ul style="list-style-type: none"> Advances in technology that may lead to faster production/ communication etc. <p>Environmental</p> <ul style="list-style-type: none"> Effects of environmental issues eg changing weather patterns, less carbon emissions <p>Competitive</p> <ul style="list-style-type: none"> The habits of competitors eg lowering prices 	6	<p>Accept a described example for the description</p> <p>1 mark of ID of factor – 3 max 1 mark per description – 3 max</p> <p>Accept identifications other than PESTEC</p> <p>eg Weather rather than environmental</p> <p>Environmental – weather or Weather - snow</p> <p>Do not accept description of an affect</p> <p>Do not accept any other Economic factors</p> <p>Stakeholders acceptable but no ID marks - watch description is of an external factor and not affect</p>
2	a	Downsizing	1	

Question		Expected Answer/s	Max Mark	Additional Guidance
2	b	<ul style="list-style-type: none"> • Saves money on wages/management salaries • Saves money on fewer premises/other expenses • Staff have more responsibilities and are more empowered • Focusing on core activity makes an organisation more efficient 	3	<p>1 mark per described advantage</p> <p>Consequentiality if used delayering label in (a)</p> <p>Accept benefits of downsizing regardless of (a)</p> <p>Accept “cut costs” BUT if specific cost given eg wages lose this mark</p>
2	c	<ul style="list-style-type: none"> • Extending their range of products • Upgrading their Cumbernauld factory • New advertising campaign • Renaming Diet IRN-BRU to IRN-BRU Sugar Free • Launching a new look Strathmore Water • New brand message for Strathmore Water • Online competition to complement the new advertising campaign • Launching “Phenomenal BRU-Jet” competition • Building a wind turbine to cut costs 	2	<p>Accept any suitable tactical decision even if not in stimulus material</p> <p>1 mark per decision</p>

Question	Expected Answer/s	Max Mark	Additional Guidance
3	<p>Advantages</p> <ul style="list-style-type: none"> • Products are produced to a standard specification – identical • Producing in large volumes • Can benefit from bulk buying discounts • Automated process so less human errors • Labour costs are reduced • Machinery can work 24/7 • Consistent quality and accuracy <p>Disadvantages</p> <ul style="list-style-type: none"> • Large capital costs to set up • Cannot meet the requirements of individual consumers • Worker motivation is low due to repetitive work • Breakdowns are costly • Maintenance is costly 	4	<p>1 mark per described advantage/ disadvantage</p> <p>“Produced quickly” needs qualified</p> <p>3 max per area</p>

Question	Expected Answer/s	Max Mark	Additional Guidance
4	<ul style="list-style-type: none"> • Brand is easily recognised as the logo/ design used helps identify it • Brand loyalty can develop when customers feel that that brand is the best available for that particular good or service • Can charge higher prices for a branded good as customers are willing to pay more for that particular brand over what they see as inferior brands • Easier to launch new products because once a customer is loyal to a brand, new products under that brand will be looked at in the same way • Can save money on marketing/ advertising because each new product under the brand name will not need to be marketed separately – just a general marketing campaign for the brand • Customers may see a brand as a symbol of quality which leads to higher sales • May be a ‘snob value’ in using certain brands when people want to be seen with the “best” of goods/keeping up with others • Goods may be in fashion and everyone wants to be seen with it 	4	1 mark per explained point

Question	Expected Answer/s	Max Mark	Additional Guidance
5	<ul style="list-style-type: none"> • Skilled workers have formal qualifications whereas unskilled workers have no formal qualifications • Skilled workers have more work related skills whereas unskilled workers have few work related skills • Skilled workers will have lots of training related to the job whereas unskilled will have basic training in the job • Skilled workers are often referred to as professionals or white collar workers whereas unskilled workers are often referred to as manual or blue collar workers • Skilled workers would be higher paid • Skilled workers carry out a variety of different tasks whereas unskilled workers normally carry out manual or repetitive tasks • Accept a compared example (eg A doctor would be classed as a skilled worker whereas a checkout operator would be classed as an unskilled worker) 	2	<p>1 mark per compared point</p> <p>Comparison could be implied eg skilled workers are paid higher wages</p>

Question	Expected Answer/s	Max Mark	Additional Guidance
6	<ul style="list-style-type: none"> • Shareholders/Owners • Creditors • Citizens <p>Shareholders/Owners</p> <ul style="list-style-type: none"> • To see how much dividend they will receive • To determine the profitability of A G Barr • To see the price of their shares and if they are rising or falling • To see if business more successful/doing well <p>Creditors</p> <ul style="list-style-type: none"> • To see if they will be paid for the goods • To see if they may get repeat orders <p>Citizens</p> <ul style="list-style-type: none"> • Interested to see if the organisation is likely to close down • Interested to see if the organisation can pay its workers' wages • To see if they are looking to take on any new workers • To see if they will continue to provide goods and services 	3	<p>1 mark per described use</p> <p>Citizens can be employees, customers, potential investor or the local community</p>

[END OF SECTION ONE]

Section 2 Solutions

Question		Expected Answer/s	Max Mark	Additional Guidance
1	a	<ul style="list-style-type: none"> Identify the problem Identify the objectives Identify the constraints Gather information Analyse the information gathered Devise possible solutions Select the best solution Communicate the decision Plan and implement the decision Evaluate the effectiveness of the decision 	5	<p>1 mark per stage</p> <p>No marks for single word ID eg problem</p> <p>Accept stages in any order</p> <p>Possible to gain marks from SWOT if linked to decision making process</p>
1	b i	<ul style="list-style-type: none"> Allows an organisation to anticipate changes in consumer taste Can keep organisation ahead of competition Can ensure product meets the needs of consumers Can help identify a gap in the market Can provide information about the best place to sell the product Can give information about the price consumers are willing to pay Can help identify the best way to promote a product Can help organisations find out why certain products do/don't sell Reduces risk of failure when launching a new product Products/Business promoted at the same time 	4	<p>1 mark per benefit</p> <p>Don't accept specific benefits to desk and field research</p>
1	b ii	<ul style="list-style-type: none"> Interviews Postal surveys Telephone surveys Hall tests Online surveys Observation Focus groups Consumer audits 	3	<p>1 mark per suggestion</p> <p>Award 1 general mark for survey/questionnaire</p> <p>General mark will be lost if other ids are specific eg online survey</p>

Question		Expected Answer/s	Max Mark	Additional Guidance
1	c	<ul style="list-style-type: none"> • A private sector organisation wants to maximise profits whereas a public sector organisation wants to work within a budget • A private sector organisation wants to grow whereas a public sector organisation wants to provide a service to its community • A private sector organisation wants to survive whereas a public sector organisation wants to be efficient • Both private and public sector organisations have an objective to be socially responsible 	3	<p>1 mark per compared objective – both parts required to gain the mark</p> <p>If 2 separate lists match up linked objectives</p>

Question		Expected Answer/s	Max Mark	Additional Guidance
1	d	<p>On the job</p> <ul style="list-style-type: none"> • Training whilst at work/During working hours • Usually carried out by an experienced member of staff • Output is still being produced • Workers trained to the specific requirements of the organisation <p>Off the job</p> <ul style="list-style-type: none"> • Training away from the workplace eg college • Workers can concentrate on training • Trained by experts <p>Induction</p> <ul style="list-style-type: none"> • Must be linked to existing staff being trained for a new job within the same organisation for description points <p>Demonstration</p> <ul style="list-style-type: none"> • The trainee watches a task being completed then completes it themselves • Helps a trainee focus on a critical aspect of their job <p>Job rotation</p> <ul style="list-style-type: none"> • The trainee moves around different jobs or departments learning different tasks in each • Makes the trainee more flexible to be able to work in different areas • Gives trainee a better understanding of the whole organisation rather than just focusing on a specific part 	6	<p>1 mark per ID of type – max 2 1 mark per description point – 3 max per type</p> <p>Accept any other suitable method of training delivery eg sitting next to Nellie, coaching, mentoring, shadowing, apprenticeship, virtual learning</p> <p>Do not accept content of training eg Health and Safety Training</p> <p>Hours is not a distinguishing feature of off the job training – no mark</p>

Question		Expected Answer/s	Max Mark	Additional Guidance
1	e	(i) written format; (ii) oral format. Written <ul style="list-style-type: none"> As a hard copy is kept/kept as a record Information can be referred back to Time can be taken to analyse Copies can be made Oral <ul style="list-style-type: none"> You can get an instant response You can see body language It is easier to get clarification Many can get involved at the same time 	4	1 mark per described point – 3 max per area Do not accept “quick” on its own
2	a	<ul style="list-style-type: none"> Span of control Chain of command Formal structure Informal structure. Span of control <ul style="list-style-type: none"> The number of subordinates that a superior is in charge of Chain of command <ul style="list-style-type: none"> The way instructions/information is passed through the organisation Who has authority over whom Formal structure <ul style="list-style-type: none"> A structure where there is a clear path for instructions and communication Informal structure <ul style="list-style-type: none"> A relaxed structure with informal communication between staff A grapevine 	4	1 mark per definition

Question		Expected Answer/s	Max Mark	Additional Guidance
2	b	<ul style="list-style-type: none"> • Development – product is planned, developed and tested before being introduced onto the market • Introduction – product is launched onto the market • Growth – sales of the product are rising as consumers become more aware of it • Maturity – product is well known in the market and growth is slowing down <ul style="list-style-type: none"> • competition increases and the price of the product falls • Saturation – competition is very fierce and prices fall significantly • Decline – sales and profits fall as new and more advanced products enter the market 	8	<p>1 mark per stage – max 4</p> <p>1 mark per description – max 4</p> <p>Label and description must match</p> <p>Accept end</p> <p>Accept injection of new life as a stage. Plus valid description/extension strategy for description mark</p>

Question		Expected Answer/s	Max Mark	Additional Guidance
2	c	<p>Costs</p> <ul style="list-style-type: none"> Financial costs of training can be high to put workers on the courses which reduces the profits of the organisation Workers will be away from the workplace or taking time out at work to be trained which means that work time is lost <ul style="list-style-type: none"> then productivity or output may reduce After being trained staff may leave meaning the organisation will not reap the benefits of the training After being trained staff may demand higher wages which increases the cost to the organisation <p>Benefits</p> <ul style="list-style-type: none"> Staff motivation increases as they feel more valued Staff become more competent at their jobs as they have been trained in the procedures Staff become more productive as the training has made them more efficient at their work Changes are easier to introduce because staff are aware of what the changes will involve Organisation's image improves as they are seen as an employer who invests in their workers 	4	<p>1 mark per explained cost/benefit</p> <p>max 3 per area</p>

Question		Expected Answer/s	Max Mark	Additional Guidance
2	d	<ul style="list-style-type: none"> • Capital-intensive organisations rely heavily on machinery in production whereas labour-intensive rely heavily on their workforce • A standard product can be produced more easily with capital-intensive however, individual, one-off products are easily created with labour-intensive • Capital-intensive production can use low skilled labour whereas labour-intensive requires use of craftsmanship/a skilled labour force • Capital-intensive production can take advantage of economies of scale due to quantity being produced whereas labour-intensive is limited to small scale production and cannot benefit from economies of scale • Capital-intensive production can be operated 24/7 whereas labour-intensive production will require groups of workers for shifts or down-time to rest workers • Capital-intensive producers use flow production whereas labour-intensive would use job • Capital-intensive production is much faster than labour intensive-production • Labour-intensive production is often associated with quality whereas capital-intensive production may be seen as poorer quality • Skilled workers in labour-intensive production will command higher wages whereas workers in capital-intensive production may be paid less 	3	1 mark per distinguished point – both sides must be given to gain the mark

Question			Expected Answer/s	Max Mark	Additional Guidance
2	e	i	<ul style="list-style-type: none"> • Email • Internet • Word processor • Spreadsheet • Database • Network • Mobile phone 	3	<p>1 mark per ID</p> <p>Accept any other relevant ICT</p> <p>Do not accept telephone</p>
2	e	ii	<p>Email</p> <ul style="list-style-type: none"> • To contact Head Office to give weekly financial figures eg sales revenue <p>Internet</p> <ul style="list-style-type: none"> • To research information on new taxation rates <p>Word processor</p> <ul style="list-style-type: none"> • To create letters to send to customers to tell them their accounts are overdue <p>Spreadsheet</p> <ul style="list-style-type: none"> • To calculate the monthly wages • To calculate the annual profit and loss <p>Database</p> <ul style="list-style-type: none"> • To keep staff records on personal allowance, tax codes etc <p>Network</p> <ul style="list-style-type: none"> • To allow all finance department staff to access the same files regardless of their location in the organisation eg cash budgets <p>Mobile Phone</p> <ul style="list-style-type: none"> • To check current value of stocks and shares held by the organisation 	3	<p>1 mark per described use – must relate to Finance to gain mark</p> <p>Description must clearly be matched to the ICT in ei to gain the mark</p> <p>Do not accept “to keep financial records/information” without further development</p>

Question		Expected Answer/s	Max Mark	Additional Guidance
3	a	<ul style="list-style-type: none"> • Maximum • Minimum • Re-order <p>Describe the above stock levels.</p> <p>i</p> <p>Maximum Stock Level</p> <ul style="list-style-type: none"> • The highest amount of stock that the organisation should hold • The maximum amount of stock that should be held <p>Minimum Stock Level</p> <ul style="list-style-type: none"> • The lowest amount of stock that the organisation should hold • The minimum amount of stock that should be held <p>Re-order Level</p> <ul style="list-style-type: none"> • The level at which stock should be re-ordered 	3	1 mark per described level
3	a	<p>ii</p>	5	<p>1 mark for shape</p> <p>1 mark for correctly labelled axes</p> <p>1 mark for maximum level</p> <p>1 mark for minimum level</p> <p>1 mark for reorder level</p>

Question		Expected Answer/s	Max Mark	Additional Guidance
3	b	<ul style="list-style-type: none"> • Bank loan • Grant • Issuing Shares <p>Bank Loan</p> <ul style="list-style-type: none"> + Can be paid back in instalments - Interest will be charged <p>Grant</p> <ul style="list-style-type: none"> + Does not need to be repaid - Must adhere to the conditions set <p>Issuing Shares</p> <ul style="list-style-type: none"> + Can generate large sums + dividend only payable if profits are made - Cost of issuing shares can be very high - Spreading control of the organisation 	6	<p>1 mark per described advantage – max 3</p> <p>1 mark per described disadvantage – max 3</p> <p>Watch for repetition – must give different advantages / disadvantages</p>

Question		Expected Answer/s	Max Mark	Additional Guidance
3	c	<ul style="list-style-type: none"> • BOGOFs – consumer buys one product and gets another free • Bonus Packs – eg 50% extra free <ul style="list-style-type: none"> • offer more of the product for the same price as the original • Competitions – consumer buys a product then gets the chance to win something by entering a competition eg on cereal boxes, magazines etc • Demonstrations – in supermarkets staff give out taster samples of new products • Coupons or vouchers – printed in newspapers or on the reverse of till receipts to give customers money off future purchases • Free Samples – given to consumers when buying another product eg free perfume samples when buying from a cosmetics counter; free toy in a box of cereal • Credit Facilities – given to customers to allow them to buy goods now but pay later • TV Advertising – showing an advert between breaks in TV programmes • Product Placement – can be awarded separately • Celebrity Endorsement – can be awarded separately • Sponsorship – can be awarded separately • Loyalty Cards 	8	<p>Accept one advertising method ONLY – word “advertising” is not enough must include the method for the identification for mark</p> <p>1 mark per method identified – max 4</p> <p>1 mark per description – max 4</p> <p>Watch for repetition</p> <p>ID must match description</p> <p>Accept “offers” as a generic ID but when they mention specific ones, lose this mark</p>

Question		Expected Answer/s	Max Mark	Additional Guidance
3	d	<ul style="list-style-type: none"> Gross Profit Percentage Working Capital Ratio Return on Capital Employed <p>Gross Profit Percentage</p> <ul style="list-style-type: none"> Gross Profit/Sales x 100 Shows the percentage profit made from buying and selling stock Shows the percentage profit made before expenses are paid Shows the percentage profit made on each sale <p>Working Capital Ratio</p> <ul style="list-style-type: none"> Current Assets: Current Liabilities Shows the ability to pay off short term debts Ideal ratio is 2:1 <p>Return on Capital Employed</p> <ul style="list-style-type: none"> Net Profit/Capital at Start x 100 Shows the amount of profit an organisation has made in proportion to the amount of capital invested Shows how well an organisation is using its resources 	3	1 mark per description point
4	a	<ul style="list-style-type: none"> Application Forms are compared against the person specification References are checked Tests can be used to provide additional information eg Attainment Short list of candidates is drawn up Taking candidates to assessment centres to assess skills Interviews take place whereby candidates are asked questions Best candidate is offered job Unsuccessful candidates are informed that they did not get the job 	5	1 mark per stage in process – max 1 per stage

Question			Expected Answer/s	Max Mark	Additional Guidance
4	b	i	<p>Advantages</p> <ul style="list-style-type: none"> • Information is inexpensive to acquire therefore saving the organisation money • Information is easy to access as it can be done from the office through a computer • A wide variety of information can be available in a short period of time therefore saving the organisation many hours of primary research <p>Disadvantages</p> <ul style="list-style-type: none"> • Information may not be relevant as it has been gathered for another purpose • It may be difficult to check for bias as you may not be able to go back to the original source • Information may be out of date and things have changed since 	2	1 mark per explained point
4	b	ii	<ul style="list-style-type: none"> • Newspaper articles • Magazine articles • Information from another company website/Internet • Government statistics • Textbooks • Trade journal articles • Previous business records 	2	1 mark per example
4	c	i	<ul style="list-style-type: none"> • A written summary of the organisation's objectives • Used to let staff, customers and suppliers know about an organisation's long term objectives • Used to demonstrate the values/principles/ beliefs of an organisation 	1	

Question			Expected Answer/s	Max Mark	Additional Guidance
4	c	ii	<ul style="list-style-type: none"> • Strategic decisions are long term whereas operational are short term • Strategic decisions are made by senior management whereas operational are made by all staff regardless of level • Strategic decisions set out the overall purpose/aims of an organisation whereas operational are routine/day-to-day decisions <p>Examples</p> <ul style="list-style-type: none"> • Strategic – to merge with a rival company; to maximise profits • Operational – adjust a rota to cover for absent staff; call a repair engineer when a machine breaks down 	4	<p>1 mark per distinguished point – 2 max</p> <p>1 mark per example – 2 max</p>

Question		Expected Answer/s	Max Mark	Additional Guidance
4	d	<p>Quality control</p> <ul style="list-style-type: none"> Quality is checked at the beginning and/or end of the production process only Unacceptable products are either scrapped or put back for reworking <p>Quality assurance</p> <ul style="list-style-type: none"> Quality is checked at every stage of the production process <p>Quality circles</p> <ul style="list-style-type: none"> Groups of workers meet at regular intervals to discuss quality and how to improve it Suggestions taken to management for approval <p>Benchmarking</p> <ul style="list-style-type: none"> Identifying the best performers in an industry and trying to match them <p>Quality inputs</p> <ul style="list-style-type: none"> Ensuring that raw materials are the best that they can be to ensure a quality output Ensuring that machinery and equipment is up-to-date and fully serviced so that it works to its best at all times <p>Trained staff</p> <ul style="list-style-type: none"> Ensuring staff are able to operate all machinery efficiently Ensuring staff know any operational procedures <p>Quality management</p> <ul style="list-style-type: none"> All staff are involved in ensuring they reach the standard of quality required Doing things right first time – no tolerance for errors <p>Quality standards</p> <ul style="list-style-type: none"> A symbol or logo that indicates that a product/service has met an agreed quality standard Gives an organisation a competitive edge 	8	<p>1 mark for identifying method – max 4</p> <p>1 mark for description point – max 4</p> <p>Label must match description to gain description mark</p>

Question		Expected Answer/s	Max Mark	Additional Guidance
4	e	<ul style="list-style-type: none"> • Offering discounts and promotions (to encourage sales) – max 1 for methods of increasing sales • Sell off fixed assets • Encourage customers to pay bills swiftly • Reduce wage bill • Reduce expenses eg electricity (max 1) • Arrange longer credit periods with suppliers • Seek out other sources of finance – overdraft/loan • Ask the owner to take less drawings • Find a cheaper supplier for raw materials • Spread payments of purchase of fixed assets 	3	<p>1 mark per solution</p> <p>Do not accept – Fire employees</p>
5	a	<ul style="list-style-type: none"> • primary sector • secondary sector • tertiary sector <p>Primary sector</p> <ul style="list-style-type: none"> • Growing or taking resources from the earth <p>Eg – farming, fishing, quarrying, mining</p> <p>Secondary sector</p> <ul style="list-style-type: none"> • Turning the raw materials into finished goods • Manufacturing the goods <p>Eg – shipbuilding, construction, food manufacture</p> <p>Tertiary sector</p> <ul style="list-style-type: none"> • Providing intangible items • Providing a service <p>Eg – shops, banks, hotels, window cleaner, beautician</p>	6	<p>1 mark for description – max 3</p> <p>1 mark for example – max 3</p>

Question		Expected Answer/s	Max Mark	Additional Guidance
5	b	<ul style="list-style-type: none"> Profit and Loss Account Cash Budget Balance Sheet <p>Profit and Loss Account</p> <ul style="list-style-type: none"> To show the amount of profit made after all expenses have been paid To calculate the Net Profit <p>Cash Budget</p> <ul style="list-style-type: none"> A forecast of the receipts and payment of cash over a period of time To plan future spending To check for possible cash flow problems <p>Balance Sheet</p> <ul style="list-style-type: none"> To show the value of assets <u>and</u> liabilities held by an organisation To show the worth of a business at a particular point in time 	2	1 mark per purpose
5	c	<p>Advantages</p> <ul style="list-style-type: none"> Customers can purchase online from their own homes so sales can be made 24/7 Allows worldwide sales therefore access to a global market Reduces costs due to not requiring expensive premises or large amounts of staff Can make use of customer details for market research purposes <ul style="list-style-type: none"> be able to target specific products to specific customers <p>Disadvantages</p> <ul style="list-style-type: none"> Customer cannot actually feel/touch the goods so quality may be questioned Lots of competition from other online retailers so need to keep prices competitive Customers may be wary about paying for goods online so security measure will need to be put in place to give them piece of mind 	4	1 mark per explained advantage/ disadvantage – max 3 per area Max 2 for cost savings from having less premises

Question			Expected Answer/s	Max Mark	Additional Guidance
5	d		<p>Advantages</p> <ul style="list-style-type: none"> • Staff with similar expertise are kept together • Organisations have a clear structure • Communication within the department is good • Decision making is improved <p>Disadvantages</p> <ul style="list-style-type: none"> • The number of departments within an organisation may become extensive • Organisation may become unresponsive to change • Communication between departments may be difficult • Rivalry between departments may be destructive 	4	<p>1 mark per described advantage/ disadvantage</p> <p>Max 3 per area</p> <p>Duplication of resources accepted under either advantage / disadvantage but if under both it would need to be qualified</p>
5	e		<ul style="list-style-type: none"> • Cost of production • Competitors' prices • Level of profit organisation wishes to make • Level of promotion/advertising carried out • Market the product is aimed at • Place where the product is sold • Break-even point 	3	1 mark per described point
5	f	i	<ul style="list-style-type: none"> • Health and Safety at Work Act (HASAWA) • Equality Act • National Minimum Wage Regulations • Maximum Working Time Regulations • Health and Safety (First Aid) Regulations • RIDDOR • Data Protection Act • Health and Safety (Display Screen) Regulations • Fire Scotland Act • Computer Misuse Act • Freedom of Information 	3	<p>1 mark per act</p> <p>Accept any appropriate act</p> <p>No date required</p> <p>Max 1 for any identification of discrimination acts</p>

Question			Expected Answer/s	Max Mark	Additional Guidance
5	f	ii	<p>Health and Safety at Work Act</p> <ul style="list-style-type: none"> States employer and employee responsibilities with regard to health and safety <p>Equality Act</p> <ul style="list-style-type: none"> Collectively protects the rights against discrimination previously covered by individual acts Covers age, disability, gender reassignment, race, religion or belief, sex, sexual orientation, marriage and civil partnership and pregnancy and maternity <p>National Minimum Wage Regulations</p> <ul style="list-style-type: none"> Employees must be paid at least the minimum wage rate Rate is split into 3 levels depending on age <p>Maximum Working Hours Regulations</p> <ul style="list-style-type: none"> Employees cannot be forced to work more than an average of 48 hours per working week <p>Health and Safety (First Aid) Regulations</p> <ul style="list-style-type: none"> Provision of adequate and appropriate first-aid equipment and facilities must be in place Someone must be appointed to be in charge of first aid provision, not necessarily a first aider <p>RIDDOR</p> <ul style="list-style-type: none"> Work-related deaths, injuries, cases of disease, or near misses involving employees wherever they are working must be reported to the Health and Safety Executive 	3	<p>1 mark for description – max 3</p> <p>Max 3 on any one piece of legislation identified in (f) (i)</p> <p>No ID in (f) (i) – max 1 per description of any valid legislation</p> <p>Accept consequentiality – invalid legislation in (f) (i) but correct description of them in (f) (ii) then marks can still be awarded in (f) (ii)</p> <p>Max 1 for any description of discrimination acts</p>

Question			Expected Answer/s	Max Mark	Additional Guidance
5	f	ii	<p>(cont)</p> <p>Data Protection Act</p> <ul style="list-style-type: none"> • People who hold personal information about others must register this with the Data Protection register • Information must be held for a specific purpose • (accept any of the principles of Data Protection) <p>Health and Safety (Display Screen) Regulations</p> <p>Fire Scotland Act</p> <p>Computer Misuse Act</p>		

[END OF MARKING INSTRUCTIONS]