



**2009 Business Management**

**Intermediate 1**

**Finalised Marking Instructions**

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**2009 Business Management  
Intermediate 1**

**Section 1 Solutions**

1 *Glenmorangie is a PLC.*

(a) *Define the term PLC.*

- Public Limited Company

**(1)**

(b) *A stakeholder has an interest in the success of a business.*

*Identify 2 stakeholders of Glenmorangie and describe a different interest for each stakeholder.*

<b>Stakeholder</b>	<b>Interest</b>
<ul style="list-style-type: none"> <li>• Employees</li> </ul>	<ul style="list-style-type: none"> <li>• In good rate of pay</li> <li>• In continuing success of business to provide job security</li> </ul>
<ul style="list-style-type: none"> <li>• Managers</li> </ul>	<ul style="list-style-type: none"> <li>• In continuing success of business to provide job security</li> <li>• In their own personal status</li> <li>• In receiving financial perks</li> </ul>
<ul style="list-style-type: none"> <li>• Suppliers</li> </ul>	<ul style="list-style-type: none"> <li>• Prompt payment for goods</li> <li>• To receive regular orders</li> </ul>
<ul style="list-style-type: none"> <li>• Shareholders</li> </ul>	<ul style="list-style-type: none"> <li>• High profits</li> </ul>
<ul style="list-style-type: none"> <li>• Government</li> </ul>	<ul style="list-style-type: none"> <li>• In taxes being paid</li> <li>• In laws being obeyed</li> </ul>
<ul style="list-style-type: none"> <li>• Local Community</li> </ul>	<ul style="list-style-type: none"> <li>• Provision of goods</li> <li>• Provision of jobs</li> </ul>
<ul style="list-style-type: none"> <li>• Customers</li> </ul>	<ul style="list-style-type: none"> <li>• In good quality products</li> <li>• In reasonable prices/good service</li> </ul>
<ul style="list-style-type: none"> <li>• Bank</li> </ul>	<ul style="list-style-type: none"> <li>• In receiving payments for loans</li> </ul>

**(4)**

**ONE mark Stakeholder ONE mark Interest – no repetition**

2 *Ten new jobs have been created at the Broxburn site.*

(a) *Name the department in Glenmorangie that will be responsible for recruitment.*

- Human Resources

(1)

(b) *Describe the following types of training that could be given to employees in Glenmorangie.*

*On the job*

- Training that takes place at the workplace

*Induction*

- Training given to new employees
- Shown the business etc

(2)

3

(a) *Suggest 2 possible reasons why Glenmorangie changed their brand image.*

- To increase market share
- To reach a new market
- To entice new customers
- To beat competitors
- Any reasonable answer

(2)

(b) *Identify 2 methods that Glenmorangie could use to inform their customers of the changes to their image.*

- Advertise on television/Advertise on radio/Billboards
- Website
- Direct mailing/Fliers
- Any reasonable answer

(2)

4

(a) *Identify a method of production that Glenmorangie may use.*

*Method*

- Batch or Flow

(1)

(b) *Describe **one** advantage and **one** disadvantage of the method of production identified in 4(a).*

<i>Advantage</i>	Batch	<ul style="list-style-type: none"><li>• Faster/cheaper than job production</li><li>• Sets of similar products can be made</li><li>• Changes can be made between batches</li></ul>
	Flow	<ul style="list-style-type: none"><li>• Vast quantities of similar products can be made</li><li>• Cheaper labour costs</li><li>• Lower unit costs</li></ul>
<i>Disadvantage</i>	Batch	<ul style="list-style-type: none"><li>• Time needed to adjust/clean machinery between batches</li><li>• Requires careful planning</li></ul>
	Flow	<ul style="list-style-type: none"><li>• Cost of machinery</li><li>• All products are identical</li></ul>

(2)

If wrong method of production in (a) give credit in (b)

5 *Quality is important to all business organisations.*

*Suggest 3 ways that Glenmorangie could ensure high quality.*

- Training workers
- Using good quality materials
- Maintaining machinery
- Using quality control and checking finished goods
- Quality Assurance
- Quality Management/TQM

(3)

6

(a) Describe any 3 of the following technologies.

- *Electronic Diary* – diary that saves information on a computer which has many functions including reminders and alarms
- *Video-conferencing* – this allows people in different locations to hold meetings without physically meeting up
- *Local Area Network* – when computers are linked together within an organisation. Allows the sharing of information, software and peripherals
- *EPOS* – Electronic Point Of Sale, use of barcodes

(3)

(b) Describe 2 costs and 2 benefits of using ICT.

<b>Costs</b>	<b>Benefits</b>
<ul style="list-style-type: none"><li>• Cost of equipment</li><li>• Cost of training</li><li>• Staff feel threatened/job losses</li><li>• If breakdowns occur work may have to stop</li><li>• Eliminates personal contact</li></ul>	<ul style="list-style-type: none"><li>• Increase production</li><li>• Less accidents</li><li>• Quicker communication</li><li>• Savings on labour costs</li></ul>

(4)

**Total 25 marks**

[END OF SECTION ONE]

## Section 2 Solutions

1 *Gemma Johnstone is an entrepreneur.*

*Describe 2 roles of an entrepreneur.*

- Someone who develops a business idea
- Combines the factors of production
- Takes risk
- Makes big decisions

(2)

2

(a) *Identify 2 problems Gemma may face when setting up her business.*

- Competition
- Lack of experience
- Lack of finance
- Lack of customers
- Consequence of unlimited liability (specified)

(2)

(b) *State a different objective for each of the following organisations.*

<i>Organisation</i>	<i>Objective</i>
Sole trader eg Just Dogs	<ul style="list-style-type: none"><li>• To make a profit</li><li>• Survival</li><li>• Growth</li><li>• Social responsibility</li></ul>
Charity eg SSPCA	<ul style="list-style-type: none"><li>• To increase awareness</li><li>• To increase donations</li><li>• To increase the number of volunteers</li></ul>
Publicly-funded organisation eg Edinburgh City Council	<ul style="list-style-type: none"><li>• To provide a service</li><li>• To use taxpayers money efficiently</li></ul>

Any reasonable answer

(3)

3 *Just Dogs has launched a website.*

*Suggest 2 ways a business could use a website.*

- Advertise
- Collect customer information
- Check on competitors
- Sell online
- Order supplies
- Any reasonable answer

(2)

4 *Information can be presented in a variety of ways.*

*In the table below, name the different types of information being described.  
The first one has been completed for you.*

<b>Description</b>	<b>Type of information</b>
This type of information can give an instant response.	<i>Oral</i>
This type of information allows you to carry out calculations.	Numerical
This type of information could be referred back to and can be kept as a record.	Written
This type of information is in the form of photographs.	Pictorial
This type of information is a good way to display complicated information and for making comparisons.	Graphical

(4)

5

(a) *Define the term multinational organisation.*

- an organisation which operates in 2 or more countries throughout the world (1)

(b) *List 2 reasons why an organisation might become a multinational.*

- Cheaper labour
- Cheaper production costs
- Economies of scale
- To grow (2)

6 *Rising costs could be a worry for a business.*

(a) *Suggest 2 ways a business could reduce their costs.*

- Find a cheaper supplier
- Reduce number of employees
- Reduce amount spent on advertising etc (2)

(b) *Define the financial terms in the table below. The first one has been done for you.*

<b>Finance Term</b>	<b>Definition</b>
Fixed Assets	<i>Items that a business owns that will last for more than one year</i>
Drawings	Money that the owner takes out of the business for their own personal use
Debtors	Customers who have received goods but not yet paid for them

(2)

(c) *Name the annual account in which each of the items in 6 (b) would appear.*

- Balance sheet (1)



7

(a) *Name 2 pieces of employment legislation.*

- Equal Pay Act
- Health & Safety at Work
- Race Relations Act 1976
- Disability Discrimination Act 1995
- National Minimum Wage regulations 1999
- The Employment Equality (Age) Regulations 2006

No requirement to give dates

(2)

(b) *Describe 2 roles of management in employee relations.*

- Meeting regularly with union reps
- Having regular meetings with employees
- Forming a works council
- Negotiating with employees
- Having an employee rep on board of management

(2)

**Total 25 marks**

[END OF MARKING INSTRUCTIONS]