



2011 Business Management

Intermediate 1

Finalised Marking Instructions

© Scottish Qualifications Authority 2011

The information in this publication may be reproduced to support SQA qualifications only on a non-commercial basis. If it is to be used for any other purposes written permission must be obtained from SQA's NQ Delivery: Exam Operations Team.

Where the publication includes materials from sources other than SQA (secondary copyright), this material should only be reproduced for the purposes of examination or assessment. If it needs to be reproduced for any other purpose it is the centre's responsibility to obtain the necessary copyright clearance. SQA's NQ Delivery: Exam Operations Team may be able to direct you to the secondary sources.

These Marking Instructions have been prepared by Examination Teams for use by SQA Appointed Markers when marking External Course Assessments. This publication must not be reproduced for commercial or trade purposes.

**2011 Business Management
Intermediate 1**

Section 1 Solutions

1 *H&M offers fashion clothing for women, men, teenagers and children.*

Describe 2 benefits of market segmentation.

- Help develop products that are appropriate to consumers' needs.
- Ensures that the product is sold in the right place.
- Ensures that promotions are offered to the targeted customers.
- Ensures that advertising is targeted at customers.
- Products appeal to more people.
- Increase in sales/profits (max1).

(2)

2 *Jimmy Choo shoes are sold at a premium price.*

(a) *Describe premium pricing.*

- Where a high price is set for an exclusive product.

(1)

(b) *Describe 3 factors that a business would consider before pricing their product.*

- Price consumers willing to pay.
- Cost of producing the product.
- Competitors' prices.
- Company objectives.
- Type of product.
- Quality/Standard.

(3)

3 *H&M has stores in 34 countries.*

(a) *Name and describe 2 types of ICT that would help the stores communicate with each other.*

- Video Conferencing – allow meeting to take place without the need to travel.
- Email – allow instant communication with the ability to attach confidential files.
- SKYPE
- Instant Messaging – but description must differ from Email.
- Any other reasonable answer.

(4)

(b) *Suggest 2 costs of using ICT.*

- Cost of buying hardware/software.
- Cost of staff training.
- Inefficiencies when first installed.
- If it breaks down production may be stopped.
- May reduce staff motivation.
- Virus.
- Hackers.

(2)

4 A stakeholder has an interest in the success of a business.

In the table below, identify the stakeholder being described and give one influence for each.

<i>Interest</i>	<i>Stakeholder</i>	<i>Influence</i>
<i>These stakeholders want the organisation to provide them with dividends.</i>	Shareholders	Vote at AGM Withdraw shares
<i>These stakeholders would like the organisation to provide them with repeat orders.</i>	Suppliers	Increase prices Change credit terms Deliver late

(4)

5 *Businesses provide goods and services to satisfy our needs and wants.*

Define the terms “needs” and “wants” and give a different example of each.

	<i>Definition</i>	<i>Example</i>
<i>Needs</i>	These are the things that we cannot live without. Necessities.	Water, food, clothing, shelter.
<i>Wants</i>	These are the extra things that make life more enjoyable. Luxuries.	Holidays, cars etc...

(4)

6 *H&M is in the private sector.*

(a) *Identify **one** other sector of the economy.*

- Public.
- Also accept voluntary.

(1)

(b) *Suggest **2** possible objectives for the sector you identify in 6(a).*

- To make best use of funds.
- To provide a service.
- To reduce waiting lists etc.
- Any other reasonable response.

(2)

(c) *H&M is a limited company. Describe **2 disadvantages** of being a limited company.*

- Minimum start up capital required to be a plc.
- Legal documents required to be produced to be plc/ltd.
- Decision making is harder.
- Profits need to be shared with shareholders.
- Diseconomies of scale.
- Any other reasonable answer.

(2)

Total 25 marks

[END OF SECTION ONE]

Section 2 Solutions

1 Describe 3 methods Charan Gill can use to ensure customer satisfaction in his new restaurant.

- Provide staff training.
- Use good quality raw materials.
- Use quality control.
- Use good quality machinery.
- Have a comments card.
- Hire more staff.
- Provide a good experience eg welcoming staff.
- Reasonable price.
- Promotions (max 1).
- Quality assurance/quality control etc – max 1 for ID.
- Any reasonable answer.

(3)

- 2 (a) Suggest **one** source of internal information and **one** source of external information that Charan would find useful when running Slumdog.

- Internal*
- Sales records.
 - Customer records.
 - Financial documents.
 - Employee records.

- External*
- Newspapers.
 - Government Reports.
 - Internet.
 - Books.

Any other reasonable response.
Max 1 for Survey

(2)

- (b) (i) Describe **2** reasons why a business may use graphical information.

- Easy to make comparisons.
- Can identify trends.
- Good way to display complicated information.

(2)

- (ii) Name **one** other type of information.

- Written.
- Oral.
- Numerical.
- Pictorial.

(1)

3 (a) *Slumdog will have to recruit employees. Describe 2 methods of selecting employees.*

- References
- Headhunting
- Interviews
- Trial periods
- Testing – max 1 for ID

} Must be described

(2)

(b) *Identify the type of training given to new employees and describe its purpose.*

<i>Type of Training</i>	<i>Purpose</i>
Induction	Designed to help settle new employees by making them aware of policies and procedures.

(2)

Accept on-the-job and off-the-job but purpose must state to do with new employees.

4 Charan raised capital through friends and family along with a bank loan.

(a) Give **one** advantage and **one** disadvantage of using a bank loan.

<i>Advantage</i>	<i>Disadvantage</i>
<ul style="list-style-type: none">• Can be repaid in instalments• Easy to arrange	<ul style="list-style-type: none">• Must pay interest

(2)

(b) (i) A bank loan will be shown in a Balance Sheet. Describe the purpose of this financial statement.

- This summarises the assets and liabilities of a business.
- It shows the net worth of a business.

(1)

(ii) Identify and describe **one** other financial statement that a business may produce.

<i>Financial Statement</i>	<i>Description</i>
<ul style="list-style-type: none">• Trading Account	Shows the profit made on trading activities (gross profit).
<ul style="list-style-type: none">• Profit and Loss Account	Shows the net profit made by a business.
<ul style="list-style-type: none">• Cash Budget	Shows the money coming into the business and going out of a business.

(2)

5 *It is important that a restaurant has all the ingredients they need. Describe 2 problems that can occur if a business **understocks**.*

- They may need to stop production.
- Customers may go elsewhere.
- The restaurant may receive a bad reputation.
- Any other reasonable answer.

(2)

6 *Describe how the following people may use business information.*

- *Manager* – to make decisions.
- *Employee* – to find out details about the Company eg staff handbook.
- *Customers* – they may use price lists to check on prices that different organisations have.
- Any other reasonable use.

(3)

7 Describe how the following factors could affect the new Slumdog restaurant.

<i>Factor</i>	<i>Effect on business</i>
<i>An increase in minimum wage</i>	<ul style="list-style-type: none">• Slumdog's wages bill will increase• Profits will decrease
<i>A decrease in interest rates</i>	<ul style="list-style-type: none">• Slumdog will have a reduction in any loan repayments
<i>A supplier closing down</i>	<ul style="list-style-type: none">• Will have to find an alternative supplier• Possible increase in raw material cost

(3)

Total 25 marks

[END OF MARKING INSTRUCTIONS]