



2010 Business Management

Intermediate 2

Finalised Marking Instructions

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**2010 Business Management
Intermediate 2
Section 1 Solutions**

1. *Bairds had a third option to build a completely new factory in Inverness instead of the 2 options they took.*

Describe 2 possible costs and 2 possible benefits of option 3.

Costs

- Cost of building the factory.
- Cost of fitting the factory with equipment.
- Cost of acquiring the land.
- Time taken to acquire the land and build the factory.
- Environmental damage if built on a Greenfield site.
- Old site becoming derelict/eyesore if not sold and reused.

Benefits

- Increased production.
- Faster production with new up-to-date equipment.
- More cost saving production – devices installed to keep costs down when being built.
- Room for expansion – actual land to grow onto.
- Closer to suppliers/consumers.

1 mark per cost/benefit – 2 max per section.

Watch for repetition without adequate description eg equipment leading to faster or slower production depending on if it is new or old.

(4)

Max 1 – increase staff morale/motivation

Creates employment in local area

2. *Bairds has identified rising fuel costs as a problem to their organisation.*

(a) (i) *Explain **one** other problem threatening Bairds.*

Threats

- Limited time to harvest crop due to the barley being useless after this time for malting.
- Poor weather conditions can hinder the harvest making it impossible to cut the crop on time or for the wet to have damaged the crop.
- Competition for farmers to grow other crops therefore this could reduce the supply of barley to Bairds and they would have to import this, perhaps at a higher cost.

1 mark per explained threat.

(1)

(ii) *Explain **one** strength of Bairds.*

Strengths

- Working at full capacity which indicates a high demand for their product.
- Close working relationships with farmers due to the grain network which could build up loyal suppliers.
- Regular supply of grain due to farmers being contracted to Bairds for a period of time.

1 mark per explained strength.

(1)

(b) Describe 3 ways an organisation can reduce cash outflows.

- Find cheaper suppliers of raw materials.
- Find cheaper suppliers of utilities.
- Find cheaper premises to rent/negotiate a rent reduction.
- Lease/hire purchase assets rather than buying outright.
- Cut overtime.
- Seek longer credit terms for payment of creditors.
- Restrict drawings made by owners.
- Buy less stock/switch to JIT production.

1 mark per described point.

(3)

Allow generalisations: Find a cheaper supplier (1 mark)
Cut expenses (1 mark)

If candidate then goes into specifics – lose general mark

Eg Cut expenses = 1 mark
Cut expenses eg rent = 1 mark
Cut expenses eg rent and rates = 2 marks

Split into areas of: Materials, labour and overheads – max 2
per area

3. *Bairds is a capital-intensive organisation.*

Distinguish between capital-intensive and labour-intensive methods of production.

- Capital-intensive organisations rely heavily on machinery in production whereas labour-intensive rely heavily on their workers.
- 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 shift or down-time to rest workers.
- Capital-intensive producers use flow production whereas labour-intensive would use job.

1 mark per distinguished point (both sides shown).

(2)

Match up the 2 parts if not linked

4. *Bairds is a manufacturing organisation which is in the secondary sector of industry.*

Identify and describe 2 other sectors of industry.

Primary or extractive sector

- Growing or taking resources from the earth.

Tertiary or service sector

- Providing intangible items (eg financial advice).
- Providing a service.

1 mark for ID sector – max 2.

1 mark for description – max 2.

Example may help clarify weak descriptions

(4)

5. *Bairds are considering setting up a website.*

Explain 3 benefits to an organisation of setting up a website.

- Gives organisation access to more customers thus chances of increased market share or profit.
- Organisation will gain access to customer information thereby allowing them to target products/marketing to those most likely to buy.
- Organisation can set up a page to gain customer feedback thereby can change things to gain better customer satisfaction.
- Organisation can create an e-commerce page thereby speeding up the process of customer orders.
- Customers can shop 24/7 which gives the organisation maximum time for customers to buy.

1 mark per EXPLAINED point – no marks for stating benefit alone, must show WHY it is a benefit.

Accept customer benefits as long as the benefit is explained for the organisation.

(3)

Must ensure they are different IDs of benefits – can have same explanation

Advertise on website raises awareness of products/services (or company)

6. *At Bairds' Inverness factory, employees are currently working 7 days a week.*

Identify 4 ways that an organisation can improve employee motivation and job satisfaction.

- Give workers a satisfactory level of pay.
- Offer training opportunities.
- Offer perks/benefits eg subsidised travel to work/canteen etc.
- Create chances of promotion.
- Vary tasks within a job.
- Create a good working relationship between managers and workers.
- Make work more challenging.
- Allow workers the chance to become involved in decision making.

1 mark per point.

(4)

7. *The whisky industry is still booming.*

Describe 3 other factors an organisation may consider when setting the price of a product.

- 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.

1 mark per described point.

(3)

Section 2 Solutions

1. (a) (i) *Compare the features of a partnership and a public limited company in terms of ownership, control and finance.*

- Partnerships are owned by (2-20) partners whereas a PLC is owned by (a minimum of 2) shareholders.
- Partnerships are controlled by their general partners whereas a PLC is controlled by an elected Board of Directors.
- Partnerships can be financed by money invested by the partners, bank loans etc whereas a PLC can be financed by issuing shares, issuing debentures etc.
- Both partnerships and PLCs can be financed by loans from a bank.

1 mark per compared point.

(3)

(ii) *Describe 2 advantages of a partnership and 2 advantages of a public limited company.*

Partnership Advantages

- Workload can be shared.
- Partners can specialise in certain areas.
- More money invested with more owners.
- Debts can be shared.

PLC Advantages

- Large amounts of finance can be raised.
- Can dominate the market.
- Easy to borrow from lenders.
- Have limited liability.

1 mark per described advantage – max 2 per org.

(4)

(b) Describe the following terms and give an example of each:

- *product-led organisation.*
- *market-led organisation.*

Product-led

- Organisation assumes their product or service is the best.
- Little to no competition for the product or service.
- Product may be unique.
- No or little market research is conducted – meeting consumer needs not paramount.
- Product research and testing are key elements.
- Example – universities, Concord, Dyson.

Market-led

- Consumer needs are central to decision making.
- Market research and market testing are key elements.
- Organisation changes product quickly in response to changes in consumer demand.
- Success depends on meeting consumer needs.
- Common type of organisation in a competitive market.
- Example – organisation who produce cereals, cars, fashion goods etc.

1 mark per described point – max 2.

1 mark per example.

(4)

(c) Describe 3 methods of field research.

Personal interview

- A face-to-face interview (conducted in the street or at home).
- Respondent can be encouraged to answer.
- Misunderstandings can be dealt with immediately.

Focus groups

- Selected groups of people gather to discuss a product/service.
- People's actual opinions/feelings etc are gathered.

Telephone survey

- Consumers are telephoned at home and asked questions.
- Response is immediate.
- Large numbers can be surveyed quite quickly.

Postal survey

- A series of questions is posted to consumers.
- An inexpensive method of field research.

Consumer audit

- A method of continuous market research.
- Consumers are issued with a diary and asked to record their buying habits etc.
- Market research company monitor the diaries.

Hall tests

- Consumers look at/try a product and give their opinions/reactions to it.
- Used often in supermarkets when trialling new products.

EPOS

- Use of debit card and/or loyalty cards to gather consumer information when they are swiped at the tills.
- Information about buying habits are recorded.
- Then can be used to market specific products/services to consumers.

Test marketing

- Launching a new product in a localised area only.
- Reactions to product monitored and if successful a full launch may take place.

1 mark per described point.

(3)

Survey/Questionnaire without method of delivery being clear = 0 marks

(d) *Identify 4 types of ICT (hardware or software) and describe how each is used by an organisation. (A different use must be described for each type of ICT identified).*

- Laptop – to allow staff access to information when on the move or out of the office.
- Video-conferencing – to allow people to attend virtual meetings – images sent by camera without the need to travel.
- Internet – allows a firm to gain access to large volumes of information.
- E-commerce – a firm sets up a website and sell their products through this.
- E-mail – helps speedier communications between staff, branches etc.
- Networks – connecting computers within a small or large area so that information can be shared.
- Word processor – to enter textual information eg letters to suppliers.
- Spreadsheet – to calculate the profit figures for the organisation.
- Database – to store records on employees, customers etc.
- Presentation package – to create training materials for staff.
- E-diary – to schedule appointments between managers.

1 mark for ID type of ICT – max 4.

1 mark per use – max 4.

(8)

(e) *Workers can feel threatened by the introduction of ICT.*

Describe actions that workers can take when their job security is threatened.

- Take time off.
- Get training on new ICT skills.
- Involve the trade union.
- Work to rule – worker only does what is in his/her contract.
- Strike – worker withdraws labour.
- Go slow – worker works at a very slow pace.
- Consult with manager.

1 mark per described point.

(3)

No ID

2. (a) Describe 3 advantages of becoming a multinational company.

Advantages

- Increases their market share – access to more customers.
- Take advantage of cheaper labour etc.
- Take advantage of government grants.
- Cut down on transport costs to reach customers.

1 mark per described advantage.

(3)

- (b) Explain how each of the following factors affect the structure of an organisation:

- *the size of the organisation*
- *the technology used by the organisation*
- *the product or service offered by the organisation*
- *the market.*

Size of organisation

- The larger the organisation the harder it is to control.
- Larger firms may require to appoint supervisors etc to help control.
- Larger firms tend to have tall structures.
- Opposite for small firms.

Technology used

- Use of technology can reduce the number of workers required.
- Use of technology can encourage home/teleworking and reduce the need for managers/supervisors.

Product/service offered

- If the organisation has a few customers but they are large firms then a flatter structure may be better.
- Organisation can group its workers into teams so that they can look after a customer's needs.

Market

- Firms servicing a local market tend to use flat structure.
- Firms servicing a widespread market may require a structure concentrating on different areas.

1 mark for explained affect.

(4)

Given the ID – only need the explanation

(c) (i) *Distinguish between primary and secondary sources of information.*

- Primary information is researched directly by an organisation whereas secondary information is gathered from published sources.
- 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 a known source whereas secondary information comes from an unknown source

1 mark per distinguished point.

(3)

(ii) *Give an example of each.*

Primary

- Observation.
- Street Survey.
- Postal Survey.
- Interview.
- Hall Test.

Secondary

- Newspaper reports.
- Internet reports.
- Government statistics.
- Trade journals.

1 mark per example.

(2)

(d) *Identify and describe 3 external factors that may affect an organisation.*

Political/Legal

- Government introducing changes in laws/legislation.
- Government introducing changes in the level of taxation.

Economic

- Whether the country is in a recession or boom period.
- Changes in interest rates.
- Changes in currency exchange rates.

Social

- Changes in society's attitudes and tastes.
- Changes in the demographic of the country.

Technological

- Changes in technology which have lead to quicker communication etc.

Environmental

- Changing working practices to reflect increased awareness of environmental issues.

Competitive

- Changes that competitors make eg changing their prices.

1 mark for ID of factor – 3 max.

1 mark for description of the factor – accept described examples as description point – 3 max.

(6)

Any example of an external factor = 1 mark

Any reasonable description – may verge on affect = 1 mark

(e) (i) *Describe 4 problems to an organisation of holding too much stock.*

- Increased cost of storing the stock – warehousing, heat and light, etc.
- Increased cost of security.
- Loss of space with excess stock being held.
- Too much money tied up in stock.
- Increased risk of deterioration.
- Increased risk of theft.

1 mark per described problems.

(4)

(ii) *Describe the features of a suitable stock storage area for an organisation.*

- Oldest stock should be used first.
- Stock should be kept dry.
- Stock should be kept in a well lit room.
- Stock should be kept in a well ventilated room.
- Stock should be kept secure.
- Stock should be stored on clearly labelled shelves/bins.

1 mark per described point.

(3)

3. (a) *Distinguish between skilled and unskilled workers. Give **one** example of each.*

- Unskilled workers normally carry out manual or repetitive tasks whereas skilled workers carry out a variety of different tasks.
- Unskilled workers have no formal qualifications whereas skilled workers have formal qualifications.
- Unskilled workers have few work related skills whereas skilled workers have skills and training related to the job.
- Unskilled workers may have limited work experience whereas skilled workers have a range of experience in that field.
- Unskilled workers are often referred to as manual or blue collar workers whereas skilled workers are often referred to as professionals or white collar workers.
- Unskilled eg – shelf stackers in supermarkets, checkout operators, packers in factories.
- Skilled eg – joiners, electricians, accountants, managers.

1 mark per distinguished point – 2 max.

1 mark per example – 2 max.

(4)

(b) *Identify and describe 3 Acts concerning employee working conditions that businesses must comply with.*

Health and Safety at Work Act 1974

- States employers' and employees' responsibilities with regard to health and safety.
- Employers must provide a safe environment for their employees.
- Employees must ensure that they take reasonable care of their own safety and that of other employees.

Sex Discrimination Act 1975

- Protects employee against discrimination on the grounds of gender, or marital status (regarding recruitment, training, promotion, conditions of service, etc.)

Race Relations Act 1976

- Protects employees against discrimination on the grounds of colour, race or ethnic origin (regarding recruitment, training etc.)

Disability Discrimination Act 1995

- Protects employees against discrimination on the grounds of being disabled.
- Adjustments must be made to the workplace to accommodate employees with disabilities.

Equal Pay Act 1970

- When 2 employees are carrying out the same job or job of equal worth/value, then they should be paid the same rate.

1 mark for ID of act (dates not necessary) – 3 max.

1 mark for description – 3 max.

(6)

(c) (i) A successful operating system consists of 3 stages: **inputs, processes and outputs**.

Describe the meaning of each of these 3 stages.

Inputs

- The raw materials being introduced into the production process.
- The labour being introduced into the production process.

Processes

- Taking the inputs and combining/changing them to produce an actual product.

Outputs

- The finished good produced ready to be distributed to a consumer.

1 mark per stage.

(3)

(ii) *Describe the following methods of paying employees in an organisation.*

- *Time rate*
- *Piece rate*
- *Overtime*
- *Commission*

Time Rate

- Workers paid per hour worked.
- Simple to calculate.
- Reward time spent at work.
- No incentive to produce quality work.

Piece Rate

- Workers paid per item produced.
- Tends to be used in manual work.
- More the worker produces, the more they get paid.
- Incentive to work harder.
- Quality however could suffer.

Overtime

- Working hours over the workers contracted hours.
- Rate is usually higher than the normal hourly rate (ie double time).

Commission

- Worker receives a percentage of the products sales value.
- Can be the only method of payment or can be on top of a basic wage.
- Incentive to sell more.

1 mark per described point.

(4)

(d) *Explain 2 advantages and 2 disadvantages of franchising.*

Advantages

- Increased market share because more branches are opening all over the world.
- Guaranteed income as the franchiser will receive a percentage share of the turnover made by franchisee.
- Shared risk as the franchiser will not be investing their money to set the franchise up only their name and reputation.
- Franchiser advertises nationally for the brand therefore franchisee does not need to spend a lot on advertising.
- Risk of failure is reduced because they are trading under an established brand name.
- Training and administration is carried out by the franchiser therefore know the training is appropriate to their needs – saves money.
- Whole brand benefits from collective ideas therefore if an individual franchise comes up with a new idea and it is agreed upon, it will be rolled out over all the branches.

Disadvantages

- Only receive a share of profit however if they set the branch up themselves all the profit would go to them.
- Reputation of whole franchise is dependent on individual franchisees therefore the whole organisation can be damaged by one branches problems etc.
- No flexibility on product, selling prices and store layout etc therefore stifling individuality and initiative by franchisee.
- Percentage of profits has to be paid to franchiser therefore reducing profits for franchisee.
- Costly to purchase a popular franchise therefore this may not be the right choice for investment for some individuals.

1 mark per explained advantage or disadvantage – 2 max per section.

(4)

- (e) *Identify 2 users of financial information and describe how each would use that information.*

Managers

- Use profitability ratios to evaluate performance over the years.
- Use cost figures to identify areas where savings can be made.
- Use figures to see if they can afford to buy new equipment.

Owners/Shareholders

- Use the Return on Capital Employed figure to compare their investment with the rate obtainable elsewhere.
- Use the information to decide whether to invest more or take their investment out.

Creditors/Suppliers

- Use the liquidity figures to see how able they are to pay their debts.
- To help decide whether credit should be given and how much.

Employees

- Use the profitability figures to see if they can seek pay increases.
- Use liquidity figures to see if their jobs are secure – not close to bankruptcy.

Local Community

- May be interested in the financial position of an organisation to see if they will continue to offer employment opportunities.

Customers

- To see if the organisation is likely to survive before they hire them.

1 mark per ID of user – max 2.

1 mark per description of use – max 2.

(4)

“Check profitability” = only acceptable on its own for owner or investors

4. (a) (i) *Outline 5 stages of a decision making model.*

- 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.

1 mark per stage.

Order irrelevant if clear stages

(5)

(ii) *Distinguish between strategic and tactical decisions and give an example of each.*

- 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/aims of an organisation whereas tactical are how the organisation can achieve the strategic objectives.
- Strategic eg – to maximise sales or profits, to improve image, to grow etc.
- Tactical eg – to cut costs to increase profits, to open longer hours to increase customers etc.

1 mark per distinguished point – 2 max.

1 mark per example – 2 max.

(4)

(b) Describe pricing methods that an organisation could use.

Promotional pricing

- 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.

Skimming pricing

- 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.

Destroyer pricing

- 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.

Penetration pricing

- Used when a product is introduced onto a competitive market.
- Price is lowered to encourage customers to choose it over the competitors.
- Once a market share established, price rises again.

Cost plus pricing

- A common method of pricing.
- Cost of producing the good is calculated and a percentage of profit is added to this to give selling price.

High price

- Setting prices higher than competitors.

Low price

- Setting prices lower than competitors.

(4)

All marks available from clear descriptions – no labels required

No ID marks

Max 3 per method

Label and description must match if given

(c) (i) *Define the following terms:*

- *delaying*
- *downsizing.*

Delaying

- Cutting levels of management from the organisational structure.
- Flatten the structure.

Downsizing

- Removing certain areas of the organisation's activities by closing branches, merging departments etc.
- Accept reducing the number of staff.

1 mark per definition.

(2)

(ii) *Explain 2 advantages and 2 disadvantages to an organisation of delaying.*

Advantage

- Fewer management positions thereby costs saved on their salaries.
- Quicker communication due to there being fewer levels for information to pass through.
- Quicker decision making due to there being fewer managers to consult.
- Respond more quickly to change due to there being less managers to consult and therefore hinder change.
- Managers have more people to delegate to thereby passing on responsibilities to others and lightening their load.

Disadvantage

- Managers that are left have more people to supervise thereby not being able to always see if job is being done correctly.
- Workers may not have the skills to take on responsibilities thereby making delegation unmanageable.
- Fewer chances of promotion as there are fewer management levels.

1 mark per explained advantage/disadvantage – 2 max per section.

(4)

No consequentiality

(d) Ratios have many uses and also many limitations.

(i) Describe 3 accounting ratios.

Gross Profit Percentage

- $\text{Gross Profit/Net Sales} \times 100$.
- The amount of gross profit made from every £ of sales.
- The percentage of profit made (before expenses are deducted) on sales.

Net Profit Percentage

- $\text{Net Profit/Net Sales} \times 100$.
- The amount of net profit made from every £ of sales.
- The percentage of real profit made (after expenses are deducted) on sales.

Mark-up Ratio

- $\text{Gross Profit/Cost of Goods Sold} \times 100$.
- The percentage of profit to be added to cost price to find selling price.

Return on Capital Employed

- $\text{Net Profit/Capital Employment} \times 100$.
- The percentage profit earned on the capital invested in the organisation.

Current Ratio/Working Capital Ratio

- Current Assets: Current Liabilities.
- The ability of an organisation to pay off its short-term debts.
- Ideal is 2:1.

Acid Test Ratio

- $\text{Current Assets} - \text{Stock} : \text{Current Liabilities}$.
- The amount of short-term assets (less stock) available to pay off short term debts.
- Ideal is 1:1.

1 mark per described ratio.

(3)

(ii) Describe 3 limitations of ratio analysis.

- Information is historical.
- Comparisons can only be made between organisations of like size, same industry etc.
- Findings do not take into account external factors (no example required – max 1).
- Findings do not take into account staff morale or turnover.
- Findings do not show which stage of the product life cycle a product is at.

1 mark per described point.

(3)

5. (a) (i) *Distinguish between a line relationship and a lateral relationship and give an example of each.*

- A line relationship is between a superior and their subordinate whereas a lateral relationship is between people on the same level of responsibility.
- Line eg Finance Manager and Accountant.
- Lateral eg HR Manager and Operations Manager.

1 mark for distinguished point.

1 mark per example – 2 max.

(3)

(ii) *Define the following terms:*

- *span of control*
- *chain of command*
- *informal structures.*

Span of control

- The number of people a manager is in charge of.

Chain of command

- The way instructions/authority is passed down through the organisation.
- Who has authority over who.

Informal structures

- Grapevines.
- Created by relationships between employees eg play golf together.
- A more relaxed structure.

1 mark per definition.

(3)

- (b) (i) *For each element of the marketing mix, describe 2 activities an organisation could undertake to increase sales.*

Product

- Introduce new varieties of existing product.
- Introduce a new product range.
- Introduce new shapes/sizes of product.
- Improve the appearance of the product.
- Introduce complementary products.

Price

- Lower the price.
- Introduce promotional pricing – 10% off for a period of time.
- Keep prices in line with competitors.

Promotion

- Increase advertising.
- Introduce promotional offers eg BOGOFs.
- Carry out hall testing.
- Place free samples with magazines etc.
- Money off coupons sent direct to customers or in magazines.

Place

- Introduce Internet selling/e-commerce.
- Sell in more retail outlets.
- Sell through magazines/TV etc.

1 mark per described point – 2 max per element.

(8)

- (ii) *Explain the advantages of branding.*

- 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 global marketing campaign for the brand.
- Customers may see a brand as a symbol of quality because of their own perceptions of the brand and the fact that they are charged higher prices.
- May be a ‘snob value’ in using certain brands when a brand become “fashionable” everyone wants to be seen with it.

1 mark per explained point.

(3)

(c) (i) *Define the term appraisal.*

- Usually carried out on a regular basis by the line manager.
- Based on evidence gathered in a formal way eg interview.

1 mark per described point.

(1)

(ii) *Suggest 3 reasons why employers carry out appraisal.*

- To assess performance of employee.
- To identify strengths and areas of 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.

1 mark per suggestion.

(3)

(d) (i) *Describe 2 methods of selecting the right person for a job.*

Application Form/CV

- Comparing details with other application forms (or CVs).
- Comparing with job description.
- Comparing with person specification.

Interview

- A face-to-face discussion carried out by one person or a panel of people.
- Used to gather information about candidates beyond that in their application form.

Testing

- Putting candidates through a series of exercises eg physical, mental to see how they react.

Aptitude Test

- A test to see a candidates natural skills eg dexterity tests.

Attainment Tests

- A test to see if the applicant can demonstrate skills required for a specific job eg word processing test for an admin assistant.

IQ/Intelligence Test

- A test on an applicants mental ability – may include questions on literacy, numeracy, problem solving etc.

Assessment Centres

- Candidates are taken to a centre for a few days to assess various skills and qualities eg teamwork, leadership, social skills.

Presentations

- 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.

References

- Asking a past employer (or other person) as to the candidate's suitability for the position.

1 mark per described method.

(2)

(ii) Describe **one** benefit of each method.

Application form/CV

- 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.

Interviews

- Candidates can be compared on their responses to set questions.
- Personality of candidates can be seen and how they react to scenarios given.

Testing

- 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.

Assessment Centres

- Candidates can be assessed on their ability to handle given situation eg pressure.
- Candidate’s personality is assessed and how they react to situation.

Presentations

- 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.

References

- Candidate’s past performance in a work situation can be known.

1 mark per described benefit.

(2)

Consequentiality can be applied between (i) and (ii)

[END OF MARKING INSTRUCTIONS]