



2009 Business Management

Standard Grade – Credit

Finalised Marking Instructions

© Scottish Qualifications Authority 2009

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 the Question Paper Operations Team, Dalkeith.

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 Question Paper Operations Team at Dalkeith 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.

**2009 Business Management
Standard Grade – Credit**

QUESTION 1		KU	DM
(a)	<p>Describe 2 benefits of being a multinational company.</p> <ul style="list-style-type: none"> • Wide market share. • High sales/profits. • Economies of scale. • Take advantage of incentives offered by governments. • Removes trade barriers. • Reduce risk. • Increased brand recognition/awareness. • Cheaper labour. <p><i>(2 points – 2 marks)</i></p>	2	
(b)	<p>(i) Explain the possible consequences to a business of failing to respond to changes in the market.</p> <ul style="list-style-type: none"> • Falling sales/falling profits. • Damage to image of business. • Falling market share/customers. • May go out of business. <p><i>(2 points – 2 marks)</i> <i>(1 point well developed – 2 marks.)</i></p>	2	

		KU	DM
	<p>(ii) Explain how a customer feedback survey could be useful in the decision making process for a business.</p> <ul style="list-style-type: none"> • Feedback may give Ford information on problems customers are finding with cars – they can tackle the problems. • Feedback may give Ford ideas for improvements to products. • Feedback may tell Ford how much customers are able to afford. • It gets customers’ opinions. 	1	
(c)	<p>Other than new versions of the product, describe and justify 2 ways in which Ford could extend the Product Life Cycle of its cars.</p> <ul style="list-style-type: none"> • Lowering price – if cars are lower priced than competitors they may sell more. • Doing sales promotions (eg offering free insurance, upgraded features) – customers will be attracted to getting something for nothing. • Celebrity endorsement – customers may be attracted to having same image as famous celebrities. • Selling on-line – using websites such as jamjar.com. • Find a new market – this will lead to increased sales. • Environmentally friendly. <p><i>(2 suggestions – 2 marks)</i> <i>(2 justifications – 2 marks)</i></p>		4

	KU	DM
<p>(d) Suggest and justify 3 ways in which Ford could ensure quality in the production process of its cars.</p> <ul style="list-style-type: none"> • Use quality raw materials. • Upgrade equipment. • Recruit, train good employees/skilled labour. • Use quality control. • Implement quality assurance/TQM – accept separately. • Apply for quality standards (eg ISO). • Benchmarking. • Quality Circles. <p><i>(3 points – 3 marks)</i> <i>(3 justifications – 3 marks)</i></p>		6

QUESTION 2		KU	DM
(a)	<p>Suggest and justify 2 suitable places this vacancy could be advertised to attract the most suitably qualified candidate.</p> <ul style="list-style-type: none"> • Internal advertising – can recruit candidates with experience and knowledge of the business. • Using a recruitment agency – some are specialised and have a pool of candidates already/skilled at carrying out selection process. • Using the job centre – free service/unemployed people will go there to seek work/nationwide network reaches large selection of candidates. • Advertising in a newspaper – can have large, colourful adverts, some newspapers target well qualified readers – eg broadsheets. • College/university – as there will be students with the correct qualifications who will be eligible to apply. • Shop window, TV, radio – some companies will advertise in this way to reach a wide range of applicants – accept shop window as separate point. • Specialist publications. <p><i>(2 suitable suggestions – 2 marks)</i> <i>(2 justifications – 2 marks)</i> <i>(Do not accept repeated justifications)</i></p>		4
(b)	<p>(i) Describe the purpose of preparing a Cash Budget.</p> <ul style="list-style-type: none"> • Cash Budget is prepared to analyse predicted inflows and outflows of cash into the business. • Allows managers to identify problems and take action to prevent problems. • To present to the bank when applying for a loan. • To make future predictions. • To make plans on how to use surplus money. <p><i>(Candidates need to give 2 points to achieve 2 marks – as above.)</i></p>	2	

		KU	DM
	<p>(ii) Suggest and justify 2 possible actions that can be taken when problems are identified in the Cash budget.</p> <ul style="list-style-type: none"> • Costs should be reduced – eg cut down on electricity, change suppliers, cut down on phone usage, reduce overtime etc. • Justification – if costs are reduced less cash will be paid out by the business therefore the deficit will be reduced. • Additional funding may be gained – eg more capital can be invested, additional loans/overdrafts could be arranged. • Justification – if more cash is made business will be able to pay its bills and avoid a deficit. • Increase sales/revenue. • Justification must show that it will increase cash coming in <p>Accept 2 points from either – 2 reduce costs or 2 additional funding.</p> <p><i>(Any 2 points – 2 marks)</i> <i>(2 justifications – 2 marks)</i></p>		4
	<p>(c) Other than a Cash Budget, identify and describe 2 financial statements that are prepared within the Finance Department.</p> <ul style="list-style-type: none"> • Trading Profit & Loss Account – shows sales revenues, costs of sales and expenses, Gross Profit and Net Profit. • Balance Sheet – shows the assets and liabilities of the business and the net worth of the business. <p>Accept Trading Account separately from Profit and Loss Account.</p>	4	

			KU	DM
(d)	(i)	<p>Describe the purpose of Appraisal.</p> <ul style="list-style-type: none"> • To motivate workers. • To assess strengths and weakness of employees. • To identify training needs. • To find employees suitable for promotion. • To find out opinions of employees/consult with employees. • To enable employers to praise workers. • To set targets/goals for workers. • Identify employees who may receive bonus/promotion payments. <p><i>(Any 2 points – 2 marks)</i></p>	2	
	(ii)	<p>Give 2 benefits to the employee of Appraisal.</p> <ul style="list-style-type: none"> • May get motivated from positive feedback from employer. • May get a promotion. • May get a pay rise. • May get training. • Feel valued as able to voice their opinions. <p><i>(Any 2 points – 2 marks)</i></p>	2	

QUESTION 3		KU	DM	
(a)	(i)	<p>Explain the term ‘prototype’.</p> <ul style="list-style-type: none"> • A model of a product that is produced before test marketing/ manufacturing takes place. 	1	
	(ii)	<p>Describe 3 stages involved in bringing a new product to market.</p> <p>Accept stages before ie brainstorming, developing ideas, prototype, market research etc.</p> <ul style="list-style-type: none"> • Do test marketing. • Make adjustments to prototype. • Decide on promotion strategy/advertise. • Decide on price of product. • Decide on places to sell the product. • Apply for patent. • Obtain finance. • Decide on production method. • Decide on location. <p>Max 1 if given 3 statements rather than description (3 points – 3 marks)</p>	3	
(b)	(i)	<p>Describe 2 risks involved in launching a new product.</p> <ul style="list-style-type: none"> • Product may not sell/limited market for the product. • Competitors may copy/bring out better products. • Owners will lose capital invested/risk bankruptcy. • External factors eg recession/credit crunch • Company reputation. • Affect existing products. <p>Accept 2 external factors</p> <p>(2 points – 2 marks)</p>	2	

			KU	DM
	(ii)	<p>Suggest how entrepreneurs can reduce risks.</p> <ul style="list-style-type: none"> • Do market research. • Prepare a Cash Budget. • Prepare a Business Plan. • Get advice from professionals. • Multi product approach/diversification. • Testing product. <p><i>(2 points – 2 marks)</i> <i>(1 point well developed – 2 marks)</i></p>		2
(c)	(i)	<p>Other than the PSYBT suggest 2 ways in which entrepreneurs can get advice in setting up their business.</p> <ul style="list-style-type: none"> • Banks – many have small business advisors and can give help in preparing Business Plan and will give loans to entrepreneurs. • Venture Capitalists/Business Angels – can give good advice and may invest in the business for a share of profits. • Other entrepreneurs – may be able to give advice. • Business Gateway – a government funded agency which gives advice and assistance to entrepreneurs. • Young Enterprise. • Family and friends. • Local authority/Enterprise Trusts. • Internet websites. • Private consultants eg lawyers, accountants – accept as 2 separate points. <p><i>(2 points – 2 marks)</i></p>		2

		KU	DM
	<p>(ii) Explain why the government is keen to support new business start-ups.</p> <ul style="list-style-type: none"> • New businesses create jobs. • Reduces government's costs in paying benefits. • Increases government's income in tax revenues. • Raises standards of living in the country/wealth creation. • New businesses bring benefits to the local economy. • Decrease crime – needs explanation. <p><i>(2 points – 2 marks)</i> <i>(1 point well developed – 2 marks)</i></p>	2	

QUESTION 4	KU	DM
<p>(a) Describe the necessary skills and abilities required of an entrepreneur in starting a new business.</p> <ul style="list-style-type: none"> • Determination. • Motivation. • Imagination. • Financial/numeracy. • Interpersonal. • Creativity. • Risk taker. • Leadership. • Communication. • Organisation. • Confident. • Intelligent. • Patient. • Ability to plan. • ICT skills. <p><i>(4 points briefly described – 4 marks)</i> <i>(2 points well-developed – 4 marks)</i> <i>(Max 2 for list)</i></p>	4	
<p>(b) Suggest 2 advantages and 2 disadvantages of forming a partnership.</p> <p>(i) advantages:</p> <ul style="list-style-type: none"> • shared responsibility/decision making/easier to take holidays • partners can specialise in different areas • may be greater capital invested. <p><i>(Any 2 points – 2 marks)</i></p> <p>(ii) disadvantages:</p> <ul style="list-style-type: none"> • unlimited liability • partners may disagree • more difficult to dissolve than sole trader • they have to share profits • decision making takes longer. <p><i>(Any 2 points – 2 marks)</i></p>	4	

		KU	DM
(c)	<p>Explain 2 benefits to the business of opening outlets in shopping malls.</p> <ul style="list-style-type: none"> • Wider market available. • Lower rents than high street shops. • Less competition. • High sales. • Availability of labour. • Good infrastructure. • Captive market – can charge high prices. • Parking for customers. <p>Must explain benefit to the business.</p> <p><i>(Any 2 points – 2 marks)</i></p>		2
(d)	<p>Other than using the call centre, suggest and justify 2 ways in which Harlequin can use ICT to gain customers throughout the UK.</p> <ul style="list-style-type: none"> • Internet website – can give customers information on menus, location of restaurants etc. • E-mails – can be sent to customers informing them of promotions. • SMS/text messages – can be sent to customers advertising promotions. • Digital TV – can be used to advertise products, allow customers to order take-away etc. • Electronic display boards – can be used to advertise products to customers in locations throughout the UK. <p><i>(2 points – 2 marks)</i> <i>(Suitable justifications for each – 2 marks)</i> <i>(Do not accept repeated justifications.)</i></p>		4

QUESTION 5		KU	DM
(a)	<p>Explain the role of ACAS in settling industrial disputes in a business.</p> <ul style="list-style-type: none"> • Act as an intermediary between both parties – listen to both points of view. • Act as arbitrator/negotiator in helping both parties to agreement. • Can offer expert advice to both parties. • Can make a decision that both parties must agree to. <p><i>(Any 2 points – 2 marks)</i></p>	2	
(b)	<p>Describe 3 possible consequences to the business if the employees choose to take strike action.</p> <ul style="list-style-type: none"> • Reduced output. • Poor image. • Difficult to recruit workers/may lose workers. • Unhappy customers. • Management forced to make decision. • Reduced sales/profits. • Reduced market share. <p><i>(Any 3 points – 3 marks)</i></p>		3

		KU	DM
(c)	<p>Identify and describe a management style that could be adopted at an airline company to improve relations with employees.</p> <ul style="list-style-type: none"> • Democratic management/consensual. • Managers consult with employees on decision making. • Laissez-faire management. • Managers leave decision making to employees. <p><i>(Any 2 points – 2 marks)</i></p>	2	
(d)	<p>Suggest ways in which an airline company could improve working conditions for their employees.</p> <ul style="list-style-type: none"> • Provide comfortable seating on planes. • Provide modern, comfortable offices. • Offer flexible working. • Provide on-site facilities such as cafes, gym. • Provide childcare facilities for staff. • Offer good staff discounts in airports/cheaper flights. • More time off. • Longer breaks when working. • Pay. • Overtime payments. • Bonuses payments. <p><i>(Any 4 points – 4 marks)</i> <i>(2 points well developed – 4 marks)</i></p>		4

[END OF MARKING INSTRUCTIONS]