



2011 Business Management

Standard Grade – Credit

Finalised Marking Instructions

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QUESTION 1		KU	DM
(a)	<p>Role of a Trade Union:</p> <ul style="list-style-type: none"> • Provide expert advice to members. • Represent/support workers. • Negotiate with management. • Provide advice on industrial action. • Fair Pay for workers. • Good working conditions for workers. 	3	
(b)	<p>(i) Industrial Action from the Case Study:</p> <ul style="list-style-type: none"> • Work-to-rule – where employees only carry out the terms agreed in their contract of employment. • Overtime ban – where employees refuse to work overtime <p><i>2 correctly <u>described</u> methods, 2 marks Max 1 for 2 IDs without descriptions</i></p>	2	
	<p>(ii) Another form of industrial action:</p> <ul style="list-style-type: none"> • Strike – where employees withdraw labour. • Sit-in – where employees occupy the premises and refuse to undertake work. • Go slow – where employees work at a deliberately slower rate. <p><i>1 mark for identification 1 mark for description</i></p>	2	
(c)	<p>(i) Purpose of Equal Pay Act:</p> <ul style="list-style-type: none"> • Designed to prohibit any less favourable treatment between men and women in terms of pay and conditions of employment/All employees get same pay and conditions. 	1	
	<p>(ii) Other piece of employment legislation that could apply to ECC:</p> <ul style="list-style-type: none"> • Minimum Wage Act. • Maximum Working Hours Act. • Sex/Race/Age/Disability/Religious Beliefs Discrimination Acts. • The Equality Act. • Health & Safety at Work Act • Data Protection Act. 	1	

			KU	DM
(d)	(i)	<p>Reasons why Edinburgh City Council chose to use YouTube:</p> <ul style="list-style-type: none"> • Ease of access for residents and businesses. • Availability 24/7. • Cheaper for council than posting out letters/Free to upload/access. • Quicker for council than collating names and addresses. • Environmentally friendly. • To be more modern. • Residents can view message more than once. • Audio-visual, explain message more clearly. • Message can be re-posted into other communication methods, eg email, social networking sites. 		2
	(ii)	<p>Other ways in which council could have chosen:</p> <ul style="list-style-type: none"> • Letter/Newspaper. • Email. • Notices in public places. • Twitter. • Radio/TV advert. • Adverts in local press. • Council Website. • Public Meeting. • SMS/Text Message. 		2

QUESTION 2	KU	DM
<p>(a) 4 steps in a structured decision making model:</p> <ul style="list-style-type: none"> • Identify problem. • Identify objectives. • Gather information. • Analyse information. • Devise possible solutions. • Select best solution. • Communicate decision. • Implement decision. • Evaluate decision. • Strengths. • Weaknesses. • Opportunities. • Threats. <p><i>Accept one word answers</i> <i>Any 4 steps – 4 marks</i></p>	4	
<p>(b) Features of good information:</p> <ul style="list-style-type: none"> • Accurate/Truthful. • Available/Easy to access. • Appropriate/Relevant/Specific. • Concise/To the point. • Cost effective/Cheap to collect. • Complete. • Objective/Bias free • Timely/Up-to-date. <p><i>Must be described</i> <i>Max 1 for a list (a list is two or more features)</i></p>	3	
<p>(c) Stage of the business cycle:</p> <ul style="list-style-type: none"> • Growth/Recovery – output (GDP) is increasing/employment is rising/high employment. • Boom – a period of prolonged Economic Growth/high unemployment. • Recession/Slowdown – output (GDP) is falling/high unemployment. • Slump – a period of successive negative growth/high unemployment. • Bust. <p><i>ID of stage – 1 mark</i> <i>Description of Stage – 1 mark</i> <i>Candidates do not need to give specific economic definitions but should demonstrate knowledge of economic growth or decline.</i> <i>Accept 'sales' rather than output – ie 'high sales'.</i></p>	4	

		KU	DM
(d)	<p>Possible effects of business failure on local economy:</p> <ul style="list-style-type: none"> • Unemployment. • Falling living standards. • Less spending in local economy. • More dereliction. • More crime. • Other businesses suffer. • Less income for local council, taxes, rent, rates etc. • Accept positive effects – ie less competition for other businesses/ fall in pollution/less congestion etc. 		3
(e)	<p>Decisions that can be taken to avoid business failure:</p> <ul style="list-style-type: none"> • Reduce costs (max 1). • Reduce prices/increase prices. • More market research. • Additional finance. • Diversification. • Prepare a Business Plan. • Prepare a Cash Budget. • Adapt products. • Change price. • Change promotion/more promotion. • Change location. • Target difference markets. • Merge with another business. 		3

QUESTION 3		KU	DM
(a)	(i)	<p>One rival of Greggs:</p> <ul style="list-style-type: none"> • O' Briens. • Starbucks. • Costa Coffee. • McDonald's. • Burger King. • KFC. • Pizza Hut. • Supermarkets. • Independent shops/cafes/supermarkets. <p><i>Any appropriate rival</i></p>	1
	(ii)	<p>Ways in which to adopt Marketing Mix to compete with rivals:</p> <ul style="list-style-type: none"> • Product – the business can change the recipe, the packaging, the design of the products. • Price – the business can change the price of its products. • Promotion – the business can choose different ways to promote its products. • Place – the business can choose better places to locate the shops. <p><i>Max 2 for more than one from each element</i></p>	4
(b)		<p>Primary research that can be used to gather research:</p> <ul style="list-style-type: none"> • Questionnaire/survey – can ask standardised questions to all sample, quick to complete. • Interview – can gather more detailed information than questionnaire, clarification can be given. • Consumer Panel/Focus Group – can get direct reactions to products/services, can be more cost effective than questionnaires/interviews. • Observation – cost-effective to gather, see reactions to products/services. • Hall test/Taste test – can find out reactions to products. <p>Secondary research that can be used to gather research:</p> <ul style="list-style-type: none"> • Newspapers/Magazines – find out useful information on rivals' products, cost-effective. • Rival customer websites – contain details of products/services, up-to-date, cost effective. • Government Statistics – contain information on economy/trends etc helps Greggs plan decisions. • Internal information – sales/stock/financial records can help Greggs identify successful/unsuccessful decisions and make future plans. <p><i>1 x Primary Method</i> <i>1 x Secondary Method</i> <i>2 x justifications (must be different)</i></p>	4

			KU	DM
(c)	(i)	<p>Economies of scale that may have benefited Greggs:</p> <ul style="list-style-type: none"> • Internal Economies – economies gained within the business. • External Economies – economies gained in the external business environment that benefit the business. • Financial – Greggs may be able to borrow money more easily/at better rates than small firms. • Marketing – Greggs may be able to bulk buy supplies. • Managerial – Greggs can employ specialised managers. • Technical – Greggs can have better equipment to manufacture their products. • Infrastructure – development of road/rail links and electronic infrastructure (broadband) to attract large businesses • Ancillary services/supplier location – key suppliers will locate close to large factories, improving delivery times • Skilled workers – local education centres will provide skilled workers to support local industry. • Risk-bearing – the larger the business the more able it is to take risks as other areas of the business will compensate if decisions fail. <p><i>2 descriptions – 2 marks (max 1 for just 2 categories without descriptions)</i></p>	2	
	(ii)	<p>Explanation of Inflation:</p> <ul style="list-style-type: none"> • The rise in the price of goods. • Rise in the cost of living. • Value of money decreases. 	1	
(d)		<p>How can market research help plan decisions:</p> <ul style="list-style-type: none"> • Give information on customer needs and wants. • Find out what competitors are doing. • Decide what is needed in the business. • Identify trends in the market. • Decide prices, promotions etc. • Identify market segments/target markets. 	2	
(e)		<p>Ways in which queue problem could be reduced:</p> <ul style="list-style-type: none"> • Layout of shops. • Training of staff. • Speed of equipment. • Amount of employees working. • Open more stores nearby. • Self-service checkouts. • Pre-order service/Telephone order service. • Delivery Service. • Have a seating area/waiting service. • Orders taken from customers in the queue. 		2

QUESTION 4		KU	DM
(a)	<p>Advantages of being a sole trader:</p> <ul style="list-style-type: none"> • Owner makes all the decisions/Faster decision making. • Gets to keep all profits. • Personal satisfaction. <p>Disadvantages of a sole trader:</p> <ul style="list-style-type: none"> • Stress of working alone/Difficult to take holidays. • Difficult to obtain finance. • Unlimited liability. 	2	
(b)	(i) <p>Calculation of the Current Ratio:</p> <ul style="list-style-type: none"> • Current Assets: Current Liabilities <p>$£40,000 \div £20,000 = 2 : 1$</p> <p><i>1 mark for correct figures/ID of CA:CL</i> <i>1 mark for correct answer.</i> <i>2 marks for correct answer without calculations</i></p>		2
	(ii) <p>Henri's reaction to these figures should be:</p> <ul style="list-style-type: none"> • Pleased – the figure is 2 : 1 which is the desired figure for the Current Ratio, being twice as many current assets to current liabilities. <p><i>Mark for reason not for whether pleased or not</i> <i>Accept consequential answer – ie if ratio calculated wrong in (i).</i></p>		1
	(iii) <p>One other ratio that can be calculated from the Balance Sheet:</p> <ul style="list-style-type: none"> • Acid Test Ratio. • Return on Capital Employed. 		1
(c)	<p>Another financial statement that Felicia will prepare:</p> <ul style="list-style-type: none"> • Trading Account – profit made on trading activities/buying & selling goods/Gross profit. • Profit & Loss Account – Expenses of the business are deducted to find the profit the business has made/Net Profit. • Cash Budget – plan of the incoming and outgoings of the business are given to find the cash surplus and deficits each month. • Cashflow statement – the summary of cash inflows and outflows over a period of time. 	2	

		KU	DM
(d)	<p>Advantages of using a Spreadsheet:</p> <ul style="list-style-type: none"> • Calculations can be performed using formulas. • Information can be saved and used again. • Standard layouts can be used. • Graphs can be prepared from the information. • "If statements" can be used. • Can be exported into other packages eg word processing. 	2	

QUESTION 5		KU	DM
(a)	<p>Benefits of an Internet website:</p> <ul style="list-style-type: none"> • Can display information attractively. • Sound and video information can be used. • Can be seen by millions of viewers. • Can give detailed information. • 24/7 access to information. • Can sell using e-commerce. • Relatively cost effective method of advertising. • Increase brand awareness. • Can be updated easily. • FAQs section can be included. 	3	
(b)	<p>(i) Chain of production for S&K Homes:</p> <ul style="list-style-type: none"> • Natural resources/raw materials are gathered from their sources. • They are processed into materials used for building, timber, stone, glass. • The materials are put together into buildings. • The buildings are sold to consumers. 		3
	<p>(ii) Explanation of Wealth Creation:</p> <ul style="list-style-type: none"> • As each stage of the Chain of Production is carried out, the value of the goods increases, creating wealth. 	1	
(c)	<p>(i) Ways to implement quality in the home building process:</p> <ul style="list-style-type: none"> • Use quality raw materials. • Train staff/skilled workers/motivate workforce. • Inspect work throughout – quality assurance. • Inspect work at end of production – quality control. • Implement TQM. • Quality circles. • Equipment/Tools • Good after sales service. <p><i>Accept list as separate points.</i></p>		3
	<p>(ii) Benefits of Quality Standards to the business:</p> <ul style="list-style-type: none"> • Customer loyalty. • Can charge higher prices. • Better image. • Increase sales/Profit. • Gain contracts/business. 		2

		KU	DM
(d)	<p>Ways to measure customer satisfaction:</p> <ul style="list-style-type: none"> • Increase in sales. • Increase in profits. • Increase in market share. } Max 1 • Repeat business/customer loyalty. • Recommendation. • Reduction in customer complaints. • Positive PR in press. • Customer comment cards. • Market research surveys/questionnaires. • Interview customers after house purchase. • Feedback forum on website. 		2

[END OF MARKING INSTRUCTIONS]