



2012 Business Management

Standard Grade – Credit

Finalised Marking Instructions

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QUESTION 1			KU	DM
(a)	(i)	Method of integration – Horizontal:	1	
	(ii)	<p>Advantage</p> <ul style="list-style-type: none"> • Increase sales/market share/profits/reduce competition/ more customers. • Acquire assets of NatWest. • NatWest has a strong brand. • Able to enter English market. • Reputation* of one brand will affect the other. (positive) • Less chance of failure. <p>Disadvantage</p> <ul style="list-style-type: none"> • Employees may lose jobs. • Branches may need to close. • Expensive to carry out take over. • Reputation* of one brand will affect the other. (negative) <i>*no flip</i> • Customers/employees may not like/resist change. • May have to take on liabilities of other business. <p>Accept consequential answers from wrong answer in (a) (i).</p>	2	
(b)	(i)	<p>Advantage of internet banking to customers:</p> <ul style="list-style-type: none"> • 24/7 access to their bank/convenience. • May get better rates online than in branches. <p>Disadvantage of internet banking to customers:</p> <ul style="list-style-type: none"> • Need to remember passwords etc. • Need skills to be able to use the website. • Security issues/hackers stealing information/money. • Closure of branches means loss of personal contact. • Foreign contact centres may cause communication problems. • Loss of personal contact/unable to speak to someone. 	2	
	(ii)	<p>Ways in which RBS can comply with the Data Protection Act:</p> <ul style="list-style-type: none"> • Keeping customer records up-to-date. • Carefully checking for errors, ensuring data is accurate. • Ensuring that they delete any data that they no longer need. • Taking steps to protect data, security measures (max 2). • Ensuring that no data is transferred outwith the EU. • Allowing customers to see any data that is held on them. • Informing the customers of the purpose of holding data on them. • Appointing a Data Information Officer. • Do not share information with 3rd parties. <p><i>3 suggestions – 3 mark</i></p>		3

			KU	DM
(c)		<p>Social and economic effects of branch closures:</p> <ul style="list-style-type: none"> • Less spending due to job losses/less disposable income. • Less convenience for customers. • Closure of local businesses. • Dereliction of area due to closed shops. • Higher unemployment. • Higher crime levels. • Depopulation of area as people move away to find work. <p><i>Accept 2 economic or 2 social factors Ignore if wrongly categorised</i></p>	2	
(d)	(i)	<p>Ways in which RBS could cut costs, other than Branch closures:</p> <ul style="list-style-type: none"> • Reduce electricity costs. • Reduce marketing costs. • Reduce phone calls. • Reduce opening hours. • Switch to a cheaper supplier for stationery. • Reduce interest rates given to savers. • Move to cheaper premises. • Reduce over time/reducing hours/change contract. • Restructuring/delaying/outsourcing. 		2
	(ii)	<p>Ways in which RBS can ensure customers are satisfied with service:</p> <ul style="list-style-type: none"> • Polite/cheerful/helpful employees. • Reduce queue times. • Longer opening hours. • Answer phone quickly. • Staff Training/Staff bonuses..... linked to better service. • Quality Circles. • Benchmarking. • Customer surveys/questionnaires. • Suggestions boxes in branches. • Good after sales service. 		2

QUESTION 2		KU	DM
(a)	<p>(i) Stages of the Product Life Cycle:</p> <ul style="list-style-type: none"> • Development – product has not been launched yet, development of ideas etc. • Introduction – product is launched onto the market, consumer awareness is low, sales are low, high marketing costs, possible losses made. 1st stage. • Growth – sales rise due to product awareness/promotion/demand. Business should be profitable at this stage as initial development costs are covered by high sales revenue. 2nd stage. • Maturity – sales start to level off due to entrance of competition in the market. 3rd stage. • Saturation – sales are level market becomes saturated as everyone who wants product has one, profits start to fall, extension strategies are required to keep sales level. 3rd/4th stage. • Decline – sales start to fall as product starts to fall out of fashion. 4th/5th/final stage. • Obsolescence – sales stop as product is removed from the market. final stage. <p><i>ID of stage – 1 mark</i> <i>Adequate description of stage – 1 mark</i></p>	4	
	<p>(ii) Extension strategies that could be employed:</p> <ul style="list-style-type: none"> • Product strategies – add more features, re-design, range of colours etc. <i>Justification</i> – makes product more attractive, updates image, and stands out from rival products. • Price strategies – lower price to widen range of market, increase price to make product more exclusive. <i>Justification</i> – customers attracted to lower prices/value for money or customers attracted to image of a high price product. <p><i>Accept any 2 suitable strategies – 2 marks</i> <i>Adequate and different justifications – 2 marks</i></p> <p>Max 2 marks for product strategies and max 2 for price strategies.</p>		4

		KU	DM
(b)	<p>Benefits of being a multinational:</p> <ul style="list-style-type: none"> • Increase sales/market share/profits – accept only 1. • Greater brand recognition. • Avoid trade barriers. • Cater to local needs. • Economies of Scale. • Receive incentives from governments. • Locate in cheaper locations. 	2	
(c)	<p>Other than competition, 2 external factors affecting Sony:</p> <ul style="list-style-type: none"> • Political – government policies and laws which affect the business, for example Health & Safety, Employment Laws etc. • Economic – the state of the economy, eg Boom/Recession, inflation, interest rates, exchange rates etc. • Social – social trends such as ageing population, migration, health, green issues etc. • Technology – effect of changes in technology on business, increasing use of mobile internet technology, software updates etc. • Environmental – effect of pressures on environmental issues on the business/Weather/Distribution delays. • Accept reference to problems with Suppliers. (no ID mark) <p><i>ID of factor x 2 – 2 marks</i> <i>Adequate description of factor x 2 – 2 marks</i></p> <p>Must give PESTEC word for ID mark. Only give description mark for supplier.</p>	4	

	KU	DM
<p>(d) Appropriate promotion strategy for the following Sony products. A different strategy and justification must be given for each product:</p> <ul style="list-style-type: none"> • Sony PSP hand-held game console. • Sony camcorder. • Sony-Ericsson mobile phone. <p>Candidates may choose from the following promotion strategies:</p> <ul style="list-style-type: none"> • TV advertising – wide audience reached, able to target specific market segments through TV channels, audio-visual images can give lots of information, and catchy theme tunes/music can be used. • Radio advertising – research shows it is a highly effective form of advertising, cheaper than TV advertising, catchy tunes/music can be used, can target specific market segments through radio stations. • Newspaper/magazine advertising – images can be used to show products, lots of information can be printed, specific markets can be targeted through choice of paper/magazine. • Outdoor media/billboards/transport – large images can be shown, can be placed to attract target market segments eg sports stadiums. • Sony’s website – using own website can give lots of information on products, global audience reached, customers can register and data can be saved, products can be sold online. • Pop-ups/advertising on other websites – Sony can reach a global audience, target specific market segments through choice of websites. • Sales promotions (BOGOF, free features, 25% discount, competitions etc) – can persuade customers to buy in order to get better value for money – accept different sales promotions. • Celebrity/Product Endorsement – consumers want to be like the celebrity so will purchase products. • Trade Events – reach specific target market/consumers can see and try out the products. <p>Max 1 form of 'Advertising' Promotion – only one ID mark but can gain different justification marks.</p>		6

QUESTION 3		KU	DM
(a)	<p>Two other sectors of the economy:</p> <ul style="list-style-type: none"> • Private Sector – organisations owned by private individuals for purpose of making profits. • Public Sector – organisations run by the government for the purpose of providing essential goods/services to the public. Not profit making/aim to break even. 	4	
(b)	<p>Difference between aims of a charity to aims of a private sector organisation:</p> <p>Children’s 1st aims:</p> <ul style="list-style-type: none"> • Listen to children. • Support children. • Support families. • Raise funds. • Lobby government to change laws. <p>Business aims:</p> <ul style="list-style-type: none"> • Maximise sales/profits. • Wide range of products/services. • Increase quality. • Increase market share/be market leader. 	2	
(c)	<p>Reasons why people might choose to work for Children 1st:</p> <ul style="list-style-type: none"> • Job satisfaction. • Social aspect – get to meet people. • Want to help children. • Personal interest in the cause. • Gain experience/positive reference for CV. 		1
(d)	<p>Problems charity may have in recruiting employees:</p> <ul style="list-style-type: none"> • Lack of money available for advertising. • Lack of people with skills required. • No/low pay reduces demand for work. • No time for managers to interview. • Working conditions may not be appealing to volunteers. • Low public awareness of the charity. • No funds to provide training for volunteers. • Distressing/stressful work. • Accept “Does not pay wages”/Low wages. 		2

QUESTION 4			KU	DM
(a)	(i)	<p>Manager with the widest span of control:</p> <ul style="list-style-type: none"> • Sales Manager. 		1
	(ii)	<p>Employees who have a line relationship with the General Manager:</p> <ul style="list-style-type: none"> • Sales Manager, Finance Manager, Purchases Manager, HR Manager. 		2
(b)		<p>Role of a Manager:</p> <p>Role of Manager:</p> <ul style="list-style-type: none"> • Planning. • Organising. • Co-ordinating. • Controlling. • Commanding. • Decision making. • Motivating. <p>OR accept generic management duties/tasks. Max 2 for a list.</p>	4	
(c)		<p>Criteria for choosing a supplier:</p> <ul style="list-style-type: none"> • Price. • Quality. • Reliability/Deliver on Time/Close to factory. • Reputation. • Quantities. • Credit terms. • Free delivery. • Discount for bulk buying. <p><i>Candidates must describe, not list criteria. Max 1 for list.</i></p>	2	
(d)		<ul style="list-style-type: none"> • Quality circles – employees involved in production get together to discuss quality issues and how to make improvements to products/services. • Benchmarking – a perfect example of product/service is produced which business works towards or an industry example is chosen to try to emulate. Accept reference to Quality Standards as a benchmarking system. 	2	

QUESTION 5		KU	DM
(a)	<p>Ways to carry out Primary Research:</p> <ul style="list-style-type: none"> • Surveys/questionnaires (Accept different methods – eg Telephone, Postal, and Online). • Interviews (Accept different methods – eg face-to-face, telephone). • Consumer Panels/Focus Groups. • Observation. • Hall Test. <p><i>3 x suggestions – 3 marks</i></p>		3
(b)	<p>Reasons for preparing a Cash Budget:</p> <ul style="list-style-type: none"> • Plan/Predict spending. • Avoid cash flow problems/failure/forecast/predict any problems. • To show to Bank Manager when applying for a loan. • To enable managers to set targets. 	2	
(c)	<p>Causes of a Cash Budget deficit:</p> <ul style="list-style-type: none"> • Debtors taking too long to pay. • Creditors reducing credit period. • Expenses costs too high (max 1 for expenses). • Sales falling. • Poor planning/estimating. • Failing to take account of External Factors. • Drawings too high. • Purchasing items all at once rather than paying in instalments. <p><i>3 x suggestions – 3 marks</i></p>		3

			KU	DM
(d)	(i)	<p>Benefits of trading in the EU:</p> <ul style="list-style-type: none"> • Common currency – Euro. • Free trade between countries. • Free movement of labour. • Greater brand recognition. • Increased sales/profits/market share – only 1. • Opportunities for cheaper suppliers. 	2	
	(ii)	<p>Sources of advice:</p> <ul style="list-style-type: none"> • Other entrepreneurs – give advice on starting up problems etc. • Bank – can give advice on finance. • Chamber of Commerce – can give advice on local business environment. • Business websites – advice on all areas of business start up, easy to access 24/7. • Business Gateway – help in preparing business plan, access to funding etc. • Venture Capitalist/Business Angel – experienced in business, know market conditions etc. • Friends/Family – may have experience in business/may help with workload. <p>Accept 'Internet Websites' without specifying eg Business Gateway.</p>		2

		KU	DM
(e)	<p>Internal Information:</p> <ul style="list-style-type: none"> • Sales reports. • Stock records. • Production levels. • Quality Control Information. • Quality Circle Information. • Employee appraisals. • Cash Budgets. • Profit & Loss. • Balance Sheet. • Customer Feedback (accept as external). • Notice boards. • Newsletters. • Intranet. <p>External Information:</p> <ul style="list-style-type: none"> • Competitor sales/Profits/Market share. • Market Research. • Government statistics/Data. • Websites. • Media – TV, newspapers etc. <p><i>2 examples of Internal Information – 2 marks</i> <i>2 examples of External Information – 2 marks</i></p>		4

[END OF MARKING INSTRUCTIONS]