



**2010 Business Management**

**Standard Grade – General**

**Finalised Marking Instructions**

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**2010 Business Management  
Standard Grade – General**

QUESTION 1		KU	DM
(a)	<p><b>Suggest 2 skills or qualities that an entrepreneur might have.</b></p> <ul style="list-style-type: none"> <li>• Enthusiasm.</li> <li>• Risk taker.</li> <li>• Persuasion.</li> <li>• Determination.</li> <li>• Confidence.</li> <li>• Creative/Ideas/Innovative.</li> <li>• Enterprising.</li> <li>• Problem solving skills.</li> <li>• ICT skills.</li> <li>• Motivational skills.</li> <li>• Interpersonal skills/Charisma.</li> <li>• Decision making skills.</li> <li>• Leadership skills.</li> <li>• Sales/marketing skills.</li> <li>• Organisational skills.</li> <li>• Communication skills.</li> <li>• Independence.</li> <li>• Financial Skills.</li> <li>• Management Skills.</li> </ul>	2	
(b)	<p><b>Give 2 advantages of a Partnership.</b></p> <ul style="list-style-type: none"> <li>• More capital available than sole trader.</li> <li>• Share the decision making.</li> <li>• Share the workload.</li> <li>• Easier to take time off/more holidays.</li> <li>• Ability to specialise in one area of work.</li> <li>• Share responsibility.</li> <li>• Reduced stress.</li> <li>• More ideas than sole trader.</li> </ul>	2	
(c)	<p><b>Suggest one market segment which Carla and Fabio will target.</b></p> <ul style="list-style-type: none"> <li>• Parents with young children.</li> <li>• Working parents.</li> <li>• Geographical area.</li> <li>• High earners.</li> <li>• Single Parents.</li> </ul>		1

		KU	DM														
(d)	<p><b>Suggest 2 reasons why Carla and Fabio carried out market research before starting their business.</b></p> <ul style="list-style-type: none"> <li>• Find out if there was a market for their service.</li> <li>• Find out what price customers were prepared to pay.</li> <li>• Find out about competition.</li> <li>• Find out the hours people would require the service.</li> <li>• Reduce business risk.</li> </ul>	2															
(e)	<p>(i) <b>Suggest and justify one source of finance for Carla and Fabio when starting their business.</b></p> <table border="1"> <thead> <tr> <th>Source</th> <th>Justification</th> </tr> </thead> <tbody> <tr> <td>Bank Loan</td> <td>Budgeting/Regular repayments</td> </tr> <tr> <td>Personal Savings</td> <td>No repayments required</td> </tr> <tr> <td>Family and Friends</td> <td>Longer time limit on repayment</td> </tr> <tr> <td>Building Society</td> <td>Mortgage for purchase of property</td> </tr> <tr> <td>Government Grant</td> <td>Don't have to pay it back</td> </tr> <tr> <td>Venture Capital/ Business Angels</td> <td>You get professional expertise and advice</td> </tr> </tbody> </table>	Source	Justification	Bank Loan	Budgeting/Regular repayments	Personal Savings	No repayments required	Family and Friends	Longer time limit on repayment	Building Society	Mortgage for purchase of property	Government Grant	Don't have to pay it back	Venture Capital/ Business Angels	You get professional expertise and advice		2
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	<p>(ii) <b>Identify 2 sources of advice available to business start-ups.</b></p> <ul style="list-style-type: none"> <li>• Bank Manager/Accountants/Lawyers.</li> <li>• Prince's Trust.</li> <li>• Business Gateway/Government Advice Bureau.</li> <li>• Other Businesses.</li> <li>• Local Authorities.</li> <li>• Scottish Enterprise.</li> <li>• Care Commission.</li> <li>• Family and friends.</li> <li>• Internet website.</li> <li>• Books and magazines.</li> </ul>	2															

			KU	DM
(f)	(i)	<p><b>Describe one problem of using e-mail to communicate.</b></p> <ul style="list-style-type: none"> <li>• Parents do not have hardware/internet service provider.</li> <li>• Problems with transmission.</li> <li>• People do not check their emails regularly.</li> <li>• Loss of personal contact/cannot see facial expressions.</li> <li>• Virus.</li> </ul>	1	
	(ii)	<p><b>Suggest one advantage of using a mobile phone to communicate.</b></p> <ul style="list-style-type: none"> <li>• Parents can receive communication wherever they are.</li> <li>• A text message can be left.</li> <li>• A voice mail can be left.</li> <li>• Picture can be sent.</li> <li>• Portable.</li> <li>• Relatively cheap.</li> <li>• Immediate response.</li> </ul> <p>Not fast, easy, quick, on its own</p>	1	

QUESTION 2		KU	DM
(a)	<p><b>Identify the sector of industry which Stewarts of Tayside Ltd operates in.</b></p> <ul style="list-style-type: none"> <li>• Primary Sector.</li> </ul>	1	
(b)	<p><b>All fruit is hand picked, using as little mechanisation as possible. Give one advantage and one disadvantage of mechanisation.</b></p> <p><b>Advantage</b></p> <ul style="list-style-type: none"> <li>• Machinery more reliable than labour.</li> <li>• Labour need to have breaks/machinery can operate 24/7.</li> <li>• Machinery more cost effect in long run.</li> <li>• Increased production.</li> <li>• Can be more efficient and get the job done quicker.</li> </ul> <p><b>Disadvantage</b></p> <ul style="list-style-type: none"> <li>• Cheap labour/reduce costs.</li> <li>• Process may not be suitable for machinery.</li> <li>• Less damage to fruit if labour is used.</li> <li>• Breakdown of machinery causes process to stop.</li> <li>• Redundancy/unemployment.</li> <li>• Expensive to purchase.</li> <li>• Not eco-friendly.</li> <li>• Machines cannot check the ripeness of the fruit.</li> <li>• Cost of repair maintenance.</li> </ul>	2	
(c)	<p><b>Suggest 2 channels of distribution which a business could use to get their products to the market.</b></p> <ul style="list-style-type: none"> <li>• Manufacturer – wholesaler – customer.</li> <li>• Manufacturer – wholesaler – retailer – customer.</li> <li>• Manufacturer – retailer – customer.</li> <li>• Manufacturer – customer.</li> </ul> <p>(Manufacturer must be the first stage and customer the last stage in the channel.)</p>		2

		KU	DM
(d)	<p><b>Give 2 ways Stewarts of Tayside Ltd could care for the environment.</b></p> <ul style="list-style-type: none"> <li>• Recycling.</li> <li>• Waste disposal.</li> <li>• Energy saving.</li> <li>• Do not use pesticides.</li> <li>• Use cardboard rather than plastic punnets.</li> <li>• Use labour rather than machinery which pollutes the atmosphere /don't use machinery.</li> <li>• Re-planting when necessary.</li> <li>• Use less vehicles/make sure the vans are full up.</li> <li>• Use of renewable energy sources.</li> <li>• Use less packaging.</li> </ul>		2

QUESTION 3		KU	DM
(a)	<p><b>Suggest 2 places Marks and Spencer plc could advertise this job.</b></p> <ul style="list-style-type: none"> <li>• Newspaper.</li> <li>• Internet website.</li> <li>• Job Centre.</li> <li>• Specialised Management journal.</li> <li>• In stores/internal advertising.</li> <li>• Recruitment agency.</li> <li>• Shop Windows.</li> <li>• Radio.</li> <li>• TV.</li> </ul>		2
(b)	<p><b>Identify 2 features of a public limited company (plc).</b></p> <ul style="list-style-type: none"> <li>• Private sector business.</li> <li>• Owned by shareholders.</li> <li>• Shares traded on stockmarket/anyone can buy shares.</li> <li>• Run by Board of Directors.</li> <li>• Financed by selling shares.</li> <li>• Limited Liability.</li> <li>• Published Accounts.</li> <li>• Debentures.</li> <li>• Shareholders have an AGM.</li> </ul>	2	
(c)	<p><b>Explain the term Democratic Style of Management.</b></p> <p>Consultation before decisions are made.</p>	1	
(d)	<p><b>Name and describe another style of management.</b></p> <p>Autocratic – no consultation before decision is made. Laissez Faire – little direction from management, allows people to be creative.</p>	2	
(e)	<p><b>Identify one feature of a Permanent Contract.</b></p> <ul style="list-style-type: none"> <li>• Employed for an unlimited period.</li> <li>• Job is secure.</li> </ul>	1	

			KU	DM
(f)	(i)	<p><b>Identify 3 pieces of information contained in a Job Description.</b></p> <ul style="list-style-type: none"> <li>• Job Title.</li> <li>• Location of post.</li> <li>• Responsibilities of post.</li> <li>• Who post-holder reports to.</li> <li>• Duties.</li> <li>• Salary.</li> <li>• Hours of Work.</li> </ul>	3	
	(ii)	<p><b>Identify 2 pieces of information contained in a Person Specification.</b></p> <ul style="list-style-type: none"> <li>• Skills (accept only one skill).</li> <li>• Educational Qualifications.</li> <li>• Training.</li> <li>• Experience.</li> <li>• Personality.</li> <li>• Physical attributes.</li> <li>• Essential qualities.</li> <li>• Desirable qualities.</li> <li>• Qualities (accept only one quality).</li> </ul>	2	



QUESTION 4			KU	DM																
(a)	(i)	<p><b>State the opening balance in February.</b></p> <p>£3000</p>		1																
	(ii)	<p><b>Explain what has happened to the closing balance in March.</b></p> <ul style="list-style-type: none"> <li>• Deficit.</li> <li>• Outgoings are higher than income.</li> <li>• Not enough to cover costs.</li> </ul> <p>Don't accept a minus or in debt or just – (7000).</p>		1																
(b)		<p><b>Suggest 2 ways Shareen Patel could increase sales.</b></p> <ul style="list-style-type: none"> <li>• Reduce Prices/Increase prices.</li> <li>• Advertise more.</li> <li>• Celebrity Endorsement.</li> <li>• Improve product/service.</li> <li>• Give good after-sales service.</li> <li>• Offer incentives/promotions/samples.</li> <li>• Opening more stores.</li> <li>• Increase production.</li> </ul>		2																
(c)		<p><b>Suggest and justify 2 ways Shareen Patel could reduce Cash Out. You should use a different justification for each suggestion.</b></p> <table border="1"> <thead> <tr> <th>Suggestion</th> <th>Justification</th> </tr> </thead> <tbody> <tr> <td>• Find a cheaper supplier.</td> <td>• Reduce the amount paid out for raw materials.</td> </tr> <tr> <td>• Reduce the number of staff.</td> <td>• Reduce the amount paid out in wages.</td> </tr> <tr> <td>• Cut down on usage of heating/ lighting/gas/telephone.</td> <td>• Reduce the amount paid out in utility bills.</td> </tr> <tr> <td>• Find cheaper supplier of utilities.</td> <td>• Can use the same amount at a cheaper price.</td> </tr> <tr> <td>• Do not purchase new vehicle.</td> <td>• Keep cash and avoid going into deficit.</td> </tr> <tr> <td>• Buy in bulk.</td> <td>• Discounts will be given.</td> </tr> <tr> <td>• Move to smaller premises.</td> <td>• Less rent to pay will reduce costs.</td> </tr> </tbody> </table>	Suggestion	Justification	• Find a cheaper supplier.	• Reduce the amount paid out for raw materials.	• Reduce the number of staff.	• Reduce the amount paid out in wages.	• Cut down on usage of heating/ lighting/gas/telephone.	• Reduce the amount paid out in utility bills.	• Find cheaper supplier of utilities.	• Can use the same amount at a cheaper price.	• Do not purchase new vehicle.	• Keep cash and avoid going into deficit.	• Buy in bulk.	• Discounts will be given.	• Move to smaller premises.	• Less rent to pay will reduce costs.		4
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(d)	(i)	<p><b>Give one reason why Shareen Patel has prepared a Cash Budget.</b></p> <ul style="list-style-type: none"> <li>• Identify inflows and outflows of money.</li> <li>• Monitor cash flow.</li> <li>• Prevent cash flow problems.</li> <li>• Plan finances in advance/arrange borrowing.</li> <li>• To show to bank when applying for loan.</li> <li>• Allow managers to plan/plan/compare performances.</li> <li>• Aids decision making.</li> </ul>	1	
	(ii)	<p><b>Suggest a software application that could be used to prepare a Cash Budget and suggest one advantage of using this package.</b></p> <ul style="list-style-type: none"> <li>• Spreadsheet/Excel.</li> <li>• Accounting Packages.</li> </ul> <p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• Use of formula to do calculations.</li> <li>• Ability to display in chart form.</li> <li>• Use of IF statements.</li> <li>• Use of absolute cell referencing.</li> </ul>	2	

QUESTION 5		KU	DM
(a)	<p><b>Explain the term market share.</b></p> <p>The percentage of all customers coming to that organisation.</p> <p>Or sales or dominates the market.</p>	1	
(b)	<p>(i) <b>From the chart, identify the supermarket with the highest market share.</b></p> <p>Tesco.</p>		1
	<p>(ii) <b>From the chart, identify the market share held by Morrisons.</b></p> <p>11.1%.</p>		1
(c)	<p><b>Other than price, suggest 3 reasons why people choose to shop in a particular supermarket.</b></p> <ul style="list-style-type: none"> <li>• Wider range of goods.</li> <li>• Convenience/close to home.</li> <li>• Hours of opening.</li> <li>• Better quality.</li> <li>• Have special offers.</li> <li>• Have a bonus card.</li> <li>• Brand loyalty.</li> <li>• They use local produce.</li> <li>• Like layout of the store.</li> <li>• Good advertising.</li> <li>• Facilities eg café.</li> <li>• Good parking.</li> <li>• Good quality service.</li> </ul>		3
(d)	<p><b>Suggest 2 reasons why Aldi and Lidl want to expand across the UK.</b></p> <ul style="list-style-type: none"> <li>• Increase market share.</li> <li>• Increase sales.</li> <li>• Increase profits/profit maximisation.</li> <li>• Increase reputation/become better known.</li> <li>• Gain from economies of scale.</li> <li>• Eliminate some competition.</li> <li>• Achieve aim.</li> <li>• To compete with other businesses.</li> </ul>		2



		KU	DM
(d)	<p><b>Suggest 2 ways Coca-Cola can satisfy the needs of their customers.</b></p> <ul style="list-style-type: none"> <li>• Good price.</li> <li>• Good quality.</li> <li>• After sales service.</li> <li>• Sell in a range of outlets.</li> <li>• New products/range of products.</li> <li>• Staff training.</li> <li>• Acting on customers' feedback/market research.</li> </ul>		2
(e)	<p><b>Suggest 2 ways a business can motivate its employees.</b></p> <ul style="list-style-type: none"> <li>• Financial – salary/bonus payments/productivity payments/overtime.</li> <li>• Praise.</li> <li>• Interesting work.</li> <li>• Training.</li> <li>• Open door policy.</li> <li>• Flexible working.</li> <li>• Team working.</li> <li>• Good Communication.</li> <li>• Appraisal and positive feedback.</li> <li>• Social events.</li> <li>• Rewards and recognition.</li> <li>• Delegate Tasks.</li> <li>• Quality Circles.</li> <li>• Promotion.</li> <li>• Employee of the month.</li> <li>• Fringe Benefits.</li> <li>• Consultation.</li> <li>• Good working conditions.</li> <li>• Target setting.</li> <li>• Job rotation/job enrichment.</li> </ul>		2

[END OF MARKING INSTRUCTIONS]