



2011 Business Management

Standard Grade – General

Finalised Marking Instructions

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QUESTION 1		KU	DM																
(a)	<p>Identify 2 factors of production used in a business like SuperJam.</p> <ul style="list-style-type: none"> • Land. • Labour. • Capital. • Enterprise. <p>Accept descriptions of factors of production</p>	2																	
(b)	<p>Suggest and justify 2 sources of finance Fraser Doherty could have used when starting his business.</p> <p>Use a different justification for each suggestion.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 35%;">Suggestion</th> <th>Justification</th> </tr> </thead> <tbody> <tr> <td>Personal Savings</td> <td>Don't need to pay any money back</td> </tr> <tr> <td>Bank Loan</td> <td>Capital at the beginning Regular monthly payments – budgeting</td> </tr> <tr> <td>Family and Friends</td> <td>Longer period of time to repay May charge no interest</td> </tr> <tr> <td>Prince's Youth Trust</td> <td>Will give advice and support as well as finance Can provide contacts Grant given does not need to be paid back</td> </tr> <tr> <td>Venture Capital/ Business Angel</td> <td>Will give advice and help as well as finance</td> </tr> <tr> <td>Become a Partnership</td> <td>Extra capital</td> </tr> <tr> <td>Overdraft</td> <td>Can be easier to obtain than a bank loan</td> </tr> </tbody> </table> <p>Do not accept profits previously gained – new business.</p>	Suggestion	Justification	Personal Savings	Don't need to pay any money back	Bank Loan	Capital at the beginning Regular monthly payments – budgeting	Family and Friends	Longer period of time to repay May charge no interest	Prince's Youth Trust	Will give advice and support as well as finance Can provide contacts Grant given does not need to be paid back	Venture Capital/ Business Angel	Will give advice and help as well as finance	Become a Partnership	Extra capital	Overdraft	Can be easier to obtain than a bank loan		4
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(c)	(i)	<p>Explain the term 'brand name'.</p> <p>The name which the produce is identified by. Also accept general references to the brand eg logo, symbol. Accept name of business company.</p>	1							
	(ii)	<p>Describe how a brand name can be a benefit to a business.</p> <ul style="list-style-type: none"> • Increase Sales. • Increase Profit. • Gain a good reputation. • Can charge a higher price. • Brand loyalty. • Easier to launch new product. • Less advertising required. • Branded goods are seen as good quality. • Product is easily recognised. • Copyright – no one else can use it. 	1							
(d)	<p>Suggest 2 channels of distribution which SuperJam could use to get their product to the market.</p> <p>manufacturer → customer manufacturer → retailer → customers manufacturer → wholesaler → customer manufacturer → wholesaler → retailer → customer</p>			2						
(e)	<p>'Market research helped to expand the business'. Name and describe the 2 types of market research.</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Type</th> <th style="text-align: left;">Description</th> </tr> </thead> <tbody> <tr> <td>Field/Primary</td> <td>Primary research gathered from source</td> </tr> <tr> <td>Desk/Secondary</td> <td>Secondary research gathered from second hand sources</td> </tr> </tbody> </table> <p>Do not accept methods ie questionnaire/internet websites</p>		Type	Description	Field/Primary	Primary research gathered from source	Desk/Secondary	Secondary research gathered from second hand sources	4	
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QUESTION 2		KU	DM														
(a)	<p>Give 2 advantages to David and Fiona Marshall of diversification.</p> <ul style="list-style-type: none"> • Increase Sales. • Increase Profit – accept ‘money’. • Appeals to wider market. • Spread the risks. • More likely to succeed. • Increased reputation. • Benefit from, Economies of Scale. 	2															
(b)	<p>David and Fiona are involved in different Sectors of Industry. In the table below, identify the sector of industry for each activity.</p> <table border="1"> <thead> <tr> <th>Area of Business</th> <th>Sector of Industry</th> </tr> </thead> <tbody> <tr> <td>Quad biking</td> <td>Tertiary/Service</td> </tr> <tr> <td>The farm</td> <td>Primary</td> </tr> <tr> <td>Self-catering cottages</td> <td>Tertiary/Service</td> </tr> </tbody> </table>	Area of Business	Sector of Industry	Quad biking	Tertiary/Service	The farm	Primary	Self-catering cottages	Tertiary/Service	3							
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(c)	<p>(i) In the Business David and Fiona will use both internal and External information. Explain the terms Internal and External Information.</p> <table border="1"> <thead> <tr> <th>Term</th> <th>Explanation</th> </tr> </thead> <tbody> <tr> <td>Internal Information</td> <td>Information gathered from within the business</td> </tr> <tr> <td>External Information</td> <td>Information gathered from outwith the business</td> </tr> </tbody> </table> <p>(ii) Complete the table below identifying whether the information given is Internal or External.</p> <table border="1"> <thead> <tr> <th>Information</th> <th>Internal/External</th> </tr> </thead> <tbody> <tr> <td>Farm records</td> <td>Internal</td> </tr> <tr> <td>Enquiries from customers</td> <td>External</td> </tr> <tr> <td>Supplier’s price lists</td> <td>External</td> </tr> </tbody> </table>	Term	Explanation	Internal Information	Information gathered from within the business	External Information	Information gathered from outwith the business	Information	Internal/External	Farm records	Internal	Enquiries from customers	External	Supplier’s price lists	External	2	3
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(d)	<p>Identify a stakeholder in Quadmania and describe their interest in the business.</p> <table border="1"> <thead> <tr> <th>Stakeholder</th> <th>Interest</th> </tr> </thead> <tbody> <tr> <td>Owner/David & Fiona/ Shareholder</td> <td>Business continues to do well and make profit</td> </tr> <tr> <td>Employees/Manager</td> <td>They continue to have employment/high wages/good conditions</td> </tr> <tr> <td>Local Community</td> <td>Business does well and the community benefit in other areas eg employment for local people</td> </tr> <tr> <td>Suppliers</td> <td>That they will receive payments for goods supplied. If business is more successful then they will receive more orders</td> </tr> <tr> <td>Customers</td> <td>They receive a good service and a quality product at low price</td> </tr> <tr> <td>Bank/Lenders</td> <td>If a bank loan has been taken out, that they receive payment</td> </tr> <tr> <td>Government</td> <td>Business continues to pay taxes and abide by the law/ creates employment</td> </tr> <tr> <td>Pressure Groups</td> <td>Environment is not destroyed by the business</td> </tr> </tbody> </table>	Stakeholder	Interest	Owner/David & Fiona/ Shareholder	Business continues to do well and make profit	Employees/Manager	They continue to have employment/high wages/good conditions	Local Community	Business does well and the community benefit in other areas eg employment for local people	Suppliers	That they will receive payments for goods supplied. If business is more successful then they will receive more orders	Customers	They receive a good service and a quality product at low price	Bank/Lenders	If a bank loan has been taken out, that they receive payment	Government	Business continues to pay taxes and abide by the law/ creates employment	Pressure Groups	Environment is not destroyed by the business		2
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QUESTION 3		KU	DM						
(a)	<p>Identify one advantage and one disadvantage of Job Production.</p> <p>Advantage</p> <ul style="list-style-type: none"> • Made to customer's specifications/unique produce • High quality product • High price may be charged • Workers are more motivated <p>Disadvantages</p> <ul style="list-style-type: none"> • Product takes longer to make • More expensive for business/higher price for customer • May need specialist staff to complete product • Cash Flow problems could arise 	2							
(b)	<p>Suggest and describe one other method of production which Pashley Cycles could use.</p> <table border="1"> <thead> <tr> <th>Method of Production</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>Batch</td> <td>Production of groups of similar products/unique produce</td> </tr> <tr> <td>Flow/Line/Mass</td> <td>Process where production moves from one operation to the next/assembly line is used/production is continuous</td> </tr> </tbody> </table>	Method of Production	Description	Batch	Production of groups of similar products/unique produce	Flow/Line/Mass	Process where production moves from one operation to the next/assembly line is used/production is continuous		2
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(c)	<p>Other than producing quality bicycles, suggest 2 suitable aims for Pashley Cycles.</p> <ul style="list-style-type: none"> • Make a profit/maximise profits. • Maximise sales. • Survival. • Market Leader. • Customer satisfaction. • Reputation/loyal customer. • Social responsibility/environmentally friendly. • Value for money. • Good brand image. • Beat competition. • Growth/expansion/become multinational. • Diversity. 		2						

		KU	DM
(d)	<p>Suggest 2 methods that Pashley Cycles could use to promote their bicycles.</p> <p>Advertising – accept only one form of advertising, including on-line. Special deals – eg some accessories free. Celebrity Endorsement. Competitions. Loyalty bonuses. Sponsorship. Having a sale.</p>		2
(e)	<p>Suggest 2 ways that Pashley Cycles could improve their bicycles.</p> <ul style="list-style-type: none"> • Use good quality raw materials. • Use trained staff. • Use up-to-date machines to produce the bicycles. • Carry out quality testing/quality control/quality assurance/quality circles • Implement QM (TQM) • Accept examples of product improvement eg Reflector lights to improve safety More comfortable seating <p>Each example would be a separate point Answers must be to improve their bicycles not sales.</p> <p>Do not accept change the colour Do not accept market research</p>		2

QUESTION 4		KU	DM
(a)	<p>Identify the 2 organisation structures shown opposite.</p> <p>Structure A – Tall Structure/Hierarchical Structure B – Flat Structure</p>	2	
(b)	<p>Give 2 advantages of organisation structure A.</p> <ul style="list-style-type: none"> • Clear hierarchy of responsibility. • More chance of promotion. • Span of control is less/small/narrow. • Less stress for managers/employees. • Clear line relationships. • Greater supervision of work. • Each person will carry out limited tasks – so become specialists in that area. <p>Accept consequential error from (a) above</p>	2	
(c)	<p>Suggest 2 reasons why an organisation may move from structure A to structure B.</p> <ul style="list-style-type: none"> • Reduce levels of management/reduce costs. • Motivate workforce/give employment. • Improve communications. • Speed up decision making process. • Respond to changing market situation. • Downsizing/shortening chain of command. • Make more informal. • Create more modern structure. 		2
(d)	<p>Explain the term Line Relationship</p> <ul style="list-style-type: none"> • The relationship a person has with the members of staff they are responsible for. • Shows the relationship between a manager and the people below them. 	1	
(e)	<p>From Structure A give an example of a line relationship in the Operations Department.</p> <ul style="list-style-type: none"> • Chief Executive – Operations Manager. • Operations Manager – Operations Depute Manager. • Operations Depute Manager – Operations Supervisor. • Operations Supervisor – Operations Assistant. <p>Or vice versa</p> <p>Accept consequential error from (d) above</p>		1

QUESTION 5		KU	DM
(a)	<p>Complete the Trading, Profit and Loss Account with the missing figures.</p> <ul style="list-style-type: none"> • A - £80,000 • B - £40,000 		2
(b)	<p>Suggest 2 possible ways that sales could be increased.</p> <ul style="list-style-type: none"> • Change price/having a sale. • Increase promotion – more advertising/deals/celebrity endorsement/competitions/loyalty discounts. • Increase place of sale/increasing opening and closing hours. • Change the product/improving quality/increase stock levels held. 		2
(c)	<p>Give 2 examples of expenses which Devesh Singh may have in the business.</p> <ul style="list-style-type: none"> • Rent. • Utility Costs eg electricity, gas, telephone – accept as separate points. • Cost of raw materials. • Labour costs. • Transport costs. • Marketing costs. • Overhead costs. • Machinery costs. • Fixed Assets. 		2

QUESTION 6		KU	DM
(a)	<p>Give 2 features of a public sector organisation.</p> <ul style="list-style-type: none"> • Controlled/run. • Owned by local or central government. • Financed by taxation. • Provide essential goods and services for the community. • Non profit making organisation/break-even. • Large organisation. 	2	
(b)	<p>Give 2 advantages of applying for jobs online.</p> <ul style="list-style-type: none"> • Speed of application by candidate. • Processing time is quicker/Word Processing features/Saving and Storage. • Saving in cost of postage for organisation. • Saving in labour cost for organisation. • Presentation of application forms easier to read. • Environmentally friendly. <p>Answers should be for the '<u>application of the job</u>' and not for using the Internet in general.</p>	2	
(c)	<p>Other than for recruitment, suggest 2 reasons why the NHS may have a website.</p> <ul style="list-style-type: none"> • General information about the National Health Service/History. • Provide information about hospitals eg location/visiting times/ telephone numbers – all separate points. • Provide medical advice about health eg flu outbreaks. • Provide important contact details of different sections of NHS. • Customer feedback forms. • FAQ. 		2
(d)	<p>Explain the term flexible working.</p> <ul style="list-style-type: none"> • Working hours which are changeable. • Place of work is changeable. <p>Accept flexi-time arrangements as a method of flexible working.</p>	1	

QUESTION 6		KU	DM	
(e)	Describe the following terms:		3	
	Term	Description		
	Temporary contract	Contract for a limited period of time		
	Permanent contract	Contract has no end date and will last as long as employees want it or organisation needs them		
	Job share	Where one job is shared between 2 or more people		

[END OF MARKING INSTRUCTIONS]