



2012 Business Management

Standard Grade – General

Finalised Marking Instructions

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QUESTION 1		KU	DM
(a)	<p>Give one advantage and one disadvantage of being a sole trader.</p> <p>Advantages</p> <ul style="list-style-type: none"> • Easy to set up/Less capital required. • Keep all the profit. • Make all the decisions/Decisions can be made quickly. <p>Disadvantages</p> <ul style="list-style-type: none"> • Unlimited liability. • Difficult to take time off/work long hours. • No one to help with decision making/Less ideas. • Difficulty in borrowing money from the bank. • Limited capital. • Stressful. • Business ends when Sole Trader dies. 	2	
(b)	<p>(i) Give one example of a method of field research.</p> <p>Information from:</p> <ul style="list-style-type: none"> • Questionnaires/Surveys. • Interviews. • Consumer panels. • Focus groups. • Internet poll. • Observation. 	1	
	<p>(ii) Give one advantage and one disadvantage of using field research to get information.</p> <p>Advantages</p> <ul style="list-style-type: none"> • Information is up-to-date. • Collected for specific purpose. • Exclusive to the company/first hand. • Information can be gained before competitors. • More accurate. <p>Disadvantages</p> <ul style="list-style-type: none"> • Expensive to collect the information. • Time consuming to collect. • Customers may not tell the truth (no flip). • Need to have a large sample to be reliable. • Can be a poor return rate (questionnaires/surveys). 	2	

		KU	DM
(c)	<p>Identify 2 factors Jordan would consider when choosing the location for his business.</p> <ul style="list-style-type: none"> • Closeness to market. • Closeness to supplier. • Availability of premises/Size of premises. • Rent of premises. • Parking facilities available. • Availability of trained staff in the area. • Busy location/Success of businesses in the area. • Government incentives. • Location of competition (near to/away from – accept only one). • Infrastructure. 		2
(d)	<p>Other than to get a bank loan, suggest one reason why a business may have completed a Business Plan.</p> <ul style="list-style-type: none"> • To present the aims of the business. • To identify the market for the product. • Monitor progress of the business. • To help plan finances. • To reduce risk of failure. • To obtain advice. • To obtain a grant. • Show to Stakeholders. 	1	
(e)	<p>Give one advantage and one disadvantage of having a bank loan as a source of finance for a business.</p> <p>Advantages</p> <ul style="list-style-type: none"> • Money received all at once/Get money quickly/Start up faster. • Monthly repayments – easy to budget. • No loss of control. • Quick and Easy <u>to apply for loan</u>. <p>Disadvantages</p> <ul style="list-style-type: none"> • Requires to be paid back. • Requires paying interest. • Loan can be removed if problems with repayment. • Difficult to obtain finances. <p>Obtaining the Finance can be either an Advantage or Disadvantages but not both.</p>	2	

QUESTION 2		KU	DM
(a)	<p>From the pictures and descriptions given above, identify the primary, secondary and tertiary Sectors of Industry.</p> <p>Primary: Oil Drilling Secondary: Oil Refinery Tertiary: Petrol Station</p>		3
(b)	<p>Suggest 2 benefits to a business of being involved in all 3 Sectors of Industry.</p> <ul style="list-style-type: none"> • Reduction in costs. (not 'No' costs). • Increase in profits/sales (accept separately) 'don't lose profits'. • Control over supplies of raw materials/Control the quality. • Control over delivery to the market. • Reduced risk/Less chance of failure. • Better communication. • Have a competitive edge. • Can sell at a cheaper price. • Become more well-known. 	2	
(c)	(i) Explain the term 'global brand'. <ul style="list-style-type: none"> • Product/logo which is recognised throughout the world. 	1	
	(ii) Give one advantage of having a global brand. <ul style="list-style-type: none"> • Increased sales. • Increased profits. • Reduced costs/economies of scale – use same packaging/advertising throughout the world. • Easier to launch a new product. • Recognition throughout the world/brand awareness. • Customer loyalty. • Ability to charge higher prices. • Access to large market/Increase market share. 	1	
(d)	<p>Suggest 2 ways BP could make customers more aware of their brand.</p> <ul style="list-style-type: none"> • Advertising (accept more than one method/accept 'Advertising'). • Increase number of outlets. • Use of sponsorship/charity events. • Use of celebrity endorsement/Product endorsement. • Sending e-mails. • Own website/Online (Do not accept 'internet' on its own). • Social media. • Merchandising. • Special Offers. • Press Release. 		2

		KU	DM
(e)	<p>Suggest 2 effects which the spillage of oil by BP could have on the business.</p> <ul style="list-style-type: none"> • Loss of production. • Bad publicity/Pressure groups. • Decrease in sales. • Loss of customer loyalty. • Customers move to competitors. • Increase in costs/Charges for cleaning up. • Reduction in profits. • Legal costs. • Penalties. • Loss of Business Contracts. • Cause an oil shortage. • Shareholders may sell their shares/Share price drops. 		2

QUESTION 3		KU	DM
(a)	<p>Suggest 2 aims of a small business like Edinbane Pottery.</p> <ul style="list-style-type: none"> • Survival. • Make a profit/maximise profit. • Sell their goods/Maximise Sales. • Provide quality goods. • Good customer service. • Customer loyalty. • Value for money. • Social responsibility. • Expand/grow. • Break-even. • Reduce costs. 		2
(b)	<p>Give one advantage and one disadvantage of using a labour intensive process to make pottery.</p> <p>Advantages</p> <ul style="list-style-type: none"> • Labour can adapt to suit customer requirements/unique product. • Ability to do detailed work that a machine cannot do. • Quality of product will be better. • Can charge a higher price. • Gives the company a better image. • Process is more eco-friendly. • Creates jobs. <p>Disadvantages</p> <ul style="list-style-type: none"> • People need breaks/holidays/illness. • Skills shortage. • Training needed. • Can be less accurate than machinery. • Variety in quality of production. • Speed of production/Time consuming. • Need to pay wages/Expensive. • Product can be expensive (no 'flip'). 	2	

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(c)	<p>Other than the owners, identify 2 possible stakeholders in Edinbane Pottery. Describe the interest they have in the business.</p> <table border="1"> <thead> <tr> <th>Stakeholder</th> <th>Interest</th> </tr> </thead> <tbody> <tr> <td>Employees</td> <td>Business will be successful and they will continue to have a job.</td> </tr> <tr> <td>Customers/Tourists</td> <td> <ul style="list-style-type: none"> • Shop will continue to exist so they can buy products. • Quality products. • Low prices. </td> </tr> <tr> <td>Suppliers</td> <td> <ul style="list-style-type: none"> • Business will be successful so that they will receive more business. • Receive payment for goods supplied. </td> </tr> <tr> <td>Local Community/Area</td> <td>Business is successful and brings tourists to the area.</td> </tr> <tr> <td>Government</td> <td> <ul style="list-style-type: none"> • Continues to pay taxes. • Abides by the laws. </td> </tr> <tr> <td>Lenders/Investors</td> <td>Money will be repaid.</td> </tr> <tr> <td>Manager</td> <td>Business success/Job Security.</td> </tr> </tbody> </table>	Stakeholder	Interest	Employees	Business will be successful and they will continue to have a job.	Customers/Tourists	<ul style="list-style-type: none"> • Shop will continue to exist so they can buy products. • Quality products. • Low prices. 	Suppliers	<ul style="list-style-type: none"> • Business will be successful so that they will receive more business. • Receive payment for goods supplied. 	Local Community/Area	Business is successful and brings tourists to the area.	Government	<ul style="list-style-type: none"> • Continues to pay taxes. • Abides by the laws. 	Lenders/Investors	Money will be repaid.	Manager	Business success/Job Security.		4
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(d)	<p>Suggest one advantage of working as a team.</p> <ul style="list-style-type: none"> • More ideas. • Specialisation can take place/Workload can be shared. • Ability to work rotas – increased time off. • Increased motivation/Job satisfaction. • Improved staff morale. • Discussion can take place. • Better Communication. • Job can be done quicker/Increased production. 	1																	
(e)	<p>Other than selling from a shop, give one other Channel of Distribution a business could use.</p> <ul style="list-style-type: none"> • Manufacturer/Producer to customer. • Manufacturer/Producer to wholesaler to customer. • Manufacturer/Producer to Agent to customer. <p>Accept name of business as Manufacturer/Producer.</p> <p>A clear Channel of Distribution must be shown.</p>	1																	

QUESTION 4		KU	DM
(a)	From the break-even chart identify:		
	(i)	Number of paintings sold at break-even point – 15 (accept 14 & 16).	2
	(ii)	Total costs at break-even point – £1,500 (accept £1,400 & £1,600).	
(b)	(i)	<p>Total costs are calculated by adding Fixed and Variable Costs.</p> <p>Explain the terms:</p> <p>Fixed Costs Costs which stay the same regardless of output.</p> <p>Variable Costs Costs which change with output.</p> <p>Must mention output/sales.</p>	2
	(ii)	<p>For Maria Kowalska, give an example of a:</p> <p>Fixed Cost</p> <ul style="list-style-type: none"> • Rent. • Rates. • Insurance. • Loan repayments. • Labour. <p>Variable Cost</p> <ul style="list-style-type: none"> • Materials – paints/canvas/paint brushes/Stock. • Electricity/utility bills. • Labour. 	2

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(c)	(i)	<p>Explain the term Total Revenue.</p> <p>Total Revenue is the amount of money which the business brings in from sales. Accept 'makes' money. Do not accept any reference to Profit.</p>	1	
	(ii)	<p>Suggest 2 ways Maria Kowalska could increase Total Revenue.</p> <ul style="list-style-type: none"> • Increase sales/Have a sale/Reduce selling price. • Advertise more. • Celebrity endorsement. • Improve quality of product eg quality of canvas/paints etc. • Offer incentives to buy eg promotions. • Increase the number of paintings being done ie increase production. • Increased opening hours. • Increase selling price. • Open more shops/Ecommerce/Website. • Diversify. 		2

QUESTION 5		KU	DM																		
(a)	<p>Suggest and justify 2 places Sainsbury's could put an advertisement to attract new employees.</p> <p>There must be a different justification for each suggestion.</p> <table border="1"> <thead> <tr> <th>Suggestion</th> <th>Justification</th> </tr> </thead> <tbody> <tr> <td>Newspaper</td> <td>Wide audience.</td> </tr> <tr> <td>Internet website</td> <td>Speed of access/applications being submitted.</td> </tr> <tr> <td>Job Centre</td> <td>People looking for a job visit.</td> </tr> <tr> <td>Specialised retail magazine</td> <td>Read by people who are already involved in the retail trade.</td> </tr> <tr> <td>In Store/internal advertising</td> <td>Attracts people who are already committed to the company.</td> </tr> <tr> <td>Recruitment agency</td> <td>Much of the work has been done by the agency/speed at which employees can be available.</td> </tr> <tr> <td>Shop window</td> <td>People visiting the shop can be attracted.</td> </tr> <tr> <td>Radio/TV Schools/University Outdoor Media (Billboards) Transport</td> <td>Attract a large audience.</td> </tr> </tbody> </table>	Suggestion	Justification	Newspaper	Wide audience.	Internet website	Speed of access/applications being submitted.	Job Centre	People looking for a job visit.	Specialised retail magazine	Read by people who are already involved in the retail trade.	In Store/internal advertising	Attracts people who are already committed to the company.	Recruitment agency	Much of the work has been done by the agency/speed at which employees can be available.	Shop window	People visiting the shop can be attracted.	Radio/TV Schools/University Outdoor Media (Billboards) Transport	Attract a large audience.		4
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(b)	<p>(i) Give 2 items which are included in a Job Description.</p> <ul style="list-style-type: none"> • Job Title. • Responsibilities of post. • Who person will report to. • Location of the job. • Duties. • Hours of work. • Salary. • Type of contract. • Working conditions. 	2																			
	<p>(ii) Give 2 items which are included in a Person Specification.</p> <ul style="list-style-type: none"> • Educational Qualifications. • Skills – accept only one. • Qualities – accept only one. • Training. • Experience. • Personality. • Physical attributes. • Essential qualities. • Desirable qualities. 	2																			

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(c)	(i)	<p>Explain the term Induction Training.</p> <ul style="list-style-type: none"> • Training given when a person starts a <u>new</u> job. • Training which introduces the <u>new</u> employee to the company. 	1	
	(ii)	<p>Name and describe one other type of training.</p> <ul style="list-style-type: none"> • On-the-job training – training which takes place at the workplace. • Off-the-job training – training which takes place away from the workplace. • Accept <u>descriptions</u> of other methods eg Cascading/Shadowing/Inservice/Retraining/Apprenticeship). 	2	
(d)		<p>From the case study, identify one good and one service provided by Sainsbury's.</p> <ul style="list-style-type: none"> • Good – freshly made pizzas, homeware, clothes, fruit and vegetables. • Services – insurance, home deliveries, dry cleaning. <p>Answers must be taken from the case study.</p>		2

QUESTION 6		KU	DM
(a)	(i)	2	
	(ii)	2	

		KU	DM
(b)	<p>Study the business tasks below and complete the table by identifying the most suitable software application used.</p> <ul style="list-style-type: none"> • Business Task One – Spreadsheet or Excel/Number/Calc. • Business Task Two – Presentation or PowerPoint/Keynote. • Business Task Three – Word Processing or Word/Pages/Writer. <p>Accept names of packages.</p>		3

[END OF MARKING INSTRUCTIONS]