National
Qualifications
2015

X710/76/11 Business Management

MONDAY, 11 MAY
1:00 PM – 3:15 PM

Total marks — 70

SECTION 1 — 30 marks

Attempt ALL questions.

SECTION 2 — 40 marks

Attempt ALL questions.

It is recommended that you spend 15 minutes reading over the information provided in **SECTION 1** before responding to the questions.

Write your answers clearly in the answer booklet provided. In the answer booklet, you must clearly identify the question number you are attempting.

Use **blue** or **black** ink.

Before leaving the examination room you must give your answer booklet to the Invigilator; if you do not, you may lose all the marks for this paper.

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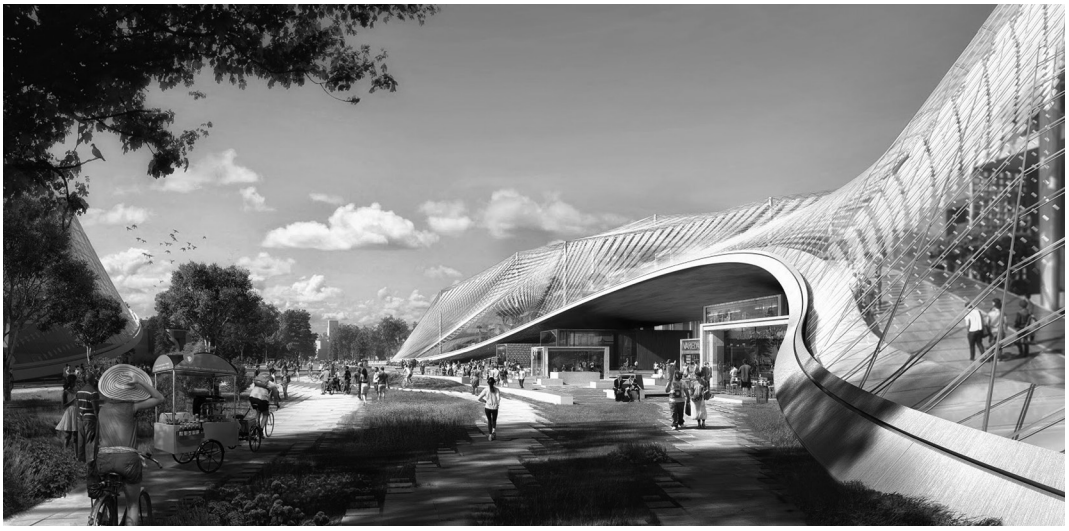
X7107611

SECTION 1 — 30 marks

Read ALL the following information and attempt ALL the questions that follow.

Welcome to the Google plex!

Internet giant to build futuristic headquarters



INTRODUCTION

Google plc, the internet giant, has planned a massive expansion of its Californian headquarters (HQ). The million square foot headquarters, commonly referred to as the "Googleplex". This is the first time the company has commissioned a building to be designed from scratch rather than modifying premises built by others. Google will have a building designed exactly for its own purpose and one which takes staff needs into account.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Google's HQ plans to have solar panels and charging stations for employees' electric cars or indeed Google's own "driverless" cars that transport employees around the district. A low-energy heating and cooling system will allow Google to supply 100 percent fresh air economically. Most existing buildings introduce only a small percentage of fresh air. The company also seeks to eliminate potentially harmful chemicals in building materials. Google also have their own charity called "Google.org" and one of their commitments is to encourage the use of renewable energy in the United States of America.

GOOGLE'S PRODUCT PORTFOLIO

The need for a new HQ comes as Google has grown by developing many new products. It has also acquired other technology companies over the years (see Exhibit 1). Products range from the original Google search engine to the Android mobile operating system for smartphones and tablets. Google's product portfolio can be seen in more detail in Exhibit 2.

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CORPORATE CULTURE

Google has a very relaxed corporate culture and this has been taken into account in the planning of the building. Although employees can work from outwith the office, the new HQ has been designed to encourage employees to want to be there so that they benefit from regular communication and idea sharing. Most Google employees have flexible working hours, adding to the general feeling of wellbeing.

The design will also allow employees to meet up easily and chat. Employees can wear their own casual clothes and pedal on free bicycles or walk to informal meetings in the roof gardens or coffee shops. The Googleplex will continue to use the preferred Google colour scheme of primary colours currently used in the existing HQ and will house impressive facilities. Google's offices are well-known for their perks such as gourmet cafes, sleep pods, laptops attached to gym equipment and even pool tables and bowling alleys!

RECRUITMENT AND SELECTION

Google's new employees are called "Nooglers". It may soon face competition in employing the very best potential "Nooglers" because other technology giants are also improving their offices. These rival businesses wish to ensure that they, like Google, can attract the best talent in the competitive job market.

Google and their competitors recruit for vacancies outwith their current staff from the same pool of University graduates and the wider workforce. Apple, its main competitor, is currently building an even bigger environmentally friendly campus. Meanwhile, Facebook is trying to tempt the next generation of IT graduates by creating a "Main Street" of stores, restaurants and facilities at the centre of its headquarters.

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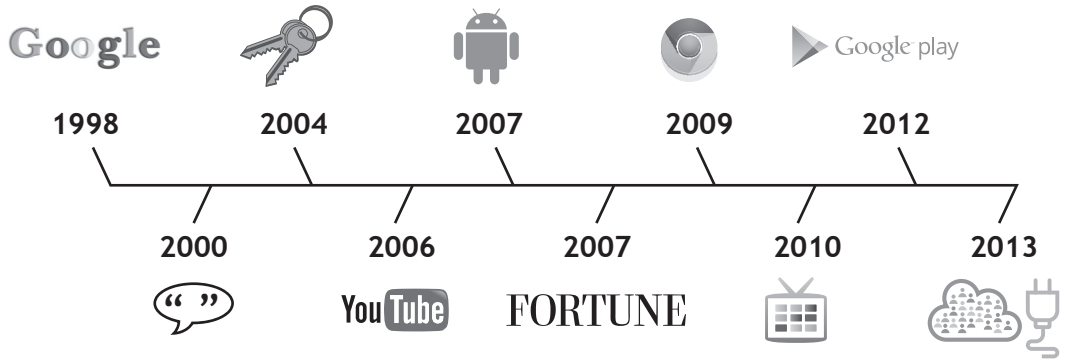
Exhibit 1 — Google's timeline



1998 — Google.com
Google.com is registered as a domain.

2000 — Google in 10 Languages
The first 10 languages of Google are released. Today, search is available in 150+ languages.

2004 — Move to new HQ
Google move to their Mountainview headquarters, 11 years before the move to their latest "Googleplex" HQ.

2006 — YouTube acquired
Google announce the takeover of YouTube.

2007 — Android
Google launch Android — the first open platform for smartphone devices.

2007 — "Fortune" Best Company to Work For
Google is rated no 1 company to work for in a well-known business magazine.

2009 — Google Chrome
Google launch their own web browser, Google Chrome.

2010 — Google TV
Google TV is launched.

2012 — Google Play
Android Market is rebranded Google Play, a digital content store offering apps, games, books, music and more.

2013 — Energy efficiency in the cloud
Google funded research shows that increased use of cloud computing would drastically reduce energy consumption.

Exhibit 2 — Google's Product Portfolio

		Market Share	
		High	Low
Market Growth	High	• Android mobile operating system • YouTube • Gmail	• Google Chrome internet browser • Google Nexus smartphone • Google TV
	Low	• Google search engine	• Google self-driving cars

Exhibit 3 — Extract from Google's financial statements for the years 2011-2013

Google plc Income Statement (Trading, Profit and Loss Account) 2011-2013

	2011 $ Million		**2012** $ Million		**2013** $ Million	
Revenue (Sales)		$37,905		$50,175		$59,825
Less Cost of Sales		$13,188		$20,634		$25,858
GROSS PROFIT		**$24,717**		**$29,541**		**$33,967**
Less Expenses						
Sales & Advertising	$4,589		$6,143		$7,253	
Research & Development	$5,162		$6,793		$7,952	
Administration	$3,224		$3,845		$4,796	
		$12,975		$16,781		$20,001
PROFIT FOR THE YEAR (Net Profit)		**$11,742**		**$12,760**		**$13,966**

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MARKS

The following questions are based on ALL the information provided and on knowledge and understanding you have gained whilst studying the course.

1. (a) (i) Describe the method of production used to create Google's new headquarters. **1**

(ii) Discuss the advantages and disadvantages of the method of production described in 1(a)(i). **5**

(b) Describe the advantages to Google of having a varied product portfolio as shown in Exhibit 2. **5**

(c) Explain the benefits of Google's corporate culture to the organisation and its employees. **4**

(d) As a plc, Google has to publish its final accounts as shown in Exhibit 3.

(i) Describe the following financial terms:

- Revenue (Sales);
- Gross Profit. **2**

(ii) Describe the trend in profitability using examples from Exhibit 3. **1**

(e) Google's development of its new headquarters is an example of organic (internal) growth.

Describe other methods of growth available to Google. **4**

(f) Google aims to attract the best available talent from outwith its current staff.

Discuss the use of this method of recruitment. **5**

(g) Describe the ways in which Google demonstrates positive Corporate Social Responsibility (CSR) as shown in the case study. **3**

MARKS

SECTION 2 — 40 marks

Attempt ALL questions

2. (a) Describe the sales promotions which could be used when launching a new product. **4**

(b) Discuss the factors an organisation might consider before selecting a channel of distribution. **4**

(c) Compare the use of random sampling and quota sampling when carrying out market research. **2**

3. (a) Discuss the advantages and disadvantages of centralised stock storage. **4**

(b) Explain the disadvantages of just in time stock control. **4**

(c) Describe the benefits of achieving Fairtrade certification. **2**

4. (a) Describe the advantages to an organisation of using cash budgets. **4**

(b) Describe the reasons why a competitor may be interested in the financial information of an organisation. **2**

(c) Discuss the sources of long-term finance available to a plc. **4**

5. (a) Describe the features of Maslow's motivation theory. **4**

(b) Explain the benefits of positive employee relations. **3**

(c) Discuss the effects of the Equality Act 2010 on an organisation. **3**

[END OF QUESTION PAPER]

ACKNOWLEDGEMENT

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