National
Qualifications
2023

X810/76/11

Business Management

TUESDAY, 16 MAY
9:00 AM – 11:45 AM

Total marks — 90

SECTION 1 — 30 marks

Attempt ALL questions.

SECTION 2 — 60 marks

Attempt ALL questions.

You may use a calculator.

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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SECTION 1 — 30 marks

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

Santander UK plc

Background

Santander UK plc is a bank based in the United Kingdom (UK), wholly owned by the Spanish Santander Group. The bank has around 18,000 employees, 14 million active customers, a retail network of around 450 branches, and 64 business support centres. The bank is the third largest retail mortgage provider and the fifth largest commercial lender in the UK.

Services

Santander UK plc is one of the leading financial service businesses in the UK, offering a wide range of personal and corporate financial services in its portfolio, such as current, saving and investment accounts, credit facilities, and mortgages. In addition, Santander UK plc operates online banking services, including a smartphone mobile app.

(Exhibit 1 shows an extract of the business banking product portfolio for Santander UK plc.)

Branch closures

As a response to long-term trends in customer behaviour, Santander UK plc recently downsized its retail network from 755 to 450 branches, resulting in over 800 job losses. The bank blames the closures on changes in how customers are choosing to carry out their banking, claiming that, during the pandemic, branch transactions fell by around 33% while digital transactions soared by around 20%. Santander UK plc consulted trade unions at every stage of the closure strategy.

Even though the use of online banking is on the rise, a third of the UK still does not bank online. In addition, millions of consumers still need access to cash, and this is becoming more difficult due to the increasing closures of local banking branches.

(Exhibit 2 shows additional information on Santander UK plc's online banking service.)

Financial market

The UK banking sector remains very competitive. In particular, the size of the UK mortgage market rapidly grew despite the global pandemic as houses were in high demand and borrowing costs remained low, even though there were increases in interest rates.

Despite what the bank described as an 'uncertain operating environment' with the aftermath of Brexit, and the ongoing pressures created by COVID-19, Santander UK plc's profits jumped in 2021. However, financial analysts have warned of possible further changes in interest and taxation rates which are likely to signal an economic crunch that will bring the UK property boom to an end.

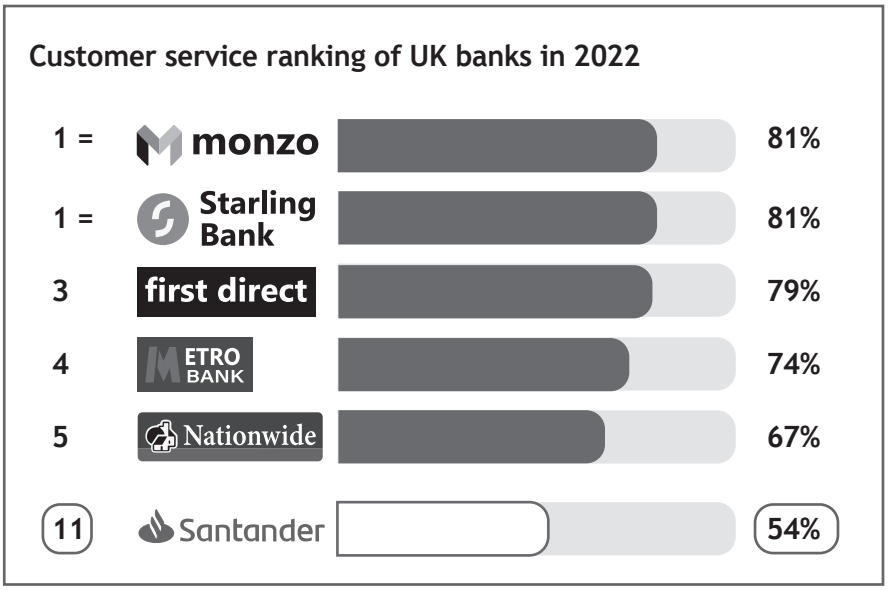
Service quality

Santander UK plc provides a high-quality service across its network of branches, digital and telephone banking. As part of its customer-focused service strategy, Santander UK aims to:

- be the bank of choice for UK businesses by helping them expand
- build strong working relationships with its customers
- provide a seamless service across its network
- offer differentiated products and services which are tailored to customers' needs
- continually improve its customer service.

Independent service quality survey results

As part of a regulatory requirement by the government, an independent survey was conducted to ask customers of the 17 largest banks in the UK if they would recommend their bank's customer service to friends and family.



All 17 UK banks are required to publish this information at the request of the Competition and Markets Authority (CMA) so customers can compare the quality of service received from UK banks.

(Exhibit 3 shows a sample of Santander UK plc's business banking awards over the years.)

(Exhibit 4 shows an extract of Santander UK plc's Income Statements by banking segment.)

Exhibit 1

Extract of the business banking product portfolio for Santander UK plc

Current Accounts	For professional, day-to-day banking, where accounts can be setup with an overdraft from £500 to £25,000.
Commercial Mortgages	Secured against property or land.
Asset Finance	Purchase equipment or vehicles using hire purchase.
Loans	Borrow from £2,000 to £25,000.

Exhibit 2

Additional information on Santander UK plc's online banking service

Santander UK plc has around 6.6 million digital customers utilising its online banking services. There are also approximately 1,500 customers joining its mobile app banking service each day.

A sample of the website interface

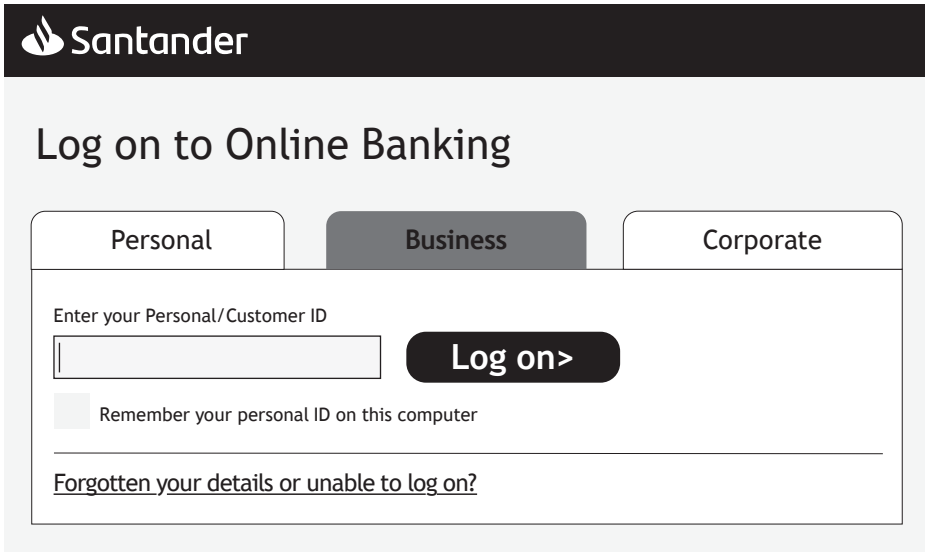


Exhibit 2 — continued

The Santander UK plc branches which have been closed

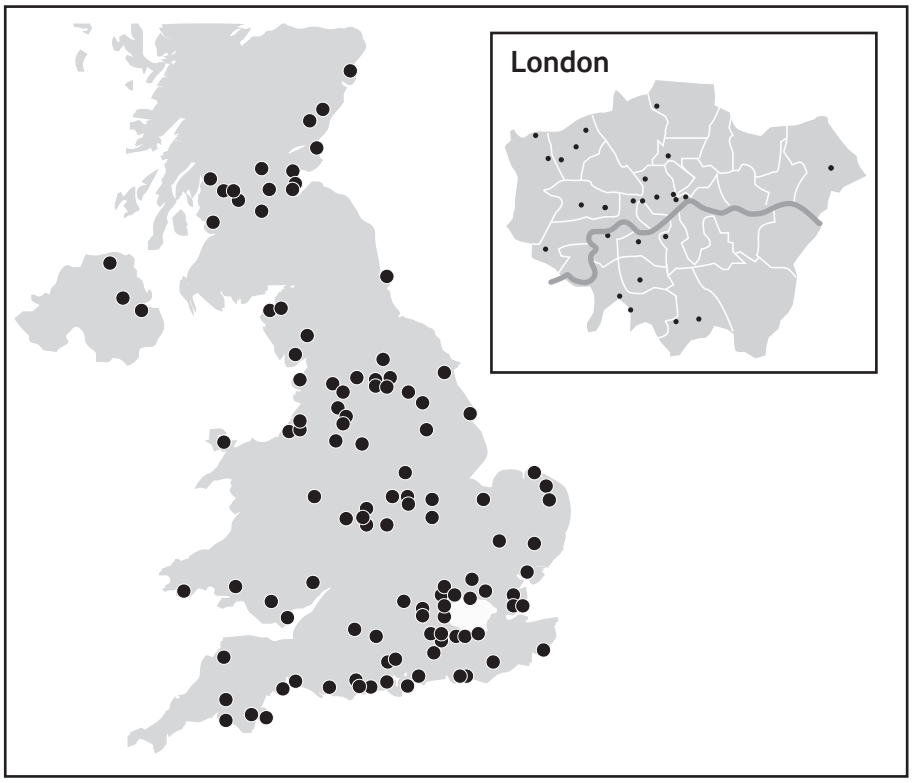


Exhibit 3

Sample of Santander UK plc's business banking awards over the years

Best business current account provider WINNER NINETEEN TIMES Business Moneyfacts Awards 2003 - 2021	**Business bank of the year** WINNER SEVEN TIMES Business Moneyfacts Awards 2015 - 2021
In recognition of Santander UK plc's commitment to employ and develop its disabled employees POSITIVE ABOUT DISABLED PEOPLE	**Certified UK Top Employer** top EMPLOYER UNITED KINGDOM 2023 CERTIFIED EXCELLENCE IN EMPLOYEE CONDITIONS

Exhibit 4

Extract of Santander UK plc's Income Statements by banking segment

2021 financial performance

	Personal banking	Business banking	Other	Total
	£ m	***£ m***	***£ m***	***£ m***
Sales Revenue	3,561	510	428	4,499
Profit/(Loss) for the Year (before tax)	1,773	202	(130)	1,845

2020 financial performance

	Personal banking	Business banking	Other	Total
	£ m	***£ m***	***£ m***	***£ m***
Sales Revenue	2,998	391	463	3,852
Profit/(Loss) for the Year (before tax)	785	173	(398)	560

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) Describe the following sectors in which Santander UK plc operates:

- sector of industry
- sector of economy. **2**

(b) (i) Using the case study, explain the disadvantages of Santander UK plc's decision to close many of its branches. **3**

(ii) Describe the advantages to Santander's customers of providing online banking services. **4**

(c) Describe the impact on Santander UK plc of the following:

- increased interest rates
- decreased taxation rates. **2**

(d) (i) Describe the benefits to Santander's business customers of each of the financial products shown in **Exhibit 1**. **4**

(ii) Justify Santander UK plc's decision to offer a portfolio of different banking products. **3**

(e) Describe the field research methods Santander UK plc may use to gather feedback from its customers so it can improve its service. **6**

(f) Explain the benefits to Santander UK plc of receiving quality awards shown in **Exhibit 3**. **3**

(g) (i) Describe the ratio which Santander UK plc may calculate from the Income Statements shown in **Exhibit 4**. **1**

(ii) Describe the possible reasons for the increase in Santander UK plc's Profit for the Year figure from 2020 to 2021. **2**

[Turn over

MARKS

SECTION 2 — 60 marks

Attempt ALL questions

2. (a) Explain the impact of the Equality Act 2010 on an organisation. **4**

(b) Describe the possible methods of growth for a public limited company (plc). **6**

(c) (i) Explain the benefits of using spreadsheets to prepare financial statements. **3**

(ii) Describe the ways in which technology can be used in the Operations department. **2**

3. (a) Discuss the advantages and disadvantages of using internal recruitment. **4**

(b) Describe testing methods that can be used to select staff. **5**

(c) Discuss the use of staff training within an organisation. **4**

(d) Describe Herzberg's theory of motivation. **2**

4. (a) Discuss the advantages and disadvantages of running a franchise for the franchisee. **5**

(b) Describe features of strategic decisions. **3**

(c) Describe the following:

- conflict of interest between employees and managers
- interdependence between employees and managers. **2**

(d) Describe the profitability levels at different stages of a product's life cycle. **5**

5. (a) Describe the ways business can demonstrate Corporate Social Responsibility (CSR). **5**

(b) Distinguish between labour-intensive production and capital-intensive production. **3**

(c) Describe the disadvantages of centralised storage. **4**

(d) Discuss the use of a mystery shopper to assess the quality of a service. **3**

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