National
Qualifications
2014

2014 Business Management

National 5

Finalised Marking Instructions

© Scottish Qualifications Authority 2014

The information in this publication may be reproduced to support SQA qualifications only on a non-commercial basis. If it is to be used for any other purposes written permission must be obtained from SQA's NQ Assessment team.

Where the publication includes materials from sources other than SQA (secondary copyright), this material should only be reproduced for the purposes of examination or assessment. If it needs to be reproduced for any other purpose it is the centre's responsibility to obtain the necessary copyright clearance. SQA's NQ Assessment team may be able to direct you to the secondary sources.

These Marking Instructions have been prepared by Examination Teams for use by SQA Appointed Markers when marking External Course Assessments. This publication must not be reproduced for commercial or trade purposes.

Part One: General Marking Principles for National 5 Business Management

This information is provided to help you understand the general principles you must apply when marking candidate responses to questions in this Paper. These principles must be read in conjunction with the detailed marking instructions, which identify the key features required in candidate responses.

(a) Marks for each candidate response must always be assigned in line with these General Marking Principles and the Detailed Marking Instructions for this assessment.

(b) Marking should always be positive. This means that, for each candidate response, marks are accumulated for the demonstration of relevant skills, knowledge and understanding: they are not deducted from a maximum on the basis of errors or omissions.

(c) **i**. Questions that ask candidates to Describe . . .
Candidates must make a number of relevant, factual points up to the total mark allocation for the question. These should be key points. The points do not need to be in any particular order. Candidates may provide a number of straightforward points or a smaller number of developed points, or a combination of these.

Up to the total mark allocation for this question:

- 1 mark should be given for each accurate relevant point of knowledge.
- a second mark could be given for any point that is developed from the point of knowledge

ii. Questions that ask candidates to Explain . . .
Candidates must make a number of points that relate cause and effect and/or make the relationships between things clear, for example by showing connections between a process/situation. These should be key reasons and may include theoretical concepts. There is no need to prioritise the reasons.

Candidates may provide a number of straightforward reasons or a smaller number of developed reasons, or a combination of these.

Up to the total mark allocation for this question:

- 1 mark should be given for each accurate relevant point of reason.
- a second mark could be given for any other point that is developed from the same reason

iii. Questions that ask candidates to Compare . . .
Candidates must demonstrate a true comparison in order to gain any mark. Both sides of the point must be clear but need not be linked. Candidates can write several points regarding the first comparison item followed by several points on the second and the marker match the points using codes (eg a, b, c)

Up to the total mark allocation for this question:

- 1 mark should be given for each compared point

Marking Instructions for each question

Section 1

Question			Expected Answer(s)	Max Mark	Additional Guidance
1.	(a)	(i)	Identifiable skills and qualities from the case study. Responses could include: • Caroline has completed training • Caroline has experience in managing a salon • Caroline has experience in dog grooming • Communication • Planning eg business plan • Decision making skills • Financial skills • Risk taking • Creativity/come up with an idea	**2**	Candidates are required to identify 2 skills or qualities of an entrepreneur, from the case study, to gain full marks. Points should be **identifiable** from the case study. Award **1 mark** for each identified point.

		(ii)	Responses could include:
			
			• Training – can to provide her clients with a top quality service
			• Managing a salon - able to manage the bookings and finance effectively
			• Experienced in dog grooming - that she will be able to meet customer needs
			  ○ Can train new staff to same high standard
			• Communication skills – can build good relationships with customers or staff
			  ○ Can make effective use of the business advisor
			• Planning – can reduce the risk of failure
			• Finance skills – so that she can avoid overspending
				2	Candidates are required to outline how the 2 skills or qualities identified in (a)(i) will help Caroline develop her business, to gain full marks.
					
					Watch for consequentiality. Award marks if it shows how skill/quality develops the business even if skill/ quality incorrect.
					
					Award **1 mark** per outlined point.

Question			Expected Answer(s)	Max Mark	Additional Guidance
	(b)		Responses could include: • A grant is money that does not need to be repaid whereas a loan is money that must be repaid • With a grant no interest is incurred but with a loan interest will be added to the amount owed • A grant is usually a one off payment whereas a loan can be requested several times • Both types of finance from external sources	**2**	Candidates are required to make 2 valid comparisons to gain full marks. Candidates must demonstrate a true comparison in order to gain any mark. Both sides of the point must be clear but do not need to be linked. Award **1 mark** per comparison point. Accept any other suitable response.
	(c)		Responses could include: • Will ensure that customers return o This will increase the sales of the company • Caroline will gain a good reputation o Which will entice new customers to try her business • Caroline will be able to charge higher prices • Customers will recommend to friends/family • Caroline may receive less complaints from customers	**2**	Candidates are required to consider at least one justification to gain full marks. Award **1 mark** for any valid justification. **Up to 2 marks** may be awarded for developing a justification. Increase sales/profits **max** 1 mark. Accept any other suitable response.
	(d)	(i)	Responses could include: • Identify the vacancy • Carry out a job analysis • Create a job description • Create a person specification • Advertise the job • Send out application forms	**3**	Candidates can outline 3 stages in the recruitment process to gain full marks. Award **1 mark** for each outlined stage. Do not accept ID alone e.g. job description. Accept the stages in any order. Wrong label no marks. Do not credit any stages of the selection process.

Question			Expected Answer(s)	Max Mark	Additional Guidance
		(ii)	Responses could include: • The Equality Act 2010 simplifies the current discrimination laws and puts them all together in one piece of legislation • Any mention of the 9 protected characteristics • Now includes workplace victimisation, harassment and bullying • Prevents discrimination	**2**	Candidates must describe 2 features of the Equality Act to gain full marks. Award **1 mark** for each valid description of a feature. Max **1 mark** for any of the 9 protected characteristics. Accept any other suitable response.
	(e)	(i)	Identifiable stage: • Growth • Maturity	**1**	Candidates are required to identify the stage of the product life cycle from the case study. Award **1 mark** for a correct identification of the stage.
	(e)	(ii)	Responses could include: • Growth – customers awareness of the product increases/sales start to grow sharply • Maturity – sales have reached their peak/she is fully booked up	**1**	Candidates are required to describe the growth or maturity stage of the product life cycle to gain full marks. Award **1 mark** for a valid description of the stage. Watch for consequentiality. Description must match stage identified to gain award.

Question			Expected Answer(s)	Max Mark	Additional Guidance
2.	(a)		Identifiable objectives from the case study. Responses could include: • The Big Issue has the objective to reduce homelessness whereas a public sector organisation has the objective to provide a service to a community • Help homeless people earn a legitimate income whereas a public sector organisation has the objective to provide benefits for those in need • Both the Big issue and public sector organisations have the objective to make a difference • The Big Issue has an objective to make a profit whereas a public sector organisation has the objective to use public funds effectively • The Big Issue has an objective to increase awareness/sales whereas public sector organisation has the objective to provide a service • Both organisations have the objective to be socially responsible	**2**	Candidates are required to compare 2 aims to gain full marks. Aims of The Big Issue must come from the case study. Candidate must demonstrate a true comparison in order to gain any mark. Both sides of the point must be clear but do not need to be linked. Do not award marks for comparing features ie ownership/control etc – only objectives from the case study. Award **1 mark** for each valid comparison. Accept any other suitable response.
	(b)	(i)	Identifiable method of promotion: • Celebrity Endorsement/Celebrity Contributions	**1**	Award **1 mark** for correct identification of promotional method. Only accept celebrity endorsement or celebrity contribution (given in the case study)

Question			Expected Answer(s)	Max Mark	Additional Guidance
		(ii)	Responses could include: • BOGOF – buy one get one free • Free features – buy the product and get a complimentary product with it • Discount for a limited time eg 25% extra • Competitions – buy the product and enter a competition to win a prize • Product endorsement… • Fundraiser… • TV advertising – producing audio-visual images to give information during commercial breaks • Radio advertising – producing a radio advert sometimes with catchy tunes that can be played on local or national radio stations • Newspaper/magazine advertising – images and information can be printed in local or national papers • Outdoor media/billboards/transport – large images can be shown • Big Issue website – using their own website can give lots of information on their magazine and up and coming stories	**2**	Candidates must describe 2 methods of promotion to gain full marks. Award **1 mark** for each valid description. Maximum of **1 mark** for methods of advertising. Advertising with an example only eg "advertising on TV" is not enough for a description - it needs additional detail. Do not accept advantages and disadvantages of method on their own. Watch for consequentiality. Accept any other suitable response.

Question			Expected Answer(s)	Max Mark	Additional Guidance
	(c)		Responses could include: **Political** • Changes in laws may prevent the magazine from publishing certain stories • Local councils may refuse to give vendors licences to sell on the streets **Economic** • There may be a reduction in consumer spending due to the recession • Cost of producing the magazine may increase due to inflation **Social** • There may be greater sympathy to homelessness which could increase sales of The Big Issue **Technological** • The growth in electronic newsstands/apps may lead to a decrease in demand for paper magazines **Environmental** • The weather eg heavy snow may prevent vendors from being able to go to their pitch to sell The Big Issue • Road works may mean delivery of the magazine is late in arriving from the distribution points **Competition** • Competition from other magazines may mean that The Big Issue loses sales • Other charity organisations do street/shop donations may take money away from Big Issue vendors	**3**	Candidates are required to consider at least 2 external factors to gain full marks. More than one factor per heading is acceptable. Award **1 mark** for each valid explanation. **Up to 2 marks** may be awarded for any explanation of a factor. Accept any other suitable response.

Question			Expected Answer(s)	Max Mark	Additional Guidance
	(d)	(i)	Responses could include: • Air - plane • Road – van, lorry, car • Sea – boat • Pipeline • Electronic	**1**	Candidates are required to identify one method of distribution **other** than rail to gain full marks. Award **1 mark** for identification.
		(ii)	Responses could include: • **Air** o Provides fast transportation worldwide o Can be affected by weather/delays o Is relatively expensive o Not direct – another mode of transport is required when the delivery reaches the airport • **Road** o Allows door-to-door delivery o Can depart at any time/24 hours o Restrictions to the number of hours a lorry driver can work o Petrol prices increases makes this more expensive • **Sea** o It is more environmentally friendly o Can handle bulky goods o Goods may require additional road haulage to arrive at final destination o Slower method of transportation than others • Pipeline… • Electronic…	**3**	Candidates are required to give the advantages and disadvantages of the method identified in (d) (i). Award **1 mark** for any advantage/disadvantage. **Up to 2 marks** may be awarded for advantages or disadvantages. Accept the development of any advantage or disadvantage. Easy/quick/cheap should be qualified or should show a comparator statement. Accept any other suitable response. Watch for consequentiality, however must relate to distribution. Accept rail.

Question			Expected Answer(s)	Max Mark	Additional Guidance

	(e)		Responses could include:
			
			• Profit to be made
			• Cost of production
			  ○ These may include materials and labour costs
			• Price of other magazines/competitors
			• Image to be generated
			  ○ More up-market image may mean a higher price is charged
			• Income to be provided to vendors
			• Target market
			• What customers are willing to pay
			• Break-even point
			• Demand …
				3	Candidates must describe at least 2 factors to gain full marks.
					
					Award **1 mark** for a valid description of each factor. **Up to 2 marks** may be awarded for describing any factor.
					
					Accept any other suitable response.

Section 2

Question			Expected Answer(s)	Max Mark	Additional Guidance

3.	(a)		Responses could include:
			
			Advantages
			• Item can be reused to make new products
			• Takes less energy to recycle than to extract new materials
			• Limits the items ending up in landfills
			  ○ Reduces cost of landfills as less are required
			  ○ Improves the image of an organisation
			• May be cheaper to produce using recycled materials
			• Can give a competitive edge
			
			Disadvantages
			• Need to be sorted into different categories which takes time to do
			• Some items can only be recycled a limited amount of times ie paper
			• May be seen as inferior
			• May reduce quality
				4	Candidates are required to consider at least one advantage AND one disadvantage to gain full marks.
					
					Award **1 mark** for any advantage/disadvantage. **Up to 3 marks** may be awarded for advantages or disadvantages. Accept the development on any advantage or disadvantage. **Max 1** for increase sales/profits.
					
					Accept any other suitable response.

Question			Expected Answer(s)	Max Mark	Additional Guidance
	(b)		Responses could include: • Money tied up in stock which could be used to improve another area • Goods may deteriorate which could lead to high wastage costs • Greater chance of theft which could mean loss of profit from unsold goods • Greater storage/insurance costs which could mean prices may need to rise • Goods may become obsolete - this wastes money as no-one is willing to buy	**2**	Candidates are required to consider at least 2 problems to gain full marks. Award **1 mark** for a valid explained problem. Accept any other suitable responses.
	(c)	(i)	Responses could include: • Quality Circles • Benchmarking • Quality Assurance • Total Quality Management • Quality Control • Quality Standards • Quality Inputs **(each separate)** Quality raw materials; training of staff; maintenance of machinery/equipment	**2**	Candidates must identify 2 methods to gain full marks. Award **1 mark** for each correctly identified method. Accept each quality input as a separate method. Accept any other suitable responses.

Question			Expected Answer(s)	Max Mark	Additional Guidance
		(ii)	Responses could include: **Quality Circles** • Small group of employees who meet regularly to discuss how to improve methods of working **Benchmarking** • Trying to match the standard of the quality leader/competitor **Quality Assurance** • To ensure 'right first time' and prevent errors • Checking at every stage of the production process **Total Quality Management** • Continuous process where each employee takes responsibility to ensure quality is consistent with every product **Quality Control** • Checks at the beginning and end of the production process only **Quality Standards** • When the product reaches the required standard it can be awarded a quality logo • Give customers confidence **Quality Inputs - each separate** • Raw materials need to be of quality in order to obtain a quality final product • All staff must be trained so they are competent and are all working to the same quality standards • Machines need to be maintained so that they do not make mistakes affecting quality	**2**	Candidates are required to describe both methods identified in (c)(i) to gain full marks. Quality management – accept check at each stage of production but do not give again under quality assurance. Award **1 mark** for each valid description. Accept any other suitable responses.

Question			Expected Answer(s)	Max Mark	Additional Guidance
4.	(a)		Responses could include: • Fixed Costs – costs which do not vary with output or sales • Variable Costs – costs which do vary with output or sales • Sales Revenue – the income received from sale of goods/services	**3**	Candidates are required to define the 3 terms to gain full marks. Award **1 mark** for each valid definition. Accept any other suitable response.
	(b)		Responses could include: • Change to cheaper supplier/new supplier o Look to see if you can get bulk buying discount • Reduce wages o Cut overtime o Release temporary staff • Reduce utilities usage o Move to energy saving light bulbs o Fit sensors to switch lights off after a period of time of no motion • Reduce advertising/switch to cheaper methods o Set up own website o Send adverts through e-mail o Advertise in newspapers rather than on TV • Move to cheaper premises to reduce rent • Improve budgeting • Use machinery instead of employees (automation) • Hire purchase/leasing to spread payments	**3**	Candidates are required to consider at least 2 actions to gain full marks. Award **1 mark** for each described action. **Up to 2 marks** may be awarded for describing an action. Do not accept methods of increasing cash flow. Accept any other suitable response.

Question			Expected Answer(s)	Max Mark	Additional Guidance

	(c)	(i)	Responses could include:
			
			• Formulae can be used to calculate information
			  o Allows for automatic calculation if anything changes
			  o Reduces error
			• Information can be saved and edited later
			• Templates can be used for financial information – eg Cash Budgets/Profit Statements
			  o Standardisation of documents means that processes are easily replicated
			• Graphs/Charts can be created to display information
			  o Allows easier comparison of difficult financial information
				2	Candidates are required to consider at least one justification to gain full marks.
					
					Award **1 mark** for any valid justification. **Up to 2 marks** may be awarded for any one justification.
					
					Do not accept "easy/quick to calculate" unless qualified.
					
					Accept any other suitable response.

		(ii)	Responses could include: • Word Processing – to create documents informing departments of their annual budget figure • Word Processing – to compile the Shareholders' Annual Financial Report • Database – to keep records of suppliers' accounts due and/or debtors' accounts owed • Database – to create reports of overdue accounts • PowerPoint – to display financial information at the shareholders meeting • Internet/website/online…	**2**	Candidates are required to consider 2 ways to gain full marks. Answer must link to finance. Award **1 mark** for each valid description of use of software. **Up to 2 marks** may be awarded for describing different uses for a piece of software. Accept any other suitable response.

Question			Expected Answer(s)	Max Mark	Additional Guidance

5.	(a)		Responses could include:
			
			• Collect CVs/application forms
			• Creating a short list/leet of suitable applicants
			  ○ Compare the application forms to the job and person specification
			  ○ Seek references from previous employers
			• Interviews on a one-to-one or panel basis
			  ○ Asking each potential employee a series of questions to allow for comparison
			• Testing to provide additional information as to a candidate's suitability
			  ○ Attainment – demonstrates skills
			  ○ Aptitude – natural abilities
			  ○ Intelligence – mental ability
			• Successful candidate(s) informed/make the final choice
			• Unsuccessful candidate(s) informed
				4	Candidates are required to consider at least 2 stages to gain full marks.
					
					Award **1 mark** for each valid description point. **Up to 3 marks** may be awarded for any stage.
					
					Watch for repetition in description.
					
					Accept any other suitable response.

Question			Expected Answer(s)	Max Mark	Additional Guidance
	(b)	(i)	Responses may include: • **Sit in** – employees remain in the workplace but do not work • **Overtime ban** – employees refuse to work overtime • **Work to rule** – employees only undertake tasks stated in their job description • **Go slow** – employees produce work at a slower rate • **Strike** – last resort, where employees withdraw labour/refuse to work ○ Often accompanied by demonstrations, marches and a picket line • **Withdrawal of overtime** – employer removes the opportunity for employees to work overtime • **Lock out** – employees are locked out of the business premises • **Close** – last resort action where a factory or workplace is closed and relocated • **Boycott**…	**2**	Candidates must outline 2 methods to gain full marks. Award **1 mark** for each valid outlined stage. Accept any other suitable response.

Question			Expected Answer(s)	Max Mark	Additional Guidance
		(ii)	Responses could include: • Production within the organisation may come to a halt therefore the organisation could struggle to produce goods to meet customer demand o Causing customers to go elsewhere o Could damage the reputation of the organisation • Delays in the production of good can lead to loss of sales revenue as customers cancel orders • Employees refusing to work overtime or going slow would slow down production o Creating a poor image or reputation • Company's share price may fall due to the poor reputation of the firm • Organisation may find it difficult to recruit staff as they have a poor image with potential employees	**2**	Candidates can consider at least one impact to gain full marks. Award **1 mark** for each explained impact. **Up to 2 marks** may be awarded for the explanation of an impact. Accept any other suitable response.
	(c)		Responses could include: • Piece-rate is where they are paid by the units produced (or sales made) whereas time-rate is where employees are paid by the hour • Piece-rate means the more units produced, the higher the pay whereas time-rate means the more hours worked the higher the pay • Piece-rate means quality may suffer in order to get quantity whereas time-rate pay may result in a higher standard of output • Piece-rate is often used for unskilled/factory workers whereas time-rate pay is used for skilled workers (could be flipped)	**2**	Candidates are required to make 2 valid comparisons to gain full marks. Candidates must demonstrate a true comparison in order to gain any mark. Both sides of the point must be clear but do not need to be linked. Award **1 mark** per comparison point. Accept any other suitable response.

Question			Expected Answer(s)	Max Mark	Additional Guidance
6.	(a)		Responses could include: • Availability of finance • Availability of staff • Availability of time • Experience/Training of staff • Equipment available • Current technology • Quality of products • Leadership/Quality of management	**2**	Candidates are required to consider 2 internal factors to gain full marks. Award **1 mark** for each valid outlined factor. Accept any other suitable response.
	(b)		Responses could include: • **Land** – this refers to all natural resources o This includes farmland, water and coal o The reward for land is rent • **Labour** – this is the workforce (employees) o The reward for labour is wages • **Capital** – these are man-made resources o This includes premises, equipment, machinery o The money invested in the organisation o The reward for capital is interest • **Enterprise** – the idea for the business o The person who brings together the other 3 factors of production o The reward for enterprise is profit	**3**	Candidates are required to consider at least 2 factors of production to gain full marks. Candidates do not need to label the factor. Award **1 mark** for any valid description. **Up to 2 marks** may be awarded for describing a factor of production. Accept any other suitable response.

Question			Expected Answer(s)	Max Mark	Additional Guidance
	(c)	(i)	Responses could include: • Owners/Shareholders • Employees • Managers • Suppliers • Lenders/Creditors • Government • Local Community • Customers • Pressure Groups	**2**	Candidates are required to identify 2 stakeholders to gain full marks. Award **1 mark** for any valid identification. Accept any other suitable response. Do not accept competitor

Question			Expected Answer(s)	Max Mark	Additional Guidance
		(ii)	Responses could include: **Owners** • Make major decisions which can lead to mistakes being made resulting in less profit • Can vary their level of investment which will impact the decision the organisation can make **Employees** • Can vary the quality of the work they produce which may result in wastage or complaints • Can carry out industrial action which will impact on the amount being produced **Suppliers** • Can vary the quality of their supplies which affects the quality of final product • Can delay delivery which will halt production **Lenders/Creditors** • Can vary the level of interest applied to loans which could make them more affordable • Set the time frame for repayment which will affect the cash outflows every month **Government** • Can change legislation which may cost the organisation more money to implement • Can change council policies/restrictions which make it easier for the organisation to gain planning permission	**3**	Candidates are required to consider the influences of **each** of the stakeholders identified in (i) to gain full marks. Award **1 mark** for each valid explained influence. **Up to 2 marks** may be awarded for explaining the influences of any stakeholder. Accept any other suitable response.

Question			Expected Answer(s)	Max Mark	Additional Guidance
			Pressure Groups • Can protest against the organisation's decisions/policies causing questions to be raised by the public **Local community** • Can protest about the actions of an organisation which can influence their image **Customers** • Can take their custom elsewhere which influences the organisation's level of sales		

[END OF MARKING INSTRUCTIONS]