



National
Qualifications
2015

2015 Business Management

National 5

Finalised Marking Instructions

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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) If a specific candidate response does not seem to be covered by either the principles or detailed Marking Instructions, and you are uncertain how to assess it, you must seek guidance from your Team Leader.

- (d) 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 Discuss . . .
Where question asks candidates to discuss advantages and disadvantages they must make a number of relevant advantages and disadvantages up to the total mark allocation for the question. However, where question is only discuss this invites positives and negatives but does not insist on both.

Up to the total mark allocation for this question:

- 1 mark should be given for each advantage/disadvantage.

Detailed Marking Instructions for each question

Section 1

Question			Expected Answer(s)	Max Mark	Additional Guidance
1.	(a)		Identifiable market segments: <ul style="list-style-type: none"> • Age (only accept one example, eg youth) • Hobby/Interest • Location (Dundee) • Education 	2	Answers must come from the case study given. Award 1 mark for each valid market segment identified.
	(b)	(i)	Identifiable charitable organisations: <ul style="list-style-type: none"> • People's Postcode Lottery • Comic Relief • Big Lottery Fund 	1	Answer must come from the case study given. Award 1 mark for correctly identifying a charitable organisation.
		(ii)	Response should be: <ul style="list-style-type: none"> • Third • Voluntary 	1	Award 1 mark for correct identification.
		(iii)	Responses could include: <p>Private Sector</p> <ul style="list-style-type: none"> • Organisations owned by private individuals • Aim to make a profit <p>Public Sector</p> <ul style="list-style-type: none"> • Organisations owned and controlled by the government or local authorities • Financed by taxes 	1	Candidates are required to describe one other sector of the economy to gain full marks. Award 1 mark for a valid description point. Watch for consequentiality from (ii). Minimum of two types of business organisation to be provided if used as a description - beware of list. Do not accept examples of organisations as a description. Accept any other suitable response.

Question			Expected Answer(s)	Max Mark	Additional Guidance
	(c)		<p>Responses could include:</p> <ul style="list-style-type: none"> • Can be a profit making organisation • Uses its profits to help its cause • Primarily has social or environmental aims • Provide community benefits • Job creation • Funded by grants and sponsorship • Has employees and volunteers • Operates in the third/voluntary sector 	2	<p>Candidates are required to consider 2 features of a social enterprise to gain full marks.</p> <p>Award 1 mark for each valid description point.</p> <p>Accept any other suitable response.</p>
	(d)	(i)	<p>Responses could include:</p> <ul style="list-style-type: none"> • Ask customers opinions/interview customers • Place suggestions box in centre • Post a survey/questionnaire to their home • Create a feedback section on website • Set up a focus group • Feedback form 	2	<p>Candidates are required to consider 2 ways to gather customer feedback to gain full marks.</p> <p>Award 1 mark for each valid outlined method.</p> <p>Watch for repetition between questionnaire/survey.</p> <p>Accept any other suitable response.</p>
		(ii)	<p>Responses could include:</p> <ul style="list-style-type: none"> • Good customer recommendations which may lead to higher market share • Returning customers which increases sales/profits • Increased customer loyalty which makes it easier to promote new products • Improved reputation which attracts more customers or allows for higher prices to be charged • Improved customer satisfaction which means customers may return 	2	<p>Candidates are required to consider at least 2 benefits of good customer service to gain full marks.</p> <p>Award 1 mark for each valid explanation.</p> <p>Accept any other suitable response.</p>

Question			Expected Answer(s)	Max Mark	Additional Guidance
	(e)	(i)	Identifiable methods of promotion: <ul style="list-style-type: none"> • Smartphone/Tablet app • Website • Social media - eg Facebook/Twitter 	2	Answers must come from the case study given. Candidates must identify 2 ways technology is used to promote the organisation to gain full marks. Social media examples - max 1 mark. Award 1 mark for each identified method.
		(ii)	Responses could include: <ul style="list-style-type: none"> • Allows for communication 24/7 • Communication is possible all over the world • Communication is faster/instant • A more cost effective way of promoting the organisation • Can pass on large volumes of information through the website or e-mail • Can target potential customers more easily • Creates a good image for the target market 	2	Candidates are required to consider 2 benefits to gain full marks. Award 1 mark for each valid description of a benefit of using ICT in Promotion. Quick/easy must be qualified. Accept any other suitable response.

Question		Expected Answer(s)	Max Mark	Additional Guidance
2.	(a)	Identifiable sector of industry: <ul style="list-style-type: none"> Secondary sector Tertiary sector 	1	Award 1 mark for correctly identifying the sector.
	(b)	Responses could include: <ul style="list-style-type: none"> A business which is owned by a shareholder(s) Shares are not traded on the stock market/sold privately Run by a board of directors Incorporated - separate legal identity from owners Limited liability for owners 	2	Candidates are required to consider 2 features to gain full marks. Award 1 mark for each described feature. Do not accept objectives. Accept any other suitable response.
	(c)	Responses could include: <ul style="list-style-type: none"> Brand loyalty which means you are guaranteed returning customers Brand recognition so less advertising required Gives an illusion/image of quality which means higher prices can be charged Easier to launch new products due to customers being familiar with the brand 	2	Candidates are required to consider 2 benefits to gain full marks. Award 1 mark for a valid explanation of a benefit. Accept any other suitable response.
	(d) (i)	Identifiable methods of production: <ul style="list-style-type: none"> Flow production - products are made in stages on a production/assembly line Batch production - products are made in groups where one group of products are made together before another group is started 	1	Answers must come from the case study given. Accept either Flow or Batch production. Also accept Mass/Capital intensive. Award 1 mark for a valid description of the method of production.

Question			Expected Answer(s)	Max Mark	Additional Guidance
		(ii)	<p>Responses could include:</p> <p>Flow</p> <ul style="list-style-type: none"> • Fast rate of production <ul style="list-style-type: none"> ○ Allows organisation to cope with demand • Manufacturing costs are reduced <ul style="list-style-type: none"> ○ Allows for more profits to be made • Mechanisation/automation can be used <ul style="list-style-type: none"> ○ Less staff wages need to be paid • Standardisation of products <ul style="list-style-type: none"> ○ Less complaints as all products are identical • Economies of scale can be gained <ul style="list-style-type: none"> ○ Discounts from bulk buying would be possible • Machine break-down can halt production <ul style="list-style-type: none"> ○ Leads to unhappy customers/loss of custom • Lack of variety of products <ul style="list-style-type: none"> ○ Customers may not pay a premium price for mass produced goods <p>Batch</p> <ul style="list-style-type: none"> • Variety of products can be produced <ul style="list-style-type: none"> ○ Can meet customers specifications to a degree • Economies of scale can be gained • Mechanisation/automation can be used • All products in batch are identical • Equipment must be cleaned between batches <ul style="list-style-type: none"> ○ Slows production down 	3	<p>Candidates must consider at least one cost and one benefit of the method of production identified to gain full marks.</p> <p>Award 1 mark for any cost/benefit. Up to 2 marks may be awarded for costs or benefits. Accept the development on any cost or benefit.</p> <p>Accept any other suitable response.</p> <p>Watch for consequentiality.</p>

Question		Expected Answer(s)	Max Mark	Additional Guidance
	(e)	<p>Responses could include:</p> <ul style="list-style-type: none"> • Cascading - employees cascade training information to colleagues • Role Play - acting out or demonstrating a role or scenario to provide a demonstration of how to perform under particular conditions • Coaching - being taken through a task step by step and is helped by a trainer or a coach • Demonstration - trainee watches a task being demonstrated and then completes it themselves • Induction training - new employees are trained when they first start an organisation <ul style="list-style-type: none"> ○ Usually training on health and safety, procedures of the organisation • On-the-job training - employees are trained in the workplace whilst carrying out the job <ul style="list-style-type: none"> ○ This could be done by shadowing a colleague ○ Employee learns the processes specific to the organisation • Off-the-job training - employees are trained away from the workplace <ul style="list-style-type: none"> ○ This could be at a training centre or college ○ Employees are trained by experts 	3	<p>Candidates are required to consider at least 2 methods of training to gain full marks.</p> <p>Award 1 mark for each valid description point. Up to 2 marks may be awarded for any description of a method of training.</p> <p>Accept methods and types of training.</p> <p>Accept any other suitable response.</p>

Question		Expected Answer(s)	Max Mark	Additional Guidance
	(f)	<p>Identifiable stakeholders are as follows. Responses could include:</p> <p>Owners/Shareholders</p> <ul style="list-style-type: none"> • Level of profits they earn • Image of the organisation • Dividends/return on investment <p>Staff</p> <ul style="list-style-type: none"> • Level of pay • Good working conditions • Job security <p>Customers/Commonwealth Committee</p> <ul style="list-style-type: none"> • High quality products for best possible price/value for money • Regular/consistent supply of goods 	3	<p>Answers must be linked to the stakeholders identified from the case study given.</p> <p>Candidates are required to consider at least 2 stakeholders to gain full marks. Candidates will receive no marks for identifying the stakeholder. However, a clear indication of which stakeholder they are referring to is necessary to gain any description mark.</p> <p>Award 1 mark for each valid interest. Up to 2 marks may be awarded for the interests of any stakeholder.</p> <p>No marks for influence of stakeholders.</p>

Section 2

Question		Expected Answer(s)	Max Mark	Additional Guidance
3.	(a)	<p>No of cakes at BEP - 10 cakes</p> <p>Total Costs at BEP - £400</p>	2	<p>Award 1 mark for the correct identification of number of cakes.</p> <p>Award 1 mark for the correct identification of Total Costs.</p>
	(b)	<p>Variable Cost per Unit:</p> <p>Total Costs - Fixed Costs = Variable Costs</p> <p>£400 - £200 = £200</p> <p>£200/10 units = £20 per unit</p>	2	<p>Award 1 mark for the correct calculation of Total Variable Costs.</p> <p>Award 1 mark for the correct calculation of Variable Cost per Unit.</p> <p>Consequential (1 mark) if candidate writes £400/10</p>
	(c)	<p>Responses could include:</p> <p>Break-Even</p> <ul style="list-style-type: none"> Point at which Total Costs = Total Sales/Revenue Neither a Profit or a Loss is made as this is the point where sales cover costs <p>Fixed Costs</p> <ul style="list-style-type: none"> Costs which do not vary with output or sales <p>Variable Costs</p> <ul style="list-style-type: none"> Costs which vary directly with output or sales 	3	<p>Candidates must define each of the 3 terms to gain full marks.</p> <p>Award 1 mark for each valid definition.</p> <p>FC/VC must refer to output or sales.</p>

Question		Expected Answer(s)	Max Mark	Additional Guidance
	(d)	<p>Responses could include:</p> <p>Bank loan</p> <ul style="list-style-type: none"> • Paid back in instalments • Paid over a long period of time <p>Grant</p> <ul style="list-style-type: none"> • Money does not need to be repaid <p>Overdraft</p> <ul style="list-style-type: none"> • Suitable for short-term cash flow problems • Money available quickly as it can be prearranged • Can take more money out than you have in your account 	3	<p>Candidates are required to justify all 3 sources of finance to gain full marks.</p> <p>Award 1 mark for each valid justification.</p> <p>Do not accept any repeated justifications across the three sources.</p> <p>Watch for repetition.</p> <p>Accept any other suitable response.</p>

Question		Expected Answer(s)	Max Mark	Additional Guidance
4.	(a)	<p>Responses could include:</p> <ul style="list-style-type: none"> • Identify the vacancy (max 1) • Carry out a job analysis, examine the vacancy to identify the tasks and skills of the position • Create a job description, states the tasks and responsibilities of the job <ul style="list-style-type: none"> ○ Includes the conditions of the post eg pay, hours • Create a person specification, the skills and qualifications the ideal candidate would possess <ul style="list-style-type: none"> ○ Essential and desirable characteristics can be defined within this document. • Advertise the job - to enable the vacancy to be seen by applicants either internally or externally. <ul style="list-style-type: none"> ○ Internally on the organisation's intranet, noticeboard etc ○ Externally in newspapers, job centres etc • Send out application forms (max 1) 	4	<p>Candidates are required to consider at least 2 stages to gain full marks.</p> <p>Award 1 mark for each description point. Up to 3 marks may be awarded for any stage in the process.</p> <p>Accept any other suitable response.</p>

Question		Expected Answer(s)	Max Mark	Additional Guidance
	(b)	<p>Responses could include:</p> <ul style="list-style-type: none"> • Pre-employment online screening to assess the suitability of applicants <ul style="list-style-type: none"> ○ Identical basic questions for anyone who wishes to apply ○ Helps narrow down the list to those most suited • Online application forms • Internet job websites • Online tests and assessments <ul style="list-style-type: none"> ○ This may be the first stage of selection before an interview • Database to record details of interviewees <ul style="list-style-type: none"> ○ To search for potential candidates with a specific skill or qualification • Telephone interviews through conference calling • Video conferencing through smartphones • Word processing to create application forms 	3	<p>Candidates can outline 3 ways technology is used in recruitment and selection to gain full marks. Award 1 mark for each outlined point.</p> <p>However, a candidate may decide to develop one method further. Up to 2 marks may be awarded for any method.</p> <p>Accept any other suitable response.</p>

Question		Expected Answer(s)	Max Mark	Additional Guidance
	(c)	<p>Responses could include:</p> <ul style="list-style-type: none"> • Make the workplace safe and prevent risks to health <ul style="list-style-type: none"> ○ Ensure that plant and machinery is maintained and safe to use ○ Make sure that all materials are handled, stored and used safely ○ Provide adequate first aid facilities ○ Make sure that all facilities meet health and safety requirements eg ventilation ○ Check that the correct work equipment is provided and is properly used and regularly maintained ○ Take precautions against the risks caused by flammable or explosive hazards, electrical equipment, noise and radiation ○ Avoid potentially dangerous work involving manual handling ○ Provide protective clothing or equipment free of charge ○ Ensure that the right warning signs are provided and looked after ○ Carry out risk assessments • Create a Health and Safety policy • Ensure Health and Safety training is conducted regularly <ul style="list-style-type: none"> ○ When new legislation is issued ○ Regular reminders eg evacuation procedures 	3	<p>Candidates are required to consider at least 2 responsibilities to gain full marks.</p> <p>Award 1 mark for each valid description point. Up to 2 marks may be awarded for describing a responsibility.</p> <p>Accept any other suitable response.</p>

Question		Expected Answer(s)	Max Mark	Additional Guidance
5.	(a)	<p>Responses could include:</p> <ul style="list-style-type: none"> • Will avoid over-stocking and under-stocking <ul style="list-style-type: none"> ○ As stock levels will be known at all times • Reduces the need for stock-taking • Can be linked to supplier to order goods • Can identify best sellers/non-movers <ul style="list-style-type: none"> ○ Which will help managers make decisions on promotions • Up-to-date stock levels can be found instantly <ul style="list-style-type: none"> ○ Providing customers with accurate information • Stock can be re-ordered automatically when the re-order level is reached • Allows the organisation to keep track of stock rotation dates/perishable items. • Large amounts of information can be generated <ul style="list-style-type: none"> ○ That is useful for decision making purposes ○ Can search through large amounts of information quickly 	3	<p>Candidates are required to consider at least 2 advantages to gain full marks.</p> <p>Award 1 mark for each valid description point given. Up to 2 marks may be awarded for any advantage.</p> <p>Accept any other suitable response.</p>

Question		Expected Answer(s)	Max Mark	Additional Guidance
	(b)	<p>Responses could include any of the following:</p> <ul style="list-style-type: none"> • By reducing waste <ul style="list-style-type: none"> ○ This will help to reduce the amount of rubbish going to landfill sites ○ Using quality management processes • By recycling packaging/waste products <ul style="list-style-type: none"> ○ To meet their environmental aims • Solar panels/wind turbines could be used to help generate some of the electricity used in the production of products <ul style="list-style-type: none"> ○ This will reduce their energy bills • They could have special controls fitted to lights so they automatically switch off <ul style="list-style-type: none"> ○ This will help to reduce expenses for the organisation • Organic raw materials can be used 	2	<p>Candidates are required to consider at least one method to gain full marks.</p> <p>Award 1 mark for each valid description point given. Up to 2 marks may be awarded for any description of being more environmentally friendly.</p> <p>Accept any other suitable response.</p>
	(c) (i)	<p>Responses could include:</p> <ul style="list-style-type: none"> • (Quality) raw materials • Trained staff • Good recruitment and selection process • Maintained equipment • Up-to-date equipment 	2	<p>Candidates are required to identify 2 quality inputs to gain full marks.</p> <p>Award 1 mark for each valid input.</p>

Question			Expected Answer(s)	Max Mark	Additional Guidance
		(ii)	<p>Responses could include:</p> <ul style="list-style-type: none"> • Quality raw materials will result in a high quality finished product • Improve customer satisfaction <ul style="list-style-type: none"> ○ Customers are likely to recommend products • Helps to improve the image of the organisation • Will reduce the number of accidents in the workplace <ul style="list-style-type: none"> ○ Can meet safety targets • Less returns of faulty products <ul style="list-style-type: none"> ○ Reduces cost to the organisation 	3	<p>Candidates are required to consider at least 2 justifications to gain full marks.</p> <p>Award 1 mark for each valid justification. Up to 2 marks could be awarded for any developed justification.</p> <p>Accept any other reasonable response.</p>

Question			Expected Answer(s)	Max Mark	Additional Guidance
6.	(a)	(i)	<p>Responses could include:</p> <p>Product</p> <ul style="list-style-type: none"> • To ensure the product/service meets the customer needs • Packaging has to protect the product and make it appealing to the customer <p>Price</p> <ul style="list-style-type: none"> • What the customer has to pay for the product/service • To set price to ensure the business covers its costs to make a profit • If price too high customers may shop at competitors instead <p>Place</p> <ul style="list-style-type: none"> • Where the customer will purchase the good or service from • Includes website, high street shop • Distribution methods 	3	<p>Candidates are required to consider at least 2 elements to gain full marks.</p> <p>Award 1 mark for each valid description point. Up to 2 marks may be awarded for describing any element.</p> <p>Accept extended marketing mix.</p> <p>Accept any other suitable response.</p>

Question			Expected Answer(s)	Max Mark	Additional Guidance
		(ii)	<p>Responses could include:</p> <ul style="list-style-type: none"> • BOGOF - buy one get one free • Bonus packs - getting % extra for the same price • Free gift within the packs • Discounted prices for a limited period • Free samples to encourage customers to try a product • Loyalty cards - receive points for purchases • Competitions to win prizes • Celebrity endorsement whereby a celebrity is paid to use the product <ul style="list-style-type: none"> ○ Encourages fans of the celebrity to buy this to be like their hero 	3	<p>Candidates can outline 3 methods of promotion to gain full marks. Award 1 mark for each outlined method.</p> <p>However, a candidate may decide to develop one method further. Up to 2 marks may be awarded for any method.</p> <p>Easy/quick must be qualified.</p> <p>Accept any other suitable response.</p>

Question		Expected Answer(s)	Max Mark	Additional Guidance
	(b)	<p>Responses could include:</p> <p>Costs</p> <ul style="list-style-type: none"> • The information may be out of date <ul style="list-style-type: none"> ○ This will mean the decision made on this may not be accurate • All the information is available to all your competitors <ul style="list-style-type: none"> ○ The organisation does not have the competitive edge • Information may be written from a bias point of view <ul style="list-style-type: none"> ○ As you are unsure of the reasons for gathering the information • Information may not be relevant to the organisation's needs <p>Benefits</p> <ul style="list-style-type: none"> • Information already exists therefore quicker to obtain • Large amounts of information available • Relatively inexpensive to gather and obtain <ul style="list-style-type: none"> ○ Researchers do not need interview training ○ Time is not wasted standing in streets etc trying to get first hand information 	4	<p>Candidates are required to consider at least one cost AND one benefit to gain full marks.</p> <p>Award 1 mark for any cost/benefit. Up to 3 marks may be awarded for costs or benefits. Accept the development on any cost or benefit.</p> <p>Easy/quick needs to be qualified.</p> <p>Accept any other suitable response.</p>

[END OF MARKING INSTRUCTIONS]