



External Assessment Report 2013

Subject	Business Management
Level	Standard Grade (Foundation, General and Credit)

The statistics used in this report are pre-appeal.

This report provides information on the performance of candidates which it is hoped will be useful to teachers/lecturers in their preparation of candidates for future examinations. It is intended to be constructive and informative and to promote better understanding. It would be helpful to read this report in conjunction with the published question papers and marking instructions for the examination.

Comments on candidate performance

General comments

The number sitting SG Business Management in 2013 was 5,798, an increase of some 500 candidates since 2011.

From the 2013 scripts there was clear evidence that candidates are being provided with accurate explanations of key business terms and practices. Advice provided in previous External Assessment Reports and Subject Update Letters is clearly being followed in the vast majority of centres across Scotland.

There was evidence that candidates are taking much more cognisance of the command words to direct their responses, but there is still room for improvement in areas such as answering questions that use the command word 'justify'.

There was no evidence that at General and Credit levels candidates were challenged in completing the paper in the allotted time. A small number of Foundation candidates failed to attempt the last question, which proved to be the only one not to appear on a double spread. This is likely to have been down to this small number of Foundation candidates not having checked the back page.

Markers at General and Credit levels commented that there were fewer cases of candidates leaving blank answers. This would suggest that candidates were better prepared for the examination and/or that candidates found the questions clearer than previous cohorts.

It was the impression that some candidates, significantly at Foundation level, seemed to be disadvantaged due to poor literacy skills preventing them from fully understanding what the questions was asking them. This resulted in candidates demonstrating knowledge and application, but not in answer to the question being posed. There was no significant change in the way in which questions were phrased or presented from previous years.

Performance in Practical Abilities (PA) was particularly strong in 2013. This reflected the confidence of practitioners in delivering **business@work** and the assessment of the projects.

In the external exam, Foundation level candidates statistically performed marginally better in Knowledge and Understanding (KU) than in Decision Making (DM). This trend was reversed at General level, with candidates achieving an average of three more marks in DM than in KU. At Credit level, performance was again higher in DM, with candidates on average scoring 1.8 marks more than in the KU element.

Overall performance in 2013 at Credit level was slightly higher than 2012, but this was achieved with a slight fall in Grade 1 and a corresponding rise in Grade 2 awards. This trend was reflected at General level in 2013, with cumulative awards corresponding to 2012 but with more Grade 4 and fewer Grade 3 awards. Performance at Foundation level was

particularly strong in 2013, and grade boundaries were adjusted to reflect the apparent ease which candidates found in the paper.

Areas in which candidates performed well

Foundation

Performance of candidates at Foundation level was very high and, in particular, candidates demonstrated strength in the following areas:

- ◆ Question 1b) where candidates were asked to select from a list of alternatives characteristics of a large business.
- ◆ Questions 5a) and b), in which, candidates generally were able to successfully read from the graph. They were also able to suggest valid reasons why sales might have fallen in Question 5c).
- ◆ Question 5e), in which the topic of application of software was answered considerably better than in previous years.

General

Overall performance of candidates at General level was consistent with 2012 and, in particular, candidates demonstrated strength in the following areas:

- ◆ Most candidates were able to give valid reasons for setting up a business in response to Question 1a).
- ◆ A staple question at Standard Grade is on the skills and qualities required by an entrepreneur, and this was well answered in Question 1b).
- ◆ Question 1d) sought a source of advice and then finance. While the source of finance was well identified, candidates often struggled with a justification, with many giving a description.
- ◆ Pricing strategies in Question 2b) were frequently well described, but some candidates failed to recall the correct name of the strategy.
- ◆ Question 3c) i) was well answered by the majority of candidates. A small number of candidates persist each year in using the term 'internet' on its own despite instructions to the contrary in the External Assessment Report.
- ◆ Question 4d) was gratifyingly well answered.
- ◆ In response to Question 5a) i), very few candidates could not provide the £500 closing balance as the correct answer.
- ◆ Most candidates found it easy to identify a fixed and a variable cost from the data in answer to Question 5b).
- ◆ In response to Question 5e) on stakeholders, it was obvious that many candidates were well prepared and gave good descriptions of interest.
- ◆ Candidates responded very creatively to the environmentally friendly measurers sought in Question 6d).
- ◆ Question 6e) was well done by candidates.

Credit

It was pleasing to see fewer examples of candidates justifying a course of action with the phrase 'quick and easy'. Justifications and description questions tended to be well executed, although there were some notable exceptions where candidates gave a description when

asked for a justification, and vice versa. Generally, it would appear that candidates were appropriately placed at Credit level.

- ◆ Question 1e) proved that candidates were able to demonstrate a good understanding of the stages involved prior to the launch of a new product onto the market.
- ◆ Question 2a) sought to examine the role of ACAS in industrial relations. While most candidates understood the role of reconciliation, few were able to come up with an additional function.
- ◆ Candidates demonstrated a good knowledge of Management Styles as examined in Question 2d) i).
- ◆ Candidates were able to suggest a convincing number of ways to motivate employees as tested in Question 2d) ii).
- ◆ Question 3c) i) was very well answered but please refer to guidance in the Credit section of **Areas which candidates found demanding**.
- ◆ Question 5b) represented a recent change in the format of questioning at Credit level, where answers can be extrapolated from the stimulus materials. It was encouraging to see that candidates coped well with this type of question, particularly since there is a similar approach in Section 1 of the Specimen Question Paper for National 5 Business Management: http://www.sqa.org.uk/files_ccc/BusinessManagementSQPN5.pdf

Areas which candidates found demanding

It needs to be restated that 'competitors' are not stakeholders.

Foundation

- ◆ Confusion persist over private limited companies and public limited companies, as evident from the number of candidates who did not manage to successfully answer Question 1a). It is hoped that the removal of PLCs from the syllabus of National 4 Business and National 5 Business Management will hopefully remove this obstacle. A significant number of candidates were unable to correctly identify the correct Sector of Economy that private limited companies belonged to in Question 7a).
- ◆ Question 2d) a number of candidates wrongly suggested that 'advertising' would be a means of communicating with customers.
- ◆ Where candidates failed to correctly identify the Factors of Production in Question 4c), it was thought that this was due to misinterpretation of the graphics.
- ◆ Question 7b) proved disappointing as a number of candidates' answers related to ways of improving sales rather than the product.

General

- ◆ Question 1c) found candidates mixing up field and desk research. Weaker candidates also failed to fully develop their answers when giving advantages and disadvantages. A minority persist in giving the simplistic advantages of 'quicker' and 'easier'. These terms must be fully developed to gain marks (this issue was highlighted again at General level with Question 6b)).
- ◆ Care should be taken to ensure that the correct command word is being applied. In Question 1d)ii), many candidates gave a description rather than a justification in their answer.
- ◆ In Question 1e), a minority of candidates provided what might go into a Business Plan rather than the reasons for preparing one.

- ◆ Question 2a) required candidates to mention both buyers and sellers when defining a 'market'. Some simply mentioned one of the parties or wrongly wrote about 'target market', 'market segmentation' or where the product/service was sold.
- ◆ For Question 2c), some candidates did not read the instruction 'other than price' and provided price as a suggestion.
- ◆ Question 2d) was looking for a variety of different places to sell the product, and therefore marks for different retail outlets were capped at one mark.
- ◆ Similar to part c), in Question 2e) a number of candidates seemed not to notice the answer should be in the context of 'ICT' and answered in general terms. A surprising number of candidates failed to identify the Functional Area of Human Resources (Management of People at National level). Incorrect answers included 'Marketing', 'Advertising' and 'Recruitment'.
- ◆ In Question 3c)ii), it was clear that some candidates were confusing external recruitment with the use of recruitment agencies for the advantages and disadvantages.
- ◆ Question 3d) was very poorly answered. Candidates were generally unable to provide a robust description of the functionality of a database.
- ◆ When candidates chose the Primary Sector as an answer for Question 3e), they did not always make the extraction element clear enough to justify a mark.
- ◆ Some candidates confused the term integration with growth when answering Question 4a).
- ◆ In contrast to the first part of the question, Question 5a)ii) was very poorly answered. Few candidates used the word 'deficit'.
- ◆ For Question 5b), a small minority of candidates failed to read the question and gave a description of fixed and variable costs rather than an example.
- ◆ In Question 5d), most candidates answered well but it was a concern that a number did not take enough time to read the question and rather than increasing sales answered with ways to raise profit.
- ◆ Like a similar question at Credit level (Question 2e)), Question 6a) highlighted confusion with Public Sector organisations and Public Limited Companies (PLCs).
- ◆ Question 6b) highlighted a poor standard of knowledge regarding advantages and disadvantages of Flow Production. Several candidates failed to gain marks for simply saying 'quick' and/or 'easy'.

Credit

- ◆ For Question 1a), some candidates failed to pick up on Nairn's being a private limited company. In such cases candidates were not awarded consequential marks.
- ◆ In response to Question 2a), some candidates confused ACAS with a Trade Union.
- ◆ Question 2e) highlighted that a number of candidates are still confusing Public Sector organisations with public limited companies (PLCs). Whilst PLCs will not be examined at National 3–5 levels, centres should be alerted to the danger that candidates might still confuse the public and private sectors of the economy.
- ◆ Candidates would be advised to ensure that they do not answer with more than is being asked for as this will impact on the amount of time they have to complete the question paper. For example, Question 3c)i) simply asked for stakeholders to be identified. A significant number of candidates went on to explain why they were stakeholders. It was not uncommon for candidates to fill almost a whole page of the answer booklet when three words would have sufficed.
- ◆ Candidates are still confused with the difference between stakeholder 'influence' and 'interest', as demonstrated by the poor response to Question 3c)ii). This needs to be

addressed, particularly as the difference is examined in the Influences in Business Unit Assessment in National 3/4 Business, and the impact (*influence*) in Understanding Business Unit Assessment in National 5 Business Management.

- ◆ In Question 3d), candidates confused the Business Cycle with the Product Life Cycle. This was despite the fact that the former was examined the previous year in 2012 Credit Paper Question 2a).
- ◆ A significant majority of candidates were unable to correctly answer Question 4c). While candidates had a rudimentary knowledge of ratios for Question 4b), their understanding was at best, superficial.
- ◆ Question 4d) sought justification for using a spreadsheet to prepare financial information. To gain marks, candidates had to stipulate aspects of functionality such as the ability to enter formulae. Superficial answers such as 'it does calculations for you' or it is 'neat and tidy' did not gain marks. The markers were strict in Question 5e) in not accepting information stored on a database that would be better stored within a spreadsheet.
- ◆ Candidates generally managed to achieve the identification mark in Question 4e), but failed to adequately describe a method of growth. While candidate responses to 'describe' and 'justify' have undoubtedly improved over several exam diets, there is no room for complacency with the introduction of the National Qualifications.
- ◆ Some candidates did not read Question 5e) carefully and often provided examples of customer details when they were specially instructed to provide other examples of information.

Advice to centres for preparation of future candidates

- ◆ Candidates need to ensure that they understand what the questions are asking. Candidates fail to achieve their potential if they do not appreciate what the paper is actually testing. In the subject area of business there are also a large number of phrases that candidates can confuse, eg Sectors of Industry, Sectors of the Economy. Addressing such confusion is likely to remain a priority with the new National Qualifications, with additional terms such as Social Enterprise and Social Responsibility needing to be clearly differentiated.
- ◆ The use of command words will continue in Unit assessments and in National 5 question papers. Centres are advised to ensure that candidates are well instructed in the nuances of command words, and the practice of highlighting the command words in questions should be encouraged.
- ◆ The Finance topic has long proved a challenge for candidates. While in-depth understanding of finance should not be expected, candidates will still need to display a general understanding of the importance of financial terms, including Break Even, in the new National Qualifications.
- ◆ Some candidates key-in their answers in a word processing package. While this frequently supports the Marker in making the answers legible, it would be best practice if the candidate's script could always be printed in double-line spacing, with wide margins.

Statistical information: update on Courses

STANDARD GRADE

Number of resulted entries in 2012	5626
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Number of resulted entries in 2013	5789
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Statistical Information: Performance of candidates

Distribution of overall awards

Grade 1	32.5%
Grade 2	30.5%
Grade 3	18.8%
Grade 4	12.2%
Grade 5	4.4%
Grade 6	0.5%
Grade 7	0.0%
No award	1.1%

Grade boundaries for each assessable element in the subject included in the report

Assessable Element	Credit Max Mark	Grade Boundaries		General Max Mark	Grade Boundaries		Foundation Max Mark	Grade Boundaries	
		1	2		3	4		5	6
KU	35	24	17	30	16	12	30	19	15
DM	35	26	20	30	18	15	30	19	13