



## External Assessment Report 2012

Subject(s)	Business Management
Level(s)	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 of candidate sitting SG Business Management in 2012 was 5,539. This is an increase of over 300 candidates from the previous year.

The general performance of candidates in 2012 has exceeded previous years with statistically more candidates achieving Credit passes and, in particular, a higher percentage achieving a Credit 1 grade. Performance at General level has remained strong, while there has been a corresponding fall in candidates achieving Foundation certificates.

The fall in the percentage of pupils achieving Foundation grades was a direct result of more achieving General. Candidates were well prepared at Foundation level and frequently answered in much greater depth than was required.

The 2012 exam showed a general increased performance in the KU element by candidates, with the DM element remaining fairly strong.

It was encouraging to see that the majority of candidates were well prepared for the SG Business Management exam and are clearly being presented at the appropriate levels.

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 is evidence that pupils are taking much more cognisance of the command words to direct their responses, but there is still room for improvement in areas such as 'justify'.

There was no evidence that at Foundation and General levels candidates were challenged in completing the paper in the allotted time. A small number of Credit candidates may have rushed the final question, indicating that time management might have been an issue for a small number of candidates.

## Areas in which candidates performed well

### Foundation level

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

Q1 (b) Giving reasons for starting a business.

Q2 (a) Suggesting ways to compete with other businesses.

Q2 (c) Identifying input, process and output.

Q3 (b) Describing a reason why businesses fail.

Q4 (b) Places a business can get finance.

Q4 (e) Matching flexible working with definitions.

Q5 (b) Identifying written, oral and visual methods of communication.

Q5 (f) Describing an aim of a charity.

Q6 (c) Matching examples of ICT.

Q6 (e) Suggesting ways of reducing costs.

### **General level**

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

Q1 (a) Giving an advantage and disadvantage of being a sole trader.

Q1 (e) Giving an advantage and disadvantage of having a bank loan.

Q2 (a) Identification of the primary, secondary and tertiary Sectors of Industry.

Q3 (a) An advantage of working as a team.

Q4 (a) Break-even.

### **Credit level**

Overall performance of candidates at Credit level has improved and, in particular, candidates demonstrated strength in the following areas:

Q1 (b) Advantages and disadvantages of internet banking.

Q2 (a) Naming and describing stages of the Product Life Cycle.

Q3 The place, role and challenges of the Voluntary Sector were well executed.

Q4 (b) Criteria when choosing a supplier.

## **Areas which candidates found demanding**

### **Foundation level**

A number of candidates found it difficult to:

Q1 (d) Answer in context.

Q3 (c) Identify features of a small business.

Q5 (c) Suggest information given in a job advertisement, often confusing it with a CV.

Q6 (d) Describe advantages of using ICT to communicate.

This year saw the naming of the Functional Areas particularly poorly executed by candidates: Q 2 (d), 4 (d), 5 (e) and 6 (f).

### **General level**

A number of candidates found it difficult to:

Q1 (d) Suggest reasons why a business completes a Business Plan.

Q2 (b) Suggest benefits of being involved in all three Sectors of Industry.

Q3 (a) Aims of a small business.

Q3 (c) Identify and describe the interests of stakeholders.

Q3 (e) Give a Channel of Distribution.

Q4 (b) Explain the terms Fixed Costs and Variable Costs.

Q4 (c) Understanding of Total Revenue.

Q5 (a) Providing different justifications for places to advertise for new employees.

Q5 (b) Items to be included in a Job Description.

### **Credit level**

A number of candidates found it difficult to:

Q1(c) Differentiate between social and economic costs.

Q2 (a) Provide detailed suggestions and convincing justifications.

Q2 (c) Identify external factors affecting business.

Q2 (d) Suggest promotional strategies and different justifications.

Q4 (d) Demonstrate an understanding of Quality Circles and/or Benchmarking.

Q5 (b) Give reasons for preparing a Cash Budget.

Q5 (e) Give examples of internal and external sources of information.

## **Advice to centres for preparation of future candidates**

A number of candidates found it difficult to answer in the context in which the question was set. This would frequently reduce their DM score. At General level Q5 (d) candidates were instructed to provide answers from the case study. This was not always done. An example at Foundation level would be Q1 (d) where candidates were asked for places to sell bottled seawater. Candidates often struggled to provide credible suggestions. (At Foundation level Markers were instructed to exercise a considerable degree of latitude when accepting such answers as technical knowledge of the uses of products is not required.)

It is still a worrying concern that a minority of candidates when asked to describe advantages are still simply listing 'quick', 'easy' and 'cheap'. These answers on their own will not be credible unless supported by an explanation of why they are quicker, easier and cheaper. (For an example, please refer to Foundation Q6 (d).)

It was apparent that there were a number of Foundation pupils who did not carefully read the question and who would sometimes provide an advantage when asked for a disadvantage, and vice versa. (For an example, please refer to Foundation Q5 (c) (ii).) It would perhaps be advisable to instruct Foundation pupils to highlight these terms in the way that many centres now instruct their candidates to highlight the command words in questions.

At all levels, but particularly at Credit level, candidates should be advised of the importance of providing well-structured answers that are neither vague nor weak. To illustrate this point, several Credit candidates failed to answer 2 (a) (ii) convincingly. Several talked about 'changing' the Product or the Price without specifically saying how, and their justifications were frequently weak, for example '...it would attract customers'.

Weak justifications were also demonstrated in Credit Q2 (d). This question was also badly answered by several candidates who confused promotional strategies with pricing strategies.

It was disappointing to see an apparent lack of knowledge of the external factors affecting business. It would be advisable for all future candidates to be fully versed in the acronym PESTEC. Please be advised that for identification marks (ID), candidates have to give the actual word from the acronym, eg P = Political. Any deviation from the specific word would support a description but gain no ID mark. This lack of knowledge did seem to be limited to specific centres.

At Credit level candidates showed a lack of knowledge of Quality Circles and Benchmarking. This deficit was again centre-specific.

While acknowledging the controversy around the use of the word 'internet', it cannot be overstated that the use of the word 'internet' on its own will not gain a mark in Standard Grade

Business Management. Candidates must answer as 'internet website' or 'online' if hoping to gain credit for their answer. It is clear that some centres are still unaware of this long-standing principle.

This year saw the naming of the Functional Areas particularly poorly executed by candidates at Foundation level. In previous years questions were structured in a table with candidates matching the Functional Areas with given tasks. The conclusion would seem to imply that candidates at Foundation/General level are not clear as to the specific role of the Marketing, Human Resources, Finance and Operation Departments.

There was limited disquiet about the inclusion of the Data Protection Act in the Credit paper. Concerns seemed ill founded as most candidates answered the question very well. It must be appreciated that the nature of the subject will result in the need for the syllabus to be dynamic and subject to update. As an example, future candidates must be made aware of the existence of the Equality Act 2010.

Candidates should be advised that there are only three types of training and these are induction, on-the-job and off-the-job. All other forms of training are merely methods.

Despite Channels of Distribution being included in previous papers, some candidates are still not appreciating that it must start with the producer/manufacturer and end with the customer. The longest Channel of Distribution being:

Manufacture            Wholesaler            Retailer            Customer

Candidates were still getting confused with Channels and Methods of Distributing.

In the General paper Q3 (e) a number of candidates did not appreciate that a 'shop' was a 'retailer' and so failed to gain marks.

When offering suggestions for carrying out Market Research, candidates have a tendency to provide the stock answer of survey/questionnaire. Candidates would be well advised to provide more specific answers eg telephone survey and postal survey as this would greatly support them when being called upon to provide advantages for particular methods of Market Research.

It is advisable that candidates are taught the difference between the 'interest' and 'influence' of stakeholders in a business. At General level many candidates failed to appreciate the difference. It was worrying also to see 'competitors/rivals' being given as stakeholders — this is **not** acceptable.

Candidates would be well advised to fully read the question. At General level Q 2 (c) when being asked for stakeholders other than the owners, several candidates wrongly gave 'shareholders'.

Financial questions continued to prove challenging for many candidates. When describing a Fixed Cost and a Variable Cost candidates would be well advised to develop their answer with the phrase 'with output' ie: 'Fixed costs stay the same regardless of output', 'Variable Costs change with output'. There were concerns by Markers that candidates were still unable to provide examples of Fixed and Variable Costs.

Candidates in general had scant understanding of the terms Total Revenue and Deficit, with many wrongly assuming that the phrases were synonymous with profit. The same could be said for the purpose of preparing Cash Budgets, where many candidates linked it to the calculation of profit.

Candidates struggled with the difference between social and economic costs, and this was acknowledged in the marking scheme, which accepted any costs even when wrongly classified.

While acknowledging that in many cases a form of ICT can legitimately be used for multiple purposes, for examination purposes only the standard use will be accepted. To illustrate this point, at Foundation level Q6 (c), while it would be possible to conduct a meeting with Company Directors in other parts of the world through the use of mobile phones, the only acceptable answer was Video Conferencing.

## Statistical information: update on Courses

### STANDARD GRADE

Number of resulted entries in 2011	5302
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Number of resulted entries in 2012	5626
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## Statistical Information: Performance of candidates

### Distribution of overall awards

Grade 1	34.1%
Grade 2	26.5%
Grade 3	22.0%
Grade 4	10.9%
Grade 5	4.3%
Grade 6	0.9%
Grade 7	0.1%
No award	1.3%

### 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	23	16	30	16	12	30	16	12
PS	35	24	18	30	18	15	30	18	12