



External Assessment Report 2011

Subject	Business Management
Level	Standard Grade

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 candidates presented in 2011 was 5,163. This represents a moderate fall from last year and reflects a slight shift towards Intermediate exams over recent years.

Performance of candidates at all three levels remains broadly in line with previous years. Standard Grade Business Management has been operational for over 10 years and teachers appear confident with the delivery and demands of SQA assessment.

There was no marked change in performance in the PA element.

The level of difficulty of KU at Credit level was considered more demanding in 2011 and this was reflected in a slightly reduced grade boundary. For the General and Foundation paper the KU element was felt to be on a par with previous years.

The degree of difficulty with DM was not considered to be different from previous years at Foundation, General or Credit levels.

Foundation

Candidates did well with the Foundation paper and marks were high. Candidates were generally well prepared for the Foundation paper and, in most cases, they were able to attempt all questions.

General

Responses from candidates were strong and highlighted good coverage of the Course by teachers. Where candidates achieved a low mark it was clear that it was due to the ability of the candidate rather than any issues with specific questions.

DM was the stronger element.

Credit

The performance was generally in line with previous years. The DM element was the stronger element and there were a number of cases where candidates proved unable to answer elements of KU.

Areas in which candidates performed well

Foundation level

Candidates were able to:

- Q1 (b) identify the skills and qualities of an entrepreneur
- Q1 (c) suggest ways of measuring success
- Q3 (c) suggest ways of advertising
- Q4 (a) complete an organisation chart
- Q7 (d) identify the elements of the Marketing Mix (4Ps)
- Q8 respond well (perhaps due to familiar stimulus)

General level

Candidates were able to:

- Q2 (a) give advantages of diversification
- Q5 answer the finance questions successfully although the term 'expenses' was liberally interpreted in the solutions
- Q6 (d-e) explain different forms of flexible working and describe stated types of contract

Credit level

Candidates were able to:

- Q1 (d) suggest reasons for the use of YouTube and suggest other ways the council could have communicated with residents
- Q2 (a) identify steps in a structured decision making model
- Q2 (e) identify decisions that can be made to avoid business failure
- Q3 (a) (ii) adapt the elements of the marketing mix
- Q3 (c) describe Economies of Scale and inflation
- Q3 (e) solve the problem of large queues in shops
- Q4 (a) give advantages and disadvantages of a sole trader
- Q5 (c) suggest ways to ensure high quality

Areas which candidates found demanding

Foundation level

Candidates found it difficult to:

- Q1 (e) identify generic headings for a Business Plan
- Q1 (d) identify/suggest channels of distribution
- Q2 (d) suggest effects of poor cash flow
- Q3 (a) suggest ways in which a sports event could raise money
- Q4 (c) give tasks carried out by the Human Resources Assistant
- Q5 (b) identify hardware

General level

Candidates found it difficult to:

- Q1 (a) identify factors of production
- Q1 (b) justify suggestions
- Q1 (d) suggest channels of distribution
- Q1 (e) name and describe types of market research
- Q3 (b) identify advantages and disadvantages of job production
- Q4 (b) provide advantages of a tall organisational structure
- Q6 (a) distinguish the features of a public sector organisation from that of a PLC
- Q6 (b) give advantages of applying for jobs online

Credit level

Candidates found it difficult to:

- Q1 (a) describe the role of a trade union
- Q2 (b) describe features of good information
- Q2 (c) identify and describe stages in the Business Cycle
- Q3 (b) justify appropriate methods of market research

- Q4 (b) calculate the Current Ratio and identify another ratio from the Balance Sheet
- Q4 (d) give advantages of using a spreadsheet

Advice to centres for preparation of future candidates

Some candidates are responding with one-word answers. While this may be at times acceptable, it should be acknowledged that it could also compromise responses where candidates do not fully develop their point and correspondingly fail to gain marks.

Teachers would be advised to encourage candidates to answer in context. A number of Foundation candidates struggled to come up with creditable ways in which sports events could raise funds. There were also several candidates who failed to fully execute their answer, eg 'have guided tours' gained no marks while 'charge for tours' gained a mark. At General level, candidates who did not answer in context of the Operations Department received no marks. Question 6 (b) at General level asked candidates to give advantages of applying for jobs online. Candidates failed to gain marks when they focused on general advantages of e-commerce rather than specifically applying for a job online.

Some candidates still seem to have difficulty responding to the command word 'justify' or 'justification'. Too many candidates are choosing to describe rather than justify. At Credit level a number of candidates listed features of good information in Question 2 (b) rather than 'describe' as instructed.

Command words used in examination questions can be found in the External Assessment Report 2009 (www.sqa.org.uk/files_ccc/EARReportBusinessManagementSG2009.pdf).

At all levels candidates should be instructed not to assume that when asked to match from a definitive list there will be an example of each in the question. At General level, in Question 2 (b), candidates were presented with three areas of business and asked to match from the three Sectors of Business. Two of the areas of business came from the same Sector. It is suspected that this caused confusion among some candidates.

Candidates at Foundation level had difficulty suggesting generic headings for a Business Plan. Many responded by simply giving examples of information found in a Business Plan. While candidates were awarded marks in the 2011 exam for relatively vague answers, efforts will be taken in the future to tighten up the responses which are accepted from candidates.

It was recognised that cash flow would be likely to be a demanding area at Foundation level. This proved to be the case with many candidates struggling to show an understanding of the meaning of cash flow.

At Credit level there was a mixed response to the calculation of the Current Ratio. A significant number failed to identify a further ratio from the Balance Sheet and would often cite in their answer a ratio found in the Trading, Profit and Loss Account.

It was gratifying to see that only a minority of candidates could not identify tasks carried out in the functional areas, eg Human Resources in Foundation level, Question 4 (c). What

proved less satisfactory is the candidates' ability to differentiate between the role of Assistant and Manager. At Foundation level a significant number of candidates suggested an HR Assistant would conduct interviews and appoint staff — this received no marks. Teachers would be advised to ensure candidates at all levels can differentiate the tasks carried out by staff at different levels within functional areas.

It was very surprising that Foundation pupils continued to struggle to identify software and in particular the difference between hardware and software. In response to Question 5 (b) many candidates incorrectly listed software or left the answer blank. Question 6 incorrectly showed a screen dump of a spreadsheet and as a result candidates were not penalised in the paper for suggesting spreadsheet twice. A minority of candidates failed to identify DTP as a suitable software package.

Credit candidates were often too vague in describing advantages of using a spreadsheet. Those who said it would be 'neat and tidy or prevented mistakes' gained no marks as the examination team were looking for more in-depth responses, such as the ability to use formula to reduce the likelihood of mistakes and the functionality of the software to produce graphs. There were also examples of candidates still providing the unacceptable answers of 'quick and easy'.

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:



Some candidates were still getting confused between Channels and Methods of Distribution.

It was surprising that at General level a number of candidates were still unable to identify the Factors of Production.

Care should be exercised by candidates to ensure that they are actually answering the question. In General level, Question 5 (b)(i) the question asked for ways sales could be increased — several candidates focused on ways total revenue could be increased.

Most candidates tackled the question on stakeholders well. Centres must ensure that candidates are aware that competitors will **not** be accepted as stakeholders.

Candidates are still confusing types and methods of market research. Types are limited to desk/primary and field/secondary. Methods can include publications, government statistics or questionnaires/surveys, personal observation etc. Some candidates mixed-up desk and field.

Candidates should be made fully aware that market research in itself does not improve a product or service. It is the action taken from market research that can have an effect on the success of the item offered for sale.

A minority of candidates still seem to be unable to distinguish between job, batch and flow production.

There persists a degree of confusion over public sector organisations and PLCs. This was highlighted in the response of candidates to the General level paper Question 6 (a).

At Credit level some candidates struggled to provide more than one role of a trade union. A number also did not identify forms of industrial action from the case study. Failure to take cognisance of the case study compounded their inability to gain marks while answering 1 (b)(ii). It should be assumed that candidates will be expected to answer from the case study in future Credit papers.

Candidates showed a strong understanding of how to adapt the elements of the marketing mix to win customers from rivals. It was also apparent that in general candidates had been well taught the Economies of Scale and were able to provide an understanding of inflation.

Candidates responded well to the Credit level Question 3 on Greggs and presented a good selection of ways to solve the problem of large queues in shops.

There were areas of KU where candidates were unclear. Several candidates confused the Business Cycle in Credit level Question 2 (c) with the Product Life Cycle. A small minority mixed up trade union in Credit level Question 1 (a) with the European Union. In Credit level Question 5 (b) some Credit candidates seemed unaware of 'Wealth Creation' or the term 'Chain of Production', often confusing it with Methods of Production.

Statistical information: update on Courses

Standard Grade

Number of resulted entries in 2010	5,445
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Number of resulted entries in 2011	5,302
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Statistical Information: performance of candidates

Distribution of overall awards

Grade 1	29.9%
Grade 2	24.4%
Grade 3	19.0%
Grade 4	15.0%
Grade 5	8.1%
Grade 6	1.7%
Grade 7	0.1%
No award	1.8%

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	20	13	30	16	12	30	16	12
DM	35	24	18	30	18	15	30	18	12