



## External Assessment Report 2010

Subject	<b>Business Management</b>
Level	<b>Standard Grade</b>

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

As in previous years, it is pleasing to note that candidates are very well prepared for the external examination. The overall performance of candidates at all three levels is broadly similar to last year. The number of candidates presented is only slightly down from last year. There are some differences between the separate elements, which is detailed below.

## Credit

Credit candidates have performed very well this year. The percentage of awards at Grades 1 and 2 is down slightly. Good Credit candidates demonstrate their knowledge by giving extended responses and acting on the command words for the exam. They can give appropriate descriptions and justifications.

Their performance in Decision Making (DM) is slightly better than Knowledge and Understanding (KU), as in previous years. This year, Credit candidates found the DM element very accessible. There was a slight change to the style of Question 1, where candidates were asked to answer directly from the case study. Candidates coped very well with this style of question.

## General

General candidates have performed very well this year. The percentage of awards at Grades 2 and 3 is broadly similar to last year. Good General candidates read the questions carefully and tend to answer all questions. They are able to write in sentences and avoid one-word answers. Good General candidates are able to use proper business terminology.

## Foundation

Foundation candidates have performed very well this year. The percentage of awards at Grades 5 and 6 is broadly similar to last year. Good Foundation candidates are able to answer all the questions. They avoid one-word answers and try to write in sentences. They make an attempt to use proper business terminology.

## Areas in which candidates performed well

At Foundation level, candidates were able to:

- ◆ Question 1 (b) — describe the role of the entrepreneur.
- ◆ Question 2 (b) — suggest fundraising events for a charity.
- ◆ Question 2 (c) — correctly identify charities from a list of organisations.
- ◆ Question 5 (c) — identify the three stages of production.
- ◆ Question 5 (e) — suggest ways of advertising.
- ◆ Question 7 (a) — identify sellers.

At General level, candidates were able to:

- ◆ Question 1 (c) — suggest an appropriate market segment.
- ◆ Question 3 (d) — describe styles of management.
- ◆ Question 4 (a)(i) — state the opening balance in the cash budget.
- ◆ Questions 5 (b)(i) and 5 (b)(ii) — interpret the pie chart and identify market share.
- ◆ Question 5 (c) — suggest reasons why people choose to shop in a supermarket.
- ◆ Question 6 (d) — suggest ways in which the needs of customers can be satisfied.
- ◆ Question 6 (e) — suggest ways in which employees can be motivated.

At Credit level, candidates were able to:

- ◆ Question 1 (e) — identify from the case study ways in which McDonald's have improved customer service.
- ◆ Question 2 (d) — give benefits of using just-in-time manufacturing.
- ◆ Question 2 (e) — suggest and justify ways in which ICT could be used to communicate.
- ◆ Question 4 (c) — give reasons why customers prefer to use a local shop.
- ◆ Question 4 (d) — identify factors influencing the location of a business.
- ◆ Question 4 (e) — suggest and justify ways in which the Co-op can compete with rivals.

## **Areas which candidates found demanding**

At Foundation level, candidates found it difficult to:

- ◆ Question 2 (a) — suggest two different aims for a charity; they tended to repeat the same point in a slightly different way.
- ◆ Question 3 (a) — identify the correct calculation of profit.
- ◆ Question 5 (a) — suggest two methods of market research.
- ◆ Question 5 (b) — suggest two reasons for the success of the chocolate digestive biscuit; candidates again tended to repeat the same point.
- ◆ Question 6 (c) — name the functional area responsible for recruitment and selection.
- ◆ Question 6 (d) — suggest pieces of information in an application form; some candidates suggested information for a job description instead.
- ◆ Question 7 (c) — suggest a piece of hardware necessary for e-mail.
- ◆ Question 7 (d) — identify suitable software applications for business tasks.

At General level, candidates found it difficult to:

- ◆ Question 2 (b) — give one advantage and disadvantage of mechanisation. Some candidates misinterpreted this question and answered from the point of view of labour instead.
- ◆ Question 2 (c) — suggest two channels of distribution. Some candidates confused this with transport instead.

- ◆ Question 3 (b) — identify features of a plc. Many candidates confused this with aims of a plc.
- ◆ Question 3 (e) — identify a feature of a permanent contract. Many candidates overlooked the word 'permanent'.
- ◆ Question 4 (a)(ii) — explain what had happened to the closing balance in the cash budget. Many candidates simply said it was negative or it was a loss.
- ◆ Question 5 (a) — explain the term 'market share'. Candidates typically had difficulty relating to the concept of the overall market.
- ◆ Question 6 (a) — explain the term 'continuous flow production'. Some candidates were confused by the word 'continuous'.

At Credit level, candidates found it difficult to:

- ◆ Question 1 (d) — describe one **method** of on-the-job and off-the-job training. Many candidates confused this with describing on- and off-the-job training.
- ◆ Question 2 (a)(i) — describe two advantages and two disadvantages of a flat management structure. This was particularly the case with poorer Credit candidates.
- ◆ Question 2 (c) — suggest four examples of flexible working methods. Typically candidates could only suggest two.
- ◆ Question 3 (a) — describe the difference between gross profit and net profit. Typically candidates got marks for net profit but missed the essential information that gross profit was concerned with buying and selling.
- ◆ Question 3 (e) — suggest another stakeholder in the business. This was difficult for all but very few candidates who interpreted the context of the question correctly. As a sole trader, the answer 'shareholder' was not appropriate.
- ◆ Question 5 (a) — explain the difference between market-led and product-led.
- ◆ Question 5 (b) — suggest an appropriate pricing strategy. Not all pricing strategies were appropriate in this context.
- ◆ Question 5 (c) — describe ways to meet consumption levels. Many candidates did not understand the word 'consumption'.

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

Much of the advice below has been given in previous years. However, it is pleasing to note that centres have been taking advice on board.

Candidates need to be familiar with the key or command words in the exam. These were published in last year's PA report. At Credit level, candidates need to know the difference between a suggestion, description, explanation and a justification. Many candidates lose marks because they do not follow through each part of the question.

Credit candidates should also try to answer in the context of the question. They do not need to know the business in detail but should be able to apply their learned knowledge and decision making in the particular context of the question.

Credit candidates must give extended responses. Bullet points are acceptable, but one-word answers are not normally acceptable at Credit level. Credit candidates should also be

encouraged to make the link between the project undertaken for Practical Abilities with the knowledge required for the final exam.

General candidates must try to answer all questions in the exam. They should be able to distinguish between a description, explanation and identification. General candidates often give descriptions instead of justifications.

General candidates should be encouraged to use the stimulus material to help them and, if possible, to answer in the context of the question, although this is not as important as at Credit level. General candidates must be encouraged to avoid one-word answers. They should also try to use proper business terminology.

Foundation candidates cope well with the demands of the paper. They should try to answer all questions in the exam paper and avoid one-word answers. However, at Foundation level there are occasions where one-word answers are acceptable. They should be encouraged to use proper business terminology.

This year has revealed some KU areas of the syllabus that candidates had difficulty with. These are listed below for ease of reference:

- ◆ channels of distribution
- ◆ market-led and product-led
- ◆ consumption
- ◆ pricing strategies
- ◆ functional areas
- ◆ interpreting closing balance in cash budget
- ◆ market share
- ◆ correct explanation of gross profit

Centres should make use of the guidance document which was issued in 2004–2005, which clearly identifies the content areas for each level that can be examined. This document is used for setting external exam papers.

Although much improved in the last few years, there are still some candidates answering with the words 'easier', 'quicker', 'saves time', etc. All of these require full reasons to be given. Centres are reminded that the phrase 'internet' on its own is not acceptable. However, the use of the phrase 'online' is acceptable in the proper context.

This year there was debate on a couple of points. In terms of using ICT to communicate, the word 'telephone' on its own was not accepted. Candidates had to explain in more detail how the telephone was used electronically — eg voicemail, etc. 'Mobile telephone' was accepted.

There was confusion over the use of the terms 'types' and 'methods' of market research. Whilst there are different interpretations of these phrases, the examining team will continue to use the terms as follows:

- ◆ Types of market research to be desk and field.
- ◆ Methods of market research to be survey, questionnaire, using government statistics, etc.

So that candidates are not disadvantaged, the examining team will consider using the word 'ways' instead, where appropriate, so that a range of candidates' responses can be accepted.

### **Preparing prelims**

Centres are advised that prelims should mirror the final exam. Papers at each level should correspond to the same mark allocation, ie 30/30 for KU/DM at Foundation and General levels, and 35/35 for KU/DM at Credit level. Prelim papers should examine each of the functional areas and ICT.

Prelim papers which are not accepted often have too much marketing or leave out a whole syllabus area. Previous examination papers' questions are acceptable when selected according to SQA published guidelines. However, papers from before 2001 are not acceptable.

## Statistical information: update on Courses

Number of resulted entries in 2009	5580
Number of resulted entries in 2010	5445

## Statistical information: performance of candidates

### Distribution of overall awards

Grade 1	30.7%
Grade 2	26.9%
Grade 3	20.9%
Grade 4	12.7%
Grade 5	6.0%
Grade 6	1.4%
Grade 7	0.1%
No award	1.2%

### 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	22	15	30	16	12	30	16	12