



National  
Qualifications  
SPECIMEN ONLY

**S810/77/11**

**Business Management  
Case Study**

Date — Not applicable

Duration — 2 hours 45 minutes

It is recommended that you spend 15 minutes reading the information provided before responding to the questions.

You will find the questions in the question paper S810/77/21.



\* S 8 1 0 7 7 1 1 \*

## **SSE plc**

### ***Background***

SSE plc (formerly Scottish and Southern Energy plc) is a Scottish energy company headquartered in Perth, Scotland. Since 2013, Alistair Phillips-Davies has been the company's Chief Executive who is responsible for strategic planning and the overall direction of SSE plc.

SSE plc is involved primarily in producing, distributing and supplying electricity and gas to households located in the United Kingdom (UK) and Ireland. Its subsidiaries are organised into the main business areas of: generation, transmission, distribution and supply of electricity; storage and supply of gas; electrical and utility contracting; and domestic appliance retailing and telecoms. It is considered as one of the 'Big 6' companies which dominate the UK's energy market, together with British Gas, EDF Energy, E.ON, Npower and Scottish Power.

The energy sector is undergoing significant change, and this case study is limited to events prior to 31 March 2018.

**(Exhibit 1 gives an overview of the background and role of SSE plc's Chief Executive.)**

### ***Corporate affairs***

#### ***Living wage***

In 2016 the UK government implemented the National Living Wage. Before then, in 2013, SSE plc was officially accredited with being the largest voluntary living wage employer in the UK.

#### ***Fair Tax Mark***

In 2014, SSE plc became the first FTSE 100 company to be awarded the Fair Tax Mark. This accreditation recognises that SSE plc is making an effort to be transparent about its tax affairs, and that it is paying the right amount of tax in the right place, at the right time.

#### ***Sponsorship***

SSE plc supports 3 major entertainment venues bringing music, sport, comedy, and other events together, and allowing its customers to access priority tickets to some of the UK's biggest live acts.

The SSE Hydro is an arena located in Glasgow, Scotland. The arena has a capacity of 13,000 and hosts international musical stars, global entertainment and sporting events with an aim to attract one million visitors each year.

Both the Odyssey SSE Arena, located in Belfast, Northern Ireland, and the Wembley Arena, located in London, England, have sponsorship agreements with SSE for 10 years.

**(Exhibit 2 gives some additional statistics on SSE plc's economic contributions.)**

#### ***Electric vehicles***

Electric vehicles (EVs) are set to play an important role in improving air quality, with the UK Government stating that by 2040 all new cars and vans must be zero emission. The Department for Transport predicts that there could be over 10 million EVs on UK roads by 2030.

SSE plc, following the trend set by many of its competitors, has recently seen Mr Phillips-Davies agree to investment in a long-term project to install EV charging points across the UK. Slow decision making and bureaucracy in councils, coupled with different approaches to charging point implementation across the UK, could potentially impact SSE plc's EV charging point rollout plan. Another concern could be the financial problems that austerity has imposed: cuts to central government grants have led local authorities to shed staff, including those on transport teams. This is demonstrated by the fact that SSE plc planned to install 6,000 EV charging points in London in 2018, but only fitted 762.

In addition, the increasing number of EVs may overburden the national electricity network, which was designed and built long before the growth of EVs could have been predicted. Energy network operators will have to make significant investments for the EV market to become sustainable.

### ***SSE plc and Innogy joint venture***

SSE plc and German energy company, Innogy, have considered entering into an agreement to de-merge SSE plc's household energy and service division, and merge it with Innogy's UK subsidiary: Npower. This newly formed, independent business would allow for specialisation and would be named SSE Energy Services, with a minority shareholding by Innogy of 34.4% and the remainder by SSE plc's shareholders. After agreeing on the terms of the joint venture, Mr Phillips-Davies and his team submitted the Merger Notice to the Competition and Markets Authority (CMA). The joint venture would reach 11.5 million customers in the UK, creating Britain's second-largest retail energy provider, with a 23% market share, behind Centrica's British Gas of 27%.

After carrying out an in-depth review, the CMA provisionally approved the joint venture in 2018, amid fears it would weaken competition in the British market. In a national press statement, Mr Phillips-Davies said, 'Following a thorough and in-depth investigation, we are pleased the CMA has provisionally concluded the proposed merger of SSE Energy Services and Npower does not raise competition concerns'.

The joint venture is still subject to further regulatory approval but it is hoped that it will create a more resilient business focused on low-carbon renewable energy generation and regulated electricity networks. Mr Phillips-Davies is overseeing trade union meetings between SSE plc and Npower to ensure a smooth transition with fair conditions for the respective workforces.

### ***Government regulation***

#### ***Office of Gas and Electricity Markets***

The UK's energy market is regulated by the Office of Gas and Electricity Markets (Ofgem). Ofgem's key role is to protect the interest of consumers by promoting competition, where appropriate. Ofgem issues companies with licences to carry out activities in the electricity and gas sectors. It sets the levels of return which the monopoly energy companies can make, and decides on changes to market rules.

In 2018, Ofgem fined SSE plc £1 million for sending annual statements to 580,000 households that had the wrong information about the cheaper tariffs available to them. The misleading statements showed inflated savings for how much money consumers would save from switching from a prepayment meter. SSE plc claimed the mistakes were due to computer coding errors.

More recently, Ofgem announced its decision to impose a price cap on the retail energy sector. Once the price cap is in place, all households in Great Britain covered by the cap will be protected from being overcharged for their energy. The price cap, designed to be a temporary measure, will be in place until no later than 2023. In a national newspaper press release Mr Phillips-Davies stated, 'As a major energy supplier we believe customers' best interests are served by competition, not caps'.

### ***Competition and Markets Authority***

The Competition and Markets Authority (CMA) investigates the supply and acquisition of energy in the UK to make the energy market more competitive and work better for all consumers. This includes aiming to make switching energy supplier a faster, more straightforward process.

Recently the CMA reported increased levels of switching (at their highest level for a decade) and evidence that many households are switching to providers away from the current 'Big 6' players. It pointed to the existence of more than 70 energy providers in the UK market at present.

**(Exhibit 3 gives some additional statistical information.)**

## **Exhibit 1**

### **Overview of the background and role of SSE plc's Chief Executive**

#### ***Background***

Mr Phillips-Davies has been with SSE plc since 1997 and became the Chief Executive in 2013. Having held a number of senior roles throughout the company, he possesses a detailed knowledge of the operations of each business area.

#### ***Remit***

Mr Phillips-Davies has an overall responsibility for establishing and implementing SSE plc's vision in order to develop its capabilities for future growth. The directors from each business area meet with him regularly to review the company's activities in their respective remits.

Mr Phillips-Davies has specific responsibility for leading and supporting SSE plc's Human Resources function. Through this role, he has initiated significant focus on people development and has supported several employee benefit policies.

#### ***Salary controversy***

In 2017 Mr Phillips-Davies faced controversy from SSE plc's customers as he received a 72% pay increase: a significant jump to £2.9 million per year from £1.7 million the previous year. This was despite energy prices increasing by 7% a few months before, with him citing this was due to costs beyond the company's control. SSE is committed to transparency on executive remuneration and at the time the company acknowledged that the pay increase was significant, but said it reflected strong operational and financial performance under Mr Phillips-Davies' leadership in the preceding year.

#### ***The Good Economy***

The Good Economy, a social advisory firm reporting on the effectiveness of business and finance in the economy, deemed SSE plc to be the top performer in the UK. This was acknowledged in a filmed interview with Mr Phillips-Davies, in which he discussed SSE plc's success and highlighted the importance of contributions by businesses to the economy.

[Turn over

## Exhibit 2

### Economic contributions

SSE plc aims to create value for society through its economic contribution, commitment to transparency in its tax affairs and ongoing focus on creating and sustaining skilled jobs.

	2017/18	
	UK	Ireland
Contribution to Gross Domestic Product (GDP)	£8.6 billion	€806 million
Total jobs supported	99,000	4,250
Direct taxes paid	£484.1 million	€22.6 million
Taxes collected through PAYE <sup>1</sup>	£455.8 million	€56.9 million

### Charitable contributions

Investment in communities through charitable donations and employee volunteering was £6.5 million in 2017/18.

### Other relevant information

- Over the next 5 years, SSE plc predicts its investment in, and capital expenditure on, the UK's energy infrastructure will total around £6 billion.
- SSE plc uses local or nationally-based suppliers when feasible.

<sup>1</sup> Pay As You Earn (PAYE) is a system which allows an employer to deduct income tax and national insurance contributions from employees' wages.

### Exhibit 3

#### Additional statistical information

##### Financial statistics

Financial results are published in SSE plc's Annual Report in order to provide the information necessary for its shareholders. Mr Phillips-Davies is responsible for writing the executive summary, and the Chair of the SSE plc Board signs off the Annual Report on behalf of the directors.

	2018 £ m	2017 £ m
Revenue	31,226.4	29,037.9
Cost of Sales	(28,043.4)	(25,561.9)
Gross Profit	3,183	3,476
Profit for the Year	920.1	1,718.8

##### Human Resources (HR) statistics

	2018	2017
Total employees	20,785	21,157
Total recruitment	2,583	3,227
Formal grievances raised	105	92
Formal disciplinary procedures instigated	234	254
Learning and development expenditure	£9.8 million	£9.5 million

[END OF SPECIMEN CASE STUDY]

#### *Acknowledgement of copyright*

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SPECIMEN ONLY

**S810/77/21**

**Business Management**

Date — Not applicable

Duration — 2 hours 45 minutes

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**Total marks — 80**

**SECTION 1 — 40 marks**

Attempt ALL questions.

**SECTION 2 — 40 marks**

Attempt ALL questions.

It is recommended that you spend 15 minutes reading the information provided in Case Study S810/77/11 before responding to the questions.

Write your answers clearly in the answer booklet provided. In the answer booklet you must clearly identify the question number you are attempting.

Use **blue** or **black** ink.

Before leaving the examination room you must give your answer booklet to the Invigilator; if you do not, you may lose all the marks for this paper.



\* S 8 1 0 7 7 2 1 \*

## SECTION 1 — 40 marks

Read ALL the information in the Case Study and attempt ALL the questions.

The following questions are based on ALL the information provided and on knowledge and understanding you have gained whilst studying the course.

1. Analyse SSE plc's decision to invest in Electric Vehicle (EV) charging points. (Your response **must** include a force field diagram.) 8
2. Evaluate SSE plc's strategy to create SSE Energy Services through its joint venture with Innogy. 6
3. Explain the impact of UK Government regulation on SSE plc's stakeholders. 4
4. Explore the impact of SSE plc on the economies of the UK and Ireland. 8
5. With reference to Mintzberg's roles of management, describe the activities carried out by Mr Phillips-Davies. 8
6. Using **Exhibit 3**, describe the possible reasons for the trends in SSE plc's performance between 2017 and 2018. 6

## SECTION 2 — 40 marks

Attempt ALL questions

7. Many clothing manufacturers have taken sustainable measures to eliminate hazardous chemicals in their production processes.  
Discuss the effects of such measures on their functional areas. **10**
8. In 2022, the total combined Gross Domestic Product (GDP) of the 10 ASEAN Member States was £2.8 trillion, making ASEAN equivalent to the fifth largest economy in the world.  
Explain the challenges for UK organisations of trading with the Association of South East Asian Nations (ASEAN). **6**
9. Explain the impact of adopting McGregor’s Theory X management approach. **4**
10. Explain the impact of having a diverse workforce. **10**
11. (a) Evaluate the use of the piecemeal approach to change. **6**  
(b) Explore the traits of a manager which may improve their leadership. **4**

[END OF SPECIMEN QUESTION PAPER]



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**S810/77/11**

**Business Management**

## Marking Instructions

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These marking instructions have been provided to show how SQA would mark this specimen question paper.

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## General marking principles for Advanced Higher Business Management

*Always apply these general principles. Use them in conjunction with the detailed marking instructions, which identify the key features required in candidates' responses.*

- (a) Always use positive marking. This means candidates accumulate marks for the demonstration of relevant skills, knowledge and understanding; marks are not deducted for errors or omissions.
- (b) If a 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.
- (c) For **describe** questions, candidates must make a number of relevant, factual points up to the total mark allocation for the question. These should be key points; they 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

- award **1 mark** for each accurate relevant point of knowledge
- award a second mark for any point that is developed from the point of knowledge.

- (d) For **explain** questions, 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

- award **1 mark** for each accurate relevant point of knowledge
- award a second mark for any point that is developed from the same reason.

- (e) For **compare** questions, candidates must demonstrate knowledge and understanding of similarities and/or differences between things, methods or choices. The relevant comparison points could include theoretical concepts.

Up to the total mark allocation for this question

- award **1 mark** for each accurate relevant point of comparison.

- (f) For **discuss** questions, candidates must make a number of points that communicate issues, ideas, or information about a given topic or context that will make a case for and/or against. They do not always need to give both sides of the debate in their response.

Up to the total mark allocation for this question

- award **1 mark** for any accurate point of knowledge that is clearly relevant
- award a second mark for any point that is developed from the point of knowledge.

Where a mark is available for the development of a response this is exemplified in the marking instructions, a hollow bullet point is used to show the developed response.

Marking instructions for each question

Section 1

Question	Expected response(s)	Max mark	Additional guidance																								
1.	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 33%; text-align: left;">DRIVERS</th> <th style="width: 34%; text-align: center;">EQUILIBRIUM</th> <th style="width: 33%; text-align: right;">RESISTORS</th> </tr> </thead> <tbody> <tr> <td style="text-align: right; vertical-align: top;">Improved air quality →</td> <td style="text-align: center; vertical-align: top;">←</td> <td style="text-align: left; vertical-align: top;">Bureaucracy and slow decision making of local councils</td> </tr> <tr> <td style="text-align: right; vertical-align: top;">UK Government 2040 vehicle zero emissions target →</td> <td style="text-align: center; vertical-align: top;">←</td> <td style="text-align: left; vertical-align: top;">Financial cuts resulting in staffing pressures</td> </tr> <tr> <td style="text-align: right; vertical-align: top;">DoT prediction of over 10 million EVs by 2030 →</td> <td style="text-align: center; vertical-align: top;">←</td> <td style="text-align: left; vertical-align: top;">Overburdened national electricity network</td> </tr> <tr> <td style="text-align: right; vertical-align: top;">Competitors installing EV points →</td> <td style="text-align: center; vertical-align: top;">←</td> <td style="text-align: left; vertical-align: top;">Significant investment</td> </tr> <tr> <td style="text-align: right; vertical-align: top;">→</td> <td style="text-align: center; vertical-align: top;">←</td> <td style="text-align: left; vertical-align: top;">Competitive environment</td> </tr> <tr> <td style="text-align: right; vertical-align: top;">→</td> <td style="text-align: center; vertical-align: top;">←</td> <td style="text-align: left; vertical-align: top;">Different approaches to charging point implementation</td> </tr> <tr> <td colspan="3" style="vertical-align: top;"> <b>Assets for change</b> <ul style="list-style-type: none"> <li>• one of the 'Big 6' major energy companies in the UK</li> <li>• £920.1 million Profit for the Year in 2018</li> <li>• strong leadership by Mr Phillips-Davies</li> </ul> </td> </tr> </tbody> </table>	DRIVERS	EQUILIBRIUM	RESISTORS	Improved air quality →	←	Bureaucracy and slow decision making of local councils	UK Government 2040 vehicle zero emissions target →	←	Financial cuts resulting in staffing pressures	DoT prediction of over 10 million EVs by 2030 →	←	Overburdened national electricity network	Competitors installing EV points →	←	Significant investment	→	←	Competitive environment	→	←	Different approaches to charging point implementation	<b>Assets for change</b> <ul style="list-style-type: none"> <li>• one of the 'Big 6' major energy companies in the UK</li> <li>• £920.1 million Profit for the Year in 2018</li> <li>• strong leadership by Mr Phillips-Davies</li> </ul>			8	<p>Candidates should base their responses on the information from the case study.</p> <p>Award a <b>maximum of 4 marks</b> for a force field diagram</p> <ul style="list-style-type: none"> <li>• 1 mark for 2 drivers</li> <li>• 1 mark for 2 resistors</li> <li>• 1 mark for an asset for change</li> <li>• 1 mark for differing arrows and headings.</li> </ul> <p>Award 1 mark for each point of analysis.</p> <p>Award 1 mark for each valid development.</p> <p>Award a <b>maximum of 4 marks</b> for analysis of any individual drivers and/or resistors.</p> <p>Award a <b>maximum of 1 mark</b> for an overall evaluation.</p> <p>Award a <b>maximum of 5 marks</b> if there is no diagram.</p> <p>Watch for repetition.</p>
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Question	Expected response(s)	Max mark	Additional guidance
	<p><b>Drivers</b></p> <ul style="list-style-type: none"> <li>• <u>improved air quality</u> – will help SSE plc meet its sustainability targets quicker</li> <li>• <u>UK government 2040 vehicle zero emissions target</u> – charging point revenue will become a new income stream for SSE plc as transport trends shift to EVs</li> <li>• <u>DoT prediction of over 10 million EVs by 2030</u> – expected demand will increase sales revenue in the future for SSE plc <ul style="list-style-type: none"> <li>○ EVs are important for SSE plc’s growth strategy</li> </ul> </li> <li>• <u>competitors installing EV points</u> – securing as many charging point locations and getting the most coverage now will help SSE plc remain competitive later</li> </ul> <p><b>Resistors</b></p> <ul style="list-style-type: none"> <li>• <u>bureaucracy and slow decision making of local councils</u> – delays are costly as they prevent SSE plc from installing the charging points</li> <li>• <u>financial cuts resulting in staffing pressures</u> – lack of resources at the councils may mean SSE plc is delayed further</li> <li>• <u>overburdened national electricity network</u> – could lead to failures as EVs increase which results in poor service for SSE plc’s customers</li> <li>• <u>significant investment</u> – could result in SSE plc having to borrow to fund infrastructure development</li> <li>• <u>competitive environment</u> – may need to accept lower price/profit to keep/gain market share</li> <li>• <u>different approaches to charging point implementation</u> – processes cannot be standardised</li> </ul>		

Question	Expected response(s)	Max mark	Additional guidance
	<p><b>Overall evaluation</b></p> <ul style="list-style-type: none"> <li>the drivers become stronger as time goes on due to the government legislation and as consumers move to EVs, which means SSE plc should invest now to ensure it remains competitive and takes advantage of the future demand whereas the resisters are mostly short-term barriers with little overall risk to SSE plc's growth</li> </ul>		
2.	<p><b>Benefits</b></p> <ul style="list-style-type: none"> <li><u>de-merge into an independent business</u> – removing the liability of the parent company for any debts incurred <ul style="list-style-type: none"> <li>can be separately divested if underperforming in future</li> </ul> </li> <li><u>allows for specialisation</u> – can increase quality for consumers <ul style="list-style-type: none"> <li>may result in a more competitive price to better compete in the UK</li> </ul> </li> <li><u>combine with UK subsidiary Npower</u> – removes a competitor</li> <li><u>shareholding by Innogy of 34.4%</u> – SSE plc have majority decision making power</li> <li><u>reach 11.5 million UK customers</u> – increased sales revenue</li> <li><u>Britain's 2nd largest power provider/23% market share</u> – improves profitability as the joint venture will result in Npower's customers being absorbed by SSE plc</li> </ul> <p><b>Costs</b></p> <ul style="list-style-type: none"> <li><u>34.4% shareholding by Innogy</u> – dividend/profits will be shared</li> <li><u>further to CMA regulatory approval</u> – if denied, may limit expansion plans <ul style="list-style-type: none"> <li>which wastes resources spent on the joint venture to date</li> </ul> </li> <li><u>trade union meetings</u> – may result in agreed costly terms for the workforce <ul style="list-style-type: none"> <li>if terms are not agreed, then redundancy packages may need to be offered</li> </ul> </li> </ul>	6	<p>Candidates should base their responses on the information from the case study.</p> <p>Award <b>1 mark</b> for each valid evaluative point.</p> <p>Award <b>1 mark</b> for each valid development.</p> <p>Award a <b>maximum of 3 marks</b> to candidates who make general points on joint ventures/demerging, without relating them to the SSE plc case study.</p> <p>Accept any other suitable response.</p>

Question	Expected response(s)	Max mark	Additional guidance
3.	<ul style="list-style-type: none"> <li>• <u>Ofgem issues companies with licences</u> – managers must ensure criteria are met for the license to be awarded/renewed</li> <li>• <u>Ofgem sets the levels of return monopoly energy companies can make</u> – shareholders’ dividends will be affected depending on the level of return Ofgem decides <ul style="list-style-type: none"> <li>○ HMRC revenue may be affected as SSE plc’s profit may be lowered by the set level of return</li> </ul> </li> <li>• <u>Ofgem decides on changes to market rules</u> – managers may have to adapt policy/operations</li> <li>• <u>Ofgem price cap until 2023</u> – customers get fairer prices/make savings</li> <li>• <u>Ofgem fined SSE plc £1 million</u> – Ofgem/government receives an income from this</li> <li>• <u>CMA regulates acquisitions</u> – managers may be denied the joint venture with Innogy so have to review the growth strategy</li> <li>• <u>Ofgem/CMA promote competition</u> – customers have more choice of providers</li> <li>• <u>makes switching energy supplier a faster, more straightforward process</u> – leaving customers with more disposable income</li> <li>• <u>National Living Wage</u> – employees receive a fair pay</li> </ul>	4	<p>Candidates should base their responses on the information from the case study.</p> <p>Candidates must explain the impact on at least 2 stakeholders to gain full marks.</p> <p>Award 1 mark for each valid explanation.</p> <p>Award 1 mark for each valid development.</p> <p>Award a <b>maximum of 2 marks</b> to candidates who make general points on the impact of government regulation on stakeholders, without relating them to the SSE plc case study.</p> <p>Accept CMA and Ofgem as stakeholders.</p> <p>Accept any other suitable response.</p>

Question	Expected response(s)	Max mark	Additional guidance
4.	<ul style="list-style-type: none"> <li>• <u>20,000 employees</u> – reduce the level of unemployment in the UK <ul style="list-style-type: none"> <li>○ <u>99,000 (UK)/4,250 (Ireland) jobs supported</u> – creates indirect employment</li> </ul> </li> <li>• <u>accredited living wage employer</u> – gives employees more discretionary income to spend in other local business (multiplier effect)</li> <li>• <u>sponsorship venues</u> – may increase tourism</li> <li>• <u>£6 billion capital expenditure</u> – reduces the investment by the UK government to develop the country’s energy infrastructure</li> <li>• <u>£8.6 billion (UK)/€806 million (Ireland) to GDP</u> – may attract FDI <ul style="list-style-type: none"> <li>○ which would improve UK’s balance of payments</li> </ul> </li> <li>• <u>Fair Tax Mark</u> – encourages other organisations to secure this quality standard, so they will pay fair tax also <ul style="list-style-type: none"> <li>○ <u>£484.1 million (UK)/€22.6 million (Ireland) tax paid</u> – paying correct tax gives the governments more budget to spend on state services</li> </ul> </li> <li>• <u>£455.8 million (UK)/€56.9 million (Ireland) tax collected through PAYE</u> – ensures individuals are paying the correct amount of tax on their SSE plc income</li> <li>• <u>one of the ‘Big 6’</u> – may result in increased prices for customers (monopoly) <ul style="list-style-type: none"> <li>○ may be difficult for new start-up energy companies to set up</li> </ul> </li> <li>• <u>£6.5 million community investment</u> – betters the lives of people helped by the charities or voluntary organisations</li> <li>• <u>£9.8 million in learning and development</u> – UK/Ireland workforce is more skilled <ul style="list-style-type: none"> <li>○ improved employability for people who develop new skills with SSE plc</li> </ul> </li> <li>• <u>local or nationally-based suppliers</u> – local sourcing may reduce transport pollution</li> </ul>	<b>8</b>	<p>Candidates should base their responses on the information from the case study.</p> <p>Award <b>1 mark</b> for each valid explored point.</p> <p>Award <b>1 mark</b> for each valid development.</p> <p>Award a <b>maximum of 4 marks</b> to candidates who make general points on economic contribution, without relating them to the SSE plc case study.</p> <p>Watch for repetition.</p> <p>Accept any other suitable response.</p>

Question	Expected response(s)	Max mark	Additional guidance
5.	<ul style="list-style-type: none"> <li>• <b>Disseminator</b> – to inform stakeholders of the objectives through his responsibility for <u>strategic planning</u></li> <li>• <b>Figurehead</b> – representing the organisation to the outside world <u>in a filmed interview</u></li> <li>• <b>Liaison</b> – <u>agreeing on the terms of the joint venture</u> by developing relationships with Innogy</li> <li>• <b>Negotiator</b> – <u>overseeing trade union meetings</u> acting as an intermediary between SSE and its employees</li> <li>• <b>Spokesperson</b> – <u>national newspaper press release/statements</u> in order to let the wider community know what the company is doing</li> <li>• <b>Monitor</b> – meeting with directors regularly to check progress of their areas of control</li> <li>• <b>Disturbance handler</b> – explaining to the public the reasons for rising costs to reduce controversy over his pay increase</li> <li>• <b>Entrepreneur</b> – coming up with ideas and decisions in <u>implementing SSE plc's vision</u></li> <li>• <b>Leader</b> – may inspire employees when they read his <u>executive summary</u> in the Annual Report</li> </ul>	8	<p>Candidates should base their responses on the information from the case study.</p> <p>Mintzberg's roles must be labelled.</p> <p>Award <b>1 mark</b> for each valid description.</p> <p>Award <b>1 mark</b> for each valid development.</p> <p>Award a <b>maximum of 4 marks</b> to candidates who describe Mintzberg's roles, without relating them to the SSE plc case study.</p> <p>Accept any other suitable response.</p>

Question	Expected response(s)	Max mark	Additional guidance
6.	<p><b>Financial statistics</b></p> <ul style="list-style-type: none"> <li>• <u>Revenue increased</u> – from rising electricity prices</li> <li>• <u>Cost of Sales increased</u> – supplier costs have increased</li> <li>• <u>Gross Profit decreased</u> – due to Cost of Sales increasing</li> <li>• <u>Profit for the Year decreased</u> – SSE plc’s expenses have increased</li> </ul> <p><b>Human Resources statistics</b></p> <ul style="list-style-type: none"> <li>• <u>Total employees decreased</u> – may be due to more automation/IT investment – may be due to outsourcing more services in 2018</li> <li>• <u>Total recruitment decreased</u> – may be due to further downsizing/redundancy</li> <li>• <u>Formal grievances raised increased</u> – not addressing management/HR policy issues</li> <li>• <u>Formal disciplinary procedures investigated reduced</u> – staff are better trained</li> <li>• <u>Learning and development budget increased</u> – in order to be more competitive – training staff to be able to work with new technology</li> </ul>	6	<p>Candidates should base their responses on the information from the case study.</p> <p>Candidates must describe reasons for at least 2 trends to gain full marks.</p> <p>Award 1 mark for each valid description.</p> <p>Award 1 mark for each valid development.</p> <p>Award a maximum of 3 marks to candidates who make general points, without relating them to the SSE plc case study.</p> <p>Accept any other suitable response.</p>

Section 2

Question	Expected response(s)	Max mark	Additional guidance
7.	<p><b>Human Resources</b></p> <ul style="list-style-type: none"> <li>• people will be more attracted to become an employee if they believe that an organisation is an eco-friendly place to work</li> <li>• reduced staff turnover if employees feel that the organisation is being responsible</li> <li>• less chance of legal action as there is lower risk of chemical accidents</li> <li>• training may have to be changed to accommodate a different production process as non-hazardous chemicals may not produce garments as quickly or efficiently</li> </ul> <p><b>Finance</b></p> <ul style="list-style-type: none"> <li>• an organisation may have to purchase greater quantities of non-hazardous chemicals, as they may not be as efficient as hazardous ones</li> <li>• an organisation may have to spend capital on new machinery/processes to accommodate different chemicals</li> <li>• an organisation might have to pay higher purchase price for the quality required, which will increase costs</li> </ul> <p><b>Operations</b></p> <ul style="list-style-type: none"> <li>• an organisation may have to change its production process to accommodate a change in chemicals (watch for repetition in finance)</li> <li>• non-hazardous chemicals may not be as effective (eg whitening clothes using ammonia/bleach) which may slow the speed of production               <ul style="list-style-type: none"> <li>○ which might affect delivery times</li> </ul> </li> <li>• non-hazardous chemicals may not produce the same quality of output</li> <li>• inventory management may be improved as less precautions have to be used to store or transport the chemicals</li> <li>• non-hazardous chemicals may involve more time and effort to source</li> </ul>	10	<p>Candidates must discuss the effect on at least 2 functional areas to gain full marks.</p> <p>Award 1 mark for each valid discussed point.</p> <p>Award 1 mark for each valid development.</p> <p>Accept any answer that is relevant to other functional areas such as R&amp;D or Administration.</p>

Question			Expected response(s)	Max mark	Additional guidance
			<p><b>Marketing</b></p> <ul style="list-style-type: none"> <li>the packaging of its products needs to be updated to display that it doesn't use hazardous chemicals</li> <li>an organisation can target the eco-friendly/social market segment to gain new customers who previously would not buy from it</li> </ul>		

Question	Expected response(s)	Max mark	Additional guidance
8.	<ul style="list-style-type: none"> <li>• in 2022, total trade in goods and services between the UK and ASEAN member states increased to £46.5 billion – therefore UK organisations can expect competition from this region               <ul style="list-style-type: none"> <li>○ UK organisations may have to lower prices to remain competitive</li> <li>○ in 2023, the UK announced a new £25 million ASEAN-UK Economic Integration Programme which may further increase competition from ASEAN member state organisations</li> </ul> </li> <li>• with over 10 hours flight time to the ASEAN region from the UK/the average transit time for freight shipping from Thailand to the UK is around 10 to 14 days – the distance leads to increased transport costs for UK organisations               <ul style="list-style-type: none"> <li>○ many UK customers are switching to purchasing from local suppliers to reduce/prevent the generation of emissions contributing to greenhouses gases (GHGs)</li> </ul> </li> <li>• ASEAN remains very diverse in terms of religion and culture eg Indonesia’s population is 90% Muslim and Thailand’s 95% Buddhist – therefore UK organisations must carry out extensive market research to be aware of local preferences and cultural sensitivities</li> <li>• (despite English being the official working language within the ASEAN trading bloc), there are many regional languages eg Thai, Vietnamese, Burmese etc - requiring UK organisations to employ local agents/translators for regional advertising in these countries</li> <li>• ahead of the US and Japan, ASEAN and Australia’s trading relationship exceeds \$100 billion per year – making it difficult for UK organisations to trade with ASEAN region organisations as there are already established trade links with countries like Australia</li> <li>• economic differences amongst ASEAN nations exist eg GDP per capita in Singapore is more than 30 times higher than in Laos, and more than 50 times higher than in Cambodia and Myanmar – UK organisations will have to adjust regional pricing accordingly potentially lowering profit margins in some areas</li> </ul>	6	<p>Candidates must explain at least 2 challenges to gain full marks.</p> <p>Award 1 mark for each valid explanation.</p> <p>Award 1 mark for each valid development.</p> <p>Up to a maximum of 3 marks for general points which are not specific to the ASEAN region.</p> <p>Accept any other suitable response.</p>

Question	Expected response(s)	Max mark	Additional guidance
9.	<ul style="list-style-type: none"> <li>• employees are believed to avoid responsibility - reduced empowerment/enrichment opportunities for employees               <ul style="list-style-type: none"> <li>○ experienced managers make core decisions</li> </ul> </li> <li>• creates a blame culture in the workplace - can result in poor working relationships</li> <li>• believes employees shy from work - requires a high degree of supervision               <ul style="list-style-type: none"> <li>○ can increase productivity/output</li> </ul> </li> <li>• employees are not consulted - can decrease the quality of decision making</li> <li>• emphasis on discipline - may be intimidating for employees</li> <li>• believes employees need to be controlled - resulting in a procedure/policy heavily driven workplace</li> <li>• associated with autocratic leadership - can make quicker decisions               <ul style="list-style-type: none"> <li>○ clear direction so employees are not confused</li> </ul> </li> <li>• considers finance as the key motivator - opportunities for workers to increase their income through financial incentives</li> <li>• bonuses/piece-rate are effective in increasing motivation               <ul style="list-style-type: none"> <li>○ quality concerns/issues may arise</li> </ul> </li> <li>• suggests a traditional hierarchical structure - can slow communication within the organisation               <ul style="list-style-type: none"> <li>○ a narrow span of control - can lead to micro-managing</li> </ul> </li> </ul>	4	<p>Award 1 mark for each valid explanation.</p> <p>Award 1 mark for each valid development.</p> <p><b>Up to a maximum of 3 marks</b> may be awarded for general descriptions of McGregor's Theory X.</p> <p>Accept any other suitable response.</p>

Question	Expected response(s)	Max mark	Additional guidance
10.	<ul style="list-style-type: none"> <li>• an organisation should see an increase in creativity – as every individual brings in their own personal way of thinking <ul style="list-style-type: none"> <li>○ improved innovation can lead to a competitive edge</li> </ul> </li> <li>• employees feel included – which would lead to improved employee relations</li> <li>• an organisation known for its ethics/fair employment practices/appreciation for diverse talent – is better able to attract a wider pool of qualified applicants</li> <li>• by ensuring diversity is evident in all levels of hierarchy – may gain recognition from independent organisations which allows further publicity eg Gender Fair</li> <li>• customers can relate to workers with similar backgrounds/culture – achieving improved customer satisfaction/trust <ul style="list-style-type: none"> <li>○ which will ensure loyalty/increased sales</li> </ul> </li> <li>• utilising employees’ understanding of cultural nuances – can minimise barriers to growth overseas</li> <li>• allowing different management perspectives to be drawn on, which will be beneficial in planning and strategy</li> <li>• allowing employees insight to other cultures – should lead to increased tolerance/mutual respect and better working relationships <ul style="list-style-type: none"> <li>○ this minimises potential liability for employee complaints that would otherwise escalate to formal proceedings</li> </ul> </li> <li>• a multigenerational working environment offers employees the opportunity to learn from each other – and become a more flexible workforce</li> <li>• management may need to provide training and educate employees on diversity challenges and how to support minority groups – which is costly and time consuming</li> <li>• there may be difficulty in transitioning/changing – old ways of thinking and entrenched prejudices may create tension and conflict/barriers to change</li> <li>• as cultures collide there may be a misinterpretation of meanings – what may be funny to one culture may be disrespectful to another which disrupts productivity</li> </ul>	10	<p>Award <b>1 mark</b> for each valid explanation.</p> <p>Award <b>1 mark</b> for each valid development.</p> <p>Award a <b>maximum of 1 mark</b> for financial impact of providing facilities to meet the needs of a diverse workforce.</p>

Question		Expected response(s)	Max mark	Additional guidance
11.	(a)	<p>Definition – Piecemeal approach is making small incremental changes over time.</p> <ul style="list-style-type: none"> <li>• employees become accustomed to the change as it is gradually introduced which can build confidence for the future</li> <li>• smaller changes are less threatening to staff and so are less likely to result in staff resistance <ul style="list-style-type: none"> <li>○ which can make change quicker to implement</li> <li>○ which can reduce the chance of industrial action</li> </ul> </li> <li>• gradual change is easier to manage and control so reduces risk</li> <li>• a sense of overall direction may be lost as the change is ‘bitty’</li> <li>• focusing on smaller changes may detract from the overall objective</li> <li>• piecemeal changes may seem inequitable to those not involved in the change</li> </ul>	6	<p>Award 1 mark for a definition of the piecemeal approach to change.</p> <p>Award 1 mark for each evaluation.</p> <p>Award 1 mark for each valid development.</p> <p>Accept any other suitable response.</p>

Question		Expected response(s)	Max mark	Additional guidance
11.	(b)	<ul style="list-style-type: none"> <li>• <b>Honesty and integrity</b> – these qualities will mean that employees are more likely to trust what the leader says</li> <li>• <b>Risk taking</b> – ability to implement difficult decisions efficiently</li> <li>• <b>Organisation</b> – ability to manage resources and paperwork to ensure the business runs smoothly</li> <li>• <b>Fairness</b> – good leadership will value everyone equally as inability to display fairness can result in grievances, disputes, and even legal consequences</li> <li>• <b>Warmth and caring</b> – a good leader will have a warm character and have a genuine concern for others which means employees will value the leader more and be able to work with them better</li> <li>• <b>Good communicator</b> – must be able to inform stakeholders about the objectives of the organisation to ensure deadlines are met on time</li> <li>• <b>Charisma</b> – ability to charm or persuade investors to invest or staff to complete tasks <ul style="list-style-type: none"> <li>○ charisma can avoid conflict and persuade employees to embrace change</li> </ul> </li> <li>• <b>Confidence</b> – employees will have faith if a leader is self-assured</li> <li>• <b>Clear vision</b> – ability to clearly define targets and to look long-term at implications of the changing business environment to remain competitive</li> <li>• <b>Innovation</b> – leaders need to be able to identify gaps in the market and identify suitable business opportunities which could be profitable</li> <li>• <b>Self-reliance</b> – managers can make decisions that are best for organisation without having to include the others</li> </ul>	4	<p>Candidates must explore at least 2 leadership traits to gain full marks.</p> <p>Award 1 mark for each valid explored point.</p> <p>Award 1 mark for each valid development.</p> <p>Traits must be linked to effective leadership.</p> <p>Accept any other suitable response.</p>

[END OF SPECIMEN MARKING INSTRUCTIONS]

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**Change since last published:**

Questions and Marking instruction reviewed.