X234/12/11

NATIONAL QUALIFICATIONS 2015

MONDAY, 11 MAY
1.00 PM – 3.30 PM

BUSINESS MANAGEMENT HIGHER

Candidates should attempt **all** questions in Section **One** and **two** questions from Section **Two**.

Read all the questions carefully.

100 marks are allocated to this paper.

50 marks for Section **One** and

50 marks for Section **Two**.

Answers are to be written in the answer book provided.

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SECTION ONE

This section should take you approximately 1 hour 15 minutes.

Read through the following information, then answer the questions which follow.

Hall's Meat Factory To Close

Hall's meat factory at Broxburn, owned by Vion UK, was expected to close in February 2013 with the loss of over 1700 jobs. Unless a buyer was found the meat processing plant would be wound down from October 2012. The workers felt this information was delivered by management in a very impersonal manner.

The news that the factory was to close came despite attempts by the Scottish Government, the local council and union officials to negotiate with Vion UK. The factory was bought by Vion UK in 2008 from the troubled Grampian Country Food Group.

The company Chairman, Peter Barr said "We have done everything in our power to avoid having to take this extremely regrettable action but we have been unable to identify any viable alternative to the closure of the factory at Broxburn."

Vion UK claimed they had invested over £10 million in the struggling factory over the 2 previous years. However, even after the investment in new processes, the factory continued to make record losses.

The challenging economic conditions at the time left the owners with no option other than to close the factory. The food sector industry was suffering heavily due to the recession which resulted in families cutting food budgets. Family spending on any luxury food items had reduced considerably as families switched their spending to more basic food stuff. This led to an increase in competition from brands producing similar types of products that Hall's manufactured. Vion UK were forced to reduce their price on Hall's products and to increase their budget for promotional activities to hold onto their market share.

Peter Barr said "The outdated and inefficient layout of the site and increasing costs meant that the factory had been making a loss for a number of years. There was also over capacity in the marketplace for meat products and due to this we are now in a position that is unsustainable."

VION
FOOD GROUP

Vion UK claimed they had carried out extensive discussions with their employees and also union representatives to seek alternative solutions. The owners even claimed that some efficiency improvements had been found, but they were not nearly enough to bridge the considerable losses being made by the factory. The consultation period had lasted 90 days and during that spell the factory was still making a loss of £75,000 per day.

The Scottish Government had been involved from an early stage and formed a task force with the sole objective of saving as many jobs as possible. They offered to buy the site from Vion UK and lease it back to them, freeing up much needed working capital,

but this offer was rejected. During the period of the task force 3 potential bidders expressed an interest in buying the factory. However, after carrying out extensive research none of the buyers placed a firm offer.

The Scottish Government Finance Secretary, John Swinney, confirmed the task force would continue to try to find a buyer and to attempt to put in place a recovery plan should the factory close. He went on to say "This is disappointing news for those working at Hall's of Broxburn and their families. Since Vion announced the proposed closure the Scottish Government has taken every action in our power to secure the future of the factory, working with the company and stakeholders. Teams have been put in place to help people who are looking at their options for the future."

The Government also pledged to work to address the potential impact on the local area. A recovery plan was drawn up to address the closure and help find jobs for those affected by the job losses.

There was fury in the local community at the announcement, especially from the councillors and residents. They felt the decision seemed to confirm that Vion UK's senior management had been stringing everyone along for months. Local councillors were very worried at the devastating effect on the area as 80 percent of the workforce live locally.

The Scottish Trades Union Congress added to the condemnation of Vion UK. The General Secretary of the STUC issued a very damaging statement: "The STUC is stunned and angry at the news that Vion will now proceed to close the Hall's of Broxburn factory. Once again a skilled and productive workforce is paying for the mistakes of management over an extended period. Job losses of this scale will be extremely difficult to bear in the current economic slump. The STUC urge Vion to continue to ensure that all remaining options are pursued with extreme vigour."

[Turn over

Marks

QUESTIONS

You should note that although the following questions are based on the stimulus material, it does not contain all the information needed to provide suitable answers to all the questions. You will need to make use of knowledge you have acquired whilst studying the course.

Answer ALL the questions.

1. Identify the problems faced by Vion UK. You should use the following headings. (Please identify problems only, solutions will not be credited.)

- Marketing
- Finance
- Human Resource Management
- External Factors **10**

2. (*a*) Describe the possible objectives of a public sector organisation such as a local council. **4**

(*b*) Describe **2** other sectors of the economy. **2**

3. Describe the main features of an entrepreneurial structure. **3**

4. Describe the actions an organisation could take to overcome cash flow problems. **4**

5. Explain the advantages and disadvantages to an organisation of introducing ICT. **6**

6. Compare the use of internal sources with external sources of recruitment. **4**

7. Describe and justify **4** methods of direct selling that an organisation could use. (A different justification must be used each time.) **8**

8. Describe employee payment systems that are available to an organisation. **5**

9. Explain the advantages of using a structured decision making model. **4**

(50)

[*END OF SECTION ONE*]

Marks

SECTION TWO

This section should take you approximately 1 hour 15 minutes.

Answer TWO questions

1. (*a*) (i) Compare job production with batch production **4**

(ii) Describe flow production. **2**

(*b*) (i) Explain the impact of **3** environmental factors on an organisation. **3**

(ii) Describe other external factors which could impact on an organisation. **5**

(*c*) Describe the role of appraisal in improving an employee's performance. **5**

(*d*) Describe the characteristics of quality information. **6**

(25)

2. (*a*) Describe the main features of the Data Protection Act 1998. **5**

(*b*) Discuss the use of quality inputs for an organisation. **5**

(*c*) Explain the advantages and disadvantages to organisations of having own brand products. **6**

(*d*) Describe niche marketing. **3**

(*e*) Discuss the use of ratios to analyse financial data. **6**

(25)

3. (*a*) Describe **6** methods that an organisation could use to segment its market. **6**

(*b*) Explain the advantages to an organisation of using functional grouping. **4**

(*c*) Describe the methods an organisation could use to create a strong corporate culture. **5**

(*d*) Distinguish between strategic and tactical decisions. **3**

(*e*) Describe the stages of a formal disciplinary procedure taken against an employee. **4**

(*f*) Describe the advantages of collective bargaining carried out by a trade union. **3**

(25)

[Turn over

Marks

SECTION TWO (continued)

4. (*a*) Describe the internal factors that would influence the success of a managerial decision. **5**

(*b*) Explain the advantages and disadvantages to an organisation of delayering. **5**

(*c*) Distinguish between the following financial terms:

- Fixed Assets and Current Assets
- Gross Profit and Net Profit
- Debtors and Creditors. **3**

(*d*) Describe the pricing tactics that could be used to extend the life of a product. **6**

(*e*) Describe and justify **3** methods of testing that could be used when selecting staff. (A different justification must be used each time.) **6**

(25)

5. (*a*) Describe the final accounts that would be produced by a public limited company. **4**

(*b*) (i) Discuss the use of Just in Time stock control. **6**

(ii) Explain the factors an organisation would take into account before choosing a supplier. **5**

(*c*) Discuss the use of outsourcing by an organisation. **5**

(*d*) Describe the influence stakeholders could have on an organisation. **5**

(25)

[*END OF SECTION TWO*]

[*END OF QUESTION PAPER*]

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ACKNOWLEDGEMENTS

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