

# X234/12/01

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NATIONAL  
QUALIFICATIONS  
2013

THURSDAY, 23 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.



## SECTION ONE

**This section should take you approximately 1 hour 15 minutes.**

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

This passage has been removed due to copyright issues.



During the occupation, Greenpeace UK campaigner Paul Morrozzo said, “It was time for Cairn Energy to end their cover-up.” He added, “This cowboy oil company has consistently refused to release their Arctic oil spill response plans because they know that any oil spill in the fragile and pristine environment of the High North would be impossible to clear up.”

However, Cairn Energy won a very costly court ruling which banned Greenpeace protesters from approaching any of their drilling vessels. Although delighted at the result it caused unnecessary delays in drilling operations, plus incurring very high costs to take Greenpeace to court in Holland.

The court costs added to the already high costs which had to be endured to operate the stringent drilling standards. Cairn Energy felt that this was essential in order to meet their Social Responsibility Charter which states “Local needs and international best practice influence the company’s engagement with the communities in which it operates.”

Cairn Energy stated that the disruption caused by Greenpeace cost £3 million per day.

### **Looking For Partners**

Cairn Energy looked to market the drilling opportunities to other partners to cut the high costs it was incurring. However, Phil Corbett from the Royal Bank of Scotland said, “The recent results will make it very difficult for Cairn Energy to market drilling near Greenland to any partner firms.” He went on to say, “Energy exploration is very hard to market to companies outwith the major industry players.”

Drilling in the harsh weather conditions near Greenland was also an issue. Only larger companies in the industry have the technology and expertise to carry out drilling in the Greenland area. The negative publicity that the Greenpeace protest attracted dampened enthusiasm amongst investors who questioned Cairn Energy’s commitment to the region’s environment.

These setbacks came at a time when investors had less faith in the stock market in general. The recession made it very difficult to encourage people to part with their money unless they saw a real chance of gaining returns.



The problems faced in Greenland were in stark contrast to the success of the Cairn India operations. It was felt amongst analysts that the share price was at a level that failed to reflect the true value of the company. This piece of good news was followed by the sale of a 10% stake in Cairn Energy to Vedanta for £850 million.

**Sources: Based on an article in The Herald, 14th September 2011**

**[Turn over**

## 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 Cairn Energy. You should use the following headings. (Please identify problems only, solutions will not be credited.)
    - Marketing
    - Finance
    - Operations
    - External Factors10
  
  2. Describe possible methods of growth for a public limited company. 5
  
  3. Describe ways an organisation could encourage positive employee relations. 6
  
  4. Discuss methods of grouping which could be used by a multi-national organisation. 6
  
  5. Distinguish between the following:
    - (a) Primary information and secondary information
    - (b) Qualitative information and quantitative information.4
  
  6. Discuss quality management techniques that an organisation could use. 8
  
  7. Describe financial information that potential shareholders could use to decide whether or not to invest in a company. 6
  
  8. Explain the role of a manager in effective decision making. 5
- (50)**

[END OF SECTION ONE]

## SECTION TWO

Marks

**This section should take you approximately 1 hour 15 minutes.**

**Answer TWO questions**

- |    |     |      |   |             |
|----|-----|------|---|-------------|
| 1. | (a) | (i)  | Compare job production with flow production.  | 3           |
|    |     | (ii) | Describe the main features of batch production.   | 3           |
|    | (b) |      | Explain the considerations an organisation would take into account before choosing a supplier.            | 6           |
|    | (c) |      | Discuss the use of external sources of recruitment.   | 5           |
|    | (d) |      | Distinguish between a tactical decision and an operational decision.                                      | 3           |
|    | (e) |      | Describe possible sources of finance for a partnership looking to expand its activities.                  | 5           |
|    |     |      |   | <b>(25)</b> |
| 2. | (a) | (i)  | Justify the use of loss leaders as a pricing tactic.  | 4           |
|    |     | (ii) | Describe methods a public relations department could use to improve the image of an organisation.         | 4           |
|    | (b) |      | Explain the impact of industrial action on an organisation.   | 4           |
|    | (c) |      | Describe reasons for an organisation making use of an assessment centre as part of the selection process. | 4           |
|    | (d) |      | Explain internal constraints that make decision making difficult.   | 4           |
|    | (e) |      | Describe the role of the finance department in meeting the expectations of HMRC (Inland Revenue).         | 2           |
|    | (f) |      | Describe factors that influence the formal structure of an organisation.                                  | 3           |
|    |     |      |   | <b>(25)</b> |
| 3. | (a) |      | Describe the use of ICT in a stock control system.  | 5           |
|    | (b) |      | Explain the benefits of outsourcing for an organisation.  | 4           |
|    | (c) |      | Distinguish between product orientation and market orientation.   | 2           |
|    | (d) |      | Describe 5 extension strategies that could be used to extend a product's life-cycle.                      | 5           |
|    | (e) |      | Describe the limitations of ratio analysis when making financial decisions.                               | 5           |
|    | (f) |      | Explain the purpose of a SWOT analysis.   | 4           |
|    |     |      |   | <b>(25)</b> |

**SECTION TWO (continued)**

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|--------|--|-------------|
| 4. (a) | Discuss market research techniques used by an organisation.                                  | 6           |
| (b)    | Describe the impact of the Equality Act 2010 on organisations and employees.                 | 4           |
| (c)    | Other than legislation explain the effect that external factors can have on an organisation. | 6           |
| (d)    | Describe appraisal and justify its use.  | 4           |
| (e)    | Describe the effects of increasing a manager's span of control.                              | 5           |
|        |  | <b>(25)</b> |
| 5. (a) | Describe the advantages and disadvantages of branding for an organisation.                   | 6           |
| (b)    | Discuss the use of just in time stock control.   | 5           |
| (c)    | Explain the impact on a marketing department of introducing modern technology.               | 5           |
| (d)    | Describe the interests stakeholders have in an organisation.                                 | 4           |
| (e)    | Describe reasons for cash flow problems that can affect an organisation.                     | 5           |
|        |  | <b>(25)</b> |

[END OF SECTION TWO]

[END OF QUESTION PAPER]

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