



2013 Business Management

Standard Grade Credit

Finalised Marking Instructions

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Part One: General Marking Principles for Business Management Standard Grade Credit

This information is provided to help you understand the general principles you must apply when marking candidate responses to questions in this Paper. These principles must be read in conjunction with the specific Marking Instructions for each question.

- (a)** Marks for each candidate response must always be assigned in line with these general marking principles and the specific Marking Instructions for the relevant question. If a specific 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/Principal Assessor.

- (b)** Marking should always be positive ie, marks should be awarded for what is correct and not deducted for errors or omissions.

GENERAL MARKING ADVICE: Business Management Standard Grade Credit

The marking schemes are written to assist in determining the “minimal acceptable answer” rather than listing every possible correct and incorrect answer. The following notes are offered to support Markers in making judgements on candidates’ evidence, and apply to marking both end of unit assessments and course assessments.

Part Two: Marking Instructions for each Question

Question		Expected Answer/s	Max Mark	Additional Guidance
1	a	<p>Advantages:</p> <ul style="list-style-type: none"> • Increased capital investment through shares • Less vulnerable to take over as shares not traded on Stock Exchange • Limited liability • Shared decision making/responsibility • Financial affairs can be kept private 	3 (KU)	
1	b	<p>Advantages:</p> <ul style="list-style-type: none"> • Easily recognised • Brand loyalty can be created • Creates a brand image • Reduces need for advertising, brand advertises itself • Easier to launch a new product/line • Higher prices • Higher profit/sales/market share • Higher prices may be charged for the product • Increase profits/sales/market share • Easier to obtain finance as established business 	3 (KU)	
1	c	<ul style="list-style-type: none"> • Competition • Currency differences • Trade barriers • Language differences • Cultural differences • Transport problems/distribution • External factors (accept all separately) • Legal complications • Time differences 	3 (DM)	

Question		Expected Answer/s	Max Mark	Additional Guidance
1	d	<p>TV Advertising – justification – reaches a wide audience</p> <p>Newspaper Advertising – justification – target economic groups</p> <p>Radio Advertising – justification – captive audience ie in cars</p> <p>Website – justification – global appeal</p> <p>Email/Direct Marketing – justification – no wasted advertising costs</p> <p>Outdoor media – accept as separate points</p> <p><i>Must be <u>advertising</u> promotions, do not accept sales promotions, celebrity endorsements etc.</i></p>	4 (DM)	
1	e	<ul style="list-style-type: none"> • Market Research • Brainstorming / Developing ideas • Creating a prototype • Test Marketing • Modification • Advertising • Launch • Obtaining finance • Decisions made eg price/package design – accept as separate points 	3 (KU)	
2	a	<ul style="list-style-type: none"> • Act as an intermediary between both parties – listen to both points of view • Act as arbitrator/negotiator in helping both parties to agreement • Can offer expert advice to both parties • Can make a decision that both parties must agree to 	2 (KU)	
2	b	<ul style="list-style-type: none"> • Reduced output • Poor image/bad reputation • Difficult to recruit workers/may lose workers – accept separately • Lose customers • Lose customer/loyalty • Lose sales 	2 (DM)	

Question			Expected Answer/s	Max Mark	Additional Guidance
2	c		<ul style="list-style-type: none"> • Work to rule • Go slow • Ban on overtime • Sit in • Boycott/Blacking 	2 (KU)	
2	d	i	<ul style="list-style-type: none"> • Democratic Management • Managers consult with employees on decision making. • Laissez-faire Management • Managers leave decision making to employees • Consensual <p>Give description mark if no ID</p>	2 (DM)	
2	d	ii	<ul style="list-style-type: none"> • Praise employees regularly • Use appraisals to give feedback • Consult in decision making • Improve working environment • Increase pay/bonuses • Increase holiday leave • More social events • Increased training • Internal promotion opportunities • Perks • Employee of the month • Job enrichment • Targets to achieve 	3 (KU)	
2	e		<ul style="list-style-type: none"> • Owned/run by the government • Non profit making/ break even • Provides (essential) services • Funded through taxation • Large organisation/many employees 	2 (KU)	

Question			Expected Answer/s	Max Mark	Additional Guidance
3	a		<ul style="list-style-type: none"> • Helps to identify target market • Helps to identify competition • Helps to plan the marketing mix • Reduces risk of business failure • Identify pricing strategy • Identify customer needs/wants/trends 	2 (KU)	
3	b		<ul style="list-style-type: none"> • Lots of passing trade/customers • Lots of parking/free parking • Longer opening hours than in high streets • May be no competition • May have low rent charges • Shop sizes/facilities may be suitable • Close to suppliers • Government incentives • Shared security • Near competition – positive or negative but not both 	3 (DM)	
3	c	i	<ul style="list-style-type: none"> • Customers • Suppliers • Lenders/Bank • Local Community • Employees • Government • Owners of shopping centre • Shareholder/Owners/Partners 	3 (DM)	
3	c	ii	<ul style="list-style-type: none"> • Customers – level of spending influences profits/cater to customer needs • Suppliers – quality of raw materials, delivery times • Lenders/bank – interest rates can rise increasing costs • Local Community – can object to development of shopping centre • Employees – quality of work/industrial action can affect the business • Government – laws influence the operation of the business • Owners of shopping centre – influence rent costs of the business 	3 (DM)	Accept all answers which relate specifically to decisions the business will make as a result of stakeholder influence.

Question			Expected Answer/s	Max Mark	Additional Guidance
3	d		<ul style="list-style-type: none"> • Growth – where the spending / output of the economy / GDP is increasing • Boom – a prolonged period of increased growth/spending/output/GDP • Recession – where spending / output / GDP is low 	2 (KU)	
3	e		<ul style="list-style-type: none"> • Good location • Good products • Good service • Low prices • Customer loyalty • Lack of competition • Good reputation • Catering to growing Polish population • Good business planning • Prepared Cash Budget to avoid financial risks 	4 (DM)	
4	a		<p>Advantages of operating as a partnership:</p> <ul style="list-style-type: none"> • Greater capital invested in business • Easier to obtain finance • Spreads risk for owners • Partners can specialise <p>Disadvantage of partnership:</p> <ul style="list-style-type: none"> • Unlimited liability • Partners may disagree • Shared profits 	2 (KU)	
4	b	i	<p>Gross Profit ÷ Sales x 100; GP/Sales x <u>100</u></p> <p>Current Assets : Current Liabilities ; CA/CL</p>	2 (KU)	<p>Must have x 100 in formula for GP</p> <p>Accept : or ÷ or $\frac{CA}{CL}$ as format</p>

Question			Expected Answer/s	Max Mark	Additional Guidance
4	b	ii	<ul style="list-style-type: none"> • Increase selling price • Reduce expenses – accept separate examples • Reduce cost of sales/cheaper raw materials – accept changes to the gross profit ratio 	2 (DM)	
4	c		<ul style="list-style-type: none"> • Information is historical/out of date • Must compare 'like with like' to be useful • Does not take account of other factors such as reputation/brand loyalty 	1 (KU)	
4	d		<ul style="list-style-type: none"> • Spreadsheet (accept names eg Excel, Calc etc) • Calculations can be performed easily using a formula/Quicker than calculating information with a calculator • Templates can be saved to store information • Graphs/Charts can be prepared to present information • Integrate into WP document 	3 (KU)	
4	e		<ul style="list-style-type: none"> • Internal growth – take on more employees, increase range of services offered • Horizontal integration – merge with/take over a rival business • Vertical integration – merge with/take over a secondary or primary business • Diversification/Conglomerate – move into a different market • Merger • Takeover • Ways to make the business bigger by taking on more capital -Taking on more partners or becoming a limited company • Franchising 	2 (DM)	

Question		Expected Answer/s	Max Mark	Additional Guidance
5	a	<ul style="list-style-type: none"> Income – high earners would be attracted to a 5 star hotel Families – as it is a resort with lots of facilities Sports people – as it offers sporting facilities Young couples – may be interested in the wedding service Older people – who are retired and take more holidays 	2 (DM)	
5	b	<ul style="list-style-type: none"> hotel luxury lodges a golf course spa and leisure centre luxury rooms top quality restaurants wedding co-ordinator service 	3 (DM)	
5	c	<ul style="list-style-type: none"> Feedback forms in rooms / restaurants / suggestion boxes Good reputation/recommendation Financial tips received from customers Repeat business/loyalty Survey/market research Increased sales/profits Reduced complaints Customer observations Comments on Trip Advisor/Social media 	3 (KU)	Max 1 mark for ways to survey staff
5	d	<ul style="list-style-type: none"> Creates employment Creates spending in local businesses Increased taxes paid to local authority improves Better infrastructure created More services/facilities for local community Helps local suppliers Less anti-social behaviour/falling crime rate Improving reputation of the area 	2 (KU)	

Question		Expected Answer/s	Max Mark	Additional Guidance
5	e	<ul style="list-style-type: none"> • room/lodge bookings • supplier details • employee details • stock <p>Do not accept customer details</p>	2 (DM)	

[END OF MARKING INSTRUCTIONS]