



2013 Business Management

Standard Grade General

Finalised Marking Instructions

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Part One: General Marking Principles for Business Management – Standard Grade - General

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 - General

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		<ul style="list-style-type: none"> • To make profit/money • To expand her hobby • To do something she is good at • To provide a service for others • To develop an idea • To be own boss • Success • To find work due to redundancy/difficulty finding a job • Gap in the market • Job satisfaction 	2KU	
1	b		<ul style="list-style-type: none"> • Enthusiasm • Risk taker • Persuasion • Determination • Confidence • Creative/coming up with ideas/ innovative • Enterprising • Problem solving skills • ICT skills • Motivational skills • Interpersonal skills • Decision making skills • Leadership skills • Sales/marketing skills • Organisational skills • Communication skills • Financial skills • Management skills • Ability to work on their own 	2KU	
1	c	i	<ul style="list-style-type: none"> • newspapers/journals/magazines • government statistics/census • competitors' prices • Internet website • Previous records 	1KU	

Question			Expected Answer/s	Max Mark	Additional Guidance														
1	c	ii	<p><u>Advantages</u></p> <ul style="list-style-type: none"> • Easy to access as it already exists • Quick to access the information as it already exists • More cost effective – time and money do not have to be spent collecting it • Large quantities available <p><u>Disadvantages</u></p> <ul style="list-style-type: none"> • Information may not be accurate/bias • Information may not suit your purpose • Large amount of information to go through to get what is wanted • May be out of date <p>Quantities available not accepted twice</p>	2KU															
1	d	i	<ul style="list-style-type: none"> • Bank Manager/Accounts/Lawyers • Prince's Scottish Youth Business Trust (PSYBT) • Government • Other Businesses/Successful Entrepreneurs/Venture capitalists/Business Angel/other competitors • Local Authority • Scottish Enterprise • Internet Website – not just 'internet' • Books/Magazines • Family and friends • Job centre 	1KU															
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1	e		<ul style="list-style-type: none"> • To set out the aims of the business • To identify the market for the product • To plan finances • To reduce risk of failure/identify possible problems • To obtain finance/show to bank manager • Plan for future • Refer to during the running of the business 	2KU	Reasons for producing it not description.														

Question		Expected Answer/s	Max Mark	Additional Guidance																
2	a	A market is a place where buyers and sellers meet. Where products are bought and sold	1KU	Must make reference to buyer & seller																
2	b	<table border="1"> <thead> <tr> <th>Pricing Strategy</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>Competitive Pricing</td> <td>Prices are similar to, or just below the competition.</td> </tr> <tr> <td>Cost-plus Pricing/Mark Up</td> <td>Costs are added up and an amount is added on for profit</td> </tr> <tr> <td>Penetration Pricing/Introductory</td> <td>A lower price than the completion to persuade customers to buy their product</td> </tr> <tr> <td>Premium Pricing</td> <td>A high price which can be charged because the product is of superior quality or have added graphics/accessories</td> </tr> <tr> <td>Skimming Pricing</td> <td>A high price is charged at the beginning when customers are willing to pay a high price because the product is new. Price is then reduced in stages.</td> </tr> <tr> <td>Destroyer Pricing</td> <td>Selling a product at very low price to get rid of the competition.</td> </tr> <tr> <td>Promotional Pricing</td> <td>Product is priced at a certain level for a particular period of time to attract customers from the competition.</td> </tr> </tbody> </table> <p>Accept High or Low as pricing strategies Description marks given if correct without strategy named</p>	Pricing Strategy	Description	Competitive Pricing	Prices are similar to, or just below the competition.	Cost-plus Pricing/Mark Up	Costs are added up and an amount is added on for profit	Penetration Pricing/Introductory	A lower price than the completion to persuade customers to buy their product	Premium Pricing	A high price which can be charged because the product is of superior quality or have added graphics/accessories	Skimming Pricing	A high price is charged at the beginning when customers are willing to pay a high price because the product is new. Price is then reduced in stages.	Destroyer Pricing	Selling a product at very low price to get rid of the competition.	Promotional Pricing	Product is priced at a certain level for a particular period of time to attract customers from the competition.	2DM	
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Question		Expected Answer/s	Max Mark	Additional Guidance
2	c	<ul style="list-style-type: none"> • Development of existing/new models • Quality of the product • Range of accessories available • Delivery time • Promotions • After sales service • Range of outlets for their products • Advertising • Expand/become global • Different features • Storage space • USP • Product • Place • Promotion <p>Accept 2 different promotions</p>	2DM	
2	d	<p>Retail outlets accept only one</p> <ul style="list-style-type: none"> • Mail order • Wholesalers • TV 	2DM	
2	e	<ul style="list-style-type: none"> • E-mail • Mobile phone call • Text message • Social networking – accept separately • Website/online survey • Apps • Video/Skype/Video Conference/Face Time • Fax • Call Centre • Accept ICT to produce documents <p>Do not accept 'Internet' on its own Do not accept 'telephone' on its own must be mobile telephone</p>	2DM	

Question			Expected Answer/s	Max Mark	Additional Guidance
3	a		Human Resource Department/HR/Personnel	1KU	
3	b		<ul style="list-style-type: none"> • Type of job • Where the job is located • Type of contract eg permanent/ temporary/part-time/full-time/seasonal • Salary/Wage • Hours of work • Where to apply/contact details • Flexi time available • Job description • Person specification • Qualities • Skills • Qualifications • Experience • Company Logo • Company Info • Application deadline date 	2DM	
3	c	i	<ul style="list-style-type: none"> • Job Centre • Employment Agency • Head Hunting • Recruitment website • Shop Window • Radio/TV • Uni/College • Billboards/outdoor media • Flyers • Specialist magazines • National newspapers eg Metro • Santander Website • Online 	1DM	
3	c	ii	<p><u>Advantage</u></p> <ul style="list-style-type: none"> • Much larger number of people to choose from • Fresh ideas from new people • Doesn't create further vacancy <p><u>Disadvantage</u></p> <ul style="list-style-type: none"> • They do not know the company and the people within the company • They may need to be trained/induction • More costly to recruit externally • Low morale for people within the organisation if one of them has not been chosen 	2KU	

Question		Expected Answer/s	Max Mark	Additional Guidance						
3	d	<ul style="list-style-type: none"> • Information can be easily recalled • Information can be printed out • Information about customers can be kept confidential • Information can be sorted • More information can be stored in less space • Information can be updated easily if details of the customer changes • Information can be used to send mail-merge documents to the customer • Remote access/multi user access • Duplicate/Back-ups • Environmentally friendly as less paper needed • Search/Filter • Sort • Information can be deleted • Information can be edited 	2KU							
3	e	<table border="1"> <thead> <tr> <th>Sector</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>Primary</td> <td>Involved in extracting natural resources</td> </tr> <tr> <td>Secondary</td> <td>Involved in manufacturing and construction</td> </tr> </tbody> </table> <p>Accept examples to back up descriptions</p>	Sector	Description	Primary	Involved in extracting natural resources	Secondary	Involved in manufacturing and construction	2KU	
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4	a	i	Vertical Integration	1DM							
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4	b		<ul style="list-style-type: none"> • Save costs – do not accept free • Be more environmentally friendly • Gain a good reputation/public image • Part of Mission Statement • Climate • Availability of grants • Increase profits 	1DM							
4	c		<ul style="list-style-type: none"> • Set out what the company stands for • Set out the goals and objectives of the organisation • To help the organisation stay focused on their aims • Setting targets and then trying to achieve the targets 	1KU	Accept description of mission statement						
4	d		<ul style="list-style-type: none"> • Increase Sales. • Increase Profit – accept ‘money’. • Appeals to wider market/increase market share. • Spreads the risks. • More likely to succeed. • Increased reputation. • Benefit from, Economies of Scale • Increased brand recognition • Business Security 	2KU							

Question			Expected Answer/s	Max Mark	Additional Guidance
5	a	i	£500	1DM	
5	a	ii	<ul style="list-style-type: none"> • Gone into deficit • Money coming in not covering money going out <p>Do not accept go into debt, negative balance or decreased</p>	1DM	
5	a	iii	<ul style="list-style-type: none"> • Raw materials • Gas/Electricity/Telephone – accept separately 	1DM	
5	b		<p><u>Fixed</u></p> <ul style="list-style-type: none"> • Rent • Insurance • Wages <p><u>Variable</u></p> <ul style="list-style-type: none"> • Raw Materials • Gas/Electricity/Telephone – accept separately • Wages <p>Do not accept ‘wages’ as both Fixed and Variable</p>	2DM	
5	c		<ul style="list-style-type: none"> • Trading Account • Profit and Loss Account • Balance Sheet • Cash flow 	1KU	
5	d		<ul style="list-style-type: none"> • Reduce prices/Increase prices • Advertise more – only once – 1 mark max • Celebrity Endorsement • Improve product • Improve service offered • Offer incentives/promotions • Open more stores • Increase production • Produce new products • Diversification/Integration 	2DM	

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Do not accept Shareholders or Competitors																						

Question		Expected Answer/s	Max Mark	Additional Guidance						
6	a	<ul style="list-style-type: none"> Owned by shareholders Anyone can buy a share Shares are traded on the Stock Exchange Shareholders have an AGM Run by a Board of Directors/Decision made by Board of Directors Private sector business Receives finance by selling shares/debentures Has limited liability Published Accounts PLC after name Profit making Large business 	2KU							
6	b	<p><u>Advantage</u></p> <ul style="list-style-type: none"> Automated production line can save time/products can be made more quickly Products are all the same/quality consistent Can be used 24/7 Quality systems can be built into the production at each stage Can make use of economies of scale Do not need to employ skilled staff Able to produce large quantities of goods <p><u>Disadvantage</u></p> <ul style="list-style-type: none"> Expensive at the beginning to buy the equipment Low staff morale De-skilling of staff Whole process stops when problems happen Machine breakdown means loss of production Maintenance of machinery required 	2KU							
6	c	<table border="1"> <thead> <tr> <th>Method</th> <th>Description</th> </tr> </thead> <tbody> <tr> <td>Job</td> <td>One job is done at a time, through to the end, before another job is started.</td> </tr> <tr> <td>Batch</td> <td>A number of products (group) will be produced at one time and each product in that group will be the same. When that group is complete another group will be started.</td> </tr> </tbody> </table>	Method	Description	Job	One job is done at a time, through to the end, before another job is started.	Batch	A number of products (group) will be produced at one time and each product in that group will be the same. When that group is complete another group will be started.	2KU	
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6	d	<ul style="list-style-type: none"> • Use materials which can be recycled • Use renewable energy sources • Low carbon emissions in transport used • Energy efficient measures – various • Donate money to environmental causes • Organic ingredients • Use labour rather machinery • Use local suppliers • Encouraging customers to recycle 	2DM	
6	e	<p><u>Competitors</u></p> <ul style="list-style-type: none"> • Better products • Cheaper prices • Better promotion • Credit terms • Products in more/better locations <p><u>Suppliers</u></p> <ul style="list-style-type: none"> • Delivery times • Quality of goods supplied • Credit terms given • Prices of products 	2DM	

[END OF MARKING INSTRUCTIONS]