



2014 Business Management

Advanced Higher

Finalised Marking Instructions

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Part One: General Marking Principles for: Business Management Advanced Higher

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 Advanced Higher

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.

Question	Expected Answer(s)	Max Mark	Additional Guidance
1	<p>Award a maximum of 4 marks for a diagram showing at least 2 drivers, one resistor, arrows of varying lengths pointing towards each other, and at least 1 asset for change.</p> <p>Award a maximum of 4 marks for explanation of drivers, resistors or assets for change. To gain a mark, candidates should indicate why the factor is a driver or resistor and/or consider the implications of the driver/resistor.</p> <p>Up to 3 marks can be allocated for analysis of the force field diagram and how it can be used to explain the decision to move into the aviation market. This should include an explanation of why, in this case, the drivers outweighed the resistors as far as John Menzies was concerned and a comparison of driver and resistor.</p> <p>Drivers</p> <ul style="list-style-type: none"> • Ever expanding market/outstanding potential for future growth • Many airlines were outsourcing key services to non-airline companies <p>Resistors</p> <ul style="list-style-type: none"> • Lack of experience of managing large scale business 	10	

Question	Expected Answer(s)	Max Mark	Additional Guidance
1	<p>(cont) Assets for Change</p> <ul style="list-style-type: none"> • It had £68m from selling the retail arm to invest in aviation • Had similar skills to aviation: namely, distributing products from one place to another • Aviation is also a B2B service • Committed skilled workforce <p>Overall, benefits outweigh the resistors. Circumstances in the retail market had changed as there were more competitors selling stationery, newspaper and magazines. As profits were decreasing in the retail market Menzies had to find another way to achieve growth.</p>		
2	<p>Award one mark for each point plus one mark for each development point, up to a maximum of 3 marks per point. Links to motivational theories can be counted as development points. To be awarded a mark candidates should say how or what extent each initiative would help harness the passion Menzies wants for its employees.</p> <ul style="list-style-type: none"> • “Leading from the front” programme— employees can see promotion prospects within the firm and will want to show they are passionate to achieve this. • SPIRIT— delivered by local management who will have better awareness of employee needs and wants. • Whistle blowing phone line— ensures everyone is working to the best of their ability; but it may make employees feel they are being spied upon and thus lose the passion. 	6	

Question	Expected Answer(s)	Max Mark	Additional Guidance
2	<p>(cont)</p> <ul style="list-style-type: none"> • Community challenge— need to show passion to be ranked a highest performer; need to be passionate to give up the time to travel abroad; only 30 people take part out of a company of 21,000 means it gives employees something to strive for; however employees may feel it is unachievable if only 30 take part. • GO Team— need to be passionate to be chosen as problem solving needs creative thinkers. • Crew Room Briefings— being kept in the loop will help to maintain enthusiasm; being told things informally may make employees feel they are not important enough to be told formally. • Emailing employees informs them promptly informs them of developments so don't hear them from someone else first— feel part of the team. Ditto re news bulletins sent personally to them. 		
3	<p>To gain a mark candidate must state the benefit or cost of each example.</p> <p>Award a maximum of 4 marks for general points about the benefits of acquisition with no reference to the case study.</p> <p>Benefits</p> <ul style="list-style-type: none"> • Allows JM to expand quickly and increase its share of a growing global market— more people now flying to Australia. 	8	

Question	Expected Answer(s)	Max Mark	Additional Guidance
3	<p>(cont)</p> <ul style="list-style-type: none"> • Aeroground allowed it to enter 5 new locations but having a presence at 4 of the airports allowed it to benefit from its knowledge and experience of local US and Canadian market conditions. • Purchasing an existing company allows JM to adapt to different cultures— purchasing MMA will help them to adapt to African culture, which is very different to UK culture. • Allows JM to start making a profit immediately— UAC already operates at 11 locations in Australasia and the USA. • Taking over companies that are similar to JM makes it easier to integrate them— UAC had synergies with JM. • Existing managers may have different experience so they can bring new ideas to JM— JM allows devolved operational management at locations across the world to help identify new opportunities. • Remove a competitor. <p>Costs</p> <ul style="list-style-type: none"> • Initial payment expensive— Novia Sverige cost EUR 875m • Difficult to replicate the same culture and values throughout existing companies— acquisition of PRA GHU added several new airlines which would have their own culture. • Resistance from existing employees in acquisitions— taking on 314 employees in Flight Support. • Large risk if it goes wrong— paid £17m for Aeroground. 		

Question	Expected Answer(s)	Max Mark	Additional Guidance
4	<p>Award one mark for each point and one mark for each development point.</p> <ul style="list-style-type: none"> • New aviation contracts generate £41m of revenue- between 2010 and 2011 aviation revenue increased by £50m and new contracts account for the majority of this. • The contract with China Airlines guarantees income for 3 years • China Airlines operates to 111 locations— by winning the contract in one location (Sydney) it may be more likely to win contracts in other locations. • Winning contract with Jetsar gives it access to a fast growing airline- again increasing JM's chances of winning more locations. • Contract with Easyjet allowed JM to enter a completely new country. • Contract with News International guaranteed income of £158m for 7 years. • Trinity Mirror contract would allow JM to increase market share to 50%. • Reducing the costs for Alaska Airlines by winning the PBIA means they are likely to use Menzies at other airports they operate in; lost baggage costs the airlines \$3bn each year, thus saving Menzies money which it could use for further growth. • Winning the 2012 Priority Pass award for the Lounge of the Year at Johannesburg created good publicity; passengers will pay to use the Menzies lounge. • Creating a phone app for retailers and allowing them to access their accounts 24/7 encourages more retailers to sign up with Menzies. 	6	

Question		Expected Answer(s)	Max Mark	Additional Guidance
5	a	<p>Award one mark for each point and one mark for each development point.</p> <p>To gain full marks the candidates must mention at least one cost and one benefit.</p> <p>Max 3 for general points linked to intro of IT.</p> <p>Benefits</p> <ul style="list-style-type: none"> • Reduces costs so increases profits. • Ensures product gets to consumer on time— vital with newspapers as Wednesday's daily newspaper will not sell on Thursday. • If customers get right product at the right time, they are happier so fewer customer complaints for Menzies. • Splitting and resplitting rounds means delivery vans have to do more journeys, which increases staffing and petrol costs— this will reduce these costs. • Most of the hard work is done electronically meaning less room for human error. • Can use the software to test “what if” scenarios without having to physically change the runs. • Has allowed Menzies to enter new markets, which leads to growth. <p>Costs</p> <ul style="list-style-type: none"> • Doesn't do complete routes— these have to be checked and refined by local planners, so still subject to manual errors; wages have to be paid. • As the system is 90% computerised if it were to go down, it would be difficult to write up routes in small amount of time available. 	6	

Question		Expected Answer(s)	Max Mark	Additional Guidance
5	b	<p>Maximum 3 marks if candidates discuss benefits applicable only to customers or only to employees.</p> <p>Award one mark for each point plus one mark for each development point. Award a maximum of 2 marks to candidates who provide a general response with no examples from the case study.</p> <p>ICT for employees</p> <ul style="list-style-type: none"> • News bulletins via email means employees hear about things/initiatives quickly; can be more responsive to change. • Sending bulletins to mobile devices allows employees to access information on the move; expectation that their response will be quick; however accessing work bulletins may mean employees don't get the chance to switch off. • Incorporating links for feedback allows employees a voice; can encourage employees to feedback as they see the feedback link. • Adapting the intranet to individual team level can meet individual team needs. <p>ICT for customers</p> <ul style="list-style-type: none"> • Extending the website allows customers to access help 24/7 Allowing retail customers to access on-line help can reduce staff costs. 	4	

Question	Expected Answer(s)	Max Mark	Additional Guidance
6	<p>Award one mark for each point plus one mark for each development point. Award a maximum of 3 marks to candidates who provide a general response as to why companies enter into joint ventures.</p> <ul style="list-style-type: none"> • Demand for magazines has fallen—need to find new revenue streams • Increasing use of ICT by consumers to access news, gossip etc- all the items found in magazines- need to target a new market. • Menzies seeks to achieve growth organically— the digital market is a way of achieving this; it extends sales of their original product— newspapers. • If it became the “iTunes of the magazine industry” then it would be hugely popular which would increase revenue; it would become market leader; if it becomes too popular it may damage the distribution side of the business. • Menzies can save on distribution costs as magazines would be distributed electronically rather than physically • It can help Menzies to become environmentally friendly— no paper; it reduced its carbon footprint by 30%. • It is offering top titles, which is what consumers want to buy. • Distribution is deemed to be operating in a challenging environment so it needs organic growth. 	6	

Question	Expected Answer(s)	Max Mark	Additional Guidance
7	<p>Menzies' strategy is to innovate to continually improve service, quality and efficiency.</p> <p>Max 2 marks for general points.</p> <p>Award one mark for each point plus one mark for each development point. Answers should say how each example helps achieve an aspect of the strategy.</p> <ul style="list-style-type: none"> • Selling operations in Hong Kong Menzies Aviation gained £1.3m— could use this cash to improve service; failing to grow would have prevented the company from gaining economies of scale thus not allowing them to maximise efficiency. • Underperforming station in Atlanta makes the division inefficient, closing this helps to reduce this inefficiency. • Only having a 40% stakeholding in CAA meant they did not have full control to make decisions which could help them to improve service and quality. • Closing other UK airport operations and concentrating their cargo business around London Heathrow will allow them to focus staff and resources on one area and so improve service and quality; having excess capacity is not very efficient so getting rid of that allows them to improve efficiency; however job losses may result in poorer service as fewer people to do the job; more cost effective as less wages; albeit not much of a wage saving; taking a one-off hit is not very efficient, but it is only once. • By fixing Amsterdam it must have improved efficiency in order to bring back into profit. <p style="text-align: right;">Total marks</p>	<p style="text-align: center;">4</p> <p style="text-align: center;">(50)</p>	

SECTION TWO

Question		Expected Answer(s)	Max Mark	Additional Guidance
8	a	<p style="text-align: center;">SECTION TWO</p> <p style="text-align: center;">Answer any TWO of the following questions.</p> <p>Maximum 3 marks per point. Marks should only be awarded for description of effects.</p> <p>Definition— being ethical means conducting business according to a moral framework eg not testing on animals (max one mark).</p> <p>Positive Effects Ethical organisations may attract a better quality of applicants, leading to greater productivity from employing a more skilled workforce than less ethical firms; thus reducing average cost; the commitment of existing employees may be enhanced by the knowledge that they are working for a caring firm; increasing their motivation and productivity.</p> <p>Some ethical measures, such as energy saving and recycling, may lower costs directly; having environmental standards and safety requirements in excess of those prescribed by current legislation means that firms avoid penalties eg for pollution and the cost of altering their operations to comply with changes in legislation;</p> <p>Increasing environmental awareness of consumers means an ethical firm may attract more customer loyalty; as part of</p>	13	

Question		Expected Answer(s)	Max Mark	Additional Guidance
8	a	<p>(cont) their commitment to protecting natural resources, M & S have introduced their own forestry programme and are using information gathered on suppliers' commitment to such programmes when deciding who to do business with; an ethical firm may be able to establish a niche for itself based on a positive reputation; eg the Co-op was the first firm to offer a wide range of Fair Trade products such as chocolate which attracted consumers concerned about exploitation of lesser developed countries.</p> <p>Being ethical is a stimulus to firms to innovate to find more environmentally friendly ways of operating; eg Sainsbury's invention of biodegradable wrapping for fruit and vegetables; this could lead to increased sales as consumers will want to recycle.</p> <p>Ethical measures may bring the firm good publicity and can be used in promotion; however a firm may state it is ethical because it thinks it will earn more profit and not because of principle, which would be unethical.</p> <p>Firms may be able to charge a premium price as consumers will be willing to pay eg Ecover environmentally friendly soap powder is more expensive than other brands.</p> <p>Negative Effects Being ethical may mean that firms have to spend more on environmentally friendly equipment, ethical sources of supply etc, better wages and conditions for their employees; this would increase costs and reduce profitability.</p> <p>Companies which publicise their ethical stance are subject to greater publicity scrutiny than others; a small amount of adverse publicity can severely damage the reputation of a company: eg customers may feel betrayed by McDonalds' takeover of Pret a Manger.</p>		

Question		Expected Answer(s)	Max Mark	Additional Guidance
8	b	<p>Maximum 7 for description of leadership style. Maximum 3 for discussion of each factor. Watch for repetition.</p> <p>Style theory looks at leaders in terms of the different ways in which they behave; managers are responsible for achieving the objectives they have been set and for developing effective relationships with the people under their control; managers vary in the extent to which they emphasise one or other of these aspects; Leadership style is a spectrum ranging from autocratic (manager's authority paramount) to laissez-faire (subordinates' freedom paramount).</p> <p>Autocratic managers stress achievement of objectives and are task orientated; allocate tasks to specific individuals and supervise them closely; do not invite input from subordinates; persuasive and paternalistic styles are examples of autocratic styles.</p> <p>Democratic managers stress the relationships aspect of their role and are relationship orientated; allow subordinates more freedom to achieve objectives in their own way; encourage upwards as well as downwards communication and employee participation in decision making; examples of democratic styles include consultative, participative and laissez-faire.</p> <p><i>Influencing Factors</i> Nature of task—in a crisis situation speed and decisiveness from leader may favour an autocratic approach.</p> <p>Organisational culture— this can result in a particular type of leadership style because of a pattern of behaviour that has developed in an organisation.</p>	12	

Question		Expected Answer(s)	Max Mark	Additional Guidance
8	b	<p>(cont)</p> <p>Nature of group members— a more highly skilled workforce may be more productive when their opinions are sought, which favours a democratic style; some workers may prefer to be directed rather than contribute because of lack of interest or skills, previous experience or because they believe that the manager is paid to take decisions and shoulder responsibility.</p> <p>Size of group— a large group may make democratic style unwieldy.</p> <p>Leader's personality— certain styles may suit one personality but not another eg an aggressive competitive personality may be more suited to an autocratic style.</p> <p>Time— if a project has to be finished quickly there may be no time for discussion.</p> <p>Credit reference to Fielder, Hersey and Blanchard, Wright and Taylor.</p> <p>Discussion of PESTEC factors.</p>	(25)	

Question		Expected Answer(s)	Max Mark	Additional Guidance
9	a	<p>Positive Effects</p> <p>Employment prospects for British citizens may be enhanced—firms setting up plants overseas may recruit from UK Universities for jobs all over the world; this may lead to spin-off benefits for the Universities themselves who may be able to recruit a higher calibre of student and may help to keep academic expertise in UK.</p> <p>UK multinationals may pass on expertise to others in UK- this may include firms who deal with the company; but also covers employees who may move on to work for other UK firms; and the wider business community eg through Business Gateway.</p> <p>UK may benefit from the repatriation of profits and its national income may rise; this may help the UK balance of payments.</p> <p>Additional jobs may be created in Scotland eg in company HQ if it remains in Scotland; these are likely to be high quality technical and managerial posts, which could encourage local people to pursue education and training to access these jobs.</p> <p>UK financial institutions and others may gain opportunities which they can exploit eg providing investment advice etc.</p>	11	

Question		Expected Answer(s)	Max Mark	Additional Guidance
9	a	<p>(cont)</p> <p>Negative Effects</p> <p>Employment opportunities in UK may be reduced, especially if expansion overseas means that jobs are transferred to countries where wages are lower, eg Orange moved call centre operations from Darlington to Manilla; there will be a need for additional training and skills development to enable workers to find jobs; this may involve changes in provisions within education system to produce higher level of skills amongst UK citizens.</p> <p>Investments being made abroad rather than here in the UK will lead to short term capital outflows; which will negatively affect the balance of payments in the short run.</p> <p>UK firms may choose to relocate completely to more cost efficient location leading to job losses; negative impact on local suppliers; reduced spending in the area affected; increased government spending and reduced government income through taxation.</p>		

Question		Expected Answer(s)	Max Mark	Additional Guidance
9	b	<p>Maximum 4 for description of each school. Maximum 8 for each school.</p> <p><i>Human Relations School</i></p> <p>Elton Mayo focused on importance of social factors and human behaviour; stressed importance of taking into account workers' needs in order to improve productivity.</p> <p>Later theorists (neo-human relations school) included: Maslow- described hierarchy of needs, broadly satisfied in order; management methods need to be appropriate to the level on which workers are currently operating. Herzberg identified hygiene factors eg pay and motivators eg recognition. McGregor— came up with Theory X and Theory Y; theory X managers viewed workers as inherently lazy and resistant to change; mainly motivated by money; theory Y managers viewed workers as motivated; keen to use initiative; Theory Y view more aligned with HR School, Theory X with classical.</p> <p>By considering the needs of workers management could achieve higher productivity; through increased social interaction, establishment of groups and management listening to workers, motivation is increased ensuring, improved quality of output; and lower absenteeism; in service industries where work is difficult to measure, worker initiative and involvement is important in achieving aims and objectives of organisation. Increasing hygiene factors will not motivate but their absence will demotivate; only motivators affect motivation positively.</p>	14	

Question		Expected Answer(s)	Max Mark	Additional Guidance
9	b	<p>(cont) Scientific Management</p> <p>Taylor— workers should receive a fair day's pay for a fair day's work/money is main incentive; introduced a piece rate system; introduced specialisation and division of labour— this makes work dull and repetitive; he examined the job and the way it was done not the workers; the scientific selection, training and development of workers. Gilbreth— looked at motion studies which aimed to help the organisations increase profits and keep workers happy; reorganised the way a job was done to find the most efficient way; aimed to eliminate unneeded steps in any process or remove unneeded movements; initially looked at bricklaying— moved bricks closer to worker, reduced amount of bending and lifting needed to lay bricks; introduced photography to look at the way work was done— would show the workers the film of the best way or best worker.</p> <p>Associated with developing effective processes and the measurement of what workers do eg work study, this improves productivity and can minimise waste and therefore costs by finding the best way to perform tasks; modern techniques like lean production are based on reducing time spent on each step of a process; increased productivity through piece rate payment system.</p>	(25)	

Question		Expected Answer(s)	Max Mark	Additional Guidance
10	a	<p>To gain full marks candidates must cover at least 2 areas. Maximum 7 per area.</p> <p>1 mark for definition of EU.</p> <p>Single European Market</p> <p>Lower costs of doing business in Europe eg simplified tax regimes, harmonised product standards and free movement of goods across borders; may lead to new opportunities in industries which were previously heavily regulated; increased economies of scale will benefit firms which do get business from within the EU; potential market of 500m, thus increased sales.</p> <p>Some countries continue to favour local suppliers in public contracts; services are less easy to trade than goods and are often more culturally dependant; National markets are still often separated by the realities of cultural and language barriers between countries; Companies outside the EU will be faced with more competition from EU companies who have reduced their cost structures and can now compete more globally.</p>	13	

Question		Expected Answer(s)	Max Mark	Additional Guidance
10	a	<p>(cont)</p> <p><i>Social Chapter</i></p> <p>Workers' rights may be protected which may improve motivation and productivity; increased worker participation could enhance decision making in firms; fewer industrial relations issues.</p> <p>This could impose additional costs and bureaucracy on firms; high labour costs through minimum wage, paid holidays etc may increase costs; UK businesses may struggle to compete with countries which do not have to meet these requirements.</p> <p><i>EU Enlargement</i></p> <p>Export opportunities as new members join; standards of living are not always high in some new members, so the extent of opportunities may depend on the product/service offered by the company; EU grants may be available to expand into the new member countries encouraging UK firms to set up facilities; availability of skilled workers and lower wage levels initially will also attract UK businesses; it may open up sources of recruitment for UK firms which can help them alleviate skills shortages.</p> <p>Increased competition to UK firms</p> <p>Credit relevance reference to EMU and recent developments in the EU.</p>		

Question		Expected Answer(s)	Max Mark	Additional Guidance
10	b	<p>Maximum 7 for description of group development.</p> <p>Forming— at this stage project group members are likely to be on their best behaviour, willing to co-operate, anxious to make a good impression. At the beginning, things may look as though they are going well.</p> <p>This is an early stage and the group may perform well but not as effectively as it could do once it has completed the initial learning stages.</p> <p>Storming— at this point disagreements start to appear as members have gone beyond the early stages of finding out about each other; there may be heated arguments about what to do and how to do it as members test each other out.</p> <p>Storming may reduce short-term effectiveness as issues are worked out; but it may lead to improved effectiveness in the long run if it results in strong norms and clear patterns of behaviour and communication.</p> <p>Norming— by this stage, group members have begun to develop ways to work together and have resolved some of the conflicts in the storming stage; group norms begin to be established as group roles are clarified.</p> <p>The more explicit the norms are, the clearer group members are likely to be about their roles and the more effective the group is likely to be.</p> <p>Performing— by now, the group has a clear way of working which suits all members; group members support each other and trust has been established.</p>	12	

Question		Expected Answer(s)	Max Mark	Additional Guidance
10	b	<p>(cont) They are now able to operate as effectively as possible as they have procedures for reviewing work etc. It is possible for teams to perform without having fully worked through the storming and norming stages, so performing does not necessarily mean that groups are as effective as they should be.</p> <p>Mourning/Adjourning— this stage is sometimes added and covers the situation where the team changes, eg is disbanded or a member leaves; teams should recognise that they have changed and that the cycle will begin again as a new team begins the forming stage.</p>	(25)	

Question		Expected Answer(s)	Max Mark	Additional Guidance
11	a	<p>Max 4 marks per area.</p> <p>Businesses could develop an adaptive culture which will allow it to cope with things that are new; this could also include a strong mission/vision which employees can relate to.</p> <p>Continuous improvement through employee involvement in improvement or suggestion schemes; employees become used to change and accept it as the norm.</p> <p>Becoming a “learning organisation” taking opportunities for learning from past experience or tackling new problems so that change can be seen as something which is normal.</p> <p>Development of regular communication systems eg visits by senior management to discuss issues with staff; these can keep employees informed so that change does not come as a surprise; as well as allowing them the opportunity to suggest changes; if change is significant then it may need to be supplemented with other methods designed to tackle specific issues raised by the change eg training staff in new technology.</p> <p>Use of change agents who can act as intermediaries, co-ordinate aspects of change and communicate with those affected by it; however internal agents tend to be more familiar with the organisation and may communicate with employees more effectively.</p> <p>Offering education and training to those affected by the change so that they are fully informed and prepared to cope with the new situation; allaying fear and helping staff to recognise the benefits of change and cope with something new.</p> <p>Empowerment of workers by giving employees responsibility for solving problems for themselves; this creates an environment which is responsive to change and provides workers with experience for tackling something new.</p>	13	

Question			Expected Answer(s)	Max Mark	Additional Guidance
11	a		<p>(cont)</p> <p>Offering financial or other rewards may ensure employees accept change more readily because they think they will benefit from it; fringe benefits can encourage employees to be adaptable and to make personal changes; these rewards may not be successful on their own as they do not tackle fears of not coping with new things.</p>		

Question		Expected Answer(s)	Max Mark	Additional Guidance
11	b	<p>Maximum 8 per concept. Maximum 3 for description of each concept.</p> <p>Quality Assurance</p> <p>The firm sets standards for all elements of production and sets up systems to monitor and improve quality; emphasis is put on meeting customer needs as well as technical standards; the aim is to produce a quality product rather than have to correct a faulty one; workers are given responsibility to check their own output; quality is monitored constantly, often using computerised systems; firms may apply for certificates such as ISO 9000 that confirm that they are applying specified standards of quality for their industry in their business, or Six Sigma which recognises firms that have drastically reduced errors in production.</p> <p>Improves effectiveness by minimising or getting rid of errors; reduces the firm's costs; always getting a product of reliability quality increases customers' satisfaction and hence sales and loyalty; reduces likelihood of sales returns and so improves reputation; fewer customer complaints will free up time and resources to deal with other matters; having a recognised quality certificate will attract more customers;</p> <p>Market Research Techniques</p> <p>A way of collecting information about the market for a good or service eg its size and nature.</p> <p>Secondary research reuses existing information— eg government reports; often quantitative but can be qualitative; usually cheaper than primary, but can be out of date, is less focused and is not unique to the firm.</p>	12	

Question		Expected Answer(s)	Max Mark	Additional Guidance
11	b	<p>(cont)</p> <p>Primary research is original research designed to find out information on a market; as it is expensive it may increase a business's costs; information yielded may not always be accurate eg questionnaires may not be answered truthfully; however, it is essential as it is up-to-date, provides first-hand qualitative views of users and potential users, and is not available to competitors, therefore provides guidance as what the firm should do and could give it a market edge.</p> <p>Market research techniques allow a firm to make more informed decisions on future strategies by ensuring it has adequate information on which to base its decisions. Secondary research is not as effective as it risks being out of date which may lead to costly decisions. It is also available to competitors. Primary research, although specific to a business's needs, can be costly and this can impact on the profits of a business.</p> <p><i>Budgetary Control</i></p> <p>Budgetary Control is the use of budgets to monitor progress by comparing planned and actual expenditure and income; budgets can be set for different aspects of a strategy eg production, sales, advertising, wages; performance can be compared with expected or target performance on an on-going basis; perhaps by use of information from computerised Management Information Systems eg financial data such as costs of inputs, overheads, sales revenue; production data like output per time period; marketing information such as sales; HR data such as labour turnover, output per employee.</p> <p>Variiances can be calculated and immediate corrective action taken to ensure that the strategy remains on track;</p>		

Question		Expected Answer(s)	Max Mark	Additional Guidance
11	b	<p>(cont)</p> <p>budgets act as departmental targets and managers can be held accountable for meeting them; under-spending in one area may release funds for use in another.</p> <p><i>Human Resource Planning (HRP)</i></p> <p>HRP is the forecasting of a firm's future labour requirements in terms of the numbers of workers and skills required (demand), and the analysis of how these requirements might be met (supply).</p> <p>Effective HRP can give a firm a competitive edge by ensuring it has the right staff in the right place at the right time.</p> <p>An organisation seeking to downsize could use information about the average age of staff to decide whether to offer redundancies or simply reduce the workforce via natural retirement; accurate forecasting of an organisation's labour needs enables it to target its recruitment procedures more precisely- eg drawing up job descriptions and person specifications with future needs as well as current ones in mind.</p> <p>Carrying out a skills audit to identify any skills gaps and devise training programmes to close these; identification of any departments whose labour needs are likely to decrease- perhaps workers there could be redeployed, with appropriate training, to other departments.</p> <p>Calculating the likely external supply of labour— information gained from analysis of PEST factors can help an organisation to improve its chances of attracting labour— eg by deciding to locate a new factory in an area with a large pool of appropriately skilled labour.</p>	(25)	

[END OF MARKING INSTRUCTIONS]