



National  
Qualifications  
2017

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# 2017 Business Management

## Higher

### Finalised Marking Instructions

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## General marking principles for Higher Business Management

*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 detailed marking instructions for each question. The marking schemes are written to assist in determining the ‘minimal acceptable answer’ rather than listing every possible correct and incorrect answer.*

- (a) Marks for each candidate response must always be assigned in line with these general marking principles and the detailed marking instructions for the relevant question.
- (b) Marking should always be positive, ie marks should be awarded for what is correct and not deducted for errors or omissions.
- (c) 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.
- (d) For each candidate response, the following provides an overview of the marking principles. Refer to the detailed marking instructions for further guidance on how these principles should be applied. Marks will be awarded as follows for:
  - (i) Questions that ask candidates to “Describe ...”

Candidates must make a number of relevant factual points, which may be characteristics and/or features, as appropriate to the question asked. These points may relate to a concept, process or situation.  
Candidates may provide a number of straightforward points or a smaller number of developed points, or a combination of these.  
Up to the total mark allocation for this question:

    - 1 mark should be given for each relevant factual point.
    - 1 mark should be given for any further development of a relevant point, including exemplification when appropriate.
  - (ii) Questions that ask candidates to “Explain...”

Candidates must make a number of accurate relevant points that relate cause and effect and/or make the relationships clear. These points may relate to a concept, process or situation.  
Candidates may provide a number of straightforward points of explanation or a smaller number of developed points, or a combination of these.  
Up to the total mark allocation for this question:

    - 1 mark should be given for each relevant point of explanation.
    - 1 mark should be given for a further development of a relevant point, including exemplification when appropriate.
  - (iii) Questions that ask candidates to “Compare ...”

Candidates must demonstrate knowledge and understanding of the similarities and/or differences between things, methods or choices, for example. The relevant comparison points could include theoretical concepts.  
Up to the total mark allocation for this question:

    - 1 mark should be given for each accurate point of comparison.
  - (iv) Questions that ask candidates to “Discuss ...”

Candidates must make a number of points that communicate issues, ideas, or information about a given topic or context that will make a case for and/or against. It is not always necessary to give both sides of the debate in responses.  
Up to the total mark allocation for this question:

    - 1 mark should be given for each accurate point of knowledge that is clearly relevant.
    - 1 mark should be given for any further development of a relevant point, including exemplification or a conclusion when appropriate.

## Section 1

The information and questions have been removed due to copyright restrictions.

## Section 2

Question		Expected answer(s)	Max mark	Additional guidance
2	(a)	<p>Responses could include:</p> <ul style="list-style-type: none"> <li>• Through uniforms, staff will form an identity with the organisation which should result in lower staff turnover/absences               <ul style="list-style-type: none"> <li>○ Increased staff motivation because they feel part of the organisation/associate strongly with the culture</li> </ul> </li> <li>• A single corporate identity is seen by customers which means they will then associate it with that organisation's brands/ethics/logos etc.               <ul style="list-style-type: none"> <li>○ Easily be recognised worldwide meaning customers will feel comfortable with products wherever they are</li> </ul> </li> <li>• Values/beliefs/perks can attract quality staff which results in a better quality service</li> <li>• Customer satisfaction can improve because the customers begin to associate with the brands/logos/ethics they like               <ul style="list-style-type: none"> <li>○ Can attract new customers as they agree with the aims of the organisation</li> <li>○ Customers may become loyal...</li> </ul> </li> <li>• Staff can move between branches/departments more easily as they will all be using the same policies and practices               <ul style="list-style-type: none"> <li>○ Workspace design/layout...</li> <li>○ Open door policy...</li> </ul> </li> </ul>	3	<p>Award <b>1 mark</b> for each valid explanation point. Award <b>1 mark</b> for each valid development point.</p> <p><b>Up to 2 marks</b> may be awarded for explaining any one benefit.</p> <p><b>Do not award</b> marks if there is not <b>at least one</b> feature of corporate culture stated in the candidate's response.</p> <p>Accept any other suitable response.</p>

Question		Expected answer(s)	Max mark	Additional guidance
	(b)	<p>Responses could include:</p> <ul style="list-style-type: none"> <li>• Managers are in charge of more staff <ul style="list-style-type: none"> <li>○ Managers can be placed under more stress</li> <li>○ Decision making can be slower due to a larger workload</li> </ul> </li> <li>• Could result in less managerial promotions</li> <li>• Can mean managers have very little time to spend with each employee to discuss work <ul style="list-style-type: none"> <li>○ Staff could become demotivated</li> </ul> </li> <li>• It can be motivational for managers as they have more responsibility</li> <li>• Managers will have less time for planning <ul style="list-style-type: none"> <li>○ May result in poor decisions</li> </ul> </li> <li>• Managers can delegate to staff with appropriate skills <ul style="list-style-type: none"> <li>○ Subordinates may resent additional responsibility</li> <li>○ Delegation can motivate/empower staff</li> </ul> </li> </ul>	5	<p>Award <b>1 mark</b> for each valid description point. Award <b>1 mark</b> for each valid development point.</p> <p><b>Up to 4 marks</b> may be awarded for describing any one effect.</p> <p>Accept any other suitable response.</p>

Question		Expected answer(s)	Max mark	Additional guidance
	(c)	<p>Responses could include:</p> <ul style="list-style-type: none"> <li>• Employees are likely to want higher wages than the owners/managers are willing to pay</li> <li>• Owners/managers may need to reorganise the business but employees may feel this gives them extra responsibility without training or extra reward</li> <li>• Owners want to maintain control of their business but managers can become too powerful and influential through their decision making</li> <li>• Managers may focus on their objectives for financial reward which will conflict with owner's desire for maximum profit</li> <li>• Customers want delivery of goods as soon as possible but the managers cannot meet customer expectation because of the cost</li> <li>• Managers want to delay payment for goods bought to improve cash flow but suppliers want their money as soon as possible to avoid cash flow issues of their own</li> </ul>	2	<p>Award <b>1 mark</b> for each valid description point.</p> <p>Accept any other suitable response.</p>

Question		Expected answer(s)	Max mark	Additional guidance
3.	(a)	<p>Responses could include:</p> <ul style="list-style-type: none"> <li>• Identifies best practice in the market therefore will improve the performance of the organisation if those techniques are adopted</li> <li>• It enhances competitiveness</li> <li>• It is a continuous process of striving to improve</li> <li>• Can be motivational for employees giving them goals to achieve</li> <li>• May identify other functions that could be improved</li> <li>• It can be difficult to gather all the relevant information needed as it is often not publicised</li> <li>• It can be time consuming to study and analyse competitors' techniques</li> <li>• Techniques may not be able to be adopted by the organisation due to internal constraints eg limited finance</li> <li>• Can only be as good as the benchmark set</li> <li>• Minimise the risk of the product failing when launched onto market</li> </ul>	4	<p>Award <b>1 mark</b> for each valid discussion point. Award <b>1 mark</b> for each valid development point.</p> <p><b>Up to 3 marks</b> may be awarded for discussing any one use.</p> <p>Accept any other suitable response.</p>
	(b)	<p>Responses could include:</p> <ul style="list-style-type: none"> <li>• Purchase recyclable materials</li> <li>• Reusing waste from the production line</li> <li>• Reduce carbon footprint</li> <li>• Minimise noise pollution created by the manufacturing process</li> <li>• Use sustainable energy eg install solar panels or build a wind farm</li> <li>• Use less packaging of products</li> </ul>	3	<p>Award <b>1 mark</b> for each valid description point. Award <b>1 mark</b> for each valid development point.</p> <p><b>Up to 2 marks</b> may be awarded for describing any one way.</p> <p>Watch for general ethical points - must link to environmental responsibility.</p> <p>Accept any other suitable response.</p>

Question		Expected answer(s)	Max mark	Additional guidance
	(c)	<p>Responses could include:</p> <ul style="list-style-type: none"> <li>• Products are unique</li> <li>• Made to suit customers' requirements</li> <li>• Higher prices can be charged</li> <li>• The product can be altered during production process</li> <li>• Seeing a job through can be motivating for employees</li> <li>• Highly skilled workers make quality products</li> </ul>	3	<p>Award 1 mark for each valid justification. Award 1 mark for each valid development point.</p> <p>Accept any other suitable response.</p>
4.	(a)	<p>Responses could include:</p> <ul style="list-style-type: none"> <li>• It shows whether the business will have a surplus of cash which will allow them to plan future purchases</li> <li>• It shows whether the business will have a deficit which will allow them to make adjustments to spending <ul style="list-style-type: none"> <li>○ Or arrange an injection of cash to avoid the deficit</li> </ul> </li> <li>• To make comparisons between predicted and actual figures this will help monitor the performance of the business</li> <li>• Highlighting periods where expenses may be high will allow action to be taken to control spending</li> <li>• It aids decision making as it provides cash flow information for decisions to be based on</li> <li>• It can be used to set targets for individual departments to achieve which will allow the business to stay within budget as predicted <ul style="list-style-type: none"> <li>○ Targets set can also help motivate employees as they have goals to work towards</li> </ul> </li> <li>• It can empower employees as each department can be set a budget which will give department managers responsibility of spending and recording their finances</li> </ul>	5	<p>Award 1 mark for each valid explanation point. Award 1 mark for each valid development point.</p> <p><b>Up to 4 marks</b> may be awarded for explaining any one benefit.</p> <p>Accept any other suitable response.</p>

Question		Expected answer(s)	Max mark	Additional guidance
	(b)	<p>Responses could include:</p> <ul style="list-style-type: none"> <li>• Inability to pay suppliers <ul style="list-style-type: none"> <li>○ Raw materials may not be supplied</li> </ul> </li> <li>• Unable to pay expenses</li> <li>• May need to find a cheaper supplier</li> <li>• May have to offer discounts to encourage customers on credit to pay early</li> <li>• Increased costs due to borrowing funds ie interest and bank charges</li> <li>• Lack of disposable funds to invest eg to purchase new technology</li> <li>• Low employee morale due to pressure to increase sales revenue</li> <li>• Restricted growth as there is no funds to invest in and support growing the businesses operations</li> <li>• Owner may need to reduce their drawings</li> <li>• May need to sell unused assets</li> <li>• May need to reduce prices of goods</li> <li>• Might lead to staff redundancies</li> <li>• Solvency risk/closure/administration</li> </ul>	5	<p>Award <b>1 mark</b> for each valid description point. Award <b>1 mark</b> for each valid development point.</p> <p><b>Up to 2 marks</b> may be awarded for describing any one impact.</p> <p>Watch for repetition of cutting expenses.</p> <p>Accept any other suitable response.</p>

Question		Expected answer(s)	Max mark	Additional guidance
5.	(a)	<p>Responses could include:</p> <ul style="list-style-type: none"> <li>• Allows employees to make decisions once they have been given a task</li> <li>• Employees are expected to solve problems on their own with very little guidance from the group leader</li> <li>• Leaders only step in if they are needed/asked</li> <li>• Laissez-faire leadership can be effective in situations where employees are highly skilled, motivated, and capable of working on their own</li> <li>• Inexperienced staff will not be given much direction/support <ul style="list-style-type: none"> <li>○ Could result in poor quality of work</li> </ul> </li> <li>• Employees may feel more pressure and become stressed</li> </ul>	3	<p>Award <b>1 mark</b> for each valid description point. Award <b>1 mark</b> for each valid development point.</p> <p><b>Up to 2 marks</b> may be awarded for describing any one point.</p> <p>Accept any other suitable response.</p>

Question	Expected answer(s)	Max mark	Additional guidance
(b)	<p>Responses could include:</p> <p><b>Equality Act</b></p> <ul style="list-style-type: none"> <li>• The organisation may be prosecuted for discrimination eg fine</li> <li>• Employers may have to revise their recruitment policies</li> <li>• Pay both genders the same for jobs of equal value</li> <li>• Wording in job adverts must not be discriminatory</li> <li>• Invest in better accessibility eg installing lifts, ramps, etc.</li> <li>• Investigate issues of discrimination/harassment/victimisation against an employee, customer or a third party</li> <li>• Train staff on discrimination prevention/awareness</li> </ul> <p><b>National Minimum Wage Act</b></p> <ul style="list-style-type: none"> <li>• An increase in minimum wage leads to increased costs for the organisation <ul style="list-style-type: none"> <li>○ This could result in lowered profits as wage expenses increase</li> </ul> </li> <li>• If it is found that an organisation has not been paying the minimum wage, they may be required to make a backdated payment for employees</li> </ul> <p><b>Health and Safety at Work Act</b></p> <ul style="list-style-type: none"> <li>• Must provide the correct safety equipment</li> <li>• Could be temporarily closed or shut down for non-compliance</li> <li>• Potential for legal action by members of staff if they suffer injury at work due to non-compliance <ul style="list-style-type: none"> <li>○ This may result in compensation payments</li> </ul> </li> </ul>	4	<p>Award <b>1 mark</b> for each valid description point. Award <b>1 mark</b> for each valid development point.</p> <p><b>Up to 3 marks</b> may be awarded for describing any one impact.</p> <p>Full marks can be achieved for a single piece of legislation.</p> <p>Candidates do not have to label the Act.</p> <p>Accept impacts of Data Protection Act only if related to employment.</p> <p>Accept any other suitable response.</p>

Question	Expected answer(s)	Max mark	Additional guidance
	<p>Responses could include:</p> <p><b>Employment Rights Act</b></p> <ul style="list-style-type: none"> <li>• Issue employees with payslips</li> <li>• Must have a written disciplinary policy in place if over a certain size</li> <li>• May be time consuming and costly to implement/update policies and procedures</li> <li>• Must issue employees with a contract after a certain period of time</li> </ul> <p><b>Data Protection Act...</b></p>		

Question		Expected answer(s)	Max mark	Additional guidance
	(c)	<p>Responses could include:</p> <ul style="list-style-type: none"> <li>• Employees may become a registered member of a professional institute <ul style="list-style-type: none"> <li>○ Can increase salary when qualified</li> </ul> </li> <li>• Employees can be awarded “in-house” certificates once training has been completed</li> <li>• Employees may have better chance of promotion after training as training is relevant to the job <ul style="list-style-type: none"> <li>○ However, may leave for a better paid job after gaining qualification</li> </ul> </li> <li>• Training can be logged in their CPD record to comply with minimum training standards/contracted development time</li> <li>• Work-based qualification can be tailored to suit the firm’s needs</li> <li>• Training normally takes place in the workplace which can save costs for the organisation</li> <li>• Can be time consuming as it could be done on a part-time basis</li> <li>• Can be costly to pay for the trainers</li> </ul>	3	<p>Candidates are required to consider at least one cost and one benefit to gain full marks.</p> <p>Award <b>1 mark</b> for each valid discussion point. Award <b>1 mark</b> for each valid development point.</p> <p><b>Up to 2 marks</b> may be awarded for describing any one point.</p> <p>Do not accept “gaining a qualification” as this is in the stem of the question.</p> <p>“Time consuming” and “costly” must be qualified.</p> <p>Accept any other suitable response.</p>

[END OF MARKING INSTRUCTIONS]