



National
Qualifications
2026

2026 Business Management

National 5

Question Paper Finalised Marking Instructions

These marking instructions have been prepared by examination teams for use by Qualifications Scotland appointed markers when marking external course assessments.

The information in this document may be reproduced in support of Qualifications Scotland qualifications only on a non-commercial basis. If it is reproduced, Qualifications Scotland must be clearly acknowledged as the source. If it is to be reproduced for any other purpose, written permission must be obtained from Qualifications Scotland.

General marking principles for National 5 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, which identify the key features required in candidate responses.

- (a) Marks for each candidate response must **always** be assigned in line with these general marking principles and the detailed marking instructions for this assessment.
- (b) Marking should always be positive. This means that, for each candidate response, marks are accumulated for the demonstration of relevant skills, knowledge and understanding: they are not deducted from a maximum on the basis of 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)
 - i. Questions that ask candidates to Describe...
Candidates must make a number of relevant, factual points up to the total mark allocation for the question. These should be key points. The points do not need to be in any particular order. 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 accurate relevant point of knowledge.
 - a second mark could be given for any point that is developed from the point of knowledge.
 - ii. Questions that ask candidates to Explain...
Candidates must make a number of points that relate cause and effect and/or make the relationships between things clear, for example by showing connections between a process/situation. These should be key reasons and may include theoretical concepts. There is no need to prioritise the reasons.

Candidates may provide a number of straightforward reasons or a smaller number of developed reasons, or a combination of these.

Up to the total mark allocation for this question:
 - 1 mark should be given for each accurate relevant point of reason.
 - a second mark could be given for any other point that is developed from the same reason
 - iii. Questions that ask candidates to Compare...
Candidates must demonstrate a true comparison in order to gain any mark. Both sides of the point must be clear but need not be linked. Candidates can write several points regarding the first comparison item followed by several points on the second and the marker match the points using codes (eg a, b, c)

Up to the total mark allocation for this question:
 - 1 mark should be given for each compared point

Where a mark is available for the development of a response this is exemplified in the marking instructions, a hollow bullet point is used to show the developed response.

Marking instructions for each question

Section 1

Question			Expected response(s)	Max mark	Additional guidance
1.	(a)		• organic products • local suppliers • great rates of pay • charity donations • sensory gardens • low-energy equipment • minimal packaging • recyclable packaging	3	Candidates must identify 3 methods to gain full marks. Award 1 mark for each valid identification. Accept any other suitable answer.
	(b)	(i)	• advertise the job	1	Award 1 mark for a valid identification.
		(ii)	• identify the vacancy • carry out a job analysis to identify if the job still exists • create a job description which states the tasks/responsibilities/conditions of the job • create a person specification that shows the skills/qualifications the ideal candidate would possess • send out application forms	2	Candidates must describe 2 stages to gain full marks. Award 1 mark for each valid description. Accept any other suitable answer.

Question			Expected response(s)	Max mark	Additional guidance
	(c)		customers • to receive a good quality product/service • to get value for money • to pay a low price suppliers • to continually receive orders from the business • to get prompt payment for goods employees • to have job security • to have high wages • to have good working conditions local community • to create jobs in the local area • to look after the environment managers • to meet aims/objectives of the business • to receive a bonus	4	Candidates must describe the interest of at least 2 stakeholders to gain full marks. Award 1 mark for each valid description. Award 1 mark for a valid development. Accept any other suitable answer.

Question			Expected response(s)	Max mark	Additional guidance
	(d)		bank loan - finance borrowed/paid back with interest - in instalments mortgage - when a large sum of money is borrowed/paid back to purchase property/land - paid back in instalments - over a long period of time retained profits - profits from a previous year which are reinvested into the business government grant - finance given to a business that meets certain criteria/conditions - does not need to be repaid bank overdraft - taking more money out of your bank account than is present in your account share issue - inviting people to buy a share in the business - shareholders have a say in decision making hire purchase - purchase an asset and repay in instalments - the business owns the asset after all payments are made - helps with cash flow trade credit...	4	Candidates must describe at least 2 sources of finance to gain full marks. Award 1 mark for each valid description. Award 1 mark for each valid development. Watch for repetition. Accept any other suitable answer.

Question			Expected response(s)	Max mark	Additional guidance
	(e)		• attractive décor • big comfy couches • range of products offered • providing high-quality products • best local suppliers/the finest ingredients • providing a takeaway service • providing free WiFi • environmentally friendly	2	Candidates must identify 2 methods to gain full marks. Award 1 mark for each valid identification. Maximum 1 mark for environmentally friendly examples.
	(f)		• close to market - to ensure sales ○ to make a profit • distance to/number of competitors - to ensure there is enough customers • close to supplier - to avoid understocking • cost of premises/land - to ensure affordability • government incentives available - to reduce cost/to provide funding • transport links available - to provide accessibility for employees/suppliers/ customers • availability of infrastructure - to continue to provide free WiFi • suitability of premises - that can be converted for a café	4	Candidates must explain at least 2 factors to gain full marks. Award 1 mark for each valid explanation. Award 1 mark for each valid development. Accept any other suitable response.

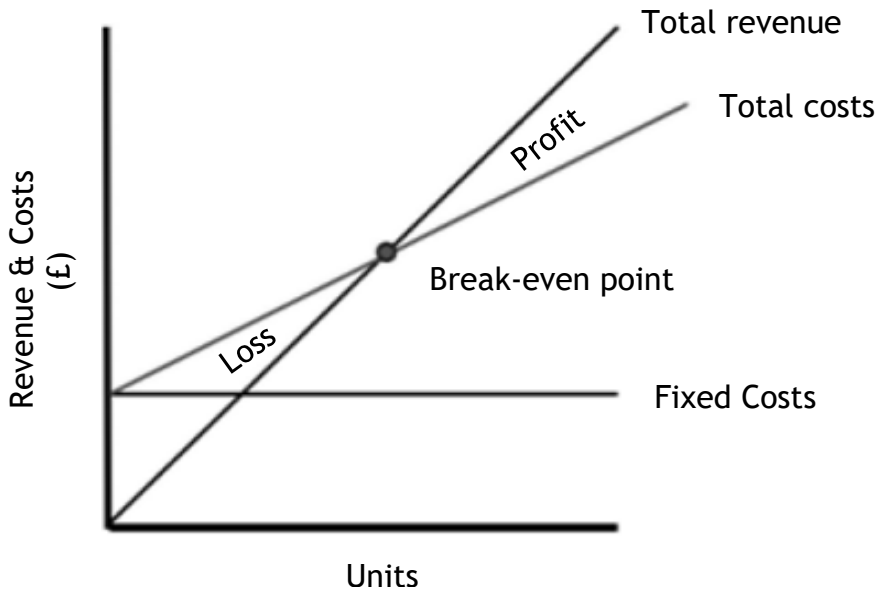
Question			Expected response(s)	Max mark	Additional guidance
2.	(a)		• local newspaper • use Instagram/social media • donate to charities • discount/50% off/sale • free delivery	3	Candidates must identify 3 methods to gain full marks. Award 1 mark for each valid identification. Accept any other suitable answer.
	(b)		costs • buying/upgrading/maintaining machinery • financial cost of training staff • output lost during training • higher price of premium cleaning materials benefits • good customer reviews • increased sales • fewer faulty returns ○ reducing waste • fewer complaints • higher prices can be charged • awards may be won • gain a competitive advantage ○ greater market share	5	Candidates must discuss at least one cost and one benefit to gain full marks. Award 1 mark for each valid discussed point. Award 1 mark for each valid development. Accept any other suitable answer.
	(c)		• if RGB's machinery breaks down - golf balls will not be able to be processed • trained/skilled staff - could provide good customer service/grade balls correctly	2	Candidates must explain the influence of 2 factors to gain full marks. Award 1 mark for each valid explanation. Max 1 for HR (staff and owners). Accept any other suitable response.

Question			Expected response(s)	Max mark	Additional guidance
	(d)		- owned by shareholders - invited to buy shares - financed by share issue - shareholders may receive dividends - controlled by board of directors - legal process to form - has limited liability - personal assets cannot be taken to pay business debts - operates in private sector - aims to make a profit	4	Candidates must describe at least 2 features to gain full marks. Award 1 mark for each valid description. Award 1 mark for each valid development. Max 1 for aims/objectives. Max 1 for sources of finance. Accept any other suitable response.
	(e)		- cannot meet customer demand - customers could be dissatisfied - larger orders are hard to meet - damages the business's reputation - customers will buy from a competitor - production/sales could come to a halt/slows - run out/sell out of materials/products	4	Candidates must outline at least 2 risks to gain full marks. Award 1 mark for each valid outline. Award 1 mark for each valid development. Accept any other suitable answer.
	(f)		- wages - marketing/advertising - delivery/postage - maintenance (machinery) - staff training	2	Candidates must identify 2 expenses to gain full marks. Award 1 mark for each valid identification. Accept any other suitable response.

Section 2

Question			Expected response(s)			Max mark	Additional guidance							
3.	(a)	(i)	<table><tr><td>primary</td><td rowspan="3">whereas</td><td>tertiary</td></tr><tr><td>extract natural resources</td><td>provide a service</td></tr><tr><td>farming</td><td>hairdresser</td></tr></table>			primary	whereas	tertiary	extract natural resources	provide a service	farming	hairdresser	1	Award 1 mark for a valid distinction. Accept a valid pair of examples.
		primary	whereas	tertiary										
		extract natural resources		provide a service										
farming	hairdresser													
	(ii)	secondary organisations which manufacture goods/make goods			1	Award 1 mark for a valid description. Accept any other suitable answer.								
	(b)	political - increase in national minimum wage - increases expenses - decrease in profits economic - rise in unemployment - reduces demand for goods/services social - change in taste/fashion - goods become obsolete technological - new technology launched - increases capital expenditure environmental - poor weather - can delay/prevent delivery of raw materials competitive - new competitor - could lose customers					4	Candidates must explain the influence of at least 2 factors to gain full marks. Award 1 mark for each valid explanation. Award 1 mark for each valid development. Accept any other suitable response.						

Question			Expected response(s)	Max mark	Additional guidance
	(c)		• make best use of tax-payers money • provide service to others • raise awareness of issues • ensuring finances are kept within budget • be socially responsible/environmentally friendly • meet governmental targets	2	Candidates must describe 2 objectives to gain full marks. Award 1 mark for each valid description. Accept any other suitable response.
	(d)		land • the natural resources used labour • all human effort/the employees capital • the man-made resources • the finance invested into the business by the owner enterprise • the idea behind the start of a business • the entrepreneur • bringing together the other factors of production	2	Candidates must outline 2 factors to gain full marks. Award 1 mark for each valid outline. Accept any other suitable response.

Question			Expected response(s)	Max mark	Additional guidance
4.	(a)	(i)	£110,000	1	Award 1 mark for the correct calculation.
		(ii)	- increase sales (revenue) - use promotions to increase sales - increase selling price - reduce cost of sales - find cheaper suppliers - negotiate cheaper prices with current supplier - negotiate bulk buying deals with a supplier	2	Candidates must describe 2 ways to gain full marks. Award 1 mark for each valid description. Accept any other suitable response.
	(b)			4	Up to 4 marks for any of the following: - Award 1 mark for correctly labelling both axes. - Award 1 mark for labelling break-even point on 2 upward sloping lines. - Award 1 mark for labelling loss and profit areas. - Award 1 mark for drawing and labelling fixed costs/FC. - Award 1 mark for drawing and labelling total costs/TC. - Award 1 mark for drawing and labelling total revenue/TR. - Award 1 mark for drawing 3 lines in the correct position - this mark can only be awarded if the candidate has not gained marks for any of the other labelled lines.

Question			Expected response(s)	Max mark	Additional guidance
	(c)		spreadsheet • to create a financial statement (income statement/cash budget) • to create a break-even chart/chart of sales trends • to record sales figures online banking • to make a payment to supplier • to check bank balance • to pay wages email • to send invoices to customers presentation • to create presentation on financial performance word processing • to create invoices	3	Award 1 mark for each valid description. Candidates must name the technology used. Maximum 1 mark for creating financial statements. Maximum 1 mark for creating charts. Accept any other suitable response.

Question			Expected response(s)	Max mark	Additional guidance
5.	(a)	(i)	- batch production - where groups of identical soft drinks/products are made - flow production - mass production of identical soft drinks/products	1	Award 1 mark for a valid description. Do not accept job production. Accept any other suitable response.
		(ii)	batch production benefits - flexible production - batches can be altered - lower costs - materials bought in bulk - increases profits costs - higher wastage - if there is an error whole batch scrapped - high set up cost - machinery required - longer production time - machines need to be cleaned between batches flow production benefits - larger quantity of products produced - economies of scale can be achieved - lower labour costs - increases profits - goods are standardised - consistent quality - capital intensive - less human error costs - high set up costs - machinery required - jobs can be repetitive - employees can lack motivation - machinery breakdowns may occur - production may halt - the products cannot be customised - less customer satisfaction	3	Candidates must explain at least one cost and one benefit of the method described in (a)(i) to gain full marks. Award 1 mark for each valid explanation. Award 1 mark for a valid development. Accept consequentiality. Accept any other suitable response.

Question			Expected response(s)	Max mark	Additional guidance
	(b)		• inventory levels are automatically updated • can automatically place an order/reorder inventory • inventory levels can be monitored ○ can help prevent understocking/overstocking • shows inventory that is selling well/poorly • reduces need for manual inventory checks • data can be obtained quickly using barcodes • barcoding can be used to track the location of items within a warehouse • reduces the possibility of human error	3	Award 1 mark for each valid justification. Award 1 mark for each valid development. Accept any suitable response.
	(c)		• how close/far away they are located • price it is charging • cost of delivery • quality of the products it sells • ability to meet the quantity required • discounts that it offers • credit terms available • good/bad reputation • reliability of delivering on time • can deliver the correct order • length of lead time • ability to meet rush orders • operates in an environmentally friendly/ethical way	3	Candidates must outline 3 factors to gain full marks. Award 1 mark for each valid outline. Accept any other suitable response.

Question			Expected response(s)	Max mark	Additional guidance
6.	(a)	(i)	• strike • sit in • overtime ban • work to rule	2	Candidates must identify 2 methods to gain full marks. Award 1 mark for each valid identification. Accept any other suitable response.
		(ii)	• production can stop/slow ○ deadlines are not met • bad reputation/poor image • customers may go to competitors • employees receive better pay/working conditions • employees are not paid by an organisation during a strike • increase in employee turnover • decrease employee motivation • damages working relationships	3	Candidates must describe at least 2 effects to gain full marks. Award 1 mark for each valid description. Award 1 mark for a valid development. Accept any other suitable response.

Question			Expected response(s)	Max mark	Additional guidance
	(b)		• shows employer and employees have responsibilities • ensures employees have a safe working environment • ensures employees are provided with safety equipment/clothing • employer must ensure that equipment is safe to use • employer must provide safety training for employees • employer must provide safe storage of materials • employees must follow H&S policy • employees must report safety issues	3	Candidates must describe 3 features to gain full marks. Award 1 mark for each valid description. Accept any other suitable response.
	(c)		email • send application form to applicant • invite an applicant to an interview • inform current staff of a vacancy e-diary • schedule an appointment for an interview • schedule training sessions	2	Candidates must outline the use of both technologies to gain full marks. Award 1 mark for each valid description. Accept any other suitable response.

Question			Expected response(s)	Max mark	Additional guidance
7.	(a)	(i)	a logo/slogan/design/name that makes a product/service identifiable	1	Award 1 mark for a valid definition.
		(ii)	advantages - high prices can be charged - customer loyalty is established - easier to launch new products disadvantages - high marketing costs - susceptible to imitation products - bad publicity can affect the whole brand - may be expensive to customers	2	Candidates must describe one advantage and one disadvantage to gain full marks. Award 1 mark for each valid description. Accept any other suitable response.
	(b)	(i)	advantages - detailed/qualitative information collected - follow up questions can be asked - assess the body language disadvantages - small sample of people - not representative of the market - expensive to operate/carry out/set up - qualitative information is difficult to analyse	3	Candidates must discuss at least one advantage and one disadvantage to gain full marks. Award 1 mark for each valid discussed point. Award 1 mark for a valid development. Accept any other suitable answer.

Question			Expected response(s)			Max mark	Additional guidance																	
		(ii)	<table><tr><td>desk</td><td rowspan="8">whereas</td><td>field</td></tr><tr><td>secondary information</td><td>primary information</td></tr><tr><td>internet</td><td>postal survey</td></tr><tr><td>research can be found quicker as it exists</td><td>research can be time consuming to collect</td></tr><tr><td>research may be collected for another purpose</td><td>research can be specific</td></tr><tr><td>is historic as it already exists</td><td>is up to date</td></tr><tr><td>research is available to everyone</td><td>research is internal to the business</td></tr><tr><td colspan="2">both may contain bias</td></tr></table>			desk	whereas	field	secondary information	primary information	internet	postal survey	research can be found quicker as it exists	research can be time consuming to collect	research may be collected for another purpose	research can be specific	is historic as it already exists	is up to date	research is available to everyone	research is internal to the business	both may contain bias		2	Award 1 mark for each valid comparison.
desk	whereas	field																						
secondary information		primary information																						
internet		postal survey																						
research can be found quicker as it exists		research can be time consuming to collect																						
research may be collected for another purpose		research can be specific																						
is historic as it already exists		is up to date																						
research is available to everyone		research is internal to the business																						
both may contain bias																								
	(c)		Product - the actual good/service provided by the business Price - what the customer has to pay for the product/service Promotion - methods used to increase awareness			2	Candidates must describe 2 elements to gain full marks. Award 1 mark for each valid description. DNA description of place. Accept any other suitable response.																	

[END OF MARKING INSTRUCTIONS]