



National
Qualifications
2019

X810/75/11

Business Management

THURSDAY, 16 MAY

INSTRUCTIONS TO CANDIDATES

Candidates should enter their surname, forename(s), date of birth, Scottish candidate number and the name and Level of the subject at the top of their first answer sheet.

Total marks — 90

SECTION 1 — 40 marks

Attempt BOTH questions.

SECTION 2 — 50 marks

Attempt ALL questions.

You may use a calculator.

Write your answers clearly on your answer sheet. You must clearly identify the question number that you are attempting.

Marks are shown in square brackets at the end of each question.

An OW in the margin indicates a new question.

SECTION 1 — 40 marks
Attempt BOTH questions

Case Study 1

Chocolates of Glenshiel

Finlay Macdonald, a young Scottish entrepreneur, has announced an expansion of his chocolate business Chocolates of Glenshiel.

The private limited company, which is based in the Highlands, has invested in new packaging, branding, chocolate ranges and free online delivery. It has also launched an online subscription service called The Highland Chocolate Club, and offers a Young Scot discount for people aged between 11 and 26.

Retailers of the chocolates, suppliers and members of the local community are set to attend a relaunch event. Finlay, winner of a Young Scot award, said: “The expansion means we have been able to grow our production, so we can produce over 2,400 boxes of chocolates per month. We now provide work for three young people from the Highland region.”

The biggest risk Chocolates of Glenshiel faces is the transportation of its chocolates. Although all its online orders are delivered first class, vans can be too hot or too cold, and what were once beautiful, delicate, locally inspired chocolates can become damaged. To avoid this, the business is working on creating the best possible packaging to protect its chocolates in transit.

Exhibit 1 — extract showing some of Chocolates of Glenshiel’s business values

LOCAL

We are committed to using good quality and local produce to flavour our chocolates, making good chocolates into great chocolates.

YOUTH

We as a business are passionate about empowering young people.

EMPLOYMENT

We are committed to producing our chocolates in the Highlands and providing vital employment to the remote community of Glenshiel.

The following questions are based on case study 1. You will need to make use of knowledge and understanding you have gained whilst studying the course.

1. (a) (i) From the case study, identify 2 stakeholders of Chocolates of Glenshiel. [2 marks]
(ii) Outline the interests of the stakeholders identified in (a)(i). [3 marks]
- (b) From the case study, compare the method of distribution used with one other method of distribution. [3 marks]
- (c) (i) From the case study, identify internal factors affecting Chocolates of Glenshiel. [2 marks]
(ii) Explain the ways that the internal factors identified in (c)(i) could affect Chocolates of Glenshiel. [2 marks]
- (d) (i) Justify the use of external recruitment. [3 marks]
(ii) Identify methods of external recruitment the business could have used. [2 marks]
- (e) Using Exhibit 1, explain the factors to be considered when choosing a supplier. [3 marks]

Case Study 2

Babes in the Wood

Babes in the Wood is a social enterprise which was founded five years ago by Heather Royan in Glasgow. Its original aim was to sell donated and recycled baby and children's goods at low cost to families in the area. This helps to reduce the volume of waste going to landfill.

More recently, Babes in the Wood, with financial support from Stirling Enterprise Park (STEP), opened a site in Stirling which includes a 'community hub'. The hub offers a range of activities to support parents in the local community. Before opening, Babes in the Wood shared a photo on social media advertising the launch which received a really positive reaction.

Both the Glasgow and Stirling shops have large, open interiors and plenty of parking. However, they are situated in business parks with little passing trade.

Anyone who can help with donations, including toys and clothes, is encouraged to pop into the shops, which are run by volunteers Monday to Saturday.

Exhibit 1 — extract from social media

**Babes In The Wood Stirling Community Children's Shop
March 5**

DONATION DOs & DONTs PLEASE READ

We've had a great start to our donations, which is fantastic. So please keep them coming! But this brings a number of challenges – not least **SORTING** these donations into age and gender, **CLEANING** items that need freshened up before they can be passed on and **RECYCLING** items that we cannot use. We accept clothing and toys from birth to 16 years.

The following questions are based on case study 2. You will need to make use of knowledge and understanding you have gained whilst studying the course.

2. (a) From the case study, identify the target markets of Babes in the Wood. **[3 marks]**
- (b) Babes in the Wood operates in the third sector.
Distinguish between the features of the **other 2** sectors of the economy in terms of
- ownership
 - control
 - finance. **[3 marks]**
- (c) Explain the factors which Babes in the Wood could have considered when choosing its business locations. **[5 marks]**
- (d) Describe sources of finance available to Babes in the Wood. **[4 marks]**
- (e) Using the case study, describe the benefits of operating as a social enterprise. **[2 marks]**
- (f) Justify the importance of ensuring all second-hand goods sold are of good quality.
[3 marks]

SECTION 2 — 50 marks

Attempt ALL questions

3. (a) Outline ways in which an organisation can ensure good customer service. **[4 marks]**
- (b) Define the term non-durable good. **[1 mark]**
- (c) Outline the objectives of an organisation in the public sector. **[2 marks]**
- (d) Explain the ways the following external factors may affect an organisation.
- Political
 - Social
 - Technological **[3 marks]**
4. (a) Outline 4 features of the Health and Safety at Work Act. **[4 marks]**
- (b) Justify reasons for an organisation to train its staff. **[4 marks]**
- (c) Identify 2 working practices which could be used to motivate staff. **[2 marks]**
5. (a) Describe the stages of a product life cycle diagram. **[4 marks]**
- (b) Explain factors which could be considered prior to setting the price of a product. **[3 marks]**
- (c) Compare desk and field research. **[3 marks]**

6. Valley Electrical Ltd has produced the following Income Statement for Year 2.

Income Statement for Valley Electrical Ltd for the year ended 31 December Year 2		
	£	£
Sales revenue		A
Less cost of sales		<u>£30,000</u>
B		£70,000
<u>Less expenses</u>		
Rent	5,000	
Wages	10,000	
Electricity	<u>5,000</u>	
		<u>20,000</u>
C		D

- (a) From the Income Statement, identify the missing information for entries A, B, C and D. [4 marks]
- (b) Explain the purpose of preparing a cash budget. [3 marks]
- (c) Describe advantages of using spreadsheet software. [3 marks]
7. (a) Discuss the advantages and disadvantages of using batch production. [4 marks]
- (b) Describe the possible consequences of overstocking. [3 marks]
- (c) Outline the benefits of ethical operations. [3 marks]

[END OF QUESTION PAPER]