H

National Qualifications 2019

X810/76/11

Business Management

THURSDAY, 16 MAY

9:00 AM – 11:45 AM

Total marks — 90

SECTION 1 — 30 marks

Attempt ALL questions.

SECTION 2 — 60 marks

Attempt ALL questions.

You may use a calculator.

It is recommended that you spend 15 minutes reading over the information provided in **SECTION 1** before responding to the questions.

Write your answers clearly in the answer booklet provided. In the answer booklet you must clearly identify the question number you are attempting.

Use **blue** or **black** ink.

Before leaving the examination room you must give your answer booklet to the Invigilator; if you do not, you may lose all the marks for this paper.

National Health Service (NHS) Scotland is the publicly-funded healthcare system in Scotland which was created in 1948. With a workforce of approximately 160,000 staff working across its 14 regional NHS Boards, 7 Special NHS Boards and one public health body, the NHS is Scotland's largest employer.

(Exhibit 1 illustrates the NHS Scotland's hierarchy.)

Budget

An increasing percentage of the overall Scottish Government Budget is spent on health, yet the NHS Scotland faces significant challenges in continuing to meet requirements and expectations. Its budget is funded by taxation which means the majority of services can be provided for free. It has a budget of around £13 billion annually, equivalent to 43% of the overall Scottish Government Budget in 2017.

Organisational grouping

Regional NHS Boards are responsible for the protection and the improvement of their area's health and for the delivery of healthcare services. This is achieved by preventative programmes, treating illness and providing advice.

Special NHS Boards, for example the Scottish Ambulance Service, support the regional NHS Boards by providing a range of important specialist and national services.

All NHS Scotland Boards are directly accountable to the Scottish Government.

(Exhibit 2 shows NHS Scotland's regional Boards.)

NHS Supply Chain

Health-care products are bought through a centralised purchasing department, known as the NHS Supply Chain. Its specialist purchasing staff work with a vast range of approved suppliers to deliver cost-effective products to hospitals and other healthcare facilities.

Outsourcing to the private sector

Outsourcing to the private sector to run some services, such as dentistry, optical care and pharmacy, has taken place for many years.

Private companies are contracted to provide equipment such as scanners, radiotherapy machines and beds. Private companies also provide support staff and specialist labour.

However, some of the outsourced firms operate in markets where there are few competitors. As a result, NHS Scotland can be locked into expensive contracts in order to provide a continuation of its health services.

Developing the workforce

NHS Scotland invests in the training and development of all levels of staff. It hosts a national virtual learning environment (VLE) which offers all types of employees a wide range of free e-learning modules, event information, resources and forums to host professional dialogue and discussion. The e-learning modules need to be regularly updated.

Workforce planning strategy for General Practitioners (GPs)

Traditionally GPs were the public's first point of contact when ill. A concern for NHS Scotland is that it is struggling to hire and retain GPs. It has warned that GP services are facing the worst crisis for a generation. Many GP practices are unable to accept new patients onto their register due to being at maximum capacity.

The number of GP practices has fallen by 3% in the past 5 years while the average number of patients has increased by 6%. In 2016, one third of all GPs were aged over 50 and planned to retire in the next 5 years.

The Scottish Government's latest steps to improve GP recruitment and retention are as follows.

- Experienced GPs are being offered incentives to stay practising

- A marketing campaign on the benefits of working in general practice has been launched to persuade more medical graduates to become GPs

- Incentives are being offered to encourage trainees to work in locations with a shortage of GPs

- Payments are being offered to experienced GPs to mentor new GPs

- Reduced working hours are available for older GPs to encourage them to continue practising

- An international recruitment campaign is being used to attract more overseas doctors to fill GP vacancies

Corporate social responsibility (CSR)

The Scottish Government has issued a sustainable development policy for NHS Scotland. This has led to NHS Scotland aiming to operate in an environmentally friendly manner. This includes using energy and water efficiently, encouraging waste reduction, reusing and recycling materials.

All NHS employees have a responsibility to manage resources effectively and efficiently. When travelling, staff are encouraged to reduce energy use and emissions, making use of sustainable public transport where possible.

(Exhibit 3 shows NHS Health Scotland's statement of financial position.)

Exhibit 1

Diagram of the NHS Scotland's hierarchy

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┌─────────────────────────┐
│   Scottish Parliament   │
└─────────────────────────┘
             │
┌─────────────────────────┐
│   Scottish Government    │
│        Cabinet           │
└─────────────────────────┘
             │
┌─────────────────────────┐
│        Cabinet           │
│     Health Minister      │
└─────────────────────────┘
             │
┌─────────────────────────┐
│   Scottish Government    │
│   Directorate of Health  │
│     and Social Care      │
└─────────────────────────┘
             │
   ┌─────────┼─────────┐
┌──────────┐ ┌──────────┐ ┌──────────┐
│ NHS      │ │ 14       │ │ 7        │
│ National │ │ regional │ │ Special  │
│ Services │ │ NHS      │ │ NHS      │
│ Scotland │ │ Boards   │ │ Boards   │
└──────────┘ └──────────┘ └──────────┘
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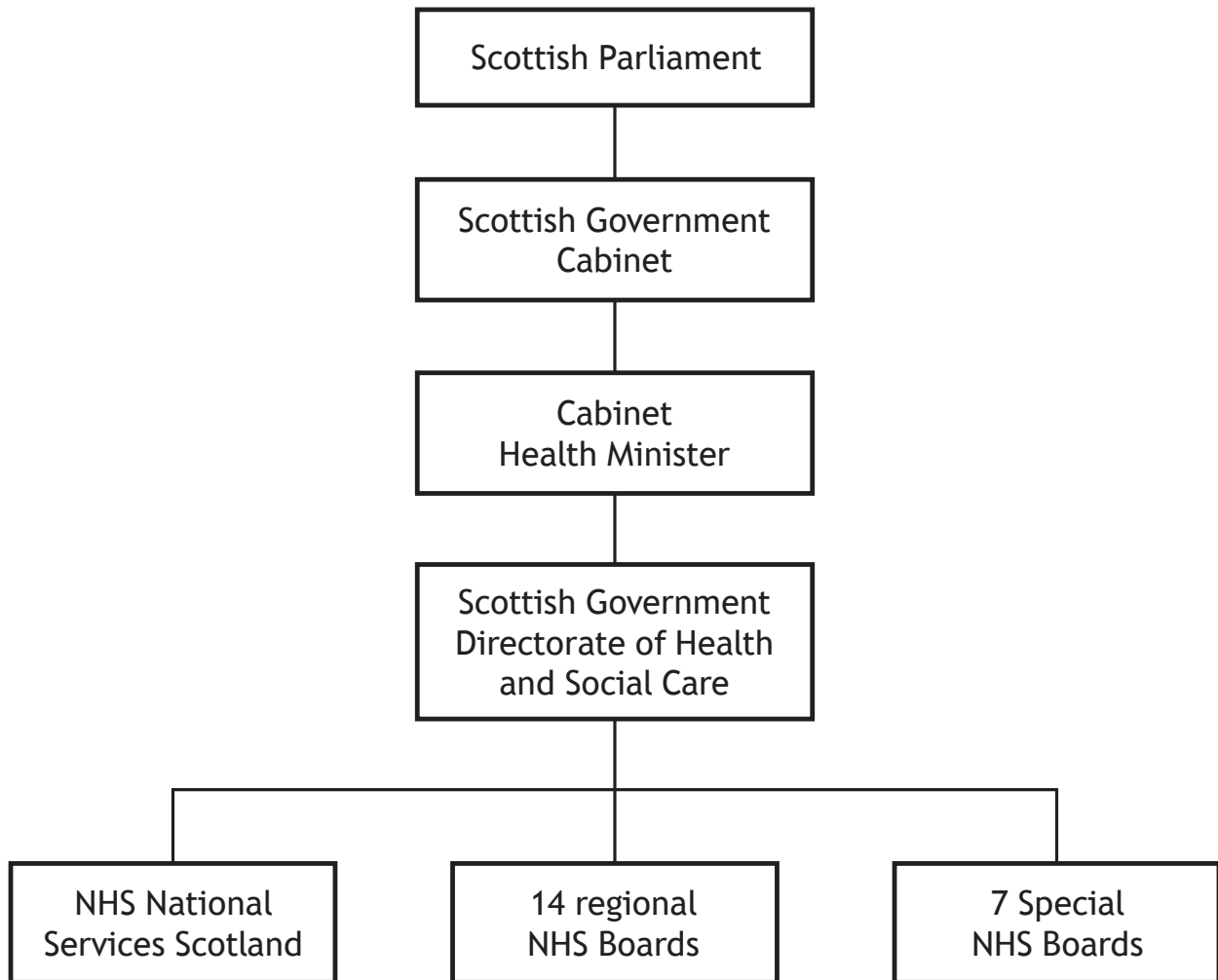
Exhibit 2

Health Boards overview

Regional NHS Boards

NHS Shetland

NHS Orkney

NHS Western Isles

NHS Grampian

NHS Highland

NHS Tayside

NHS Fife

NHS Forth Valley

NHS Lothian

NHS Greater
Glasgow and
Clyde

NHS Borders

NHS Lanarkshire

NHS Dumfries
and Galloway

NHS Ayrshire
and Arran
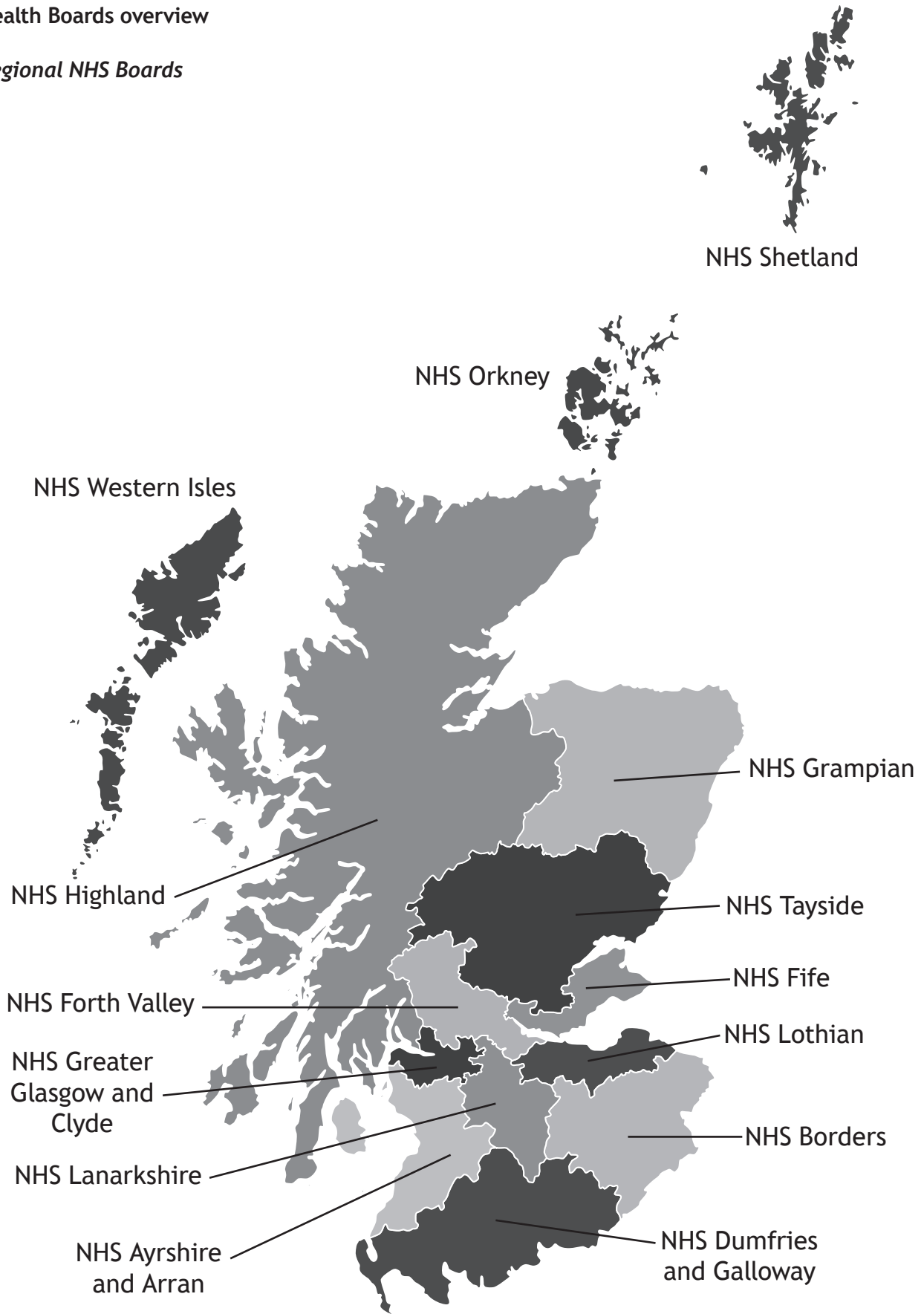
Exhibit 3

NHS Health Scotland's Statement of Financial Position as at 31 March 2017

	£000	£000
Non-current assets		
Property, plant and equipment		1,632
Intangible assets		105
Total non-current assets		1,737
Current assets		
Trade and other receivables	199	
Cash and cash equivalents	555	
Total current assets	754	
Current liabilities		
Trade and other payables (< 12 months)	1,540	
Working equity		(786)
Net assets		951
Less: Non-current liabilities		
Trade and other payables (> 1 year)	2	
Provisions	844	846
Net worth		**105**
Equity		
Taxpayers' equity		**105**

The following questions are based on ALL the information provided and on knowledge and understanding you have gained whilst studying the course.

1. (a) (i) Using the case study, describe the possible objectives of NHS Scotland. **3**

(ii) Distinguish between the features of NHS Scotland and a public limited company (plc) in terms of **ownership** and **control**. **2**

(b) Explain the benefits of purchasing centrally through the NHS Supply Chain. **2**

(c) Explain the costs and benefits to organisations, such as NHS Scotland, of outsourcing. **4**

(d) (i) Compare the features of NHS Scotland's tall/hierarchical structure, as shown in **Exhibit 1**, to a flat structure. **2**

(ii) Justify the decision to group NHS Scotland into regional NHS Boards, shown in **Exhibit 2**. **2**

(e) Discuss the advantages and disadvantages of using a virtual learning environment (VLE) to develop NHS Scotland's workforce. **4**

(f) Using the case study, describe the factors the Scottish Government may have considered when developing its workforce planning strategy for GPs. **3**

(g) (i) Using **Exhibit 3**, describe the ratio which NHS Health Scotland can calculate from its Statement of Financial Position. **1**

(ii) Describe how the Statement of Financial Position may be used by the following NHS Health Scotland's stakeholders.

- Scottish Government
- Suppliers
- Managers **3**

(h) Explain the methods NHS Scotland may use to demonstrate they are socially responsible. **4**

[Turn over

SECTION 2 — 60 marks

Attempt ALL questions

2. (a) Discuss the use of capital-intensive production.   4

   (b) Explain the purpose of preparing a cash budget.   3

   (c) Describe the features of an effective inventory management system.   4

   (d) Describe the benefits to an organisation of using quality circles.   4

3. (a) Explain the advantages to an organisation of having a varied product portfolio.   4

   (b) Describe the pricing strategies which could be used by a retailer.   8

   (c) Explain the advantages to an organisation of using a smartphone application
       (app) to promote products.   3

4. (a) Distinguish between internal and external recruitment.   4

   (b) Explain the ways in which organisations can fulfil the following employee needs,
       as set out by Maslow's hierarchy.

       • Safety and security needs

       • Esteem needs   4

   (c) Describe the role of the following external institutions.

       • ACAS

       • Trade Union   2

   (d) Discuss sources of finance available to a large organisation.   5

5. (a) Explain the role of a manager in an organisation.   5

   (b) Describe a matrix structure.   3

   (c) Compare operational and strategic decisions.   3

   (d) Describe the ways in which a manager can measure the success of a decision.   4

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