



# **Business Management**

## **Guidance on modifications to National 5 course for session 2020–21**

October 2020

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# Overview

There will be no external assessment for National 5 courses in session 2020–21. Candidates will not be required to sit external exams and SQA will not assess coursework. Instead, we are working with stakeholders to develop an alternative certification model for National 5 that is based on teacher and lecturer estimates.

The following topic and/or subtopic areas of content would not have been directly assessed in the 2021 National 5 Business Management question paper:

- ◆ Price — full topic
- ◆ Place — some subtopics only
- ◆ Promotion — some subtopics only
- ◆ Recruitment and selection — some subtopics only
- ◆ Break-even — full topic

We have highlighted\* these in the following extract from the course support notes, taken from the *National 5 Business Management Course Specification*.

Teachers and lecturers can decide the timing and depth of delivery of these highlighted areas. They can also decide if they want to internally assess these topics and/or subtopics, as candidate evidence can be gathered from **any area of course content** to support alternative certification in 2021.

The original content of the course has not changed. Centres should aim to deliver the course as normal, to help ensure a seamless progression into the next level of study.

\*see column 2 for highlighted text

# Approaches to learning, teaching and assessment

Centres should remember that learning in this course should be contextualised to **small to medium-sized** private sector businesses, and **public and third sector** organisations.

Understanding business		
Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities
Role of business in society	<ul style="list-style-type: none"> <li>◆ the factors of production, ie land, labour, capital, and enterprise</li> <li>◆ production of goods and provision of services, eg non-durable, durable, assets</li> <li>◆ consumption of goods and services</li> <li>◆ how businesses satisfy human wants and create wealth</li> <li>◆ how businesses operate in different sectors of industry, ie primary, secondary, and tertiary</li> <li>◆ the different sectors of the economy, ie private, public, and third</li> </ul>	<ul style="list-style-type: none"> <li>◆ using flash cards of examples of different factors of production and sorting them into land, labour, capital and enterprise</li> <li>◆ using flash cards of examples of different types of goods and services, and sorting them into durable, non-durable, assets and services</li> <li>◆ using video clips to illustrate businesses that operate in different sectors of the economy/industry</li> <li>◆ researching and investigating different businesses that operate in the local area and identify the sector to which they belong</li> <li>◆ using flash cards of examples of different businesses and sorting them into primary, secondary and tertiary sectors</li> <li>◆ using flash cards of examples of different businesses and sorting them into private, public and third sectors</li> <li>◆ using software/apps (eg Windows Movie Maker/iMovie) to create a revision video about the sectors of industry</li> <li>◆ identifying corners/areas of the classroom as the different sectors of industry/economy and asking candidates to move to the correct zone</li> </ul>

<b>Understanding business</b>		
<b>Topic</b>	<b>Further advice and guidance about skills, knowledge and understanding</b>	<b>Suggested experiences and activities</b>
Customer satisfaction	<ul style="list-style-type: none"> <li>◆ how businesses maximise customer service</li> <li>◆ how businesses measure customer service</li> <li>◆ why customer service is important for business success</li> </ul>	<ul style="list-style-type: none"> <li>◆ using case-study tasks focused on customer service issues to stimulate discussion</li> <li>◆ using role play to work through customer service situations</li> <li>◆ using the internet sites, eg TripAdvisor/Trustpilot to identify customer service problems and suggesting how these could be improved</li> </ul>
Types of business organisations	<p>The ownership, control, decision-making, advantages and disadvantages of different types of organisation:</p> <ul style="list-style-type: none"> <li>◆ sole trader</li> <li>◆ partnerships</li> <li>◆ private limited companies</li> <li>◆ local government organisations</li> <li>◆ social enterprises</li> <li>◆ non-profit-making organisations//charities/voluntary organisations</li> </ul> <p>How enterprising skills and qualities help business development, eg decision-making, determination, creativity.</p> <p>Business plans documenting how organisations intend to operate and develop.</p>	<ul style="list-style-type: none"> <li>◆ carrying out surveys with parents/carers to establish who they work for, what their organisation does and what its aims are</li> <li>◆ using online mapping to examine the distribution of local businesses</li> <li>◆ taking part in field trips to survey businesses operating in the local area</li> <li>◆ using a mix-and-match exercise for business types and definitions</li> <li>◆ inviting speakers to discuss their business or business start-up, eg local entrepreneurs, business gateway</li> <li>◆ using flash cards of advantages and disadvantages for businesses and sorting them into different business types</li> <li>◆ researching entrepreneurs and creating presentations</li> <li>◆ using scenarios to create business plans</li> </ul>

<b>Understanding business</b>		
<b>Topic</b>	<b>Further advice and guidance about skills, knowledge and understanding</b>	<b>Suggested experiences and activities</b>
Objectives	<p>How objectives affect the operation of, and decisions made in, the different types of organisations listed above:</p> <ul style="list-style-type: none"> <li>◆ profit</li> <li>◆ provision of a service</li> <li>◆ social responsibility</li> <li>◆ survival</li> <li>◆ customer satisfaction</li> <li>◆ market share</li> <li>◆ enterprise/innovation</li> </ul>	<ul style="list-style-type: none"> <li>◆ using current businesses as case studies to examine the objectives of different businesses</li> <li>◆ researching the stated objectives of different businesses</li> </ul>
External factors	<p>How external factors affect the operation of, and decisions made in, the different types of organisations listed above:</p> <ul style="list-style-type: none"> <li>◆ political</li> <li>◆ economic</li> <li>◆ social</li> <li>◆ technological</li> <li>◆ environmental</li> <li>◆ competitive</li> </ul>	<ul style="list-style-type: none"> <li>◆ using current businesses as case studies to illustrate how external factors can positively and negatively affect business activity (eg how changing laws affect businesses)</li> <li>◆ using current business stories in the media to illustrate the impact of external factors on business activity</li> <li>◆ creating a 'news wall' with current examples of external factors</li> </ul>

Understanding business		
Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities
Internal factors	<p>How internal factors affect the operation of, and decisions made in, the different types of organisations listed above:</p> <ul style="list-style-type: none"> <li>◆ financial</li> <li>◆ human resources (employees and management)</li> <li>◆ current technology</li> </ul>	<ul style="list-style-type: none"> <li>◆ using case studies of businesses to illustrate how internal factors can positively and negatively affect business activity (eg how striking affects a business)</li> <li>◆ using current business stories in the media to illustrate the impact of contemporary technology on business activity and discussing the findings</li> </ul>
Stakeholders	<p>The definition of a stakeholder.</p> <ul style="list-style-type: none"> <li>◆ owners</li> <li>◆ shareholders</li> <li>◆ employees</li> <li>◆ banks</li> <li>◆ customers</li> <li>◆ suppliers</li> <li>◆ local community</li> <li>◆ pressure groups</li> <li>◆ local government</li> <li>◆ national government</li> </ul> <p>The interests of stakeholders in an organisation.</p> <p>The influences of stakeholders on an organisation.</p> <p>The impact of stakeholders on an organisation.</p>	<ul style="list-style-type: none"> <li>◆ using a business or organisation known to the candidates to introduce the topic, eg the school or college</li> <li>◆ using current businesses as case studies to provide examples of stakeholders</li> <li>◆ using business stories in the media to illustrate current examples of stakeholder influence on businesses and discussing the findings</li> <li>◆ using flash cards of different interests in, and influences of, businesses and sorting them into interests and influences</li> <li>◆ dividing the class into three groups (stakeholders, interests, and influences) and giving each candidate a label relevant to their group. Candidates then find each other and create paper chains by matching the stakeholder with an appropriate interest and influence.</li> </ul>

<b>Management of marketing</b>		
<b>Topic</b>	<b>Further advice and guidance about skills, knowledge and understanding</b>	<b>Suggested experiences and activities</b>
Customers	<ul style="list-style-type: none"> <li>◆ how businesses segment their customers in markets, eg age, class, gender, income</li> <li>◆ how target marketing is beneficial to businesses</li> </ul>	<ul style="list-style-type: none"> <li>◆ using flash cards of examples of different products and sorting them into different market segments</li> <li>◆ creating advertising materials to suit different target markets</li> <li>◆ using magazines to find examples of products tailored to different markets and justifying the choices</li> </ul>
Market research	<ul style="list-style-type: none"> <li>◆ the different types of market research, ie desk and field</li> <li>◆ the different methods of market research, eg sales records, internet, newspapers, questionnaires, surveys, focus groups</li> <li>◆ the costs and benefits of market research</li> </ul>	<ul style="list-style-type: none"> <li>◆ creating market research surveys using word-processing, spreadsheets or survey development software</li> <li>◆ discussing market research results to decide what actions could be taken to support the business</li> <li>◆ using spreadsheets to record market research results and to produce charts/graphs</li> <li>◆ using spreadsheets to record data from secondary research on prices charged at different supermarkets</li> </ul>
Marketing mix	<ul style="list-style-type: none"> <li>◆ the definitions of product, price, place and promotion</li> </ul>	<ul style="list-style-type: none"> <li>◆ using a mix-and-match exercise to join identities and definitions</li> </ul>
Product	<ul style="list-style-type: none"> <li>◆ the research and development required to create a product</li> <li>◆ the different phases of a product's life cycle, ie introduction, growth, maturity, and decline</li> <li>◆ the purpose and development of brands, own brands</li> <li>◆ the advantages and disadvantages of branding</li> <li>◆ the advantages and disadvantages of packaging</li> </ul>	<ul style="list-style-type: none"> <li>◆ showing examples of complete or partially obscured brand logos to identify businesses</li> <li>◆ showing examples of complete or partially obscured brand logos, or showing adverts, to identify straplines</li> <li>◆ drawing product life-cycle diagrams and identifying on them where different products belong</li> </ul>

Management of marketing		
Topic	Further advice and guidance about skills, knowledge and understanding	Suggested experiences and activities
		<ul style="list-style-type: none"> <li>◆ carrying out a taste-testing exercise, to stimulate discussion of brand/own brand in relation to price and quality</li> <li>◆ inventing a new product and creating a presentation about it. (As price, place and promotion are taught, the presentation can be re-visited to add further slides to it. At the end of the marketing section, candidates can pitch their idea in a 'Dragon's Den' type of scenario.)</li> <li>◆ researching established products and tracking how they have changed over the years</li> <li>◆ evaluating the usefulness/benefits of the packaging of various products and using the findings to identify target markets</li> </ul>
Price	<ul style="list-style-type: none"> <li>◆ the factors to consider when setting prices, eg competition, quality, image, production cost, profit per unit</li> <li>◆ pricing strategies, ie premium, competitive, and low</li> </ul>	<ul style="list-style-type: none"> <li>◆ using the internet to collect information on prices for the same product(s) from different outlets. Creating a spreadsheet to show similarities and differences, and discussing the findings</li> <li>◆ using different scenarios for the launch of new products and asking candidates to explain suitable pricing strategies</li> <li>◆ adding to the 'new product presentation' by selecting and justifying a price for the product candidates have invented</li> </ul>

<b>Management of marketing</b>		
<b>Topic</b>	<b>Further advice and guidance about skills, knowledge and understanding</b>	<b>Suggested experiences and activities</b>
Place	<ul style="list-style-type: none"> <li>◆ the factors to consider when choosing the correct location, eg competition, availability of resources, costs, government incentives, transport links, using e-commerce</li> <li>◆ the advantages and disadvantages of different locations, including e-commerce</li> <li>◆ methods of distribution, ie road, rail, air, and sea</li> <li>◆ the costs and benefits of the different methods of distribution</li> </ul>	<ul style="list-style-type: none"> <li>◆ using different scenarios to stimulate discussions on the best options for locating a new branch or business</li> <li>◆ researching businesses to discover the reasons for their location choice</li> <li>◆ adding to the 'new product presentation' by selecting and justifying a sales location and distribution method for the product candidates have invented</li> </ul>
Promotion	<ul style="list-style-type: none"> <li>◆ promotional strategies, eg coupons, loyalty cards, competitions, special offers</li> <li>◆ forms of advertising, eg broadcast media, print media, apps, SMS messaging</li> <li>◆ the advantages and disadvantages of different forms of advertising</li> <li>◆ how promotional strategies and advertising helps promote a business</li> <li>◆ ethical marketing, eg non-discriminatory, not misleading, not offensive</li> </ul>	<ul style="list-style-type: none"> <li>◆ watching clips of adverts to stimulate discussion on what makes them good, bad, memorable, etc</li> <li>◆ watching clips of products in product placement scenarios, to stimulate discussion of whether or not the products are noticeable</li> <li>◆ creating promotional materials for existing products</li> <li>◆ discussing the best methods of promotion, based on given scenarios</li> <li>◆ adding to the 'new product presentation' by creating a promotional campaign for the product candidates have invented and justifying its suitability</li> <li>◆ holding a 'Dragon's Den' type competition for candidates to pitch their new product idea to the class</li> </ul>

<b>Management of marketing</b>		
<b>Topic</b>	<b>Further advice and guidance about skills, knowledge and understanding</b>	<b>Suggested experiences and activities</b>
Technology	Using ICT to increase efficiency in the marketing department, eg website, database, desktop publisher, online surveys, social media, quick response (QR) codes, e-mail, apps.	<ul style="list-style-type: none"> <li>◆ using/demonstrating types of ICT in tasks, based on scenarios in the marketing department</li> <li>◆ creating a QR code treasure hunt</li> </ul>

<b>Management of operations</b>		
<b>Topic</b>	<b>Further advice and guidance about skills, knowledge and understanding</b>	<b>Suggested experiences and activities</b>
Suppliers	<ul style="list-style-type: none"> <li>◆ the factors to consider when choosing a supplier, eg price, quality, location, lead time, reliability, reputation, discounts available, credit terms</li> </ul>	<ul style="list-style-type: none"> <li>◆ using various scenarios to select the best supplier of different products, for different organisations</li> </ul>
Inventory management	<ul style="list-style-type: none"> <li>◆ the costs and risks of overstocking, eg warehousing, security, theft, deterioration, obsolescence</li> <li>◆ cash-flow problems from overstocking</li> <li>◆ the costs and risks of understocking, eg production halt, customer dissatisfaction, loss of reputation, admin costs, loss of discounts</li> <li>◆ the processes that businesses use to manage their inventory levels, ie manual and computerised inventory control</li> <li>◆ inventory control diagram</li> </ul>	<ul style="list-style-type: none"> <li>◆ drawing and interpreting inventory control diagrams</li> <li>◆ using flash cards of examples of costs to businesses of overstocking and understocking and sorting them into overstock and understock costs</li> <li>◆ use a spreadsheet to record inventory information</li> </ul>
Methods of production	<ul style="list-style-type: none"> <li>◆ definitions and examples of job, batch and flow production</li> <li>◆ the costs and benefits of job, batch and flow production</li> <li>◆ the factors to consider when choosing an appropriate method of production</li> </ul>	<ul style="list-style-type: none"> <li>◆ showing video clips of different methods of production used by businesses</li> <li>◆ demonstrating different methods of production, eg by using paper models of cars being assembled individually to demonstrate job production and then working as a class to produce the same model to demonstrate flow production</li> <li>◆ using a production game to highlight the difference between job, batch and flow production methods and highlighting issues that could affect production</li> <li>◆ arranging field trips to businesses to examine production methods used</li> </ul>

<b>Management of operations</b>		
<b>Topic</b>	<b>Further advice and guidance about skills, knowledge and understanding</b>	<b>Suggested experiences and activities</b>
		<ul style="list-style-type: none"> <li>◆ inviting guest speakers to discuss their production methods</li> </ul>
Quality	<ul style="list-style-type: none"> <li>◆ methods of ensuring quality, eg quality control, quality assurance, use of quality inputs</li> <li>◆ the costs and benefits of ensuring quality</li> </ul>	<ul style="list-style-type: none"> <li>◆ researching how different businesses ensure they produce a quality product</li> <li>◆ reading news articles where quality is highlighted</li> <li>◆ discussing what the class considers to be good quality products and why</li> <li>◆ inviting guest speakers to discuss their quality measures</li> </ul>
Ethical and environmental	<ul style="list-style-type: none"> <li>◆ the costs and benefits of producing in an ethical way, eg high farm standards, paying living wages, not using child labour</li> <li>◆ the costs and benefits of producing in an environmentally friendly way, eg waste reduction, recycling, minimising packaging</li> </ul>	<ul style="list-style-type: none"> <li>◆ researching news articles and company websites where ethical and environmental issues are raised</li> <li>◆ using case studies and scenarios to encourage class/group discussion on current ethical and environmental issues</li> </ul>
Technology	Using ICT to increase efficiency in the operations department, eg computer-aided manufacturing (CAM), metal detectors, online ordering, barcodes, e-mail.	<ul style="list-style-type: none"> <li>◆ using/demonstrating types of ICT in tasks, based on scenarios in the operations department</li> <li>◆ watching video clips about technology in production</li> </ul>

<b>Management of people</b>		
<b>Topic</b>	<b>Further advice and guidance about skills, knowledge and understanding</b>	<b>Suggested experiences and activities</b>
Recruitment and selection	<ul style="list-style-type: none"> <li>◆ stages of recruitment, eg identify the vacancy, job analysis, job description, person specification, advertising</li> <li>◆ methods of recruitment — internal, external, eg bulletin board, online advertisement, national press, local press, recruitment agencies</li> <li>◆ stages of selection, eg application forms, CVs, testing, references, interviews, appointment, contracts of employment</li> </ul>	<ul style="list-style-type: none"> <li>◆ using a mix-and-match exercise to join recruitment and selection terms with their definitions</li> <li>◆ using recruitment websites to research job vacancies and the attributes which employers look for in different job roles</li> <li>◆ producing job descriptions and person specifications for different jobs</li> <li>◆ producing job adverts using different media</li> <li>◆ identifying poor practice/errors in a CV which has been presented with spelling mistakes, bad layout, inconsistent fonts, etc</li> <li>◆ creating a CV, filling in an application form, writing a letter of application</li> <li>◆ discussing what interviewers look for during an interview</li> <li>◆ holding mock interviews</li> <li>◆ writing peer references</li> </ul>
Training	<ul style="list-style-type: none"> <li>◆ types and methods of training, eg induction, on the job, off the job</li> <li>◆ the costs and benefits of each type of training</li> <li>◆ general costs and benefits of training for employees and employers</li> </ul>	<ul style="list-style-type: none"> <li>◆ using flash cards of examples of costs and benefits of training and sorting them into different types of training</li> <li>◆ using current businesses as case studies to look at training and development offered by businesses to enhance their staffs' skills</li> <li>◆ researching training providers, looking at the service they provide, timescales and costs</li> </ul>

<b>Management of people</b>		
<b>Topic</b>	<b>Further advice and guidance about skills, knowledge and understanding</b>	<b>Suggested experiences and activities</b>
Motivating and retaining	<ul style="list-style-type: none"> <li>◆ how businesses minimise staff turnover</li> <li>◆ financial methods used to motivate staff, ie payment systems — time, piece, bonus, commission, overtime and salary</li> <li>◆ non-financial methods used to motivate staff, eg flexible work practices (job share, flexitime, teleworking), perks, working conditions, social events</li> <li>◆ industrial relations, ie role of trade unions</li> <li>◆ industrial action, eg strike, sit in, overtime ban, work to rule</li> <li>◆ the effects of industrial action on employers and employees</li> </ul>	<ul style="list-style-type: none"> <li>◆ using a mix-and-match exercise to join payments systems with their definitions</li> <li>◆ using scenarios to justify the suitability of different payment systems for different jobs</li> <li>◆ using the internet to research the benefits offered to employees by businesses</li> <li>◆ interviewing family and friends to establish ways their employers help to retain and motivate staff</li> <li>◆ designing team-building activities</li> <li>◆ participating in team-building activities</li> <li>◆ using a mix-and-match exercise to join types of industrial action with their definitions and effects</li> <li>◆ carrying out research to find current news articles on industrial action</li> </ul>
Legislation	<p>Names and features of current legislation, including:</p> <ul style="list-style-type: none"> <li>◆ Equality Act</li> <li>◆ Health and Safety at Work Act</li> <li>◆ National Minimum Wage Regulations</li> <li>◆ National Living Wage Regulations</li> </ul>	<ul style="list-style-type: none"> <li>◆ using flash cards of examples of main features of legislation and sorting them into correct legislation names</li> <li>◆ researching current legislation that affects businesses and presenting the findings</li> <li>◆ creating a leaflet/booklet/poster to highlight legislation information for staff to follow and implement</li> </ul>
Technology	<p>Using ICT to increase efficiency in the HR department, eg video conferencing, database, internet, e-mail, e-diary.</p>	<ul style="list-style-type: none"> <li>◆ using/demonstrating types of ICT in tasks based on scenarios in the HR department</li> </ul>

<b>Management of finance</b>		
<b>Topic</b>	<b>Further advice and guidance about skills, knowledge and understanding</b>	<b>Suggested experiences and activities</b>
Sources of finance	<ul style="list-style-type: none"> <li>◆ sources of finance</li> <li>◆ the suitability of different types of finance for different organisations and projects</li> </ul>	<ul style="list-style-type: none"> <li>◆ researching and justifying suitable sources of finance for different business scenarios</li> <li>◆ input from financial institutions and organisations regarding sources of business finance</li> <li>◆ researching sources of finance available to young start-up entrepreneurs</li> </ul>
Break-even	<ul style="list-style-type: none"> <li>◆ different types of fixed and variable costs</li> <li>◆ calculating total fixed costs, total variable costs and selling price</li> <li>◆ understanding profit and how to calculate it</li> <li>◆ producing and interpreting break-even charts</li> </ul>	<ul style="list-style-type: none"> <li>◆ using flash cards of examples of fixed and variable costs and sorting them into types of costs</li> <li>◆ using data to calculate fixed costs, variable costs, selling price and the break-even point</li> <li>◆ drawing break-even charts from given data</li> <li>◆ using break-even charts to illustrate how to track and predict cash flow</li> </ul>
Cash budgeting	<ul style="list-style-type: none"> <li>◆ how businesses generate cash</li> <li>◆ what businesses spend cash on</li> <li>◆ why businesses must have enough cash</li> <li>◆ why cash-flow problems may occur</li> <li>◆ how cash-flow problems can be resolved</li> <li>◆ producing a cash budget</li> <li>◆ interpreting a cash budget and identifying any cash-flow problems</li> <li>◆ justifying suitable solutions to cash-flow problems</li> </ul>	<ul style="list-style-type: none"> <li>◆ creating a personal budget to introduce the topic</li> <li>◆ using exemplar cash budgets to illustrate how to track and predict cash flows</li> <li>◆ preparing cash budgets using spreadsheets</li> <li>◆ using a mix-and-match exercise to join cash-flow problems and solutions</li> <li>◆ using partially-completed budgets to calculate missing figures</li> </ul>

<b>Management of finance</b>		
<b>Topic</b>	<b>Further advice and guidance about skills, knowledge and understanding</b>	<b>Suggested experiences and activities</b>
Income statement	<ul style="list-style-type: none"> <li>◆ producing an income statement</li> <li>◆ interpreting an income statement to identify profit or loss</li> <li>◆ identifying reasons for loss and justifying suitable solutions to problems</li> </ul>	<ul style="list-style-type: none"> <li>◆ using exemplar income statements to illustrate how to record sales and production costs, in order to calculate gross profit and profit for the year</li> <li>◆ completing missing figures in income statements</li> <li>◆ completing templates of income statements from data given</li> </ul>
Technology	Using ICT to increase efficiency in the finance department, eg spreadsheets, online banking, EPOS.	<ul style="list-style-type: none"> <li>◆ using/demonstrating types of ICT in tasks based on scenarios in the finance department</li> </ul>