



National
Qualifications
2016

2016 Business Management

National 5

Finalised Marking Instructions

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Part One: 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

Part Two: Marking Instructions for each question

Section 1

Question			Expected Answer(s)	Max Mark	Additional Guidance
1.	(a)		THIS MARKING INSTRUCTION HAS BEEN REMOVED DUE TO COPYRIGHT ISSUES		
	(b)	(i)			
		(ii)			
	(c)				
	(d)				

Question			Expected Answer(s)	Max Mark	Additional Guidance
2.	(a)	(i)	<p>Responses could include:</p> <ul style="list-style-type: none"> • It reuses unwanted materials • It reduces the amount of waste going to landfill • Employ refugees • Not using 'sweatshop' conditions 	1	<p>Candidates must identify one factor from the case study to gain full marks.</p> <p>Award 1 mark for the identified factor.</p>
		(ii)	<p>Responses could include:</p> <ul style="list-style-type: none"> • Limits the amount of waste going to landfill • Improves the image of the organisation • Increases sales/profits • Can be used as a USP <ul style="list-style-type: none"> ○ Can give a competitive edge ○ Can win awards • Can reduce costs if waste materials are used 	3	<p>Candidates must identify at least one reason why ethical production is important to gain full marks.</p> <p>Award 1 mark for a valid reason. Up to 2 marks may be awarded for describing a reason.</p> <p>Max 1 for sales/profit.</p> <p>Max 1 for environmentally friendly/socially responsible.</p> <p>Accept any suitable response.</p>
	(b)		<p>Responses could include:</p> <ul style="list-style-type: none"> • Access to more customers thus chances of increased market share/profit • Access to customer information thereby allowing it to target products/marketing to those most likely to buy • Can gain customer feedback thereby can change things to gain better customer satisfaction • Customers can shop 24/7 which gives the organisation maximum time for customers to buy • Can show entire product line thereby increasing customer choice • Reduces costs as fixtures and fittings for shops are not required 	3	<p>Candidates are required to explain 2 benefits to gain full marks.</p> <p>Award 1 mark per explained benefit. Up to 2 marks could be awarded for each benefit.</p> <p>Max 1 for sales/profit per explained point.</p> <p>Benefits for org or customer.</p> <p>Accept any other suitable response.</p>

Question		Expected Answer(s)	Max Mark	Additional Guidance
	(c) (i)	Responses could include: <ul style="list-style-type: none"> • On the job • Induction training 	1	Candidates are required to identify one type of training to gain full marks. Award 1 mark for a correct identification of a method of training.
	(ii)	On the job <ul style="list-style-type: none"> • Employees become familiar with surroundings • May be cheaper than other forms of training • Employees are actually productive • Tailored to company needs Induction <ul style="list-style-type: none"> • Employees will feel at ease • Employees will become familiar with the people and the surroundings • Employees will become aware of health and safety issues 	1	Candidates are required to give one advantage of the type of training identified in (c) (i). Award 1 mark for a valid advantage. Cheap/easy needs qualification. Watch for consequentiality - off the job. General advantages that apply to either type of training can be awarded marks.

Question	Expected Answer(s)	Max Mark	Additional Guidance
(d)	<p>Responses could include:</p> <p>Application Form/CV</p> <ul style="list-style-type: none"> • These contain personal information on a candidate • They can be used to compare against the person specification <p>Interview</p> <ul style="list-style-type: none"> • Allows the organisation to ask a series of questions <ul style="list-style-type: none"> ○ to allow for comparisons • Allows the organisation to assess the candidate's appearance/personality • Allows them to question the content of the CV/application form • Allows a candidate to ask questions <p>Reference</p> <ul style="list-style-type: none"> • Provides key information on attendance, attitude, time-keeping • Usually written by a past employer • Allows an organisation to confirm the content of a CV/application form <p>Testing</p> <ul style="list-style-type: none"> • These provide additional information on a candidate's suitability through practical assessment • An organisation can see how a candidate copes under pressure 	3	<p>Candidates are required to consider at least 2 methods of selection to gain full marks.</p> <p>Award 1 mark for each valid description. Up to 2 marks may be awarded for the description of a method.</p> <p>Max 1 for making comparisons using a method.</p> <p>Accept any other suitable response.</p>

Question	Expected Answer(s)	Max Mark	Additional Guidance
(e)	<p>Quality Circles</p> <ul style="list-style-type: none"> • Small groups of employees who meet regularly to discuss how to improve methods of working <p>Quality Assurance</p> <ul style="list-style-type: none"> • Checking at every stage of the production process <ul style="list-style-type: none"> ○ To ensure ‘right first time’ and prevent errors <p>Quality Control</p> <ul style="list-style-type: none"> • Checking at the beginning and the end of production process only <p>Quality Standards</p> <ul style="list-style-type: none"> • When the product reaches the required standard it can be awarded a quality logo <ul style="list-style-type: none"> ○ Gives consumers confidence <p>Quality Inputs</p> <ul style="list-style-type: none"> • Raw materials need to be quality in order to obtain a quality final product • All staff must be trained so they are competent and are all working to the same quality standards • Machines need to be maintained so that they do not make mistakes affecting quality <p>Benchmarking</p> <ul style="list-style-type: none"> • Trying to match the standard of the quality leader/competitor 	3	<p>Candidates are required to consider at least 2 methods of assuring quality to gain full marks.</p> <p>Award 1 mark for each valid description. Up to 2 marks may be awarded for the description of a method.</p> <p>Accept any other suitable response.</p>

Section 2

Question			Expected Answer(s)	Max Mark	Additional Guidance
3.	(a)	(i)	<p>Responses could include:</p> <ul style="list-style-type: none"> • Staff/HR • Management/HR • Finance • Technology 	2	<p>Candidates are required to identify 2 factors to gain full marks.</p> <p>Award 1 mark for any valid factor identified.</p> <p>Watch for repetition of Staff/Management if Human Resources is identified. Max 1.</p> <p>Accept any other suitable responses.</p>
		(ii)	<p>Responses could include:</p> <p>Staff</p> <ul style="list-style-type: none"> • If staff are trained they will be more productive • If staff are more motivated they may produce a higher quality service • If staff feel they have a say in decision making they may be more loyal to the organisation 	2	<p>Candidates are required to consider the 2 factors identified in (a) (i) to gain full marks.</p> <p>Award 1 mark for each explained influence.</p> <p>No development marks available.</p> <p>Accept any other suitable responses.</p>

Question	Expected Answer(s)	Max Mark	Additional Guidance
	<p>Finance</p> <ul style="list-style-type: none"> • If there is a surplus of cash then the organisation may be able to make improvements • If there is a lack of finance cost cutting measures need to be considered <p>Management</p> <ul style="list-style-type: none"> • If their objectives differ from the organisation's then the overall strategic aims of the business may not be met • The quality of their decisions eg the range of goods they decide to stock can mean that the organisation improves customer satisfaction <p>Technology</p> <ul style="list-style-type: none"> • Having up-to-date technology will allow the organisation to produce quality products • Having up-to-date technology may give the firm a competitive edge 		
(b)	<p>Responses could include:</p> <ul style="list-style-type: none"> • Provide a service to others • Raise awareness of issues • Better service for the community • Creating a better reputation • Ensuring finances are kept within budget • Be socially responsible 	2	<p>Candidates are required to consider 2 objectives to gain full marks.</p> <p>Award 1 mark for each outlined objective.</p> <p>Accept examples. Watch for repeat marks.</p> <p>Accept any other suitable responses from public or third sector organisation types.</p>

Question	Expected Answer(s)	Max Mark	Additional Guidance
(c)	<p>Responses could include:</p> <p>Advantages:</p> <ul style="list-style-type: none"> • The owner is hands-on to provide a personal service • Owners get to keep all their profits • Easy to set-up <ul style="list-style-type: none"> ○ Less legal restrictions • Can make all the decisions <ul style="list-style-type: none"> ○ This is faster as no arguments <p>Disadvantages:</p> <ul style="list-style-type: none"> • Limited access to finance • No-one to consult or share ideas with • Difficult to take time off for holidays or if off sick • Liability is unlimited <ul style="list-style-type: none"> ○ The owners may lose their personal possessions in order to meet the debts of the organisation 	4	<p>Candidates are required to consider at least one advantage AND one disadvantage to gain full marks.</p> <p>Award 1 mark for any advantage/disadvantage. Up to 3 marks may be awarded for advantages or disadvantages. Accept the development of any advantage or disadvantage.</p> <p>Do not accept quick or easy decisions - must be qualified.</p> <p>Accept any other suitable response.</p>

Question			Expected Answer(s)	Max Mark	Additional Guidance
4.	(a)	(i)	Responses could include: <u>Word processing package</u> <ul style="list-style-type: none"> • Create a job advert/application form • Key in a job or person specification • Letter to applicants about interview/successful appointments/unsuccessful notification 	1	Candidates are required to outline one use for each package to gain full marks. Award 1 mark for each valid outline point given. Use must relate to recruitment and selection. Accept any other suitable response.
		(ii)	<u>Database package</u> <ul style="list-style-type: none"> • Record of applicants • Record of posts available 	1	
		(iii)	<u>Company website</u> <ul style="list-style-type: none"> • Online application form • Electronic job and person specifications could be accessed online • Contact us feature to apply for jobs • Internal jobs could be posted on the website 	1	
	(b)	(i)	Responses may include: <ul style="list-style-type: none"> • Sit in • Overtime ban • Work to rule • Go slow • Strike • Boycott • Lock out • Protest/picket line 	2	Candidates are required to identify 2 methods of industrial action to gain full marks. Award 1 mark for each valid method identified. Accept any other suitable response.

Question	Expected Answer(s)	Max Mark	Additional Guidance
(ii)	<p>Responses could include:</p> <ul style="list-style-type: none"> • Production within the organisation may come to a halt therefore the organisation could struggle to produce goods to meet customer demand <ul style="list-style-type: none"> ○ Causing customers to go elsewhere • Decreased levels of production could damage the reputation of the organisation • An organisation could lose customers as goods not produced within an acceptable timescale • Employees refusing to work overtime or going slow would mean deadlines not met <ul style="list-style-type: none"> ○ Creating a poor image or reputation • Company's share price may fall due to the poor reputation of the firm 	3	<p>Candidates can consider at least one impact to gain full marks.</p> <p>Award 1 mark for each explained impact. Up to 2 marks may be awarded for the explanation of an impact.</p> <p>Accept any other suitable response.</p>
(c)	<p>Responses could include:</p> <ul style="list-style-type: none"> • Software packages with remote access allow flexible working arrangements • Video conferencing allows meetings employees between different locations <ul style="list-style-type: none"> ○ Less travel time and cost are incurred • Email allows an employee to communicate with their job share partner/communicate with the office from home <ul style="list-style-type: none"> ○ Easier access to others with the use of email • Allows work to be completed outside of 'traditional' working hours • Less office space required as staff may be working from home using laptops • Electronic documents can be shared and stored on the cloud/intranet to be used out with the office 	2	<p>Candidates are required to consider at least one way technology can impact working practices to gain full marks.</p> <p>Award 1 mark for each valid description point outlined. Up to 2 marks may be awarded for developing any point.</p> <p>Answers should infer to working practices eg homeworking, flexible working, teleworking.</p> <p>Accept any other suitable response.</p>

Question			Expected Answer(s)	Max Mark	Additional Guidance
5.	(a)	(i)	Responses could include: <ul style="list-style-type: none"> • Increasing wages • Increasing purchases • £20,000 spent on capital expenditure • Negative closing balance in May and June 	2	Candidates must identify 2 cash flow issues to gain full marks. Award 1 mark for each valid identification. Max 1 for reference to negative opening/closing balance.
	(a)	(ii)	Responses could include: <ul style="list-style-type: none"> • Do not allow overtime • Reduce the number of workers to reduce wages. • Find a cheaper supplier to reduce cost of purchases. <ul style="list-style-type: none"> ○ Negotiate discounts for bulk buying or prompt payment • Purchasing the van on hire purchase <ul style="list-style-type: none"> ○ to spread payments • Lease or rent the van rather than buying it outright • Arrange for an overdraft to cover negative closing balance. • Take out a bank loan to boost receipts 	4	Candidates must describe at least 2 methods of solving the cash flow problems to gain full marks. Award 1 mark for each valid description. Up to 2 marks could be awarded for any description of a method. Max 1 example for increasing sales revenue, allow development on the example. Accept any other suitable response.

Question		Expected Answer(s)	Max Mark	Additional Guidance
	(b) (i)	Responses could include: Advertising	1	Candidates are required to identify one fixed cost from the cash budget to gain full marks. Award 1 mark for a valid example taken from the cash budget.
	(ii)	Responses could include: Purchases Wages	1	Candidates are required to identify one variable cost from the cash budget to gain full marks. Award 1 mark for a valid example taken from the cash budget.
	(c)	Responses could include: <ul style="list-style-type: none"> • To calculate gross profit • To calculate the cost of sales • To show net sales • To calculate the total cost of expenses • To calculate profit for the year/net profit • To show other incomes • For legal reasons • To aid decision making • For tax reasons 	2	Candidates are required to outline 2 reasons for producing a profit statement to gain full marks. Award 1 mark per valid purpose. Do not accept answers that relate to financial predictions. Accept any other suitable response.

Question		Expected Answer(s)	Max Mark	Additional Guidance
6.	(a)	<p>Responses could include:</p> <p>Job</p> <ul style="list-style-type: none"> • Where a one off/unique product is made • Each job is started and finished before moving on to the next <p>Batch</p> <ul style="list-style-type: none"> • When groups of similar products are produced • Machinery is stopped, cleaned etc before being used for a different batch <p>Flow</p> <ul style="list-style-type: none"> • A continuous process is used and goods move along a production line from beginning to end • Large volumes can be made in a short period of time • Each product is identical 	3	<p>Candidates are required to consider at least 2 methods to gain full marks.</p> <p>Award 1 mark for each description point. Up to 2 marks may be awarded for the description of a method of production.</p> <p>Accept capital and labour intensive.</p> <p>Accept any other suitable response.</p>
	(b)	<p>Responses could include:</p> <ul style="list-style-type: none"> • Price reflects the quality given • Quality of the raw materials is consistent • Delivery time meets the needs of the organisation • The supplier can deliver the correct quantity • The level of credit being offered by the supplier • The length of credit period being offered by the supplier • Location of supplier as it will impact on delivery charges/time 	3	<p>Candidates can outline 3 factors to gain full marks. Award 1 mark for each outlined factor.</p> <p>Up to 2 marks may be awarded for any developed factor.</p> <p>Accept any other suitable response.</p>

Question	Expected Answer(s)	Max Mark	Additional Guidance
(c)	<p>Responses could include:</p> <p>Under stocking</p> <ul style="list-style-type: none"> • Becomes harder to cope with unexpected changes in demand which means customers may go elsewhere to purchase the product <ul style="list-style-type: none"> ○ If customers go elsewhere they may lose them completely and not just the one time • Production may have to stop completely meaning paying for workers who aren't producing any goods • Continually ordering or restocking can mean increased administration costs <ul style="list-style-type: none"> ○ Increased transport costs • Increased unit costs due to not bulk buying <p>Over stocking</p> <ul style="list-style-type: none"> • Carry large amounts of stock will increase the cost of storage which reduces profit <ul style="list-style-type: none"> ○ May result in having to pay larger insurance costs ○ Increased security costs • Capital is tied up in stock which means that the money cannot be used elsewhere • The stock may deteriorate resulting in larger wastage costs • Changes in trends and fashion will mean that stock might become obsolete and not be able to be sold • Higher risk of theft as it is less obvious when stock has gone missing 	4	<p>Candidates are required to consider at least one problem of under-stocking AND one problem of over-stocking to gain full marks.</p> <p>Award 1 mark for any explained problem. Up to 3 marks may be awarded for over or under-stocking. Accept the development on any problem.</p> <p>Watch for description of under/overstocking as an ID.</p> <p>Accept any other suitable response.</p>

[END OF MARKING INSTRUCTIONS]