



National
Qualifications
2019

2019 Business Management

National 5

Finalised Marking Instructions

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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 (for example, a, b, c)

Up to the total mark allocation for this question

- 1 mark should be given for each compared point.

Marking instructions for each question

Question			Expected response	Max mark	Additional guidance
1.	(a)	(i)	<p>Responses should include</p> <ul style="list-style-type: none"> • Finlay/owner/entrepreneur/shareholders • employees • customers/retailers • suppliers • delivery company/Royal Mail • local community • Young Scot 	2	<p>Candidates must identify 2 stakeholders from the case study to gain full marks.</p> <p>Award 1 mark per identified stakeholder.</p> <p>Do not accept any other response.</p>
		(ii)	<p>Responses could include</p> <p>Finlay/owner/entrepreneur/shareholders</p> <ul style="list-style-type: none"> • level of profit <ul style="list-style-type: none"> ○ to see a return on investment <p>Employees</p> <ul style="list-style-type: none"> • good rate of pay • good working conditions • job security • opportunities for promotion <p>Customers/retailers</p> <ul style="list-style-type: none"> • good quality product • value for money <p>Suppliers/delivery company</p> <ul style="list-style-type: none"> • continued orders • paying on time <p>Local community</p> <ul style="list-style-type: none"> • provision of jobs • environmental consideration <p>Young Scot</p> <ul style="list-style-type: none"> • image of business/Finlay 	3	<p>Candidates must outline the interests of both stakeholders identified at (a)(i).</p> <p>Award 1 mark for each valid outline.</p> <p>Up to 2 marks may be awarded for any one stakeholder.</p> <p>Accept consequentiality from (a)(i).</p> <p>Accept any other suitable response.</p>

Question		Expected response		Max mark	Additional guidance
	(b)	Responses could include		3	<p>Candidates must make 3 valid comparisons to gain full marks.</p> <p>Award 1 mark for each valid comparison.</p> <p>Only accept comparisons with Road.</p> <p>Cheaper/faster must be qualified on one side of the comparison.</p> <p>Accept any other suitable response.</p>
		Road	Sea/Rail/Air		
		direct method of distribution (door to door)	requires an additional method of distribution		
		suitable for transporting small quantities	transporting small quantities not cost effective		
		delivery can take place at any time of the day	subject to transportation timetable		
		all may be subject to delays			
		all cause damage to environment			

Question		Expected response	Max mark	Additional guidance
	(c) (i)	<p>Responses could include</p> <ul style="list-style-type: none"> employees/staff (HR) owner (Finlay)/manager (HR) finance technology 	2	<p>Candidates must identify 2 internal factors from the case study to gain full marks.</p> <p>Award 1 mark for each valid identification.</p>
	(ii)	<p>Responses could include</p> <p>Employees/staff (HR)</p> <ul style="list-style-type: none"> training young people - will mean a better quality product is produced <p>Owner (Finlay)/manager (HR)</p> <ul style="list-style-type: none"> if Finlay has the skills required to be an entrepreneur - the expansion is more likely to be successful <p>Finance</p> <ul style="list-style-type: none"> a lack of finance - means Chocolates of Glenshiel not having enough money to carry out its expansion plans <p>Technology</p> <ul style="list-style-type: none"> if technology breaks down - means Chocolates of Glenshiel are unable to accept online orders 	2	<p>Candidates must explain both internal factors to gain full marks.</p> <p>Award 1 mark for each valid explanation.</p> <p>Accept any other suitable response.</p>

Question		Expected response	Max mark	Additional guidance
(d)	(i)	<p>Responses could include</p> <ul style="list-style-type: none"> • can attract candidates with new ideas • candidates will have different skills/qualities/experience/qualifications • a wider pool of people to choose from • avoids the need to fill the role that appointing an internal candidate would make • external candidate may bring contacts with them to the business 	3	<p>Award 1 mark for each justification.</p> <p>Award 1 mark for each valid development.</p> <p>Accept any other suitable response.</p>
	(ii)	<p>Responses could include</p> <ul style="list-style-type: none"> • recruitment websites • company website • social media • newspaper/national/local press • recruitment agency • job centre 	2	<p>Candidates must identify 2 methods of external recruitment to gain full marks.</p> <p>Award 1 mark per identified method.</p> <p>Maximum of 1 mark for use of generic terms for example Internet, website.</p> <p>Accept any other suitable response.</p>
(e)		<p>Responses should include</p> <ul style="list-style-type: none"> • using good quality raw materials - this leads to a higher quality chocolate <ul style="list-style-type: none"> ○ fewer complaints ○ higher price can be charged • using local supplier - delivery time reduced <ul style="list-style-type: none"> ○ cost of delivery is reduced ○ reduces carbon footprint 	3	<p>Candidates must explain at least 2 factors to gain full marks.</p> <p>Award 1 mark for each explanation.</p> <p>Up to 2 marks may be awarded for any one factor.</p> <p>Responses must come from Exhibit 1.</p> <p>Accept any other suitable response.</p>

Question		Expected response	Max mark	Additional guidance										
2.	(a)	<p>Responses could include</p> <ul style="list-style-type: none"> • children/infants/babies/teenagers • parents/expectant mothers/families • ethical consumers • low income households • Stirling/Glasgow area 	3	<p>Candidates must identify 3 targeted markets from the case study to gain full marks.</p> <p>Award 1 mark for each valid identified target market.</p> <p>Watch for repetition.</p>										
	(b)	<p>Responses could include</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 35%;">Private sector</th> <th style="width: 5%;"></th> <th style="width: 35%;">Public sector</th> </tr> </thead> <tbody> <tr> <td>owned by private individuals/ sole trader/partners/ shareholders</td> <td rowspan="3" style="text-align: center; vertical-align: middle;">whereas</td> <td>owned by the government</td> </tr> <tr> <td>funded by owners capital/loan/ share issue</td> <td>funded by taxes</td> </tr> <tr> <td>controlled by sole trader/partners/shareholders/ Board of Directors (BoD)</td> <td>controlled by government ministers/councillors</td> </tr> </tbody> </table>	Private sector		Public sector	owned by private individuals/ sole trader/partners/ shareholders	whereas	owned by the government	funded by owners capital/loan/ share issue	funded by taxes	controlled by sole trader/partners/shareholders/ Board of Directors (BoD)	controlled by government ministers/councillors	3	<p>Candidates must give 3 points of distinction to gain full marks.</p> <p>Award 1 mark for each valid distinction.</p> <p>Do not award mark if incorrectly labelled.</p> <p>Accept any other suitable response.</p>
Private sector		Public sector												
owned by private individuals/ sole trader/partners/ shareholders	whereas	owned by the government												
funded by owners capital/loan/ share issue		funded by taxes												
controlled by sole trader/partners/shareholders/ Board of Directors (BoD)		controlled by government ministers/councillors												

Question		Expected response	Max mark	Additional guidance
	(c)	<p>Responses could include</p> <ul style="list-style-type: none"> • large premises – means they can display bulky goods <ul style="list-style-type: none"> ○ good for displaying expensive items such as prams ○ space for community hub • car parking – makes it easier for donors to drop goods off <ul style="list-style-type: none"> ○ makes it easier for customers to purchase more • cost of premises – will affect running costs • being surrounded by other businesses – provides support/networking opportunities • local transport links – increase customers • financial support from Stirling Enterprise Park (STEP) – allowed the business to open a second shop 	5	<p>Candidates must explain at least 2 factors to gain full marks.</p> <p>Award 1 mark for each valid explanation.</p> <p>Up to 4 marks may be awarded for any one factor.</p> <p>Factors can be taken from the case study or from candidate's subject knowledge.</p> <p>Accept any other suitable response.</p>
	(d)	<p>Responses could include</p> <ul style="list-style-type: none"> • bank/STEP loan – money borrowed from the bank/STEP repaid with interest/instalments <ul style="list-style-type: none"> ○ in instalments (over time)/interest • mortgage – money borrowed from the bank to purchase property <ul style="list-style-type: none"> ○ paid over a long period of time ○ property is secured against the loan • government/STEP grant – money received from the government/STEP that does not need to be repaid <ul style="list-style-type: none"> ○ must meet criteria • overdraft – taking more money out of your bank account than is present in your account • donations – gift of money from members of the public • retained profit – profit reinvested from previous years • hire purchase – buying an asset/machinery in monthly instalments <ul style="list-style-type: none"> ○ asset is not owned until final payment 	4	<p>Candidates must describe at least 2 sources of finance to gain full marks.</p> <p>Award 1 mark for each valid description.</p> <p>Up to 3 marks may be awarded for any one source.</p> <p>Accept any other suitable response.</p>

Question		Expected response	Max mark	Additional guidance
	(e)	<p>Responses could include</p> <ul style="list-style-type: none"> • donated items are reused/landfill waste reduced • community hub provides a valuable community service • creates volunteering opportunities • grants and financial support can be accessed • support low income families • positive reaction in the community/strong reputation 	2	<p>Candidates must describe at least 2 benefits to gain full marks.</p> <p>Award 1 mark for each valid description.</p> <p>Benefits must be relevant to the case study.</p> <p>Accept any other suitable response.</p>
	(f)	<p>Responses could include</p> <ul style="list-style-type: none"> • selling good quality goods gives the business a good reputation <ul style="list-style-type: none"> ○ satisfied customers will return • customers tell their friends of their experience <ul style="list-style-type: none"> ○ this will result in new customers • customers get value for money • not left with unsold items <ul style="list-style-type: none"> ○ which would have to go to landfill • reduce customer complaints 	3	<p>Award 1 mark for each valid justification.</p> <p>Do not accept repetition of justification.</p> <p>Accept any other suitable response.</p>

Question		Expected response	Max mark	Additional guidance
3.	(a)	<p>Responses could include</p> <ul style="list-style-type: none"> • recruiting suitable staff • provide staff training <ul style="list-style-type: none"> ○ so they are knowledgeable and can answer customer queries • providing prompt service • keeping a customer informed • giving customers value for money • getting feedback from customers • operating a customer care policy • giving an after sales service <ul style="list-style-type: none"> ○ contacting the customer a few days after they have received a product to see if everything is working as expected • providing quick responses to customer complaints • employing extra staff to cover busy periods • having a returns policy 	4	<p>Candidates must outline at least 2 ways to gain full marks.</p> <p>Award 1 mark for each valid outlined point.</p> <p>Up to 3 marks may be awarded for any one way.</p> <p>Accept any other suitable response.</p>
	(b)	<p>Responses could include</p> <ul style="list-style-type: none"> • a single use good/can only be used once • a good that doesn't last a long time 	1	<p>Award 1 mark for a valid definition.</p> <p>Accept any other suitable response.</p>
	(c)	<p>Responses could include</p> <ul style="list-style-type: none"> • make best use of tax-payers money • provide a high quality service to others • raise awareness of issues • ensuring finances are kept within budget • be socially responsible/environmentally friendly • meet governmental targets 	2	<p>Candidates must outline 2 objectives to gain full marks.</p> <p>Award 1 mark for each outlined objective.</p> <p>Accept examples - NHS reduce waiting times.</p> <p>Watch for repetition.</p> <p>Accept any other suitable response.</p>

Question		Expected response	Max mark	Additional guidance
	(d)	<p>Responses could include</p> <p>Political</p> <ul style="list-style-type: none"> • a change in the National Minimum Wage - decrease in profits <p>Social</p> <ul style="list-style-type: none"> • consumer tastes and fashion may change - may have to update its products <p>Technological</p> <ul style="list-style-type: none"> • if new technology is introduced into the organisation - it may need to train all employees 	3	<p>Candidates must explain all 3 external factors to gain full marks.</p> <p>Award 1 mark for each valid explanation.</p> <p>Accept any other suitable response.</p>

Question		Expected response	Max mark	Additional guidance
4.	(a)	<p>Responses could include</p> <ul style="list-style-type: none"> • ensures that equipment must be safe to use • provide protective clothing • safety training must be provided for employees • details how materials must be stored in a safe manner • organisations must have health and safety representatives • employees must take reasonable care of themselves and other workers • employees must follow H&S policy • employees must report safety issues 	4	<p>Candidates must outline 4 features to gain full marks.</p> <p>Award 1 mark for each valid outline.</p> <p>Accept any other suitable response.</p>
	(b)	<p>Responses could include</p> <ul style="list-style-type: none"> • staff become more productive <ul style="list-style-type: none"> ○ this will allow the organisation to meet demand more easily • increased staff competence <ul style="list-style-type: none"> ○ this could result in higher quality work ○ attracting customers • increased staff motivation <ul style="list-style-type: none"> ○ could make staff more loyal ○ could reduce staff turnover • less errors/wastage in production <ul style="list-style-type: none"> ○ save the organisation money in the long run • staff feel valued • enhanced reputation for investing in its staff <ul style="list-style-type: none"> ○ attracting potential employees • prepares staff for future promotion 	4	<p>Candidates must justify at least 2 reasons to gain full marks.</p> <p>Award 1 mark for any valid justification.</p> <p>Up to 3 marks may be awarded for justifying any one reason.</p> <p>Accept any other suitable response.</p>

Question			Expected response	Max mark	Additional guidance
	(c)		<p>Responses could include</p> <ul style="list-style-type: none"> • flexi-time/flexible working • part-time working • homeworking • teleworking • job share • condensed hours 	2	<p>Candidates must identify 2 working practices to gain full marks.</p> <p>Award 1 mark for each valid identification.</p> <p>Accept any other suitable response.</p>
5.	(a)	(i)	<p>The graph shows a bell-shaped curve representing sales over time. The vertical axis is labeled 'sales' and the horizontal axis is labeled 'time'. The curve starts at the origin, rises through an 'Introduction' stage, reaches a peak in the 'Maturity' stage, and then falls through a 'Decline' stage. Vertical dashed lines separate the four stages: Introduction, Growth, Maturity, and Decline. An arrow points to the end of the curve in the Decline stage.</p>	3	<p>Award 1 mark for an appropriate curved line.</p> <p>Award 1 mark for labelling both axis.</p> <p>Award 1 mark for labelling at least 3 stages correctly.</p> <p>Credit Research and Development (R & D) and Saturation.</p>
		(ii)	<ul style="list-style-type: none"> • introduction/research and development 	1	Award 1 mark for correct identification.

Question		Expected response	Max mark	Additional guidance																
	(b)	<p>Responses could include</p> <ul style="list-style-type: none"> • cost of raw materials - depending of the quality required the price may be high • competitors' prices - organisation should match competitors or it may lose sales • price customers are willing to pay - consumers will only pay for something that they think is value for money <ul style="list-style-type: none"> ○ if a country is experiencing difficult economic times then customers may not be willing to pay high prices • image of the product - the more exclusive the image the higher the price will be • product is sold in an up-market shop - a higher price can be charged • need to have a required profit level - this will enable you to invest in the business 	3	<p>Candidates must explain at least 2 factors to gain full marks.</p> <p>Award 1 mark for each valid explanation.</p> <p>Up to 2 marks may be awarded for any one factor.</p> <p>Accept any other suitable response.</p>																
	(c)	<p>Responses could include</p> <table border="1" style="margin-left: 40px;"> <thead> <tr> <th>Desk</th> <th></th> <th>Field</th> </tr> </thead> <tbody> <tr> <td>secondary information</td> <td rowspan="6" style="text-align: center; vertical-align: middle;">whereas</td> <td>primary information</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 vague or 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>both may contain bias</td> <td></td> </tr> </tbody> </table>	Desk		Field	secondary information	whereas	primary information	research can be found quicker as it exists	research can be time consuming to collect	research may be vague or 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		3	<p>Candidates must make 3 comparisons to gain full marks.</p> <p>Award 1 mark for each valid comparison.</p> <p>Cheaper/time consuming/up to date must be qualified on one side of the comparison.</p> <p>Accept any other suitable response.</p>
Desk		Field																		
secondary information	whereas	primary information																		
research can be found quicker as it exists		research can be time consuming to collect																		
research may be vague or 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																				

Question		Expected response	Max mark	Additional guidance
6.	(a)	<p>Responses should include</p> <ul style="list-style-type: none"> • A = 100,000 • B = Gross profit • C = Profit for the year • D = 50,000. 	4	<p>Candidates must identify all 4 entries to gain full marks.</p> <p>Award 1 mark for each valid identification.</p> <p>Do not accept Net Profit.</p>
	(b)	<p>Responses could include</p> <ul style="list-style-type: none"> • can be used as a target - this means the business may be able to plan <ul style="list-style-type: none"> ○ control spending ○ ensure overspending does not occur • highlights any period of surplus - this means the business is able to plan better use of available cash • highlights any period of shortfall - this means the business is able to arrange a source of finance • highlights any increases in expenses over a period of time - this means the business is able to take corrective action • promotes better decision making - this means the business is able to plan future direction of the business 	3	<p>Award 1 mark for each valid explanation.</p> <p>Award 1 mark for each valid development point.</p> <p>Accept any suitable response.</p>
	(c)	<p>Responses could include</p> <ul style="list-style-type: none"> • use of formulas • automatic calculations reduces human error • what if scenarios can be carried out • conditional formula can be used <ul style="list-style-type: none"> ○ this can highlight a negative balance • cells can be replicated • charts can be created <ul style="list-style-type: none"> ○ to show trends • linked worksheets can be used • templates can be created 	3	<p>Candidates must describe at least 2 advantages to gain full marks.</p> <p>Award 1 mark for each valid description.</p> <p>Up to 2 marks may be awarded for any one advantage.</p> <p>‘Automatic calculations’ must be qualified.</p> <p>Accept any suitable response.</p>

Question		Expected response	Max mark	Additional guidance
7.	(a)	<p>Responses could include</p> <p>Advantages</p> <ul style="list-style-type: none"> • large amounts can be made <ul style="list-style-type: none"> ○ economies of scale gained • batches can be customised to meet the customer's requirements • automated process meaning high quality result <ul style="list-style-type: none"> ○ less human error • less skilled employees required <ul style="list-style-type: none"> ○ save labour costs <p>Disadvantages</p> <ul style="list-style-type: none"> • expensive initial outlay for equipment • careful production planning required • equipment needs to be cleaned between batches • equipment breaks down/time for maintenance <ul style="list-style-type: none"> ○ slow/stops production • mistakes may lead to loss of whole batch <ul style="list-style-type: none"> ○ this can lead to a loss of profits 	4	<p>Candidates must discuss at least one advantage and one disadvantage to gain full marks.</p> <p>Award 1 mark for any valid discussed point.</p> <p>Award 1 mark for each valid development.</p> <p>Up to 3 marks may be awarded for any one advantage/disadvantage.</p> <p>Accept any other suitable response.</p>
	(b)	<p>Responses could include</p> <ul style="list-style-type: none"> • it will mean too much cash is tied up in inventory <ul style="list-style-type: none"> ○ which can lead to cash flow problems • inventory can go out of fashion/become obsolete • out of date/perishable items • costs of warehousing/staff/insurance will be high • prices may need to be reduced to sell inventory 	3	<p>Candidates must describe at least 2 consequences to gain full marks.</p> <p>Award 1 mark for each valid description.</p> <p>Up to 2 marks may be awarded for any one consequence.</p> <p>Maximum of 1 mark for increase in costs.</p> <p>Accept any suitable response.</p>

Question		Expected response	Max mark	Additional guidance
	(c)	<p>Responses could include</p> <ul style="list-style-type: none"> • improves the image of an organisation • may be cheaper to produce using recycled materials • can give a competitive edge • limits the items ending up in landfills • may help the organisation win awards 	3	<p>Candidates must outline at least 2 benefits to gain full marks.</p> <p>Award 1 mark for any valid outline.</p> <p>Up to 2 marks may be awarded for any one benefit.</p> <p>Accept any other suitable response.</p>

[END OF MARKING INSTRUCTIONS]