



**2012 Business Management**

**Intermediate 1**

**Finalised Marking Instructions**

© Scottish Qualifications Authority 2012

The information in this publication may be reproduced to support SQA qualifications only on a non-commercial basis. If it is to be used for any other purposes written permission must be obtained from SQA's NQ Delivery: Exam Operations.

Where the publication includes materials from sources other than SQA (secondary copyright), this material should only be reproduced for the purposes of examination or assessment. If it needs to be reproduced for any other purpose it is the centre's responsibility to obtain the necessary copyright clearance. SQA's NQ Delivery: Exam Operations may be able to direct you to the secondary sources.

These Marking Instructions have been prepared by Examination Teams for use by SQA Appointed Markers when marking External Course Assessments. This publication must not be reproduced for commercial or trade purposes.

**2012 Business Management  
Intermediate 1**

**Section 1 Solutions**

**1**     *TRAID is a charity.*

**(a)**   *Give 2 suitable objectives of a charity.*

- To provide a good service.
- To survive.
- To grow.
- To increase donations.
- To show social responsibility.
- To maximise profits.

**Any other reasonable response  
One mark each objective**

**(2)**

**(b)**   *Other than selling remade clothes, describe 2 ways TRAID could raise funds.*

- Donations.
- Activities eg duck race, sponsored walk.
- Government Grants.
- Any other reasonable response.

**One mark each suitable source of funds  
No marks available for just saying 'fundraising' or 'event'**

**(2)**

**2** *Charities are one type of business organisation.*

*Identify and describe 3 other types of business organisation.*

<i>Type of Business Organisation</i>	<i>Description</i>
Sole Trader	Business owned by one person
Partnership	Business usually owned by 2-20
Private Limited Company	Business owned by shareholders but shares not available for sale on stock market/invited shareholders
Public Limited Company	Business owned by shareholders who buy shares on the stock market
Public funded organisations	These are organisations that are set up and owned by the government

**If candidates give PLC and LTD the descriptions must clearly show difference.**

**Accept Franchise**

**One mark for identification of organisation and one mark for a suitable description.**

**(6)**

3 *TRAID*remade clothes can be purchased from their website.

(a) Describe 2 advantages to an organisation and 2 advantages to the customer of online shopping.

Customer	Organisation
<ul style="list-style-type: none"><li>• Can have goods delivered to the door</li><li>• Can buy at any time of the day</li><li>• Can compare prices</li></ul>	<ul style="list-style-type: none"><li>• Can save money as no shops required</li><li>• Can collect customer information</li><li>• Can increase customers (wider target market)</li></ul>

**Any other reasonable advantage**

**One mark each customer advantage – max 2**

**One mark each organisation advantage – max 2**

**Watch repetition**

**(4)**

(b) Outline 2 costs to an organisation of using ICT (*Information and Communications Technology*).

- Initial cost of installing the equipment (hardware).
- Cost of training staff to use ICT.
- Some staff may feel jobs are threatened because machines now do the work.
- If equipment breaks down this can result in work having to be stopped until it is fixed.
- May reduce staff motivation. (This can happen if staff feel that ICT has eliminated personal contact).
- Cost of installing software.

**One mark each suitable cost**

**(2)**

4 *TRAI*Dremade use job and batch production methods.

(a) *Describe Job Production and Batch Production.*

Job production is used when a single product is made to a customer's specification.

Batch production is where a number of products are produced in groups (at the same time).

Examples are bread and bars of chocolate.

**One mark each suitable description**

**(2)**

(b) *Give **one** advantage of Job Production.*

- One-off orders can be created to a customer's exact requirements.
- A high price can be charged.
- Workers are involved in the entire process so they will be more motivated.

**One mark for a suitable advantage**

**(1)**

(c) *Give **one** advantage of Batch Production.*

- Many similar items can be produced quickly.
- Batches can be changed, eg different ingredients added.
- Unskilled staff may be employed, resulting in lower wages.

**One mark for a suitable advantage**

**(1)**

5 *Stock control is very important to all organisations.*

*Define the terms shown in the stock control diagram.*

**Maximum stock level**

- The highest level of stock an organisation will store.
- This is the stock level that allows the production process to continue without interruption.
- Incurs the minimum of cost to an organisation.

**Re-order stock level**

- This is the point at which new stock should be ordered.

**Minimum stock level**

- This is the stock level that stock must not fall below.
- Otherwise production may have to be stopped because of lack of stock.

**One mark each correct definition**

**(3)**

6 *All businesses are affected by changes in the business environment.*

(a) *Identify an external factor that could affect TRAIID.*

- Weather
- Recession
- Competitors
- Government
- Changes in demand
- Technology

**One mark any reasonable external factor**

**(1)**

(b) *Describe how the factor identified in 6(a) affects an organisation.*

Weather	Could damage premises or equipment/prevent customers getting to shop.
Recession	Less people will buy products.
Competitors	If competitors' prices are less than yours, then customers may take their custom to the competitor.
Changes in demand	Less sales/products might need to be modified.
Government	Laws might change and businesses must comply with laws or face prosecution.

**One mark each reasonable affect**

**Accept consequentiality in part (b)**

**(1)**

**Total 25 marks**

[END OF SECTION ONE]

## Section 2 Solutions

1 *The founders of TOK combine the factors of production.*

*Identify and describe 2 factors of production.*

- Land – all the natural resources like water, oil and the actual land itself/site.
- Labour – all the manpower and skills needed to produce goods and services.
- Capital – the money available, machinery, equipment and factories.
- Enterprise – the idea which a person has and is willing to take a risk developing, in order to produce goods and services.

**One mark identification – max 2**

**One mark description – max 2**

**(4)**

2 To expand into the English education market TOK might employ more staff.

(a) Outline 4 steps in the recruitment process.

- Identify vacancy.
- Create job description.
- Create person specification.
- Create job advert.
- Send out application forms.

**One mark each suitable step (any order)**

**(4)**

(b) Identify the type of training given to new staff.

Induction training

**One mark for identification**

**Do not accept 'on the job'/'off the job'**

**(1)**

(c) All organisations keep records of the staff that they employ.

*Other than name and address, list 3 pieces of information that would be contained in staff records.*

- When each person joined the organisation
- Date of birth
- Particulars of telephone, qualifications, etc
- The department in which they are employed and their job title
- The number of days they have been absent due to illness
- Their holiday entitlement
- The training courses which they have taken part in.
- Skills.
- CV's/References/Application forms.

**One mark per suitable piece of information**

**(3)**

3 (a) TOK regularly carries out market research.

(i) Identify 2 methods of field research.

(ii) Describe a **different** advantage of each method identified in a(i)

**Personal interview** Allows 2 way communications  
Researcher can encourage respondent  
Misunderstanding can be dealt with immediately.

**Telephone survey** Relatively inexpensive  
Large number of people can be surveyed  
Immediate response given.

**Postal survey** Does not require a trained interviewer  
Relatively inexpensive.

**Hall test** Instant response  
Qualitative information.

**One mark for identification – max 2**

**One mark per benefit of each method – max 2**

(4)

(b) Suggest 2 **different** methods of sales promotion that TOK could use.

- Advertise on TV
- Advertise on radio
- Special Offers eg BOGOF
- Direct mail
- Press releases
- Any other suitable promotion method.

**One mark each method – watch for repetition**

**Note – Accept “Advertising” if no specific forms of advertising suggested**

(2)

4 (a) Describe a **different** benefit of using each of the following types of information.

<i>Type of information</i>	<i>Benefit</i>
Graphical	<ul style="list-style-type: none"><li>• It is a good way to display complicated information.</li><li>• You can emphasise certain points and make comparisons easily.</li></ul>
Oral	<ul style="list-style-type: none"><li>• Instant response.</li><li>• Two way communication.</li></ul>
Written	<ul style="list-style-type: none"><li>• You can refer back to it.</li><li>• You can keep it as a record.</li></ul>

**One mark for each benefit**

**(3)**

(b) Define the following 2 financial terms.

- Creditors – are suppliers who have sold goods to the organisation on credit and who have still to be paid.
- Net Profit – the final profit made profit after deducting expenses.

**One mark each definition**

**(2)**

**(c)** Describe how a business would use each of the following software packages.

Spreadsheet  
Package

- The production of final accounts.
- Calculating staff wages.
- Creating budgets.
- Generating charts.

Database Package

- Storing staff information.
- Creating stock records.
- Storing customer details.
- Creating a report based on stored information.
- Mail merge with a MS word document.

**One mark for each appropriate business use**

**(2)**

**Total 25 marks**

[END OF MARKING INSTRUCTIONS]