



National  
Qualifications  
2019

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**2019 Business Management**  
**Higher**  
**Finalised Marking Instructions**

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## General marking principles for Higher Business Management

*Always apply these general principles. Use them in conjunction with the detailed marking instructions, which identify the key features required in candidates' responses.*

- (a) Always use positive marking. This means candidates accumulate marks for the demonstration of relevant skills, knowledge and understanding; marks are not deducted for errors or omissions.
- (b) If a 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.
- (c) For **describe** questions, candidates must make a number of relevant, factual points up to the total mark allocation for the question. These should be key points; they 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

- award **1 mark** for each accurate relevant point of knowledge
- award a second mark for any point that is developed from the point of knowledge.

- (d) For **explain** questions, 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

- award **1 mark** for each accurate relevant point of reason
- award a second mark for any other point that is developed from the same reason.

For each relevant point of reason candidates must give a point of identification and a point of explanation to gain a mark. This is exemplified in the marking instructions, a dash (–) is used to show the two parts of the response.

- (e) For **compare** questions, candidates must demonstrate knowledge and understanding of similarities and/or differences between things, methods or choices. The relevant comparison points could include theoretical concepts.

Up to the total mark allocation for this question

- award **1 mark** for each accurate point of comparison.

- (f) For **discuss** questions, candidates must make a number of points that communicate issues, ideas, or information about a given topic or context that will make a case for and/or against. They do not always need to give both sides of the debate in their response.

Up to the total mark allocation for this question

- award **1 mark** for any accurate point of knowledge that is clearly relevant
- award a second mark for any point that is developed from the point of knowledge.

Where a mark is available for the development of a response this is exemplified in the marking instructions, a hollow bullet point is used to show the developed response.

### Marking instructions for each question

Question			Expected response	Max mark	Additional guidance
1.	(a)	(i)	<p>Responses could include</p> <ul style="list-style-type: none"> <li>• to provide a healthcare/quality/free service               <ul style="list-style-type: none"> <li>○ to provide a continued service/survival</li> </ul> </li> <li>• to operate within budget/efficiently/to spend taxpayers' money wisely               <ul style="list-style-type: none"> <li>○ to increase the budget</li> </ul> </li> <li>• to have well-trained staff</li> <li>• to retain/recruit staff/GPs</li> <li>• to be ethical/environmentally friendly</li> <li>• improve regional coverage/help more patients</li> </ul>	3	<p>Candidates must consider at least 2 objectives to gain full marks.</p> <p>Award <b>1 mark</b> for each valid point.</p> <p>Award up to <b>2 marks</b> for any one objective.</p> <p>Accept any other suitable response.</p>



Question		Expected response	Max mark	Additional guidance
	(b)	<p>Responses could include</p> <ul style="list-style-type: none"> <li>• <u>approved suppliers</u> - ensure supplies are from quality and reliable sources</li> <li>• <u>vast range of suppliers</u> - greater choice of goods</li> <li>• <u>cost effective</u> - can gain discounts through economies of scale/bulk buying</li> <li>• <u>specialist purchasing staff</u> - ensuring the best deal is agreed</li> <li>• <u>centralised purchasing department</u> - more efficient purchasing procedures</li> </ul>	2	<p>Candidates must consider 2 benefits to gain full marks.</p> <p>Award <b>1 mark</b> for each valid point.</p> <p>Accept any other suitable response.</p>

Question	Expected response	Max mark	Additional guidance
(c)	<p>Responses could include</p> <p><b>Costs</b></p> <ul style="list-style-type: none"> <li>• private firm could increase costs - can create cash-flow problems</li> <li>• loss of control over private firms' activities - may result in quality issues</li> <li>• loss of control over private firms' activities - may result in confidentiality issues</li> <li>• <u>locked into expensive contracts</u> - puts pressure on NHS's budget</li> <li>• <u>few competitors</u> - limits the NHS's choice to find suitable new suppliers</li> </ul> <p><b>Benefits</b></p> <ul style="list-style-type: none"> <li>• fewer employees required - may lead to cost savings <ul style="list-style-type: none"> <li>○ don't need to pay as much for pensions/NI contributions/sick pay</li> </ul> </li> <li>• allows organisation to focus on core activities - therefore the core service can be improved</li> <li>• only pay for the service when required - so can stay within budget</li> <li>• <u>range of equipment and services</u> - leads to better healthcare for patients</li> <li>• <u>specialist equipment</u> - saves the NHS on purchasing assets</li> <li>• <u>specialist labour</u> - can cover activities where the NHS has a shortage for example GPs</li> </ul>	4	<p>Candidates must consider at least one cost and one benefit to attract full marks.</p> <p>Award 1 mark for each valid explanation.</p> <p>Award up to 3 marks for any one advantage or disadvantage.</p> <p>Accept any other suitable response.</p>

Question		Expected response	Max mark	Additional guidance																					
(d)	(i)	<p>Responses could include</p> <table border="1"> <thead> <tr> <th>Tall/Hierarchical</th> <th>Whereas</th> <th>Flat</th> </tr> </thead> <tbody> <tr> <td>many layers of management</td> <td></td> <td>fewer layers of management</td> </tr> <tr> <td>long chain of command</td> <td></td> <td>shorter chain of command</td> </tr> <tr> <td>more promotion opportunities</td> <td></td> <td>fewer promotion opportunities</td> </tr> <tr> <td>may have a narrow span of control</td> <td></td> <td>may have a wider span of control</td> </tr> <tr> <td>slower to respond to changes</td> <td></td> <td>faster communication</td> </tr> <tr> <td>management may be more autocratic</td> <td></td> <td>employees may be more empowered</td> </tr> </tbody> </table>	Tall/Hierarchical	Whereas	Flat	many layers of management		fewer layers of management	long chain of command		shorter chain of command	more promotion opportunities		fewer promotion opportunities	may have a narrow span of control		may have a wider span of control	slower to respond to changes		faster communication	management may be more autocratic		employees may be more empowered	2	<p>Award 1 mark for each valid point.</p> <p>Award 1 mark for a comparison of 2 diagrams which show the difference between the levels of management.</p> <p>Accept any other suitable response.</p>
Tall/Hierarchical	Whereas	Flat																							
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	(ii)	<p>Responses could include</p> <ul style="list-style-type: none"> <li>• can better cater for the patients’ needs in each area</li> <li>• more responsive to external changes in the area</li> <li>• easier for the government/managers to identify issues with individual boards <ul style="list-style-type: none"> <li>○ can hold area managers accountable</li> </ul> </li> <li>• Regional Boards are empowered <ul style="list-style-type: none"> <li>○ so can make quicker decisions</li> </ul> </li> </ul>	2	<p>Award 1 mark for each valid point.</p> <p>Award 1 mark for each valid development.</p> <p>Accept any other suitable response.</p>																					

Question		Expected response	Max mark	Additional guidance
	(e)	<p>Responses could include</p> <p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• <u>wide range of modules</u> can develop a range of skills in employees</li> <li>• <u>free</u> for the employee to use</li> <li>• flexible as training may be accessed by the employees from home</li> <li>• training software can be tailored to suit the NHS Scotland's requirements</li> <li>• may be a lower cost to the NHS than hiring trainers on site</li> <li>• give staff an opportunity to share information/opinions</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• expensive to purchase/maintain/upgrade</li> <li>• <u>regularly updated</u> can be time consuming</li> <li>• employees can resist IT and may not carry out the training properly</li> <li>• employees may not be as engaged, compared to being trained in person</li> </ul>	4	<p>Candidates must consider at least one advantage and <b>one</b> disadvantage to attract full marks.</p> <p>Award <b>1 mark</b> for each valid point of point.</p> <p>Award up to <b>3 marks</b> for any one advantage or disadvantage.</p> <p>Do not accept generic training points. Points must relate to the use of a VLE.</p> <p>Award maximum <b>1 mark</b> for costs.</p> <p>Accept any other suitable response.</p>

Question		Expected response	Max mark	Additional guidance		
	(f)	<p>Responses could include</p> <ul style="list-style-type: none"> <li>• budget available to fund the recruitment/incentives</li> <li>• number of GPs currently employed <ul style="list-style-type: none"> <li>○ to identify gaps</li> </ul> </li> <li>• future demand for GP services <ul style="list-style-type: none"> <li>○ public health trends</li> </ul> </li> <li>• GPs chosen retirement age/monitoring the age of its workforce</li> <li>• number of medical graduates available</li> <li>• ability to recruit from overseas</li> <li>• use of incentives to attract applicants/retain existing staff</li> <li>• skills of current workforce/training needs</li> </ul>	3	<p>Candidates must consider 2 factors to attract full marks.</p> <p>Award <b>1 mark</b> for each valid point.</p> <p>Award up to <b>2 marks</b> for any one factor.</p> <p>Accept any other suitable response.</p>		
	(g)	(i)		<p>Responses could include</p> <p>Current ratio/Working equity ratio</p> <ul style="list-style-type: none"> <li>• current assets/current liabilities</li> <li>• shows the ability to pay short-term debts</li> </ul>	1	<p>Award <b>1 mark</b> for a valid point.</p> <p>Accept formula as description.</p> <p>Accept abbreviations CA/CL.</p>

Question		Expected response	Max mark	Additional guidance
	(ii)	<p>Responses could include</p> <p><b>Scottish Government</b></p> <ul style="list-style-type: none"> <li>• to value the organisation</li> <li>• to monitor the risk of debt which might increase the Scottish Government's borrowing</li> <li>• to predict future funding needs</li> </ul> <p><b>Suppliers</b></p> <ul style="list-style-type: none"> <li>• will want to see if they can pay for goods and services</li> </ul> <p><b>Managers</b></p> <ul style="list-style-type: none"> <li>• to monitor and measure performance</li> <li>• to evaluate decisions</li> </ul>	3	<p>Candidates must consider all 3 stakeholders to gain full marks.</p> <p>Award <b>1 mark</b> for each valid point.</p> <p>Accept any other suitable response.</p>

Question		Expected response	Max mark	Additional guidance
	(h)	<p>Responses could include</p> <ul style="list-style-type: none"> <li>• <u>using energy and water efficiently</u> - save on energy costs</li> <li>• <u>encouraging waste reduction</u> - to reduce landfill <ul style="list-style-type: none"> <li>○ to improve reputation</li> </ul> </li> <li>• <u>reusing materials</u> - reducing purchasing costs</li> <li>• <u>recycling materials</u> - meeting government targets</li> <li>• <u>use of sustainable public transport</u> - cuts down carbon footprint/reduces carbon footprint</li> <li>• encourage the use of less packaging (pharmacies and medication) - reduce waste</li> <li>• use hybrid/electric ambulances - to create a healthier environment</li> <li>• source from ethical supplies/contractors - to encourage sustainability</li> <li>• staff welfare measures - to retain staff <ul style="list-style-type: none"> <li>○ to attract quality staff</li> </ul> </li> </ul>	4	<p>Candidates must explain at least 2 methods to gain full marks.</p> <p>Award <b>1 mark</b> for each valid point.</p> <p>Award up to <b>3 marks</b> for any one method.</p> <p>Award <b>1 mark</b> for marketing methods used to promote NHS's CSR.</p> <p>Accept any other suitable response.</p>

Question		Expected response	Max mark	Additional guidance
2.	(a)	<p>Responses could include</p> <p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• 24/7 operation possible/no need for breaks</li> <li>• products can be mass produced</li> <li>• business can benefit from economies of scale</li> <li>• machinery provides consistent quality/standardised <ul style="list-style-type: none"> <li>○ reduced possibility of human error</li> </ul> </li> <li>• will save on labour costs</li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• huge set-up costs</li> <li>• breakdowns can be catastrophic</li> <li>• technology will need to be improved/maintained</li> </ul>	4	<p>Award 1 mark for each valid point of discussion.</p> <p>Award 1 mark for each valid development.</p> <p>Do not accept a description of capital-intensive production.</p> <p>Watch for repetition.</p> <p>Accept any other suitable response.</p>

Question		Expected response	Max mark	Additional guidance
	(b)	<p>Responses could include</p> <ul style="list-style-type: none"> <li>• it shows whether the business will have a surplus of cash - which will allow them to plan future purchases</li> <li>• it shows whether the business will have a deficit - which will allow them to make adjustments to spending <ul style="list-style-type: none"> <li>○ can arrange an injection of cash to avoid the deficit</li> </ul> </li> <li>• to make comparisons between predicted and actual figures - this will help monitor the performance of the business</li> <li>• highlighting periods where expenses may be high - will allow action to be taken to control spending</li> <li>• it aids decision making - as it provides cash flow information for decisions to be based on</li> <li>• it can be used to set targets for individual departments to achieve - which will allow the business to stay within budget as predicted <ul style="list-style-type: none"> <li>○ targets set can also help motivate employees as they have goals to work towards</li> </ul> </li> <li>• it can empower employees as each department can be set a budget - which will give department managers responsibility of spending and recording their finances</li> </ul>	3	<p>Award 1 mark for each valid point.</p> <p>Award 1 mark for each valid development.</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"> <li>• maximum inventory level <ul style="list-style-type: none"> <li>○ to minimise inventory costs</li> </ul> </li> <li>• minimum inventory level <ul style="list-style-type: none"> <li>○ if minimum level is not accurate shortages could result</li> </ul> </li> <li>• re-order level <ul style="list-style-type: none"> <li>○ lead time for delivery of order</li> </ul> </li> <li>• re-order quantity</li> <li>• buffer inventory should be set where some inventory is in reserve</li> <li>• lead time is the time between an order being placed to when it is received</li> <li>• organisations could operate a just in time system where inventory levels held are low and new orders arrive in time to be used in production</li> <li>• organisations should ensure inventory rotation</li> <li>• electronic inventory management systems for example EPOS can be used to link inventory levels with sales <ul style="list-style-type: none"> <li>○ inventory orders can be placed automatically</li> <li>○ can allow decisions to be made on best sellers/slow moving inventory</li> </ul> </li> <li>• appropriate storage conditions for example temperature level</li> </ul>	4	<p>Candidates must describe at least 2 features to gain full marks.</p> <p>Award <b>1 mark</b> for each point.</p> <p>Award up to <b>3 marks</b> for any one feature.</p> <p>Credit a fully labelled diagram up to a maximum of <b>2 marks</b>:</p> <ul style="list-style-type: none"> <li>• Axis labels and feature labels;</li> <li>• Shape of line.</li> </ul> <p>Accept any other suitable response.</p>

Question		Expected response	Max mark	Additional guidance
	(d)	<p>Responses could include</p> <ul style="list-style-type: none"> <li>• systems can be improved based on suggestions from staff <ul style="list-style-type: none"> <li>○ information from workers doing the job is valuable</li> </ul> </li> <li>• employees will feel empowered</li> <li>• employees will be more motivated <ul style="list-style-type: none"> <li>○ productivity may increase/lower staff turnover</li> </ul> </li> <li>• will improve employee relations</li> <li>• improves communication between employees and management</li> </ul>	4	<p>Candidates must describe at least 2 benefits to gain full marks.</p> <p>Award <b>1 mark</b> for each valid point.</p> <p>Award up to <b>3 marks</b> for any one benefit.</p> <p>Accept any other suitable response.</p>
3.	(a)	<p>Responses could include</p> <ul style="list-style-type: none"> <li>• spreads the risk if one product fails - because there are others to rely on</li> <li>• maximise sales - because you are attracting different market segments</li> <li>• can raise the profile of the business - because they have several products</li> <li>• consumers see a variety of products with the same brand - so brand recognition is high</li> <li>• increased market share - as they are able to meet the needs of a number of different market segments</li> <li>• a business can plan when to introduce new products - as they can see when old products start to go into decline</li> </ul>	4	<p>Candidates must explain at least 2 advantages to gain full marks.</p> <p>Award <b>1 mark</b> for each valid point.</p> <p>Award up to <b>3 marks</b> for any one advantage.</p> <p>Accept references to Boston Matrix.</p> <p>Accept any other suitable response.</p>

Question		Expected response	Max mark	Additional guidance
	(b)	<p>Responses could include</p> <p><b>Promotional pricing</b></p> <ul style="list-style-type: none"> <li>• price may be lowered for a period of time</li> <li>• used to quickly sell inventory and aid cash flow</li> </ul> <p><b>Penetration pricing</b></p> <ul style="list-style-type: none"> <li>• may be used to launch a product in a new market</li> <li>• a low price is initially set <ul style="list-style-type: none"> <li>○ over time the price will increase</li> </ul> </li> </ul> <p><b>Market skimming</b></p> <ul style="list-style-type: none"> <li>• price is initially set high <ul style="list-style-type: none"> <li>○ first adopters may want the product when it is introduced</li> <li>○ high profit margins during the introduction stage can help recover costs</li> </ul> </li> <li>• price will lower over time <ul style="list-style-type: none"> <li>○ allowing customers on a lower income to afford the product</li> </ul> </li> <li>• effective for new product launches with few competitors</li> </ul> <p><b>Loss leader</b></p> <ul style="list-style-type: none"> <li>• selling a product at a loss in order to encourage customers in to the store <ul style="list-style-type: none"> <li>○ they may then buy other products at full price</li> </ul> </li> </ul>	8	<p>Candidates must describe at least 2 pricing strategies to gain full marks.</p> <p>Award <b>1 mark</b> for each valid description.</p> <p>Award <b>1 mark</b> for each valid development point.</p> <p>Award up to <b>7 marks</b> for any one strategy.</p> <p>Accept low, competitive and premium pricing strategies.</p> <p>Accept increase in sales/attracts customers only once.</p> <p>Watch for repeats of benefits.</p> <p>Accept any other suitable response.</p>

Question	Expected response	Max mark	Additional guidance
	<p><b>Psychological pricing</b></p> <ul style="list-style-type: none"> <li>• a price which makes the consumer think that a product costs a lot less for example 99p instead of £1</li> </ul> <p><b>Cost-based pricing</b></p> <ul style="list-style-type: none"> <li>• cost of production plus a mark-up</li> </ul> <p><b>Price discrimination pricing</b></p> <ul style="list-style-type: none"> <li>• different prices are charged for the same product, depending on time, age, etc</li> </ul> <p><b>Destroyer pricing</b></p> <ul style="list-style-type: none"> <li>• artificially low prices set to force competitors out of the market</li> </ul>		

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	(c)	<p>Responses could include</p> <ul style="list-style-type: none"> <li>• the application can be accessed anywhere as long as there is a mobile Internet signal - which means organisations can contact customers <ul style="list-style-type: none"> <li>○ operates 24/7 so can promote at all times - reaching more people</li> </ul> </li> <li>• allows customers worldwide to be targeted - giving the organisation a broader customer base</li> <li>• information about products and offers can be updated quickly - keeping customers informed <ul style="list-style-type: none"> <li>○ thus giving the organisation a good channel of communication</li> </ul> </li> <li>• photographs and video demonstrations can be uploaded to the app - highlighting benefits of the product <ul style="list-style-type: none"> <li>○ increasing chance of sales</li> </ul> </li> </ul>	3	<p>Candidates must explain at least 2 advantages to gain full marks.</p> <p>Award <b>1 mark</b> for each valid point.</p> <p>Award up to <b>2 marks</b> for any one advantage.</p> <p>Accept any other suitable response.</p>

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4.	(a)	<p>Responses could include</p> <table border="1"> <thead> <tr> <th>Internal</th> <th>Whereas</th> <th>External</th> </tr> </thead> <tbody> <tr> <td>recruiting existing employees</td> <td></td> <td>recruiting new employees</td> </tr> <tr> <td>advertise inside the firm</td> <td></td> <td>advertise externally</td> </tr> <tr> <td>inexpensive to advertise</td> <td></td> <td>can be expensive to advertise</td> </tr> <tr> <td>can motivate employees as they have a chance to be promoted</td> <td></td> <td>can demotivate employees as management positions are filled with new staff</td> </tr> <tr> <td>saves time on induction training as the employee is familiar</td> <td></td> <td>external candidates are new so will take up production time on induction training</td> </tr> <tr> <td>employee is a known quantity/less of a risk</td> <td></td> <td>unknown employees are hired which can be risky</td> </tr> <tr> <td>routine is unlikely to change</td> <td></td> <td>brings in fresh new ideas</td> </tr> <tr> <td>relationships can become strained</td> <td></td> <td>avoids jealousy in the workplace as colleagues aren't promoted over each other</td> </tr> <tr> <td>draws from a narrow pool and may not result in the best selection</td> <td></td> <td>draws from a vast pool which can take longer to select</td> </tr> </tbody> </table>		Internal	Whereas	External	recruiting existing employees		recruiting new employees	advertise inside the firm		advertise externally	inexpensive to advertise		can be expensive to advertise	can motivate employees as they have a chance to be promoted		can demotivate employees as management positions are filled with new staff	saves time on induction training as the employee is familiar		external candidates are new so will take up production time on induction training	employee is a known quantity/less of a risk		unknown employees are hired which can be risky	routine is unlikely to change		brings in fresh new ideas	relationships can become strained		avoids jealousy in the workplace as colleagues aren't promoted over each other	draws from a narrow pool and may not result in the best selection		draws from a vast pool which can take longer to select	4	<p>Award 1 mark for each valid point.</p> <p>Accept any other suitable response.</p>
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	(b)	<p>Responses could include</p> <p><b>Safety and security needs</b></p> <ul style="list-style-type: none"> <li>• provide safety equipment - so staff are confident they will not be harmed</li> <li>• job security - by offering staff permanent contracts</li> <li>• providing secure facilities - so that staff feel safe</li> <li>• fair wage - so that staff are able cope with the rising costs of living</li> </ul> <p><b>Esteem needs</b></p> <ul style="list-style-type: none"> <li>• offer management training - so that staff can develop professionally/achieve their goals</li> <li>• offer internal promotion - so that staff can climb the career ladder</li> <li>• allow staff to take the lead on projects - so they feel empowered</li> <li>• give praise/recognition of good work - motivates staff</li> <li>• job title - sense of importance</li> </ul>	4	<p>Award <b>1 mark</b> for each valid point.</p> <p>Award <b>1 mark</b> for each valid development.</p> <p>Award up to <b>3 marks</b> for any one level.</p> <p>Accept any other suitable response.</p>

Question		Expected response	Max mark	Additional guidance
	(c)	<p>Responses could include</p> <p><b>ACAS</b></p> <ul style="list-style-type: none"> <li>• intervenes after a trade union can't come to an agreement with and employer over a dispute</li> <li>• can provide advice to organisations to help them understand HR policy</li> <li>• offers training to organisations so that disputes can be prevented</li> <li>• involves an impartial ACAS conciliator 'refereeing' a discussion</li> <li>• arbitrates by making a final decision based on the evidence gathered/presented by employers and employees</li> </ul> <p><b>Trade Unions</b></p> <ul style="list-style-type: none"> <li>• organisation that represents a group of employees</li> <li>• carry out collective bargaining on behalf of the members</li> <li>• can also provide legal support/advice</li> </ul>	2	<p>Candidates must describe the roles of both institutions to gain full marks.</p> <p>Award <b>1 mark</b> for each valid point.</p> <p>Accept any other suitable response.</p>

Question		Expected response	Max mark	Additional guidance
	(d)	<p>Responses could include</p> <p><b>Bank loan</b></p> <ul style="list-style-type: none"> <li>• a sum of money borrowed from the bank which is paid back in instalments</li> <li>• interest is charge on the loan</li> </ul> <p><b>Debt factoring</b></p> <ul style="list-style-type: none"> <li>• selling unpaid customer invoices to a factoring company who keep the debts they collect</li> <li>• saves time and effort collecting debts</li> <li>• the business loses out on potential debt owed to it as debts are sold for less than they are worth</li> </ul> <p><b>Trade credit</b></p> <ul style="list-style-type: none"> <li>• purchasing goods from suppliers and paying for them at a later date</li> <li>• allows a business to make sales before having to pay for purchases</li> <li>• can miss out on cash/prompt payment discounts</li> </ul> <p><b>Share issue</b></p> <ul style="list-style-type: none"> <li>• large sum of finance can be gained</li> <li>• when parts of the company are sold to individuals/other organisations <ul style="list-style-type: none"> <li>○ dividends are paid</li> </ul> </li> </ul>	5	<p>Candidates must discuss at least 2 sources of finance to gain full marks.</p> <p>Award <b>1 mark</b> for each point of discussion.</p> <p>Award up to <b>4 marks</b> for any one source.</p> <p>Accept definitions of sources of finance.</p> <p>Watch for repetition.</p> <p>Accept any other suitable response.</p>

Question		Expected response	Max mark	Additional guidance
		<p><b>Mortgage</b></p> <ul style="list-style-type: none"> <li>• a sum of money borrowed from the Bank/Building Society secured on property/land</li> <li>• may be repossessed eventually if payments are not made</li> </ul> <p><b>Grant</b></p> <ul style="list-style-type: none"> <li>• a sum of money obtained from the government which does not have to be paid back <ul style="list-style-type: none"> <li>○ may have conditions attached</li> </ul> </li> </ul> <p><b>Crowd funding</b></p> <ul style="list-style-type: none"> <li>• appeals made to the public to fund a project</li> </ul>		

Question		Expected response	Max mark	Additional guidance
5.	(a)	<p>Responses could include</p> <ul style="list-style-type: none"> <li>• a manager <b>plans</b> the objectives - which means they have to decide what has to be done in order to reach the objectives</li> <li>• a manager <b>organises</b> resources - therefore ensuring the organisation is successful in achieving the objectives</li> <li>• a manager <b>commands</b> by giving instructions - this reduces confusion amongst staff</li> <li>• a manager <b>coordinates</b> to make sure everyone is working towards the same goal - which means the task is done more efficiently</li> <li>• a manager <b>controls</b> by evaluating what has been done and checks it against what was expected - therefore he/she can put different plans in place to rectify the situation</li> <li>• manager <b>delegates</b> responsibility to carry out a task to a subordinate - which gives the manager more time to focus on other work</li> <li>• a manager <b>motivates</b> staff and inspires them - therefore the objectives may be achieved by staff working harder</li> </ul>	5	<p>Award <b>1 mark</b> for each valid explanation.</p> <p>Do not accept points which do not state one of the following roles: plan, organise, coordinate, command, control, motivate and delegate.</p> <p>Accept any other suitable response.</p>

Question		Expected response	Max mark	Additional guidance														
	(b)	<p>Responses could include</p> <ul style="list-style-type: none"> <li>employees from different functional areas work together on a project</li> <li>once complete the employees return to their functional department</li> <li>different employees can be a project leader at different times</li> <li>allows employees to develop new skills on different projects <ul style="list-style-type: none"> <li>may motivate staff</li> </ul> </li> <li>employees may have to report to two different managers</li> </ul>	3	<p>Award 1 mark for each valid point.</p> <p>Award 1 mark for a diagram.</p> <p>Accept any other suitable response.</p>														
	(c)	<p>Responses could include</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 30%;">Operational</th> <th style="width: 5%;"></th> <th style="width: 65%;">Strategic</th> </tr> </thead> <tbody> <tr> <td>concerns routine tasks</td> <td rowspan="5" style="text-align: center; vertical-align: middle;"><b>Whereas</b></td> <td>concerns overall goals of the organisation</td> </tr> <tr> <td>is short term/day to day</td> <td>is long term</td> </tr> <tr> <td>is made by low level supervisors/any employee</td> <td>is made by senior managers</td> </tr> <tr> <td>usually involves low risk</td> <td>usually involves high risk</td> </tr> <tr> <td></td> <td></td> </tr> </tbody> </table>	Operational		Strategic	concerns routine tasks	<b>Whereas</b>	concerns overall goals of the organisation	is short term/day to day	is long term	is made by low level supervisors/any employee	is made by senior managers	usually involves low risk	usually involves high risk			3	<p>Award 1 mark for each valid point.</p> <p>Do not award a comparison of examples.</p>
Operational		Strategic																
concerns routine tasks	<b>Whereas</b>	concerns overall goals of the organisation																
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	(d)	<p>Responses could include</p> <ul style="list-style-type: none"> <li>• research customer’s opinions using surveys</li> <li>• gather feedback from staff at meetings</li> <li>• assess the situation to see if the problem has been solved</li> <li>• compare the profits/sales figures for an increase <ul style="list-style-type: none"> <li>○ assess using other financial information for example ratio analysis</li> </ul> </li> <li>• compare absenteeism for a reduction</li> <li>• monitor staff turnover for a reduction</li> <li>• check if targets have been met <ul style="list-style-type: none"> <li>○ assess key performance measures for staff</li> </ul> </li> <li>• review the number of complaints made</li> <li>• customer reviews/press coverage</li> </ul>	<b>4</b>	<p>Candidates must describe at least 2 ways to gain full marks.</p> <p>Award <b>1 mark</b> for each valid point.</p> <p>Up to <b>3 marks</b> may be awarded for describing any one way.</p> <p>Accept any other suitable response.</p>

**[END OF MARKING INSTRUCTIONS]**