



National  
Qualifications  
RESOURCE

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**X810/75/01**

**Business Management**

## **Marking Instructions**

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Please note that these marking instructions have not been standardised based on candidate responses. You may therefore need to agree within your centre how to consistently mark an item if a candidate response is not covered by the marking instructions.

## 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

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**

**Section 1**

**Questions removed due to copyright issues**

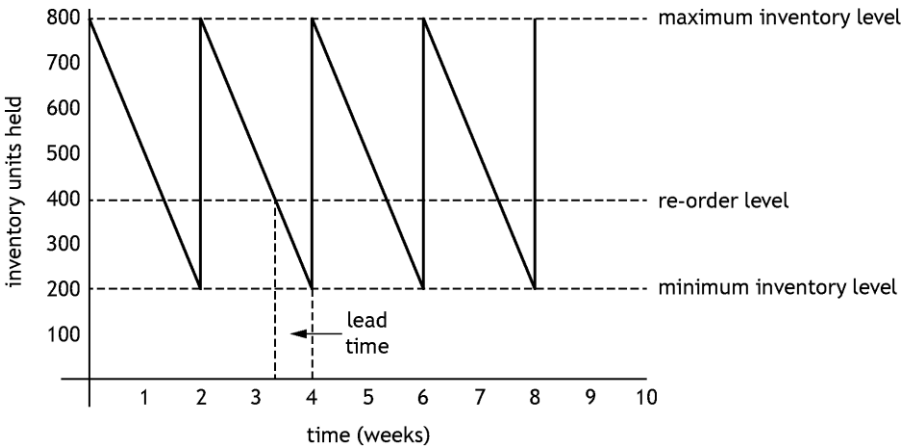
Question			Expected response(s)	Max mark	Additional guidance											
2.	(a)	(i)	<ul style="list-style-type: none"> <li>job production</li> </ul>	1	Award <b>1 mark</b> for a correctly named method of production.											
		(ii)	<table border="1"> <tr> <td><b>Job production</b></td> <td rowspan="5" style="text-align: center; vertical-align: middle;"><b>whereas</b></td> <td><b>Batch production</b></td> </tr> <tr> <td>single product/low output</td> <td>groups of identical products/higher level of output</td> </tr> <tr> <td>unique product</td> <td>standardised batch</td> </tr> <tr> <td>skilled labour</td> <td>mostly unskilled labour</td> </tr> <tr> <td>labour-intensive</td> <td>mix of capital and labour</td> </tr> </table>	<b>Job production</b>	<b>whereas</b>	<b>Batch production</b>	single product/low output	groups of identical products/higher level of output	unique product	standardised batch	skilled labour	mostly unskilled labour	labour-intensive	mix of capital and labour	2	<p>Candidates must make <b>2</b> distinguishing points to gain full marks.</p> <p>Award <b>1 mark</b> for each valid distinction.</p> <p>Accept any other suitable response.</p>
<b>Job production</b>	<b>whereas</b>	<b>Batch production</b>														
single product/low output		groups of identical products/higher level of output														
unique product		standardised batch														
skilled labour		mostly unskilled labour														
labour-intensive		mix of capital and labour														
	(b)		<p><b>Capital</b> – £50,000 investment/machinery</p> <p><b>Enterprise</b> – bobble hats/knitted scarves/headbands/beanie hats/kids hats</p> <p><b>Land</b> – flat in Glasgow/premises in Kelso/fibre (wool)</p>	3	<p>Candidates must give an example for all <b>3</b> factors of production to gain full marks.</p> <p>Award <b>1 mark</b> for each valid example.</p>											
	(c)		<p><b>Quality assurance</b></p> <ul style="list-style-type: none"> <li>checks the product at various stages in the production <ul style="list-style-type: none"> <li>eliminates waste as errors are spotted early</li> </ul> </li> </ul> <p><b>Quality control</b></p> <ul style="list-style-type: none"> <li>checks the product at the end of the production process <ul style="list-style-type: none"> <li>increase wastage as fault not found until end of process</li> <li>prevents faulty products reaching market</li> </ul> </li> </ul> <p><b>Quality inputs</b></p> <ul style="list-style-type: none"> <li>used to ensure that the final product is of quality <ul style="list-style-type: none"> <li>trained/skilled employees</li> <li>high quality raw materials</li> <li>recruitment of best staff</li> <li>use of latest machinery/equipment</li> </ul> </li> </ul>	5	<p>Candidates must describe at least <b>2</b> methods to gain full marks.</p> <p>Award <b>1 mark</b> for each valid description.</p> <p>Up to <b>4 marks</b> may be awarded for any one method.</p> <p>Accept any other suitable response, for example quality management.</p>											

Question		Expected response(s)	Max mark	Additional guidance
	(d)	<ul style="list-style-type: none"> <li>• quality of the supplies being offered</li> <li>• the price they are charging <ul style="list-style-type: none"> <li>○ so it can make higher profits</li> </ul> </li> <li>• if they can supply the required quantity</li> <li>• if they deliver on time</li> <li>• discounts being offered</li> <li>• credit terms being offered</li> <li>• the distance from the organisation <ul style="list-style-type: none"> <li>○ so that carbon footprint is lowered</li> <li>○ especially if urgent deliveries are needed</li> </ul> </li> </ul>	3	<p>Candidates must describe at least <b>2</b> factors to gain full marks.</p> <p>Award <b>1 mark</b> for each valid description.</p> <p>Up to <b>2 marks</b> may be awarded for any one factor.</p> <p>Accept any other suitable response.</p>
	(e)	<ul style="list-style-type: none"> <li>• identify a job vacancy</li> <li>• carry out a job analysis to have more detail about what the role involves</li> <li>• prepare a job description which describes the tasks/ responsibilities of the job <ul style="list-style-type: none"> <li>○ hours of work/holidays/salary</li> </ul> </li> <li>• prepare a person specification to detail the type of person best suited to the job <ul style="list-style-type: none"> <li>○ essential and desirable skills/qualities</li> <li>○ to detail the qualifications/experience required</li> </ul> </li> <li>• advertise the vacancy externally via newspapers/online</li> <li>• send out application forms</li> </ul>	3	<p>Candidates must describe at least <b>2</b> stages to gain full marks.</p> <p>Award <b>1 mark</b> for each valid description.</p> <p>Up to <b>2 marks</b> may be awarded for any one stage.</p> <p>Do not accept internal recruitment.</p> <p>Accept any other suitable response.</p>

Question		Expected response(s)	Max mark	Additional guidance
	(f)	<ul style="list-style-type: none"> <li>• can reach a wider market               <ul style="list-style-type: none"> <li>○ increases sales revenue</li> </ul> </li> <li>• reduce cost of rent/premises</li> <li>• reduces staffing costs</li> <li>• can collect customer data               <ul style="list-style-type: none"> <li>○ can be used for market research</li> <li>○ which can be used for direct marketing</li> </ul> </li> <li>• 24/7 availability</li> <li>• goods delivered straight to the door of customer</li> <li>• allows for price comparison               <ul style="list-style-type: none"> <li>○ enables customers to pay less</li> </ul> </li> </ul>	3	<p>Candidates must describe at least <b>2</b> benefits to gain full marks.</p> <p>Award <b>1 mark</b> for each valid description.</p> <p>Up to <b>2 marks</b> may be awarded for any one benefit.</p> <p>Accept any other suitable response</p>

## Section 2

Question		Expected response(s)	Max mark	Additional guidance
3.	(a)	<p><b>Growth</b></p> <ul style="list-style-type: none"> <li>• sales will increase rapidly</li> <li>• customers awareness of the product increases</li> </ul> <p><b>Decline</b></p> <ul style="list-style-type: none"> <li>• sales fall</li> <li>• customer tastes change/product becomes outdated</li> <li>• product is eventually withdrawn from the market</li> </ul>	2	<p>Candidates must describe both stages to gain full marks.</p> <p>Award <b>1 mark</b> for each valid description.</p>
	(b)	<ul style="list-style-type: none"> <li>• allows to establish target market</li> <li>• promotion/advertising can be targeted at specific segments/more focused <ul style="list-style-type: none"> <li>○ reduces cost</li> </ul> </li> <li>• products are developed that suit a particular market segment <ul style="list-style-type: none"> <li>○ needs of customer can be met more closely</li> </ul> </li> <li>• allows price differentiation for different market segments</li> <li>• the place products are sold at will be appropriate for the particular segment</li> </ul>	3	<p>Award <b>1 mark</b> for each valid justification.</p> <p>Award <b>1 mark</b> for a valid development.</p> <p>Accept any other suitable response.</p>
	(c)	<ul style="list-style-type: none"> <li>• free samples/gift when product is given at no cost</li> <li>• competitions give an opportunity to win a prize</li> <li>• demonstrations of products which let customers see/try new product before buying</li> <li>• credit facilities allows customers to buy and pay back later</li> <li>• BOGOF – buy new product, get another item free</li> <li>• free delivery when goods are delivered with no additional charge</li> <li>• offering discounts giving a percentage off the original price</li> <li>• promotional pricing reducing prices for a short period of time</li> </ul>	3	<p>Candidates must describe at least <b>2</b> methods to gain full marks.</p> <p>Award <b>1 mark</b> for each valid description.</p> <p>Up to <b>2 marks</b> may be awarded for any one method.</p> <p>Accept any other suitable response.</p>

Question	Expected response(s)	Max mark	Additional guidance
(d)	<ul style="list-style-type: none"> <li>• provides customer appeal</li> <li>• provides protection during transport</li> <li>• helps to keep goods fresh</li> <li>• provides easy recognition of a product/brand</li> <li>• creates opportunities for promotion/advertising</li> <li>• provides legally required information</li> <li>• provides information on it such as nutritional values/traffic lighting</li> </ul>	<b>2</b>	<p>Candidates must outline at least 2 advantages to gain full marks.</p> <p>Award 1 mark for each valid outline.</p> <p>Accept any other suitable response.</p>
4.	<p>(a)</p>  <p>The graph plots inventory units held (y-axis, 0-800) against time in weeks (x-axis, 0-10). It shows a sawtooth pattern where inventory starts at 800 units and decreases linearly to 200 units over 2 weeks. At 200 units, it is replenished back to 800 units. This cycle repeats every 2 weeks. Key levels are marked: maximum inventory level at 800, re-order level at 400, and minimum inventory level at 200. A lead time of 2 weeks is shown as the interval between the re-order level and the minimum inventory level.</p>	<b>4</b>	<p>Award 1 mark for correct shape.</p> <p>Award 1 mark for labelling both axes.</p> <p>Award 1 mark for each correct label (maximum inventory level, re-order level, minimum inventory level, lead time), up to a maximum of 2 marks.</p>
(b)	<ul style="list-style-type: none"> <li>• pay at least the living wage to all employees – no matter age</li> <li>• provide employees with good working conditions (above legal requirements)</li> <li>• minimise packaging <ul style="list-style-type: none"> <li>○ reduce wastage</li> </ul> </li> <li>• use recyclable packaging for example biodegradable</li> <li>• use Fairtrade suppliers</li> <li>• use solar power/renewable energies</li> <li>• reduce emissions <ul style="list-style-type: none"> <li>○ electric vehicles</li> </ul> </li> <li>• no testing on animals</li> </ul>	<b>3</b>	<p>Candidates must describe at least 2 steps to gain full marks.</p> <p>Award 1 mark for each valid description.</p> <p>Up to 2 marks may be awarded for describing any one step.</p> <p>Accept any other suitable response.</p>



Question		Expected response(s)	Max mark	Additional guidance
	(c)	<p><b>Word processing</b></p> <ul style="list-style-type: none"> <li>• letters can be produced to send to suppliers</li> <li>• to create reports on production levels</li> <li>• to create a manual on how to check quality</li> </ul> <p><b>Computer Aided Manufacture (CAM)</b></p> <ul style="list-style-type: none"> <li>• can control the machinery in the production process</li> </ul> <p><b>E-mail</b></p> <ul style="list-style-type: none"> <li>• contact suppliers to order raw materials</li> <li>• contact customers to notify of order being dispatched</li> </ul>	3	<p>Candidates must outline the use of all 3 technologies to gain full marks.</p> <p>Award 1 mark for each valid outline.</p> <p>Accept any other suitable response.</p>
5.	(a)	<ul style="list-style-type: none"> <li>• to calculate gross profit</li> <li>• to calculate the cost of sales</li> <li>• to show net sales</li> <li>• to calculate the total cost of expenses</li> <li>• to calculate profit for the year/net profit</li> <li>• to show other incomes</li> <li>• for legal reasons</li> <li>• to aid decision making</li> <li>• for tax reasons</li> </ul>	3	<p>Candidates must outline at least 2 purposes to gain full marks.</p> <p>Award 1 mark for each valid outlined purpose.</p> <p>Do not accept answers that relate to financial predictions.</p> <p>Accept any other suitable response.</p>

Question		Expected response(s)	Max mark	Additional guidance
	(b)	<ul style="list-style-type: none"> <li>• renegotiate price of raw materials with current supplier</li> <li>• find cheaper suppliers</li> <li>• cut back on expenses for example utilities, advertising               <ul style="list-style-type: none"> <li>○ reduce wages bill                   <ul style="list-style-type: none"> <li>▪ cutting overtime/reducing number of staff</li> </ul> </li> </ul> </li> <li>• invest more capital into the business</li> <li>• take out a loan/overdraft</li> <li>• use hire purchase for machinery</li> <li>• change selling price</li> <li>• encourage debtors to pay credit sales more promptly</li> <li>• lease or rent assets rather than buy</li> </ul>	4	<p>Candidates must describe at least 2 ways 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 way.</p> <p>Accept any other suitable response.</p>
	(c)	<ul style="list-style-type: none"> <li>• use of formulas</li> <li>• automatic calculations reduces human error</li> <li>• what if scenarios can be carried out</li> <li>• conditional formula can be used</li> <li>• this can highlight a negative balance</li> <li>• cells can be replicated</li> <li>• charts can be created</li> <li>• to show trends</li> <li>• linked worksheets can be used</li> <li>• templates can be created</li> </ul>	3	<p>Award 1 mark for each valid description.</p> <p>Automatic calculations must be qualified.</p> <p>Accept any other suitable response.</p>
6.	(a)	<ul style="list-style-type: none"> <li>• business will gain bad reputation – leads to reduced sales</li> <li>• production will stop – deadlines not met</li> <li>• employees may receive no income – may result in financial hardship</li> <li>• employees may receive increase in salaries – increases business expenses</li> <li>• reduces profit for the business</li> <li>• retain workers/reduce staff turnover</li> <li>• reduce staff moral – productivity may reduce</li> <li>• poor employee relations – difficult to introduce changes</li> </ul>	4	<p>Award 1 mark for each valid explanation.</p> <p>Award 1 mark for each valid development.</p> <p>Accept any other suitable response.</p>

Question		Expected response(s)	Max mark	Additional guidance
	(b)	<ul style="list-style-type: none"> <li>• increase the rate of pay</li> <li>• introduce a piece rate per unit</li> <li>• issue workers with a bonus</li> <li>• put workers on a commission</li> <li>• percentage give for each sale</li> <li>• allow workers to work flexitime</li> <li>• whereby they have a choice of start and finish times</li> <li>• allow workers to job share</li> <li>• whereby one full time job split between 2 workers</li> <li>• empower employees</li> <li>• encourage team work</li> <li>• set targets</li> <li>• regular meetings to allow for better channels of communication</li> <li>• fringe benefits provide for example car, discounts, insurances</li> <li>• provide good working conditions</li> </ul>	4	<p>Candidates must outline at least <b>2</b> ways to gain full marks.</p> <p>Award <b>1 mark</b> for each valid outline.</p> <p>Up to <b>3 marks</b> may be awarded for any one method.</p> <p>Accept any other suitable response.</p>
	(c)	<ul style="list-style-type: none"> <li>• helps achieve equal opportunities for all employees</li> <li>• it makes it illegal to discriminate</li> <li>• there are 9 protected characteristics</li> <li>• it makes it illegal to victimise</li> <li>• it makes it illegal to harass</li> </ul>	2	<p>Candidates must state <b>2</b> features to gain full marks.</p> <p>Award <b>1 mark</b> for each valid statement.</p> <p>Accept any suitable response.</p>

Question		Expected response(s)	Max mark	Additional guidance
7.	(a)	<p><b>Advantages</b></p> <ul style="list-style-type: none"> <li>• shared responsibility <ul style="list-style-type: none"> <li>○ this means workload will be reduced</li> </ul> </li> <li>• increased capital <ul style="list-style-type: none"> <li>○ this means that there is greater finance available</li> </ul> </li> <li>• increased specialisation <ul style="list-style-type: none"> <li>○ this allows for improved running of the business</li> </ul> </li> </ul> <p><b>Disadvantages</b></p> <ul style="list-style-type: none"> <li>• unlimited liability <ul style="list-style-type: none"> <li>○ this means owners could lose their personal possessions to repay debts</li> </ul> </li> <li>• greater chance of disagreements <ul style="list-style-type: none"> <li>○ which slows down decision making</li> </ul> </li> <li>• profits must be shared between each of the owners</li> </ul>	4	<p>Candidates must discuss at least <b>one</b> advantage and <b>one</b> disadvantage to gain full marks.</p> <p>Award <b>1 mark</b> for each valid discussed point.</p> <p>Award <b>1 mark</b> for each valid development.</p> <p>Up to <b>3 marks</b> may be awarded for advantages or disadvantages only.</p> <p>Accept any other suitable response.</p>
	(b)	<ul style="list-style-type: none"> <li>• repeat custom/brand loyalty created <ul style="list-style-type: none"> <li>○ can lead to higher market share</li> <li>○ makes it easier to introduce new products to the market</li> </ul> </li> <li>• higher prices could be charged <ul style="list-style-type: none"> <li>○ can lead to higher sales/profits</li> </ul> </li> <li>• good reputation created <ul style="list-style-type: none"> <li>○ may attract new customers</li> </ul> </li> <li>• fewer complaints</li> <li>• fewer returns</li> </ul>	4	<p>Award <b>1 mark</b> for each valid justification.</p> <p>Up to <b>3 marks</b> may be awarded for any one benefit.</p> <p>Accept any other suitable response.</p>

Question		Expected response(s)	Max mark	Additional guidance
	(c) (i)	<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>	1	Award 1 mark for a valid identification.
	(ii)	<p><b>Political</b></p> <ul style="list-style-type: none"> <li>• increase in tax – business costs rise – profits reduced</li> <li>• new laws – business may have to adapt or change their product to comply – increasing cost</li> <li>• granting planning permission – may influence the business decision to expand – increasing market share</li> </ul> <p><b>Economic</b></p> <ul style="list-style-type: none"> <li>• drop in interest rates – borrowing would be cheaper – increasing profits</li> <li>• if the country is in a recession – unemployment may be high – therefore customers will have less money to spend</li> </ul>	1	<p>Candidates must explain the impact on the factor identified in (c)(i) to gain a mark.</p> <p>Award 1 mark for a valid explanation.</p> <p>Accept any other suitable responses.</p>

Question	Expected response(s)	Max mark	Additional guidance
	<p><b>Social</b></p> <ul style="list-style-type: none"> <li>• an aging population – can tailor products to older customers – increase sales revenue</li> <li>• increase in demand for healthy foods – requires more market research – increase in cost</li> </ul> <p><b>Technological</b></p> <ul style="list-style-type: none"> <li>• if the business does not keep up with new technology – they could fall behind the competition – reducing market share</li> </ul> <p><b>Environmental</b></p> <ul style="list-style-type: none"> <li>• changes in the weather for example heavy snow – could result in deliveries being late – production is held up</li> </ul> <p><b>Competitive</b></p> <ul style="list-style-type: none"> <li>• competition can lower prices – therefore the business may have to follow – reducing profit margin</li> </ul>		

[END OF MARKING INSTRUCTIONS]