



## External Assessment Report 2009

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Subject	Business Management
Level	Higher

**The statistics used in this report are pre-appeal.**

**This report provides information on the performance of candidates which it is hoped will be useful to teachers/lecturers in their preparation of candidates for future examinations. It is intended to be constructive and informative and to promote better understanding. It would be helpful to read this report in conjunction with the published question papers and marking instructions for the Examination.**

## Comments on candidate performance

The number of presentations rose this year from 6021 to 6319. The percentage pass rate increased this year from 65% to 72.4%. This is evident of a stronger cohort. However there is still evidence of candidates being presented at the wrong level.

### Areas in which candidates performed well

As in previous years, most candidates performed quite well in Section One, Question One although some markers reported not seeing as many full mark answers as in the past.

Markers reported on many centres handling the command words well. “Explain” in particular, has been tackled better than last year. Along with “discuss”, “explain” allows more able candidates to gain higher marks. Poorer candidates struggle with appropriate responses to questions using these command words although they are still able to access some of the marks.

### Areas which candidates found demanding

Some candidates do not answer in sufficient depth to gain full marks. Specific question issues are detailed below.

#### SECTION ONE

**Q1** – Some candidates had difficulty in identifying the appropriate heading for the problem.

**Q2 (a)** – Some difficulty with the command word “explain” was evident. There was a requirement to add some development to the answer to explain reasons why organisations choose to become a private limited company. For example a candidate who gave the answer

*“The owners would be given the privilege of limited liability. This would mean that they personally could not be pursued for money should the business fail.”*

would be awarded a mark as they have explained the benefit of limited liability. Had the candidate only said *“they would be given the privilege of limited liability”* then no mark would have been awarded.

**Q2 (b)** – Occasionally candidates addressed “interest” instead of “influence”. Candidates need to be careful not to repeat the same influence for managers as employees. It would be beneficial if candidates were taught to give definite managerial influence such as decision making.

**Q3** – The command word “explain” caused some difficulties in this question. Again development was necessary to explain the reason for using cash budgets. An example of a valid point was

*“The use of cash budgets is also useful in identifying areas of over-expenditure. By acknowledging these areas of over-spending, a business can take measures to reduce this expenditure.”*

Candidates should watch not to repeat themselves when they recognise the use of a cash budget as being to identify areas of potential overspending. One mark only was awarded for cutting expenses and one mark only for arranging finance, such as arranging a bank loan.

**Q4** – Generally candidates understood the term “pricing tactic”. Candidates were penalised when the description did not match the correct pricing tactic ie for giving a wrong description. In the past this was marked more generously.

**Q5** – As the command word in this question is “describe”, “*improve efficiency*”, “*improve production*” or “*improve communication*” without further support were unacceptable. Candidates should also avoid only stating the benefits of the internet to address the 5 points required for this question. Only one mark was awarded in this case.

**Q6** – Perhaps because “part time” was mentioned in the stem of the question, there was some confusion between part time and temporary workers.

**Q7 (a)** – It was necessary to make some comparison of the situation before and after the decision was taken to gain marks. For example a candidate stating “*look at profits*” would not be credited but one who stated “*look at the profit figure before the decision and see if it has risen*” would be awarded a mark. Some candidates focussed wrongly on SWOT analysis and the decision making model.

**Q7 (b)** – As the command word “explain” was used it was necessary to develop the point to gain marks. An answer gaining a mark would be

*“Time is also a major factor in decision-making. If the decision has to be taken quickly with little time for discussion, then it is less likely that a good decision will be made in comparison to a decision taken with plenty of time to devise solutions.”*

The candidate has correctly identified time as being a factor affecting decision making and has gone on to explain why lack of time can affect a decision.

**Q8** – Many candidates failed to understand the term “quality inputs” and gave answers which made reference to quality control and assurance. Some gave very vague answers.

## **SECTION TWO**

**S2 Q1 (a)** – It was necessary to explain the advantage of selling over the internet, not just identify it. For example a candidate who stated

*“It appeals to a wider audience as a lot of people use the internet”*

was not given a mark because no attempt was made at explanation. A better answer would be

*“Selling products on the internet means that a shop on the high street is often not needed. This saves money on rent, heat and light, and other expenses associated with running a shop.”*

By saying that money will be saved, the candidate has explained why not having a high street shop due to using the internet is an advantage.

**S2 Q1 (b)** – Few candidates were able to gain full marks for this question, usually only mentioning that quantitative information is numerical and qualitative descriptive.

**S2 Q1 (d)** – Candidates should take care to distinguish clearly between different types of field research eg questionnaires and surveys and not repeat the same points for both. It is not always clear which type of research is being referred to and repeated points were made.

**S2 Q1 (e)** – Many candidates failed to describe the actual stages in setting an appropriate stock level ie minimum, maximum, etc. General points regarding factors you would take into account before setting stock levels were often made and such answers were awarded one mark.

**S2 Q2 (a)** – Candidates showed poor knowledge of the advantages and disadvantages of functional grouping.

**S2 Q2 (c)** – An explanation of an external factor was required to gain a mark; identification of the factor was insufficient. An example of an answer gaining a mark was

*“The weather may affect an organisation as it could affect how easy it is for the public to reach the organisation.”*

The candidate identified the weather as a problem and then went on to explain how it would affect the organisation.

**S2 Q2 (d) (i)** – Some candidates failed to describe the recruitment process, only identifying recruitment terms. As the question asked for the process to be described, an answer such as “identify a job vacancy” was credited as being a description of the process.

There was no need to describe the selection process. Candidates were not penalised for this however.

**S2 Q3 (a)** – Many candidates handled the finance question poorly. Some whole centres, however, provided some very strong answers.

**S2 Q3 (b)** – Candidates did not need to describe the ratio, only the actions which could be taken to improve the ratios.

**S2 Q3 (d)** – For some candidates, the command word “explain” posed difficulties in answering the question. An explanation had to be given as to how the extension strategy can prolong the life of a product. For example the following would be given a mark.

*“Change the product itself. New variations can be made and sold and this will, while also encouraging sales of the new variation, also increase sales of the original.”*

**S2 Q4 (a)** – Some candidates answers referred to delaying and not widening the span of control.

**S2 Q4 (c) (ii)** – Again there were some problems with the command word “explain”. It was necessary to identify the factor which would affect the choice of production method and also **how** it would affect the choice.

**S2 Q5 (a)** – Candidates displayed poor knowledge of legislation, particularly the Freedom of Information Act and the Employment Rights Act. Many candidates were clearly writing about the Data Protection Act and not the Freedom of Information Act.

**S2 Q5 (c)** - Candidates displayed poor knowledge of the British Standards Institution, describing the advantages and disadvantages of quality symbols in general.

**S2 Q5 (d)** – Some candidates actually failed to describe the method of segmentation. Many just identified the method. Examples, supporting the identification of the method, were sufficient in order to gain the description mark.

## **Advice to centres for preparation of future candidates**

- Candidates should be made aware of the command words and be shown how to handle these appropriately in order to gain the marks allocated to the question. Marking Instructions are available on the SQA website. This, along with the Understanding Standards website, can be used to support candidates’ knowledge of the command words.
- Candidates should be careful to write in sufficient depth to address the command word. Particular care should be taken when using bullet points – lists are not acceptable.

- Candidates should be encouraged to read all the questions carefully before making their Section 2 choice. As the questions are integrated, candidates should make sure they can tackle all parts of the question before making their choice.

## Statistical information: update on Courses

<b>Number of resulted entries in 2008</b>	5988
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<b>Number of resulted entries in 2009</b>	6302
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## Statistical information: Performance of candidates

### Distribution of Course awards including grade boundaries

Distribution of Course awards	%	Cum. %	Number of candidates	Lowest mark
Maximum Mark - 100				
A	22.1%	22.1%	1393	71
B	25.0%	47.1%	1578	61
C	25.2%	72.4%	1589	51
D	9.2%	81.6%	581	46
No award	18.4%	100.0%	1161	-

## General commentary on grade boundaries

- While SQA aims to set examinations and create marking instructions which will allow a competent candidate to score a minimum of 50% of the available marks (the notional C boundary) and a well prepared, very competent candidate to score at least 70% of the available marks (the notional A boundary), it is very challenging to get the standard on target every year, in every subject at every level.
- Each year SQA therefore holds a grade boundary meeting for each subject at each level where it brings together all the information available (statistical and judgemental). The Principal Assessor and SQA Qualifications Manager meet with the relevant SQA Business Manager and Statistician to discuss the evidence and make decisions. The meetings are chaired by members of the management team at SQA.
- The grade boundaries can be adjusted downwards if there is evidence that the exam is more challenging than usual, allowing the pass rate to be unaffected by this circumstance.
- The grade boundaries can be adjusted upwards if there is evidence that the exam is less challenging than usual, allowing the pass rate to be unaffected by this circumstance.
- Where standards are comparable to previous years, similar grade boundaries are maintained.
- An exam paper at a particular level in a subject in one year tends to have a marginally different set of grade boundaries from exam papers in that subject at that level in other years. This is because the particular questions, and the mix of questions are different. This is also the case for exams set in centres. If SQA has already altered a boundary in a particular year in say Higher Chemistry this does not mean that centres should necessarily alter boundaries in their prelim

exam in Higher Chemistry. The two are not that closely related as they do not contain identical questions.

- SQA's main aim is to be fair to candidates across all subjects and all levels and maintain comparable standards across the years, even as arrangements evolve and change.