# ST COLUMBA’S HIGH SCHOOL

**Higher Business Management**

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# Understanding Business

**Class Tasks (1)**

# Command words

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| Command word | Definition |
| **Compare** | Identify similarities and differences between two or more factors. |
| **Describe** | Provide a thorough description. |
| **Discuss** | Examine closely, taking account of strengths and weaknesses in an argument; offer reasons for and against. |
| **Distinguish** | Identify the differences between two or more factors. |
| **Explain** | Give a detailed response (definition and explanation) as to how/why something may benefit/hinder. |
| **Identify** | Give the name or identifying characteristic of something. |
| **Justify** | Give reasons to support suggestions of something |
| **Outline** | State the main features. |

**Factors of production**

1. ***Describe*** the 4 factors of production. (8)
2. ***Outline*** how the factors of production fit into the manufacturing of a pair of denims. (4)

**Entrepreneur**

1. ***Describe*** the role of the entrepreneur within an organisation. (4)
2. ***Describe*** the personal qualities of an entrepreneur. (4)

**Sectors of industry**

1. ***Compare*** the business activity undertaken in the primary and secondary sector.

(2)

1. ***Outline*** what is meant by the Quaternary Sector. (1)

**Types of businesses**

1. ***Describe*** the following types of organisations based on ownership and control.

(i) Sole Trader

(ii) Private Limited Company

(iii) Public Limited Company

(iv) Partnership

(v) Charity (10)

1. ***Compare*** the ownership and control of a partnership and a private limited company. (3)
2. ***Describe*** the following organisations based operations and objectives. Give an example of each type of organisation.

(i) Local Government Organisation

(ii) Central Government Organisation

(iii) Public Corporation (12)

1. ***Describe*** the objectives that a publicly-funded organisation may have. (3)
2. ***Describe*** why an individual setting up in business for the first time decide to buy a franchise. (3)
3. ***Describe*** what is meant by the term ‘Multinational’. (2)
4. ***Describe*** the increasing importance of multinationals in the business environment. (2)
5. “Many UK businesses are interested in entering into new emerging markets in the Far East”. ***Discuss*** this statement. (6)

**Objectives**

1. Improving efficiency is one possible example of an organisations objectives. ***Discuss***the extent to which flattening an organisational structure might help a firm achieve this objective. (5)

**Growth**

1. ***Justify*** why an organisation may want to grow. (3)
2. ***Identify*** and ***describe*** 2 methods of growth that would allow an organisation to achieve its objectives. (6)
3. ***Describe*** the meaning of each of the following terms.

(i) De-integration

(ii) Divestment

(iii) Contracting out/outsourcing

(iv) Asset stripping (3)

1. ***Describe*** what is meant by ‘downsizing’. ***Explain*** why many manufacturing have downsized their UK production. (2)

**Grouping**

1. Some businesses have sales representatives covering different areas of the country.

(a) ***Identify*** the type of organisational grouping that is described above.

***Justify*** your choice. (2)

(b)***Discuss*** two other ways that an organisation could group its activities. (8)

1. Organisations group their activities in a number of different ways. ***Distinguish*** between the following 3 types of organisational groupings:

(i) Product/Service Grouping

(ii) Customer Grouping

(iii) Technological Grouping (9)

**Organisational structure**

1. ***Describe*** the advantages and disadvantages of decentralised decision making.

(6)

23. ***Compare*** the characteristics of a narrow span of control with what that of a

wide span of control. (3)

1. Having a wide span of control can lead to many disadvantages to the organisation. ***Discuss*** this statement. (4)
2. Some businesses, such as hairdressers, often have a flat structure with a wide span of control. ***Describe*** why this is and ***describe*** the advantages of this for the owner. (6)
3. ***Describe*** when a matrix structure may be used by an organisation. (3)
4. ***Discuss*** the implications for a business moving to decentralised decision-making. (6)
5. Many relationships exist within an organisation. ***Describe*** the following types of relationships:

(i) Line relationship

(ii) Lateral relationship

(iii) Functional relationship

(iv) Staff relationship

(v) Informal relationship (10)

**External factors**

1. Business must react to changes in the external business environment. ***Identify*** and ***describe*** each of the PESTEC factors. (12)
2. ***Explain*** how 4 of the PESTEC factors could affect an organisation producing ready-made microwave meals. (8)

**Internal factors**

1. There are many internal factors that can influence the performance of an organisation. ***Identify*** and ***describe*** 3 of these factors. (6)
2. Describe the internal and external factors that may influence the effectiveness of an organsiations decisions. (6)
3. ***Describe***the benefits to an organisation of having a strong corporate culture.

(3)

**Types of decisions**

1. ***Describe***, using examples, the 3 types of decisions taken by organisations in order to achieve their objectives. (6)
2. ***Distinguish*** between a strategic and tactical decision and give an example of each. (6)
3. ***Describe*** 3 tactical decisions that could lead to the growth of an organisation.

(3)

1. Many businesses have cultivated a strong corporate culture. If an organisation sets this as a strategic objective, ***describe*** the tactical decisions required to achieve it. (6)
2. A business deciding to move into the Eastern European market is an example of a strategic decision. ***Suggest*** tactical and operational decisions required to achieve this. (6)
3. A large company decides to divide into 2 companies – one company concentrating on the retail of cosmetics, toiletries, toys, CDs and the other company on electrical goods and DIY.

(i) What type of decision does this demerger represent? ***Justify*** your

answer. (8)

(ii) ***Identify*** how an organisation can find out whether a decision taken was

the right one? (2)

**Role of manager**

1. ***Describe*** how a manager could evaluate the effectiveness of a decision. (4)
2. Effective decision making is a vital characteristic of a good manager. ***Outline*** the techniques that a manager could use to ensure effective decisions are made. (8)

**Structured decision making model**

1. ***Identify*** each stage of the decision making process. (9)
2. Using a small High Street clothing store, give an ***explanation*** of what

happens at each stage of the process. (9)

1. ***Describe*** the benefits of using a decision making model in order to solve problems. (5)

**SWOT**

1. ***Outline*** how a SWOT analysis help the decision making process in an organisation. (6)
2. ***Identify*** 2 costs and 2 benefits of preparing a SWOT analysis to an organisation. (4)

**Changes in structure**

1. Many organisations choose to delayer. ***Explain*** the benefits of delayering to an organisation. (3)
2. ***Discuss*** the effect of downsizing to an organisation. (6)

**Stakeholders**

1. ***Identify*** 3 possible stakeholders of a small organisation. ***Describe*** the interest of each stakeholder in the organisation and how each could influence the operations of the organisation. (9)
2. **Identify** 2 internal and 2 external stakeholders of an organisation. Your answer should include the stakeholders interest and influence in the organisation. (12)
3. ***Explain*** the term ‘stakeholder interdependence’ (1)
4. ***Outline*** conflicts that can exist between stakeholders. (3)
5. ***Compare*** the interest and influence of 3 different stakeholders. (3)