



Review Questions
CfE
Higher Business Management

UNDERSTANDING BUSINESS

Review 1

Outcome 1.1	Comparing features of large organisations from different sectors of the economy
Outcome 1.2	Identifying the objectives of large organisations and describing the importance of these objectives

The role of business in society		
Question		Marks
1	Identify the four factors of production	4
2	Describe the sectors of industrial activity.	4
3	'Letter from America' by the Proclaimers mentions many Scottish towns that have suffered over the years. One reason is that Scotland's heavy manufacturing has died out. Explain the meaning of de-industrialisation.	2
Types of organisation		
Question		Marks
4	'All organisations fall into two categories – public sector or private sector.' Explain the difference between the public sector and private sector in terms of ownership and finance.	2
5	Describe the advantages and disadvantages of limited companies.	6
6	Irn Bru and Chivas Regal are examples of successful Scottish brands abroad. Discuss the costs and benefits of a Scottish-based firm turning into a multinational.	6
7	Subway is a franchise. Explain the meaning of the term 'franchise'.	2
8	Describe the advantages and disadvantages of the franchise system	6
Objectives		
Question		Marks
9	Describe the objectives of limited companies.	2
10	Describe the objectives of a charity.	2
11	Discuss the objectives of a public limited company compared to those of a public sector organisation.	2

Total 38

UNDERSTANDING BUSINESS

Review 2

Outcome 1.3	Describing internal structures large organisations may use, justifying why they would use these structures
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Structures		
Question		Marks
1	Describe how both horizontal and vertical integration could allow an organisation to become even larger and more profitable.	4
2	Levi and Pepsi-Cola's moves into new markets are examples of growth. Describe other methods of growth.	6
3	Discuss the effects of outsourcing on an organisation.	4
4	Justify the use of functional grouping and product grouping.	4
5	Discuss the advantages and disadvantages of place/territory grouping	4
6	Describe the main features of a matrix structure.	3
7	Organisations often use an entrepreneurial structure. Explain the advantages and disadvantages of an entrepreneurial structure	4

Total 33

UNDERSTANDING BUSINESS

Review 3

Outcome 2.1	Explaining the impact of external factors on large organisations
Outcome 2.2	Explaining the impact of internal factors on large organisations

External factors		
Question		Marks
1	Legislation (Political) is one example of an external influence on a business. Describe three other external influences.	3
2	Identify and explain three economic factors that can affect the profitability of a business.	6
3	Socio-cultural trends affect the operation of any business. Describe three socio-cultural trends that might affect the operations of a Scottish organisation.	6

Internal factors		
Question		Marks
1	Discuss the impact internal factors may have on decision making	5
2	Describe different methods organisations can use to develop a corporate culture	4
3	Explain the effect internal factors may have on the success of an organisation	4

Total 28

UNDERSTANDING BUSINESS

Review 4

Outcome 2.3	Describing conflicts of interest that could exist between stakeholders
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Stakeholders		
Question		Marks
1	Explain what a stakeholder is.	1
2	During the recession BP still posted record profits. Explain the interests of stakeholders of BP.	5
3	Tesco are the number one UK supermarket. Tesco is also rapidly expanding into eastern Europe. Many issues surround Tesco's practices at home and abroad. Discuss how stakeholders can influence the future direction of a business like Tesco.	4
4	Explain how stakeholders can have conflicting interests.	4

Total 14

UNDERSTANDING BUSINESS

Review 5

Decision Making		
Question		Marks
1	Describe what is meant by each of the following types of decision: <ul style="list-style-type: none">• Strategic;• Tactical;• operational.	6
3	Dunfermline Building Society's owners have identified growth as a strategic objective. Explain the internal factors that could be taken into account prior to an organisation setting strategic objectives.	3
4	Identify three tactical decisions that could lead to growth.	3
5	Justify why strategic decisions are made by senior management.	2
6	Justify the use of SWOT Analysis	4

Total 18

PEOPLE AND FINANCE

Review 1

Outcome 1.1	Describing approaches that could be used to manage human resources effectively
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Recruitment and Selection		
Question		Marks
1	Describe methods of flexible working practices which could be introduced in a modern organisation.	5
2	Describe how workforce planning could ensure an organisation has appropriate staff.	3
3	Describe the selection methods used to appoint new employees	4
4	Describe the stages in the recruitment process	5
5	Compare the use of external and internal recruitment	3
Training		
Question		Marks
6	Explain the advantages of staff training to an organisation.	3
8	Explain the benefits of using information technology to deliver staff training.	3
8	Compare on and off the job training	3
9	Identify 2 other forms of training which may be offered	2
10	Explain the consequences for an organisation which does not offer staff training	3

Total 34

PEOPLE AND FINANCE

Review 2

Outcome 1.2	Describing approaches that could be used to motivate staff to improve effectiveness
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Motivation and leadership		
Question		Marks
1	Describe the different styles of leadership that managers could use.	5
2	Describe motivation theories used by managers.	6
3	Discuss the use of appraisals as a method of motivation	3
4	Explain the impact of motivational processes on an organisation	4

Total 18

PEOPLE AND FINANCE

Review 3

Outcome 1.3	Explaining how employee relations can impact on the success of a large organisation
Outcome 1.4	Describing the impact of current employment legislation

Employee relations		
Question		Marks
1	Explain the impact of industrial action on an organisation.	4
2	Describe methods an organisation could use to encourage positive employee relations.	4
3	Explain the effects that poor employee relations could have on an organisation.	4
4	Outline the role of ACAS and the role of a Trade Union	2
Legislation		
Question		Marks
5	Describe the impact of the Equality Act 2010 on organisations and employees.	3
6	Explain how the following legislation could impact on an organisation: <ul style="list-style-type: none">• Freedom of Information Act 2002• National Minimum Wage Regulation 1999• Employment Rights Act 1996	6

Total 23

PEOPLE AND FINANCE

Review 4

Outcome 2.1	Describing sources of finance suitable for large organisations and giving reasons for their use
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Sources of Finance		
Question		Marks
1	Describe and justify 3 sources of finance available to a partnership. (A different justification should be used each time.)	6
2	Suggest and justify possible sources of finance for a multinational organisation.	5
3	Explain the factors which should be considered when deciding upon a source of finance	4
4	Define the following terms: <ul style="list-style-type: none">• Debentures• Debt factoring	2

Total 17

PEOPLE AND FINANCE

Review 5

Outcome 2.2	Describing the purpose of final accounting statements
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Financial Statements		
Question		Marks
1	Describe the final accounts that would be produced by an organisation.	3
2	Describe the reasons why a competitor would make use of another organisation's final accounts.	2
3	Identify 4 stakeholders (other than competitors) and explain how they would use the financial information produced by an organisation	4

Cash Budgeting		
Question		Marks
4	Describe the reasons a profitable organisation may experience cashflow problems	5
5	Describe the actions that could be taken to overcome cash flow problems	5

Total 19

PEOPLE AND FINANCE

Review 6

Outcome 2.3	Describing accounting ratios and outlining the use or limitation of ratio analysis
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Ratio Analysis		
Question		Marks
1	Describe the profitability and liquidity ratios used to analyse financial data.	6
2	Discuss the benefits and limitations of using ratio analysis.	8
3	Explain how ICT can be used when producing financial statements and ratio analysis	2

Total 18

MARKETING AND OPERATIONS

Review 1

Outcome 1.1	Explaining how market research can be used to enhance the effectiveness of large organisations
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Marketing and Customers/ Market Research		
Question		Marks
1	Distinguish between product orientation and market orientation	2
2	Discuss the use of 2 types of market research which could be used by an organisation	4
4	Distinguish between random and quota sampling	2
5	Describe the reasons why organisations focus on research and development.	3
6	Suggest and justify types of ICT which can be used in the marketing department	6

Total 17

MARKETING AND OPERATIONS

Review 2

Outcome 1.2	Explaining how the marketing mix can be used to enhance the effectiveness of large organisations
Outcome 1.3	Describing the costs and benefits to large organisations of having a product portfolio

Marketing Mix – Product, Price, Place, Promotion, People, Processes, Physical Evidence		
Question		Marks
1	Describe the costs and benefits of maintaining a product portfolio.	4
2	Explain how extension strategies can enhance the success of an organisation.	6
3	Explain how a Boston Matrix can be used by an organisation to manage its product portfolio.	4
4	Describe 3 pricing tactics that could be used when an organisation attempts to break into a new market.	6
5	Discuss the costs and benefits of using a wholesaler for a manufacturer	6
6	Product endorsement is when firms pay famous people to promote their product or service. Describe the advantages and disadvantages of product endorsement.	5
7	Discuss different forms of direct selling available to organisations.	6
8	Describe into the pipeline promotions that an organisation could use.	3
9	Describe the impact that People, Process and Physical Evidence can have on the success of an organisation	6

Total 50

MARKETING AND OPERATIONS

Review 3

Outcome 2.1	Describing the features and outlining the purposes of a stock management control system
Outcome 2.4	Describing how current technologies are used in the operations function

Inventory Management/Ethical and Environmental		
Question		Marks
1	Discuss the features of a stock control system	4
2	Explain the purpose of having a stock control system.	4
3	Explain factors which would be considered when deciding upon a supplier	5
4	Explain the costs and benefits for an organisation which takes an ethical and environmental approach to raw material sourcing and waste disposal	6

Total 19

MARKETING AND OPERATIONS

Review 4

Outcome 2.2	Explaining methods that can be used to ensure customers receive quality products/services
Outcome 2.3	Explaining the costs and benefits of production methods used by large organisations
Outcome 2.4	Describing how current technologies are used in the operations function

Quality		
Technology		
1	Distinguish between automated and mechanised production	1
2	Discuss the costs of quality standards for an organisation	4
2	Suggest the costs and benefits of technology which could be used in a production department	4
3	Describe methods of production which could be used by an organisation	6
	<ul style="list-style-type: none"> • Benchmarking • Quality circles • Mystery shopper 	
3	Other than the methods mentioned in question 2, describe quality methods which could be used to ensure quality in the production process	

Total 28

Total 24