

**Revision Guide**  
**For the Final Exams**  
**Business Studies 7** \_\_\_\_\_  
Academic Year 2020 – 2021

Name: \_\_\_\_\_ Date: \_\_\_\_\_

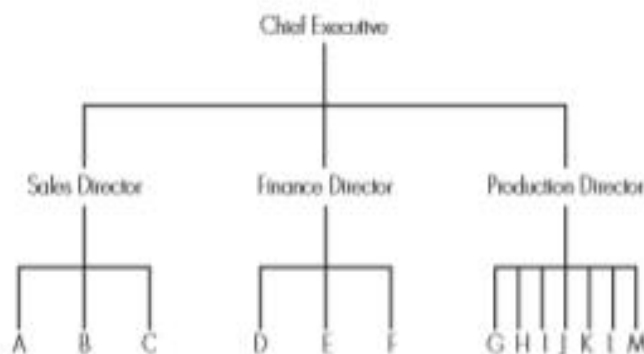
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## Organisation and management

### Revision questions

- 1 What is meant by *organisational structure*?
- 2 As a business expands and employs more people, how will the organisation chart be likely to change?
- 3 Explain how an organisation chart for a business could be useful when informing new employees about the business.
- 4 Study the organisation chart for a company, shown below:



- a) Explain what is meant by the term *span of control*.
- b) What is the span of control of the Production Director?
- c) What could be the advantages to the business of this director having an even wider span of control?
- d) What could be the disadvantages of this?
- 5 What do you understand by the term *delegation*?
- 6 Why might it be important for a busy manager to delegate to other members of staff?
- 7 Identify **five** qualities of an effective manager.
- 8 Identify **four** reasons why it is important to have good managers.
- 9 List **three** leadership styles.
- 10 Give **five** benefits of joining a trade union.

# Revision answers

- 1 This refers to the levels of management and division of responsibilities within an organisation.
- 2 The structure will probably show more levels of hierarchy as more managers are needed to deal with a larger business. The need to delegate more will create more levels in the organisation, thus widening the span of control.
- 3 It shows who should report to which manager, the formal chain of command and the formal communication channels – all useful for a new recruit.
- 4
  - a) The number of people that a manager is directly responsible for.
  - b) 7
  - c) Greater job satisfaction for the workers as there is less management control. This could improve the quality of the work that they do. Managers are likely to delegate more.
  - d) Less direct control over the work of subordinates. If poorly trained, the workers may make more mistakes as the manager cannot control all of them, all of the time.
- 5 Delegation means passing down authority to workers to perform tasks.
- 6 To give the manager more time to concentrate on more important 'strategic' issues. To help train people to accept authority and prepare to be managers themselves.
- 7 Examples:
  - i) Intelligence
  - ii) Self-confidence
  - iii) Determination
  - iv) Initiative
  - v) Good communication skills
  - vi) Enthusiasm
- 8 Examples:
  - i) Motivate employees.
  - ii) Give guidance and advice.
  - iii) Inspire employees.
  - iv) Keep costs under control.
  - v) Increase profitability of the business.
- 9
  - i) Autocratic leadership
  - ii) Democratic leadership
  - iii) Laissez-faire leadership
- 10 Examples:
  - i) Advice if dismissed or treated unfairly.
  - ii) Improved communication between employees and employers.
  - iii) Improved pay.
  - iv) Improved conditions of employment.
  - v) Improved working conditions.
  - vi) Strength in numbers.
  - vii) Representation in grievances with management.
  - viii) Possible influence on government decisions.

# 8

## Recruitment, selection and training of workers

### Revision questions

- 1 Give **three** reasons why a business recruits new employees.
- 2 a) Why does a business carry out a job analysis before drawing up a job description?  
b) What is the purpose of a job (person) specification?
- 3 a) What is meant by the term *recruit internally*?  
b) State **one** other method of recruitment.  
c) Explain **one** advantage and **one** disadvantage of internal recruitment.
- 4 Identify **three** different places a business could advertise if it was recruiting externally.
- 5 State **four** factors to consider when designing an advertisement for a job.
- 6 A manager is needed for a new shop that is being opened in the city centre. What factors should be considered when selecting a manager for a new shop?
- 7 Why does a business carry out interviews as part of the process of selecting staff?
- 8 Name **three** types of training that a business may use.
- 9 What is the difference between *dismissal* and *redundancy*?
- 10 Outline **three** examples of laws that protect employees.

### Revision answers

- 1 i) When an employee leaves a job.  
ii) When a new business is starting up.  
iii) When a business is successful and wants to expand.
- 2 a) To study the tasks and activities that the job involves so that the business knows what the new employee will need to do.  
b) It lists the desirable and essential requirements for a particular job.
- 3 a) The post is filled from within the organisation.  
b) External recruitment.  
c) Advantage: saves time and money; the person is already known to the business.  
Disadvantage: there will be no new ideas introduced; there may be jealousy and rivalry among the existing employees.



**4 Examples:**

- i)** Local newspapers
- ii)** Internet
- iii)** National newspapers
- iv)** Specialist magazines and journals
- v)** Recruitment agencies
- vi)** Centres run by the government

**5 Examples:**

- i)** Details of the job to be included such as hours.
- ii)** Job description.
- iii)** Ensure employment laws are not broken.
- iv)** Where to apply for the job.
- v)** Closing date for applications.
- vi)** Pay/fringe benefits.

**6** High marks would be awarded for including a good range of factors and explaining why they are important. Examples of factors include: experience; prior training and qualifications; personal qualities such as self-motivation and ambition; organisational skills; leadership ability.

**7** So that they can assess the suitability of the person for the job and see what they are like.

they are more likely to

- 8**
- i)** Induction training
  - ii)** On-the-job training
  - iii)** Off-the-job training

**9** Dismissal is when the employee is told to leave the job because they are not carrying it out efficiently or because of misconduct.

Redundancy is when the employee is no longer needed through no fault of their own.

**10** Examples could include description of:

- i)** Unfair discrimination at work or when applying for jobs.
- ii)** Health and safety at work.
- iii)** Protection against unfair dismissal.
- iv)** Wage protection.

Or the answer may include discussion of specific laws.



# Internal and external communication

## Revision questions

- 1 Outline the **four** features necessary for communication to be 'effective'.
- 2 Explain the difference between *one-way* and *two-way communication*.
- 3 Identify and explain **one** situation in which two-way communication would be particularly useful.
- 4 Explain the difference between *internal* and *external communication*.
- 5 Imagine you are the Human Resources Director of a large retail store with many departments. State **two** business situations where good internal communications would be important to you.
- 6 Which method of communication would you use if you wanted to:
  - a) Give an instruction to a large number of people.
  - b) Explain a detailed plan to a few other people.
  - c) Obtain a very quick reply to your message to another member of staff.
  - d) Keep contact with a large number of young consumers.
  - e) Tell an applicant for a job what the conditions of employment are.
- 7 For each of your suggestions in answer to Q6, explain why you chose this method of communication.
- 8 Identify and explain **two** ways in which communication has been made easier with new technology.
- 9 A multinational business employs a total of 35,000 workers and managers in eight different countries. Explain **three** of the most likely barriers to effective internal communication in this company.
- 10 Identify and explain **three** ways that the business in Q9 might use to overcome the barriers to effective communication that you identified.

## Revision answers

- 1 i)** Sender: must send a clear message and choose appropriate medium.
- ii)** Medium or method used: must be appropriate for the message and the receiver.
- iii)** Receiver: must be the right person and have the correct attitude to receive the message.
- iv)** Feedback: evidence that the message has been received and understood.
- 2** One way: sender to receiver but no reply/feedback.  
Two way: sender to receiver but a reply/feedback is both encouraged and given.
- 3** Student's own answer, for example: When managers want some ideas from workers about a quality problem, managers explain the problem to the workers then the workers reply with some ideas about how it can be solved.
- 4** Internal is between people in the same organisation.  
External is between the organisation and other organisations or people.
- 5** Student's own answer, for example:
  - i)** Letting all department managers know about new legal requirements for health and safety.
  - ii)** Telling workers about a new pay system.
- 6** See question 7.
- 7 a)** Email to all concerned: can ask for feedback to ensure instruction is received and understood.
- b)** Meeting: the plan is detailed so people will want to ask questions to make sure they understand.
- c)** Telephone call: quick two-way communication.
- d)** Social networking sites/blogs or Twitter: most young people use these media.
- e)** Letter: needs to be in a written form.
- 8 i)** Using emails to send messages. These can be marked with asterisks for 'high importance' and allow written messages to be sent more quickly than using postal services.
- ii)** Social networking sites can be used to communicate with customers.
- 9 i)** Language: many of the workers are likely to speak different languages and possibly different languages to those used by most managers.
- ii)** Difficulty holding meetings with so many people in different locations: written communication might have to be used which leads to slower feedback, such as postal delays.
- iii)** Very slow postal service between different countries means that important messages might be received too late.
- 10 i)** Use emails or other forms of technological communication that allow for automatic translation of messages.
- ii)** Use video conferencing to bring groups of people together in different countries at the same time.
- iii)** Use internet or email to communicate, avoiding the use of postal services for all but the most important written messages, for example, legal documents.

**Chapter 9: Internal and external communication**    Encircle the letter of your answer.

- 1 The best definition of effective communication is:
  - 1) when the message is loud enough for everyone to hear it
  - 2) when the message has been written clearly for the receiver to read
  - 3) when the sender thinks the message has been received by the right person or group
  - 4) when the receiver shows that the message has been received and understood
- 2 All of the following are methods (media) of internal communication within a business *except*:
  - 1) telephone call to a customer
  - 2) letter to a worker about low attendance rates
  - 3) e-mail to a supervisor
  - 4) notice on the staff restroom noticeboard
- 3 Two-way communication is often more effective than one-way communication because:
  - 1) it is likely to be quicker
  - 2) there is an opportunity to confirm or discuss the message
  - 3) more than one person will receive the message
  - 4) more than one way of sending the message is used
- 4 One example of poor external communication is:
  - 1) a supplier misunderstands a message
  - 2) a worker fails to follow a safety instruction
  - 3) managers do not receive a message about a machine failure
  - 4) office staff fail to tell workers about new overtime rates
- 5 All of the following could be important for effective internal communication *except*:
  - 1) a clear message that can be understood
  - 2) the receiver should be the right person to send the message
  - 3) the intranet should be in good working order
  - 4) there should be feedback from the receiver
- 6 One of the advantages of verbal communication is that:
  - 1) there will be a permanent record of the meeting
  - 2) as it is one-way communication it will be faster than written forms of communication
  - 3) it makes sure that everyone has fully understood the message
  - 4) there is an opportunity for immediate feedback
- 7 Each of the following are examples of written communication media *except*:
  - 1) notice about company holiday dates
  - 2) letter of resignation
  - 3) TV advertisement
  - 4) business report on marketing
- 8 One of the advantages of written communication such as e-mail is that:
  - 1) there is always feedback
  - 2) it allows the sender of the message to check that it has been understood
  - 3) a permanent record allows it to be looked at and checked again
  - 4) e-mails are always read immediately
- 9 One of the claimed disadvantages to using e-mails for communication is:
  - 1) some workers may not be able to hear them
  - 2) some people receive so many e-mails it is difficult to identify the important ones
  - 3) verbal communication is less effective than written communication as there is no permanent record
  - 4) the message can only be sent to one person at a time



- 10 The term 'grapevine' in communication refers to:
- 1) the formal communication net in a business
  - 2) the sending of emails to as many people as possible at the same time
  - 3) the passing of messages informally between people in an organisation
  - 4) the way messages are sent from managers to staff in a business
- 11 Which one of the following is **not** a barrier to effective communication?
- 1) Poor body language from the sender gives the receiver a bad impression
  - 2) The message is too long
  - 3) The receiver does not provide feedback and the sender does not know if the message has been understood
  - 4) There are short and direct lines of communication between the sender and the receiver
- 12 What one of the following is the best method of communication if you want to inform a member of staff of a discipline warning – repeating the offence could lead to dismissal?
- 1) Staff meeting
  - 2) Facebook
  - 3) Letter
  - 4) Noticeboard
- 13 What is the best method of communication if you want to give members of staff an opportunity to discuss views about a new business plan?
- 1) Staff meeting
  - 2) E-mail
  - 3) Letter
  - 4) Noticeboard
- 14 What is the best method of communication if you want to give information to large numbers of staff about important new health and safety rules?
- 1) Twitter
  - 2) Telephone call
  - 3) TV advertisements
  - 4) Intranet
- 15 A business could reduce possible barriers to internal communication by:
- 1) using e-mails for all messages
  - 2) insisting on feedback after sending important messages
  - 3) using technical language and jargon in all messages
  - 4) using social networking sites for confidential messages



# 10

## Marketing, competition and the customer

### Revision questions

- 1 Give **three** examples of sections, other than distribution, which might be found in a marketing department.
- 2 Identify **four** roles of marketing.
- 3 State **five** objectives of marketing.
- 4 Give **four** reasons why consumer spending patterns change.
- 5 Identify **four** ways a business can remain competitive.
- 6 What is meant by a *market*?
- 7 What is the difference between a *niche market* and a *mass market*?
- 8 Describe, using your own examples, what is meant by *market segments* and explain their importance to the process of marketing.
- 9 How could a market for
  - a) furniture
  - b) breakfast cerealbe segmented?
- 10 Explain the term *market gap*.

### Revision answers

- 1 Examples:
  - i) Sales
  - ii) Research and development
  - iii) Promotion
  - iv) Advertising
- 2 Examples:
  - i) Identify customer needs.
  - ii) Satisfy customer needs.
  - iii) Maintain customer loyalty by building customer relationships.
  - iv) Gain information about customers.
  - v) Anticipate changes in customer needs.

- 3** Examples:
- i)** To raise customer awareness.
  - ii)** To increase sales revenue and profitability.
  - iii)** To increase or maintain market share.
  - iv)** To maintain or improve the image of products or a business.
  - v)** To target a new market or market segment.
  - vi)** To enter new markets at home or abroad.
  - vii)** To develop new products or improve existing products.
- 4**
- i)** Customer tastes and fashions change.
  - ii)** Changes in technology.
  - iii)** Change in incomes.
  - iv)** Ageing populations.
- 5**
- i)** Keep good customer relationships.
  - ii)** Keep improving its existing product.
  - iii)** Bring out new products.
  - iv)** Keep costs low.
- 6** It is where buyers and sellers come together.  
It is made up of the total number of customers and potential customers and all the suppliers of that good or service.
- 7** A niche market is small, whereas a mass market is where there is a large number of sales.  
A niche market is often for a specialised good or service, whereas a mass market is for a good or service that appeals to a large proportion of the market.
- 8** Market segment is where the market has been divided up into groups of consumers who have similar needs. Student's own examples should be discussed.
- 9**
- a)** Segmented by income group – expensive furniture, for example. Or by age group if younger people in the market buy fashionable furniture while older people buy more traditional furniture. Or by lifestyle as single flat dwellers may require functional, modern furniture. Student's examples of furniture to illustrate this.
  - b)** Breakfast cereals could be split up by age: children or adults; gender: male or female; lifestyle: health conscious, weight conscious. Student's examples of breakfast cereals to illustrate this.
- 10** Some customers in a market are not having their needs satisfied.

## Chapter 10: Marketing, competition and the customer

- 1 Which of these is **not** a function of the Marketing Department?
  - 1) Find out consumer requirements
  - 2) Try to forecast future demand
  - 3) Satisfy consumer demand profitably
  - 4) Make the products that consumers want to buy
- 2 Which one of the following is the best definition of marketing?
  - 1) The process of selling products to many customers as cheaply as possible to maximise sales
  - 2) Promoting products to consumers who may have heard of them before
  - 3) Predicting accurately what customers will want to buy in the future
  - 4) Using market knowledge to assess what products will best meet customer requirements
- 3 One claimed benefit for a business if it increases consumer loyalty is:
  - 1) the business will never have to advertise again
  - 2) it will help to maintain market share
  - 3) consumers will buy the products of the business at any price
  - 4) competitors will not be able to achieve consumer loyalty as well
- 4 Which one of the following is a way of helping to maintain consumer loyalty?
  - 1) Establish relationships with the consumers which give them confidence about products
  - 2) Replace all existing brands with new, heavily promoted brands
  - 3) Reduce product quality but keep prices high
  - 4) Offer promotional prices to new consumers
- 5 Which of the following are reasons why consumer spending patterns in a country might change over time?
  - i) Ageing population
  - ii) Higher consumer incomes
  - iii) New products
  - iv) Increased immigration
  - 1) i), ii) and iii) only
  - 2) ii) and iv) only
  - 3) All of them
  - 4) i), iii) and iv) only
- 6 Which one of the following is the most likely response of a business to an increase in competition?
  - 1) Reduce quality and but keep prices stable
  - 2) Cut back on advertising
  - 3) Develop different products
  - 4) Increase output of existing products
- 7 One of the claimed benefits of niche marketing is:
  - 1) it leads to high levels of output and low production costs
  - 2) marketing can be focused on a distinct part of the market
  - 3) consumer demand will always remain high
  - 4) there will be no competitors selling into the same part of the market

- 8 A business sold 20 000 units last year. The total size of the market was 80 000 units. The percentage of the market share did the businesses have?
- 1) 20%
  - 2) 25%
  - 3) 100%
  - 4) 80%
- 9 Total market sales for a product have been 1 million units per year for the last two years. One firm's sales have changed from 300 000 units to 350 000 units over these two years. Which of the following statements about the firm's market share is true?
- 1) The firm's market share has not changed
  - 2) The firm's market share has risen by 5%
  - 3) The firm's market share was 30% in the first year and 50% in the second year
  - 4) The firm's market share has risen by 35%
- 10 The definition of a market segment is:
- 1) one region that the product is sold in
  - 2) one part of the world that the product is sold in
  - 3) a section of the market made up of consumers with different needs and characteristics
  - 4) a section of the market made up of consumers with similar needs and characteristics
- 11 Which of the following is an example of market segmentation?
- 1) Dividing the market for jeans into male, female and different age groups
  - 2) Advertising a product on television, the radio and in newspapers
  - 3) Using both advertising and sales promotion to sell a product
  - 4) Pricing the same product at different price levels in different areas
- 12 One possible disadvantage of market segmentation is that:
- 1) sales will be lower than selling the same product to all consumers in all markets
  - 2) profits will always be lower than when not using segmentation
  - 3) advertising costs may be high as different campaigns may be needed for different groups of consumers
  - 4) the product will always have a very short life cycle
- 13 Which of the following ways would **not** be used to segment the market for soft drinks?
- 1) The ages of consumers
  - 2) The lifestyle of consumers, e.g. sport players
  - 3) Income groups of consumers
  - 4) Consumers and non-consumers
- 14 Which of the following is a likely advantage of segmenting the market for magazines?
- 1) Fewer magazine titles will be published
  - 2) Advertising of the magazines will be directed towards the right consumers
  - 3) The prices will be lower than if there was no segmentation of this market
  - 4) All consumers will buy more magazines

**Prepared by:**



**Business Studies Facilitators**