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1st of 16 Sets of 15 Multiple Choice Questions
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15 Multiple Choice Questions

for **OCR GCSE (9-1) Business (J204)**

Business 1 (01):

Business Activity, Marketing and People

Test of 15 Questions on:

Topic 1.1 The Role of Business Enterprise & Entrepreneurship
and 1.2 Business Planning

Answers with Supporting Explanations

Minimising Workloads, Maximising Performance

FOREWORD

This resource is **1 of 16 sets of 15 questions** to test students' core knowledge and understanding of the subject content required to be covered for OCR GCSE (9-1) Business - **Business 1: Business Activity, Marketing and People (01)**. There is also an interactive version available - for use on a computer for students to complete in their own time, or during class as a group exercise. The full set of 240 multiple-choice questions can be purchased from APT's website: www.appt-initiatives.com.

The full set of 240 questions contains 16 sets of 15 questions (worth 15 marks) as follows:

6 tests relating to Topic 1 Business activity, which comprise:

- 1 test on 1.1 The role of business enterprise and entrepreneurship and 1.2 Business planning combined
- 2 tests on 1.3 Business ownership and 1.4 Business aims and objectives combined
- 2 tests on 1.5 Stakeholders in business and 1.6 Business growth combined
- 1 'end of topic' test on Business activity

4 tests relating to Topic 2 Marketing, which comprise:

- 1 test on 2.1 The role of marketing, 2.2 Market research and 2.3 Market segmentation combined
- 2 tests on 2.4 The marketing mix
- 1 'end of topic' test on Marketing

5 tests relating to Topic 3 People, which comprise:

- 2 tests on 3.1 The role of human resources and 3.2 Organisational structures and different ways of working combined
- 1 test on 3.3 Communication in business and 3.4 Recruitment and selection combined
- 1 test on 3.5 Motivation and retention, 3.6 Training and development and 3.7 Employment law combined
- 1 'end of topic' test on People

1 'end of entire component' test on Business Activity, Marketing and People (01), which could form part of a practice (mock) exam paper for Paper 1.

The resource, therefore, enables students to be tested **throughout their study of topics** covered in class, as well as **at the very end of their study** of Component 1 (01) of the OCR GCSE (9-1) Business specification.

Supporting explanations are provided for every question - helping to consolidate students' knowledge and understanding. These supporting explanations are especially helpful to students using the Interactive (PowerPoint) version of the resource, independently outside the classroom environment.

Each set of 15 questions can easily be answered, marked and discussed in a single 25-35 minute lesson (allowing a maximum of 15 minutes to complete the 15 questions), or they can be issued to students to complete as a short homework activity.

Whilst every effort has been made to provide appropriate questions, as well as answers with explanations for the questions posed, these questions, answers and explanations are intended as an **aid to the teacher** who must retain full responsibility for checking up-to-date specification requirements and exam board assessment material, and the final delivery of subject matter to students. In this context, APT is always available to discuss any aspect of the questions, answers and explanations, should the teacher wish to discuss APT's interpretation.

APT Initiatives Ltd can be contacted directly with any orders, queries or feedback via the website: www.appt-initiatives.com, email: support@appt-initiatives.com or by phone: 01952 540877.

**Test on: 1.1 The Role of Business Enterprise and Entrepreneurship;
1.2 Business Planning**

1 Which one of the following is an example of a business?

- A A barn
- B A farm
- C A field
- D A tractor

Your answer

2 Which one of the following is **not** an example of a business?

- A A charity
- B A hospital
- C A house
- D A shop

Your answer

3 Which one of the following is **not** one of the main purposes of business activity?

- A To employ people
- B To meet customer needs
- C To produce goods
- D To provide a service

Your answer

4 Which one of the following is an example of a 'service' as opposed to a 'good'?

- A A DVD
- B A football
- C A haircut
- D A phone charger

Your answer

5 Which one of the following is an example of a 'good' as opposed to a 'service'?

- A A fitness class
- B A flight on an aeroplane
- C A mobile phone
- D A science lesson

Your answer

6 Which one of the following is **not** an example of a customer need or expectation?

- A Convenience
- B Good quality
- C Limited choice
- D Value for money

Your answer

7 Which one of the following is **not** typically associated with enterprise?

- A Caution
- B Creation
- C Innovation
- D Invention

Your answer

8 Which one of the following is **not** associated with entrepreneurship?

- A Applying for a job
- B Developing an idea for a business
- C Satisfying the needs of customers
- D Spotting a business opportunity

Your answer

9 Which one of the following is **not** associated with being an entrepreneur?

- A Making business decisions
- B Organising resources
- C Taking risks
- D Working for other people

Your answer

10 Which one of the following is **most** likely to be a characteristic of a successful entrepreneur?

- A Disorganised
- B Indecisive
- C Irresponsible
- D Self-motivated

Your answer

11 Which one of the following is a benefit or reward associated with starting your own business?

- A Emotional stress
- B Financial security
- C Independence
- D Less time to spend on leisure activities

Your answer

12 Which one of the following is a reward associated with starting your own business?

- A Financial loss
- B Guaranteed income
- C Making a profit
- D Pressure

Your answer

13 Which one of the following is a potential risk associated with starting your own business?

- A Being your own boss
- B Less time to spend with family and friends
- C Making sales and establishing a share of the market
- D Satisfaction from developing your own idea for others to benefit from

Your answer

14 Which **one** of the following is **not** an example of a component of a business plan?

- A Forecast revenue, cost and profit
- B Marketing mix
- C Sources of finance
- D Target research

Your answer

15 Which one of the following statements is **not** a true statement about a business plan?

- A It can reduce the chances of business failure
- B It can hinder the achievement of business aims and objectives
- C It identifies the business's target market(s)
- D It includes financial forecasts

Your answer

**Test on: 1.1 The Role of Business Enterprise and Entrepreneurship;
1.2 Business planning (Answers)**

1 Which one of the following is an example of a business?

- A A barn
- B **A farm**
- C A field
- D A tractor

Explanation: A business produces goods or provides a service to meet individuals' or other businesses' needs (or wants). A farm produces food which people need to survive. It sells these either directly to consumers, or to other businesses such as supermarkets, who sell on to consumers. The other options feature items that might be owned by a farm (ie assets) which are needed to help produce food for consumption.

2 Which one of the following is **not** an example of a business?

- A A charity
- B A hospital
- C **A house**
- D A shop

Explanation: Businesses come in different formats: some, such as a shop, are in the private sector, aiming to make a profit for the owner(s); some, such as an NHS hospital are in the public sector, government-owned, and provide essential services; others are charities, aiming to maximise income for their beneficiaries.

3 Which one of the following is **not** one of the main purposes of business activity?

- A **To employ people**
- B To meet customer needs
- C To produce goods
- D To provide a service

Explanation: The purpose of business activity and enterprise is to produce goods and / or provide a service in response to customer needs / wants. Businesses may employ people to help fulfil their purpose, but this is not the reason why they exist.

4 Which one of the following is an example of a 'service' as opposed to a 'good'?

- A A DVD
- B A football
- C **A haircut**
- D A phone charger

Explanation: Services are tasks that other people do for you, such as cutting your hair. The other options are examples of goods, which, unlike services, are tangible, physical objects that can be seen or touched.

5 Which one of the following is an example of a 'good' as opposed to a 'service'?

- A A fitness class
- B A flight on an aeroplane
- C **A mobile phone**
- D A science lesson

Explanation: Goods are tangible, physical objects that can be seen or touched, such as a mobile phone. Services are tasks that other people do for you, such as taking you on a trip by air, running a fitness class, or delivering a science lesson.

6 Which one of the following is **not** an example of a customer need or expectation?

- A Convenience
- B Good quality
- C **Limited choice**
- D Value for money

Explanation: Customer needs and expectations concern: price - value for money; quality - products / services that are fit for purpose; adequate choice - so that at least one product closely matches each customer's needs; convenience - products / services that can be quickly and easily accessed.

7 Which one of the following is **not** typically associated with enterprise?

- A **Caution**
- B Creation
- C Innovation
- D Invention

Explanation: Enterprise requires invention, creation and innovation. Therefore, an 'enterprising' person is likely to be inventive, creative and / or innovative. However, an enterprise is also a project or undertaking that involves difficulty or risk, and so also requires effort or courage, as opposed to cautiousness.

8 Which one of the following is **not** associated with entrepreneurship?

- A **Applying for a job**
- B Developing an idea for a business
- C Satisfying the needs of customers
- D Spotting a business opportunity

Explanation: Entrepreneurship essentially concerns the creation and development of new businesses to satisfy the needs of customers, at a profit.

9 Which one of the following is **not** associated with being an entrepreneur?

- A Making business decisions
- B Organising resources
- C Taking risks
- D **Working for other people**

Explanation: Entrepreneurs have an idea for a business and then organise the necessary resources to see this idea through. Hence, they work for themselves rather than for other people. They have to make numerous decisions at the start-up stage (eg about prices, location, etc) and on an ongoing basis. They are also regarded as risk takers, as they often invest their own personal funds in an idea which is not guaranteed to succeed.

10 Which one of the following is **most** likely to be a characteristic of a successful entrepreneur?

- A Disorganised
- B Indecisive
- C Irresponsible
- D **Self-motivated**

Explanation: Entrepreneurs are likely to be self-motivated because a great deal of time, effort and commitment is required to establish and sustain a business. They are also likely to be organised, responsible and decisive.

11 Which one of the following is a benefit or reward associated with starting your own business?

- A Emotional stress
- B Financial security
- C **Independence**
- D Less time to spend on leisure activities

Explanation: One of the ('non-financial') rewards or benefits associated with starting your own business concerns the fact that you are your own boss and can, therefore, work independently, without having to refer to others. Option A and D are risks associated with starting a business. It generally requires a great deal of time and effort to establish a successful business and this can be stressful and leave little time to spend on leisure activities. There is also no guarantee of success and financial reward in terms of profit, and so one of the risks concerns financial **insecurity** (as opposed to security).

12 Which one of the following is a reward associated with starting your own business?

- A Financial loss
- B Guaranteed income
- C **Making a profit**
- D Pressure

Explanation: The main reward associated with starting your own business is the financial reward of profit (which occurs when the income generated from sales is greater than the business's costs). Options A and D are examples of risks associated with starting a business. Option B, whilst positive, is **not** associated with starting a business. The opposite (ie lack of guaranteed income) is generally associated with starting a business and is another example of a 'risk' associated with being an entrepreneur.

13 Which one of the following is a potential risk associated with starting your own business?

- A Being your own boss
- B **Less time to spend with family and friends**
- C Making sales and establishing a share of the market
- D Satisfaction from developing your own idea for others to benefit from

Explanation: Risk is the possibility of an event or condition occurring that will have a negative or harmful impact (eg cause damage, injury or loss) on something perceived to be of value. Starting your own business can be very challenging and requires a great deal of time and effort. This may result in less time spent with family and friends. The other three options are potential rewards associated with starting a business.

14 Which **one** of the following is **not** an example of a component of a business plan?

- A Forecast revenue, cost and profit
- B Marketing mix
- C Sources of finance
- D **Target research**

Explanation: A business plan is a carefully drafted statement about a business, its objectives, and how it intends to successfully produce and sell the product / service to its target market and, ultimately, achieve its objectives. It does not include, target '**research**'. It includes a description of the target '**market**' which can be identified once **market** research has been undertaken.

15 Which one of the following statements is **not** a true statement about a business plan?

- A It can reduce the chances of business failure
- B **It can hinder the achievement of business aims and objectives**
- C It identifies the business's target market(s)
- D It includes financial forecasts

Explanation: The production of a business plan is likely to **help** (not hinder) the achievement of business aims and objectives and minimise the chance of the business failing. This is because it provides a comprehensive framework which guides operations and decision making. It helps to ensure that the right resources are in the right place, at the right time in order to meet customer requirements and expectations and, ultimately, helps the business to succeed and achieve specific aims and objectives (eg relating to sales and profit).