

## GCSE Business Studies Objective Test Questions – Unit 1 Section 1.2

(DON'T RUSH; check answers carefully)

1. Identify two important elements in creating a successful manufacturing business.

(2)

- a) Using market mapping to find out your customers' likes and dislikes.
- b) Adding value by keeping your prices as low as possible.
- c) Protecting a technical invention by taking out a patent.
- d) Using franchising as a way of stopping others copying your ideas.
- e) Analysing the key features of what your competitors offer.
- f) Using secondary research to find out what customers think of your new idea.
- g) Make sure to keep your added value low enough to make a good profit.

2. What's the best statement of the difference between invention and innovation?

(1)

- a) Inventors think of new ideas, but only innovators show how they could work.
- b) Innovators think up new ideas, but only inventors show how they could work.
- c) Innovators find a new use for existing inventions.
- d) Inventors think up new ideas; innovators bring a new idea to the market.
- e) Innovators reject all existing inventions and come up with something original.

3. Which of the following is the best reason to use a mindmap when making a decision?

(1)

- a) It's a way of listing out all the advantages and all the disadvantages.
- b) It encourages deeper thought about how one thing leads to another.
- c) It's a way of identifying all the Strengths, Weaknesses, Opportunities and Threats.
- d) It encourages you to think 100% positively, and therefore avoids the risk of negativity.
- e) It makes you balance rewards against risks.

4. Last week Aliyyah opened her Males' Nails business. The opening party was fantastic, and led to full bookings in Week 1. Now business has slowed right down and Aliyyah is wondering what to do. She has just £10,000 of capital left of the £80,000 she started with. Which two of the following actions do you advise her to take?

(2)

- a) Hold another party, at a cost of £6,000, leaving her £4,000 for running the business.
- b) Phone last week's customers to check their satisfaction and whether they'll return in future.
- c) Use the £10,000 to run an advertising campaign in the local papers.
- d) Go to the bank to arrange to borrow a further £20,000.
- e) Think of ways to encourage customers to tell their friends about Males' Nails.
- f) Put her prices up, to help cover her costs.
- g) Close the business before she loses everything.

5. GFQ Ltd has invented a brilliant new technique for using solar power to run a car. To stop other firms from copying this invention, what protection should GFQ be applying for?

Write your one-word answer here: \_\_\_\_\_ (1)

6. Which of the following is the best reason for a business to use de Bono's 'coloured hats'? (1)

- a) To brighten things up at the office party
- b) To help customers know which staff do which job
- c) To help staff come up with bright new ideas
- d) To help in judging whether a new idea is a good one
- e) To show who are the new staff and who are the experienced ones.

7. Which of the following is the best definition of deliberate creativity? (1)

- a) Making sure that creativity is one of the factors for selecting every new member of staff.
- b) Carefully selecting the most able staff to be the creative stars of the business.
- c) Deliberately hiring staff with top results on degree courses such as 'creative arts'.
- d) Selecting one aspect to a product or a problem, then asking 'How could it be different?'
- e) Making sure to check every new idea out on the public, especially those in the target market.

8. Which two of these are enterprise qualities that they will need to bring their dream to life? (2)

- a) Showing initiative in finding sources of finance
- b) Taking risks every time they go on a hang-gliding flight
- c) Planning exactly how the £40,000 is to be spent
- d) Using market research to find out what customers want
- e) Using their looks and personality to charm potential investors

9. If you were a banker, which two of the following would make you the most likely to lend to Claire and Craig? (2)

- a) That they love hang-gliding and play the sport every weekend
- b) That they are willing to invest all their personal savings into the project.
- c) That Craig can't wait to leave his current job
- d) That they have written an analysis of every hang-gliding business in the UK
- e) That Claire and Craig are an attractive, charismatic couple



## Answers

1. c & e

2. d

3. b

4. b & e

5. Patent

6. d)

7. d)

8. a) + c)

9. b) + d)