



**The Association of Business Executives**

**NQF**

**Certificate**

**1.1 IB**

**Introduction to Business**

**Thursday 11 June 2015, Afternoon**

1. Time allowed: **3 hours**.
2. Answer **any four** questions.
3. All questions carry **25 marks**. Marks for subdivisions of questions are shown in brackets.
4. **No books, dictionaries, notes or any other written materials are allowed in this examination.**
5. Calculators, including scientific calculators, are allowed provided they are not programmable and cannot store or recall information. All other electronic devices, including mobile phones, are not permitted.
6. **Candidates who break ABE Examination Regulations will be disqualified from the examinations.**
7. Question papers must not be removed from the examination room.



**Answer any four questions**

- Q1 (a)** Describe the main features of the following production methods:
- (i) Job production
  - (ii) Batch production
  - (iii) Cell production
- (12 marks)**
- (b)** A manufacturer currently uses a batch production system. The company wants to increase production and is planning to introduce a flow production system. Identify and explain the possible problems associated with such a change. **(13 marks)**
- (Total 25 marks)**
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- Q2 (a)** The manager of an engineering company is concerned about the quality of the goods produced by the company. Explain how the use of each of the following could improve quality control:
- (i) Self-checking
  - (ii) Quality circles
  - (iii) Kaizen
  - (iv) Benchmarking
- (16 marks)**
- (b)** The company is considering moving the factory from its current location on the edge of a city to a new and undeveloped site in the countryside 20 miles away. Identify and explain three problems that the company might face with such a relocation. **(9 marks)**
- (Total 25 marks)**
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- Q3 (a)** A family-owned private limited company manufactures office equipment in its three wholly-owned factories. The company wants to expand and build two further factories in Europe.
- Explain the advantages and disadvantages of using the following sources of finance to raise the £8 million required for the expansion:
- (i) Sale and leaseback of its three factories
  - (ii) An issue of new shares
- (10 marks)**
- (b)** Give the equation for the following financial ratios:
- (i) The current ratio
  - (ii) The gearing ratio
  - (iii) ROCE
- (6 marks)**
- (c)** If the company concerned was seeking a loan from the bank, explain the significance of each of the ratios in **(b)** for the loan application. **(9 marks)**
- (Total 25 marks)**

**Q4 (a)** Using examples, explain the following terms:

- (i) Primary sector
- (ii) Secondary sector
- (iii) Tertiary sector
- (iv) Public sector

**(12 marks)**

**(b)** Explain how the objectives of a new business might change as it grows in size.

**(13 marks)**

**(Total 25 marks)**

**Q5 (a)** Define the following terms:

- (i) Primary research
- (ii) Cost-based pricing
- (iii) USP
- (iv) Product promotion

**(12 marks)**

**(b)** A mobile phone manufacturer is beginning to experience falling sales of its leading brand of phone. Explain how the firm can prevent the phone from entering the decline phase of its product life cycle by amending its marketing mix.

**(13 marks)**

**(Total 25 marks)**

**Q6 (a)** Businesses are affected by external factors beyond their control. Define the following terms and briefly describe **one** impact that **each** of the following factors might have on a business:

- (i) Exchange rates
- (ii) Environmental pressure group
- (iii) The business cycle

**(12 marks)**

**(b)** The economy of a country is entering a period of prolonged recession. Explain how a business making products for both the home market, and for export, might react to this recession.

**(13 marks)**

**(Total 25 marks)**

**Q7 (a)** Define the following terms:

- (i) Human Resource Planning
- (ii) Performance-related pay
- (iii) Labour turnover

**(9 marks)**

**(b)** A large retail store is experiencing high levels of absenteeism and a high turnover in front line staff. This is resulting in high recruitment and training costs and poor service to customers. The store is considering a number of different methods of improving the situation.

Explain how each of the following methods might improve staff motivation:

- (i) Job enlargement
- (ii) Job enrichment
- (iii) Empowerment
- (iv) Teamworking

**(16 marks)**

**(Total 25 marks)**

**Q8 (a)** Define the term 'stakeholder', using examples to support your definition. **(4 marks)**

**(b)** Outline the main objectives of the following types of organisation:

- (i) A not-for-profit organisation
- (ii) A family business
- (iii) A PLC

**(9 marks)**

**(c)** A developer is planning to build a complex of 300 houses, a large shopping centre and a sports complex at the edge of a small rural town. Identify the likely positive **and** negative opinions of the following groups towards the development:

- (i) The population living nearby
- (ii) Local government
- (iii) Local retailers

**(12 marks)**

**(Total 25 marks)**

**End of question paper**