



NQF

Certificate

1.1 IB

Introduction to Business

Thursday 9 June 2016, 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)** A furniture manufacturer is experiencing increased demand for its range of products. In order to satisfy this demand, it is planning to introduce flow production methods in its factory. Explain the advantages and disadvantages of flow production. **(13 marks)**
- (b)** (i) Define the term 'quality circles'. **(4 marks)**
(ii) Explain how quality circles may help to improve the quality of furniture produced by the company. **(8 marks)**
(Total 25 marks)
- Q2 (a)** Identify the differences between:
- (i) The secondary sector and the tertiary sector **(4 marks)**
(ii) Production inputs and outputs **(4 marks)**
(iii) Primary market research and secondary market research. **(4 marks)**
- (b)** A young, ambitious graduate wants to run her own business. Explain to her the advantages and disadvantages of operating as a franchise. **(13 marks)**
(Total 25 marks)
- Q3 (a)** Explain **any three** of the following terms, giving an example of each:
- (i) Competition based pricing
(ii) Product differentiation
(iii) Niche market
(iv) Marketing mix **(12 marks)**
- (b)** Explain, and illustrate with a diagram, what is meant by the product life cycle. **(13 marks)**
(Total 25 marks)
- Q4 (a)** Describe the role of the HR department within an organisation. **(8 marks)**
- (b)** Explain the following work-related terms:
- (i) Overtime **(3 marks)**
(ii) Shift working **(3 marks)**
(iii) Labour turnover **(3 marks)**
- (c)** Explain two advantages and two disadvantages of 'off the job' training. **(8 marks)**
(Total 25 marks)

- Q5 (a)** Using examples, explain the following financial terms:
- (i) Fixed costs (3 marks)
 - (ii) Debtors (3 marks)
 - (iii) Current assets (3 marks)
 - (iv) Net profit (3 marks)
 - (v) Gearing ratio (3 marks)
- (b)** For each of the following situations, recommend the most suitable source of finance, giving reasons for your recommendation:
- (i) A company with a cash flow problem which is having difficulty collecting its debts. (5 marks)
 - (ii) A private limited company wishing to upgrade its fleet of cars. (5 marks)
- (Total 25 marks)**
- Q6 (a)** Explain what is meant by the terms:
- (i) Diversification (3 marks)
 - (ii) Exchange rate (3 marks)
 - (iii) Interest rate (3 marks)
- (b)** Using PEST analysis, explain how external factors can affect a business. (16 marks)
- (Total 25 marks)**
- Q7 (a)** Explain what is meant by the terms:
- (i) Break-even output (3 marks)
 - (ii) JIT (3 marks)
 - (iii) Kaizen (3 marks)
- (b)** Identify and explain four economies of scale that might be available to a business as it grows. (16 marks)
- (Total 25 marks)**
- Q8 (a)** Identify and explain three business objectives. (9 marks)
- (b)** Distinguish between shareholders and stakeholders. (4 marks)
- (c)** Discuss two business situations in which stakeholder interests might conflict. (12 marks)
- (Total 25 marks)**

End of question paper

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