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PRACTICE**



HIGHER

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**Craig McLeod
James Morrison**



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KEY AREA INDEX GRID

PP1 – Practice Paper 1; PP2 – Practice Paper 2

Topic	Command word					
	Describe	Discuss	Justify	Compare	Distinguish	Explain
Understanding business (UB, example and practice questions)						
Sectors of industry				PP1 – 1a		
Sectors of economy				UB – 6		
Types of organisation	PP2 – 1a			PP1 – 2a		
Franchising		UB – 7				
Multinationals						UB – 10
Third sector						UB – 8
Objectives			PP1 – 1e			UB – 1 PP1 – 1h PP2 – 1d
Growth	UB – 5a PP2 – 1c	UB – 2	UB – 5b			PP2 – 5d
Internal factors						UB – Ex
External factors						UB – 4 PP1 – 1b
Stakeholders	PP1 – 1d					PP2 – 1b
Structures				UB – 3	PP2 – 4d	
Decision making	PP1 – 5c			PP1 – 3d		
Role of a manager (Fayol)	UB – 9					
Management of marketing (M, example and practice questions)						
Customers				PP1 – 2a		
Market research		PP2 – 2b			M – 6	
Product life cycle	PP2 – 2a M – 5					M – 7
Product portfolio		PP1 – 2d				M – 4
Price	PP2 – 2c	M – 3	M – 8			
Place		M – 9				M – 10
Promotion		PP2 – 1e	M – 1			
Public relations			M – Ex			
Extended marketing mix	PP1 – 2b					PP2 – 1g
Technology in marketing		PP1 – 1f				M – 2 PP1 – 2c

Topic	Command word					
	Describe	Discuss	Justify	Compare	Distinguish	Explain
Management of operations (O, example and practice questions)						
Inventory control system	O – 6					
JIT	O – 7					PP2 – 3a
Storage and warehousing				O – 1		
Methods of production			PP1 – 5b	O – Ex PP2 – 3b		O – 8
Quality standards		PP2 – 3c				O – 5
Methods to ensure quality			O – 4 O – 9			
Ethical and environmental	PP2 – 3d					O – 2
Technology in operations	O – 10 PP1 – 5a		O – 3			
Management of people (P, example and practice questions)						
Workforce planning	PP2 – 4a	PP1 – 4d	P – 5			
Training	P – 4	P – 6				
Appraisals	PP1 – 4c	P – 3				P – 8
Motivation	P – Ex P – 7 PP1 – 4a PP2 – 1h					P – 2a
Leadership styles	PP2 – 4b		P – 9		P – 1	
Employee relations	PP1 – 1g PP2 – 4c					PP1 – 4b
Legislation	P – 2b					
Technology in HRM	P – 10					PP1 – 5d
Management of finance (F, example and practice questions)						
Sources of finance	F – 5 PP1 – 3a	F – 10				
Cash budgeting	F – 8	PP1 – 3b				F – Ex3 F – 7
Income statement	F – 2 PP1 – 1ci		PP2 – 5c			F – Ex1 F – 1
Statement of financial position	PP2 – 1fi					F – Ex2 F – 4 PP2 – 1fii
Ratios	F – 3 F – 6 PP1 – 1cii PP1 – 3c PP2 – 5b					F – 12
Users of financial statements						F – 9
Technology in finance	PP2 – 5a		F – 11			

Management of people

Section 1 questions

Read the case study extract below. This is the kind of material you should expect to read in Section 1 of the question paper.

Coca-Cola

Coca-Cola aims to keep its 700,000-strong workforce happy through great benefits and perks. In addition to a generous financial benefits package, which includes pension, life insurance and medical insurance, the company offers benefits that other companies have stopped. These include education benefits, such as paid tuition fees for employees with an eye on promotion who enrol in management courses. Many positions are filled internally in the company, via promotion. Salaries are above the minimum required by US law.

Additional perks include the option to buy extra holidays and local health club discounts, as well as flexible work arrangements such as flexitime and homeworking. If an employee has a favourite charity they like to support then Coca-Cola will match any donations they make, up to \$10,000 per year. Employees can also have unlimited bottled water or, of course, free Coca-Cola to keep them hydrated throughout the day.

Coca-Cola also communicates effectively with its employees through constructive dialogue, and managers are encouraged to be open and approachable to their staff, with regular performance appraisals held between the line manager and subordinate. The company also carries out monthly employee surveys to be aware of real-time feedback from its employees, with a promise to take their ideas on board.



Example question

From the case study, describe the ways Coca-Cola strives to motivate its employees according to Maslow. (6 marks)

»» HOW TO ANSWER

This type of question is quite common. To answer it well you have to apply your knowledge of Maslow's hierarchy of needs *and* lift the relevant information from the case study that matches up to the Maslow levels. In other words, what does Coca-Cola do at each Maslow level to motivate (or at least not demotivate) staff. Since Maslow has five levels, it is logical to have one answer for each, but obviously to gain full marks you will need to have two for at least one level. It is always better to play it safe and try to have a number of levels with two or more answers, just in case. Here is an example:

Physiological:

- ▶ Free water/Coca-Cola

Safety and security:

- ▶ Pension, medical insurance and life insurance
- ▶ Financial benefits package

Love and belonging:

- ▶ Flexible work arrangements
- ▶ Extra holidays

Self esteem:

- ▶ Employee surveys
- ▶ Approachable management

Self-actualisation

- ▶ Tuition reimbursement
- ▶ Internal promotion

Top Tip!

Do not get too caught up in worrying about the specific levels your answers fall into. Often answers are credited across at least two levels, especially at the top and bottom, i.e. often wages can be physiological or safety and security, while promotion could be self-esteem or self-actualisation.

Practice questions

Case study

- 1 Using the case study, distinguish between the leadership style used by Coca-Cola and an autocratic leadership style.
- 2
 - a From the case study, explain how Coca-Cola fulfils the motivator factors according to Herzberg.
 - b From the case study, describe the legislation Coca-Cola is adhering to.
- 3 Discuss the type of appraisal used by Coca-Cola.

Exhibit

Study the exhibit below. This is the kind of material you should expect to read in Section 1 of the question paper.

Exhibit 1 Recruitment advert for PriceCutters

Bag a great career with PriceCutters

Graduate Store Manager – £23k
+ Pension and life insurance

Through our advanced **graduate training programmes** and support networks we can spot talented individuals and give them the recognition they deserve at an early stage.

Graduate store managers must have excellent communication skills with the drive and determination to succeed in a challenging, fast-moving and results-based environment.

If you possess the right qualities apply online at www.pricecutters.co.uk/careers



- 4
 - a From Exhibit 1, describe the way of training staff used by PriceCutters.
 - b Explain the advantages and disadvantages of the way of training staff you described in 4a.
- 5 From Exhibit 1, justify the use of the selection process used by PriceCutters.

MARKS STUDENT MARGIN

3

Leadership

3

Motivation

2

Legislation

6

Appraisals

2

Training

5

4

Workforce
planning

Section 1: 30 marks

Read ALL the following information and attempt ALL the questions that follow.

French Connection – shareholders back takeover

French Connection shareholders have backed the £29m takeover of the fashion brand led by a Newcastle-based businessman, putting the company back into private hands for the first time since 1983. The new owner, Apinder Singh Ghura, said, 'We are delighted with the strong support for the recommended acquisition shown in this morning's shareholder vote. We look forward to working with French Connection's management to execute and implement our strategic plans to facilitate the future growth and profitability for the business. We must also pay tribute to French Connection founder, Stephen Marks, for his support during the acquisition process.' With this interest shown in French Connection, the price of its shares has risen by over 4% on the London Stock Exchange.

French Connection owns the Great Plains and You Must Create (YMC) brands, and operates 67 stores and concessions in the UK. The group, which has 780 staff, operates in 161 locations overseas and is looking to expand in the UK by increasing the number of stores it owns.

The consortium faces a battle to revive French Connection after years of problems for the brand, which was once highly sought after because of its controversial FCUK branding that launched in the 1990s and ran until the mid-00s. The group has suffered from high street pandemic lockdowns.

FCUK makes a comeback

However, FCUK is back. Hot on the nostalgic heels of Fila, Champion, Kappa and Kangol is French Connection's attention-grabbing logo from the nineties.

The controversial acronym, which actually stands for French Connection United Kingdom, was created for a marketing campaign in 1997 after it was noticed the acronym was being used internally by staff.

The anagram became the coolest slogan in the wardrobes of nineties kids up and down the country, appearing on t-shirts, hoodies and hats.

As with many trends, the slogan became overused and lost street cred among consumers. Consequently, the infamous logo was dropped by the brand in 2005. However, as yet more proof that nineties fashion is here to stay, the shorthand is making a comeback. Recently, French Connection launched an exclusive unisex capsule collection with US Urban Outfitters. The mini range features all the old school FCUK classics, from tees and hoodies to sweatshirts. Prices range from £30 to £98, hitting a wide range of income segments.

To coincide with the collaboration, FCUK has created its own verified @FCUK Instagram account, which already shows cool kids on Instagram wearing the clothes again. Although the FCUK–Urban Outfitters collaboration is not available in retailers within the UK, a quick search on the British French Connection e-commerce site shows several new FCUK designs up for purchase.

French Connection stores

The French Connection stores are an extension of their brand aesthetic – using a clean, minimalist design that is sensitive to each unique location to enhance and complement the product offering. The staff all pride themselves on having a very thorough knowledge of the latest fashion designs, allowing them to cater for their customers' needs.

All elements, including staff and store design, work together to create a shopping experience that best reflects the brand. Visual merchandising is integral to all store layouts, creating a display that draws customers' attention, without overpowering the product. Their windows reflect all that is best about the brand, its attitude and style, whilst acting as a showcase for the collections.



French Connection store, London, Oxford Street

Copyright: Sample material

Throughout the season, French Connection's window displays work in partnership with the ever-evolving fashion collections and the advertising campaigns, interpreting the themes into award-winning displays. These themes are implemented globally, showcasing a consistent brand message worldwide.

The flagship store on Oxford Street, in London's famous shopping district, offers a unique shopping experience, complete with an on-site photographic studio, apparel designed exclusively for this store and artisan coffee from its on-site coffee shop. Each area within the store has its own studio space, from Women's & Men's fashion and Home & Lifestyle collections to a carefully curated selection of books and magazines.

Sustainability

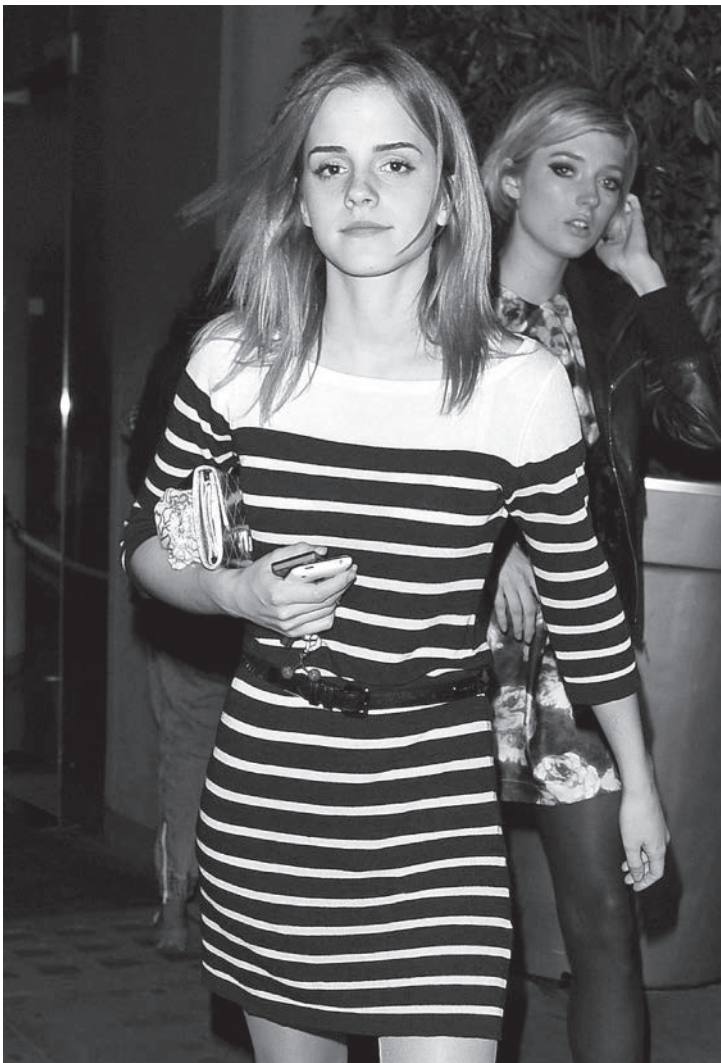
Conscious Connection is the brand's commitment to helping protect the planet through making positive changes to the way the company does things. French Connection is working to embed responsibility into everything it does, from the design and sourcing of products through to delivery.

Along with the wider fashion industry, French Connection is aiming to replace conventional materials and processes with more responsible and kinder ways of working. The brand aims to have increased the amount of sustainably sourced materials in its fashion and accessory collections to 30% by 2022. By the end of that year, it is aiming to have 50% of its denim collection made from responsible fibres and fabrics. In partnership with Thrift+, French Connection now offers customers a 10% discount on their next purchase if they donate their second-hand clothes.

With the objective of reducing waste and limiting its environmental impact, French Connection has introduced more organic, recycled and certified eco-friendly products in its home and fashion ranges.

The new owners are ever hopeful that this new sustainable image and revitalised brand will help turn around the fortunes of French Connection with the support of loyal customers.

Exhibit 1 Actor Emma Watson wearing a French Connection dress



Copyright: Sample material

Exhibit 2 The Conscious Connection: French Connection's sustainability initiatives

RECYCLE	REUSE	RE-LOVE
---------	-------	---------

Exhibit 3 French Connection's statement of financial position

	2021			2020		
	£m	£m	£m	£m	£m	£m
Non-current assets			14.5			20.7
Add current assets						
Inventory	24.9			26		
Other receivables	<u>27.6</u>			<u>20.5</u>		
		52.5			46.5	
Less current liabilities						
Loans	3			0		
Trade and other payables	<u>34.7</u>			<u>33.1</u>		
		<u>37.7</u>			<u>33.1</u>	
Working equity			14.8			13.4
Net assets employed			29.3			34.1
Less non-current liabilities			<u>20.9</u>			<u>17.9</u>
Net assets			8.4			16.2
Equity and reserves			8.4			16.2

The following questions are based on the case study. You will need to make use of knowledge and understanding you have gained while studying the course.

	MARKS
1 a Describe the type of organisation that French Connection operates.	2
b Using the case study, explain the impact of French Connection's stakeholders.	4
c From the case study, describe the advantages of French Connection's:	
• Way of achieving growth	
• Method of achieving growth	4
d Using the case study and Exhibit 2, explain the advantages and disadvantages of French Connection's sustainability initiatives.	5
e Discuss the method of promotion used by French Connection shown in Exhibit 1.	3
f i Using Exhibit 3, describe current assets that could be included in the 'other receivables' figure.	2
ii Using Exhibit 3, explain possible reasons for the trend in net assets between 2020 and 2021.	2
g Using the case study, explain how French Connection uses the extended marketing mix to increase sales.	3
h Describe methods that French Connection could use to motivate its staff.	4

Answers to practice paper 1

	Question	Marks	Hints and tips
Section 1			
1	<p>a</p> <p><i>Compare the sector of industry that Tesco is in with one other sector of industry.</i></p> <p>To compare the primary sector:</p> <ul style="list-style-type: none"> ▶ Tesco is in the tertiary sector, which provides a service, whereas the primary sector extracts raw materials from natural resources ▶ The tertiary sector sells the final product to consumers, whereas in the primary sector the raw materials are normally sold to the manufacturers <p>To compare the secondary sector:</p> <ul style="list-style-type: none"> ▶ Tesco is in the tertiary sector, which provides a service, whereas the secondary sector manufactures products ▶ The tertiary sector sells the final product to consumers, whereas in the secondary sector the finished goods are normally passed onto a retailer to sell <p>To compare the quaternary sector:</p> <ul style="list-style-type: none"> ▶ Tesco is in the tertiary sector, which provides a service, whereas the quaternary sector provides information and knowledge-based services ▶ The tertiary sector includes organisations such as banks and retail shops, whereas quaternary-sector organisations would include consultancy firms and research organisations 	2	<p>Look for clues in the case study for the sector of industry that Tesco is in and then compare it with one other sector. For example, 'Tesco is already the largest online food retailer' is in the case study, which shows that Tesco is in the tertiary sector, so you would now compare this with any of the other sectors – primary, secondary or quaternary.</p>
	<p>b</p> <p><i>Using the case study, explain the impact of the external factors affecting Tesco.</i></p> <ul style="list-style-type: none"> ▶ A political factor is <u>the government enforcing lockdowns and working from home</u>; the impact of this on Tesco is that it would need to employ more staff to provide home delivery to customers ▶ An economic factor is <u>inflation starting to rise</u>; the impact of this is that as prices start to rise customers will look for cheaper alternative, e.g. '<u>Prices that take you back</u>', which will mean lower profit margins for Tesco ▶ A social factor is consumers wanting <u>a fast-track delivery service</u>; the impact of this on Tesco is that it will have increased costs in order to initially set up this service, which will reduce profits in the short term ▶ A technology factor is that <u>Tesco products are to be purchased on the Gorillas app</u>; the impact of this will be an increase in sales for Tesco to those customers looking for rapid delivery of their orders ▶ An environmental factor is that <u>Tesco aims to reduce its carbon emissions by 3.1% year on year</u>; the impact of this is to give it a good reputation among customers, who will it want to shop with Tesco <ul style="list-style-type: none"> ▶ ... or may avoid government fines for not following carbon emission legislation 	5	<p>As previously stated, when asked to use the case study you have to include parts of the case study in each of your points (the <u>underlined</u> parts here). Remember that you need to add your own words to what you have lifted from the case study to <i>explain the impact</i>. The underlined parts here have been lifted from the case study and the text that follows is the required explanation of the impact.</p> <p>In any of the suggested solutions, an indented bullet point would show a mark awarded for development.</p>

Feel confident and prepared for the SQA Higher Business Management exam with this two-in-one book, containing practice questions for every question type and topic, plus two full practice papers – all written by experienced examiners.

PRACTICE QUESTIONS



PRACTICE EXAM PAPERS

- Choose which topics you want to revise
- Understand what the examiner is looking for
- Remember more in your exam
- Familiarise yourself with the exam papers
- Find out how to achieve a better grade
- Maximise your marks and avoid mistakes

PRACTICE QUESTIONS

Understanding business
Section 1 questions

Read the case study extract below. This is the kind of material you should expect to read in Section 1 of the question paper. Below is an example of how you should answer a Section 1 question plus questions for you to practise – remember to check your answers on page 36.

Innocent

Innocent Drinks is a company that makes smoothies, juices and healthy drinks. The company sells over 2 million smoothies per week. Soft drinks company Coca-Cola bought the company in recent years.

Stepping into the headquarters of Innocent is like stepping into a summer's day: an open communal space, furnished with picnic benches and even table football. The HQ is spread over four open-plan floors but seating is allocated randomly, including management. Staff are wearing T-shirts, shorts and flip flops – there is no formal uniform policy. At the heart of the main space is a large, open family kitchen where food and drink are free all day. Emille Stephenson, a manager at Innocent, explains: 'The kitchen is always the hub of the house, isn't it? That translates to our HQ too; it is where you go for those informal chats that inevitably result in better relationships and ideas sharing, even between staff from different departments. Having folks from marketing chatting to production staff over a coffee can work wonders for a particular project.'

Corporate social responsibility (CSR) is important at Innocent. Prominently printed on its bottles is a promise to its consumers that it will only use natural ingredients in its drinks, with no added sugar, preservatives or concentrates. Innocent bottles are fully recyclable and all its kids' little cartons are now made from 100% Forest Stewardship Council certified material. The HQ is powered by a 100% renewable energy supply, photocopies are banned and employees participate in a cycle-to-work scheme. In addition to all this, Innocent donates 10% of its profits to charity each year as well as giving away excess stock to charities to distribute to those in need.

Example question

Using the case study, explain the advantages of Innocent's methods of promoting its corporate culture. (4 marks)

HOW TO ANSWER

This is a common type of question in Section 1. When asked to 'use the case study', you need to include parts of the case study in each of your points. However, you must add to this with your own words. There will be no marks awarded at higher level in any question for simply 'lifting' or copying words from the case study without adding to them.

Here is how this question should be answered:

- No formal uniform policy – this will ensure staff feel comfortable at work.
- Food and drink are free all day – this will ensure staff have the energy to work well.
- Open-plan floors – this will encourage collaboration among staff.
- Seating is allocated randomly, including management – this will create a positive working relationship between managers and employees.

Top Tip!

The underlined words are from the case study. This structure is now common in the SQA marking instructions for this type of question. Set your answer out like this too – to ensure that you add your own words after the underlined words, and you are more likely to get the mark.

PRACTICE PAPER 1

Section 1: 30 marks

Read ALL the following information and attempt ALL the questions that follow.

Tesco launches 10 min 'rapid delivery' scheme

New pilot scheme

Tesco has launched a new pilot scheme with delivery company Gorillas to offer customers the chance to get products delivered in just 10 minutes. The new scheme allows Tesco products to be purchased on the Gorillas app and immediately delivered to customers in selected areas. The first site in the pilot scheme will use excess warehouse space within the Thornton Heath Tesco store in London and stock a selection of around 2000 products.

Jason Tany, CEO of Tesco UK, said: 'The idea that we can reach our customers in just 10 minutes is really exciting. We are committed to being easily the most convenient choice for our customers, enabling them to shop whenever and wherever they want. This pilot with Gorillas will help customers get their products right away, supporting those looking to buy food for tonight or last-minute forgotten items.'

Among the big four supermarkets, Tesco is already the largest online food retailer in the UK, delivering to 99.8% of UK postcodes and with over 400 Click & Collect locations. This partnership will add yet another convenient service to Tesco's online offer, catering to those who want food now. Combining Tesco's in-depth understanding of its customers with Gorillas' experience in rapid delivery should ensure the service can offer a fantastic selection of products to meet customers' last-minute needs, from forgotten items such as nappies or milk, to dinner for that evening.

This co-location partnership will bring unprecedented value to Tesco customers in the UK who will now have the possibility to be delivered the best of Tesco products within minutes thanks to Gorillas. The idea is to have a range of more than 2000 items delivered from mini warehouses set up in spare space within Tesco supermarkets. The deal will help Tesco take on the rapidly growing fast-track delivery sector, which has emerged as government-enforced lockdowns and working from home have accelerated the shift to online shopping.

Growth of Gorillas

The German on-demand grocery delivery company Gorillas was founded in June 2020 and now operates in nine countries. Gorillas uses the slogan 'faster than you' to emphasise the speed of its delivery. In 2020 it announced that it had secured nearly £1bn in its latest funding round. However, despite the race to attract shoppers and become established as the go-to app on their phones, Gorillas is concerned about the high cost of setting up the hundreds of mini warehouses that are needed in order to offer a decent service. The deal with Tesco enables Gorillas to use relatively cheap spare space in Tesco supermarkets that once housed items now largely bought online, such as kitchen appliances.

Adrian Frenzel, the chief operating officer of Gorillas, said: 'The co-location partnership enables both brands to bring their strengths to the table and establish a quicker, higher-quality grocery offering to UK consumers. Customers will not only be able to get the best of Tesco within minutes via Gorillas, but will be able to make the most of Tesco's extraordinary quality range via the Gorillas app.'

Gorillas has become one of the fastest-growing startups in Europe, and a huge part of Gorillas' efforts has been its focus on establishing better working conditions than rival delivery platforms. Gorillas referred to itself as 'an employee-centric company' and one of its goals is to have good employee relations. Gorillas has decided to look at having more worker participation in its future management structure, to allow employees to have a voice on decisions being made.

Boost

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e: education@hachette.co.uk

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