

1.1.1 & 1.1.2 Edexcel Business

Edexcel GCSE Business

1.1.1: The dynamic nature of business & 1.1.2: Risk and reward

Multiple Choice Question Test Bank

MCQ Test 1

This MCQ test contains 13 questions covering the specification content for 1.1.1 & 1.1.2: The dynamic nature of business & risk and reward

Instructions:

- **There are 13 questions in this test.**
- **Your teacher will determine how long you have to complete this test and under what conditions.**
- Only **one** answer per question is allowed for **questions 1-11 inclusive.**
- **Two** answers should be selected for questions **12 and 13.**
- For each answer, completely fill in the circle alongside the appropriate answer(s).
- If you want to change your answer, you must cross out your original answer.
- If you wish to return to an answer previously crossed out, ring the answer you now wish to select.

0 1 A budding entrepreneur who is looking to set up a new enterprise is concerned that the business might not provide enough of a stable income to maintain his current standard of living. Which of the following best describes this risk?

- A Inability to break even
- B Lack of security
- C Business failure
- D Lack of independence

[1 mark]

0 2 Sara decided to start-up a business as a personal trainer, due to her passion for fitness. Which of the following is the main reason behind Sara's business idea?

- A Earn more money
- B Pursue an interest
- C Be her own boss
- D Work more flexible hours

[1 mark]

0 3 Increased concern from consumers over the environment has led to new business start-ups developing products from recycled materials. These business ideas have come about due to:

- A Services that have become obsolete
- B Products that have become obsolete
- C Changes in consumer demand
- D Changes in the interest rate

[1 mark]

0 4 Which of the following statements best describes the term, reward?

- A The probability that something will go wrong
- B The chance of loss or damage
- C When a hoped for outcome does not happen
- D The benefits gained through business activity

[1 mark]

0 5 An entrepreneur has developed a unique product to launch into the market. Which of the following best describes how this new business idea came about?

- A An original idea
- B Adapting an existing product
- C Adapting an existing service
- D Adapting an existing idea

[1 mark]

0 6 Which of the following is a financial reason why an entrepreneur might start-up a new business?

- A To make a profit
- B To pursue a skill or interest
- C To have more freedom in decision-making
- D To achieve a work-life balance

[1 mark]

0 7 Which of the following best describes the term, obsolete?

When consumers:

- A Demand more of a particular product or service
- B Want, and can afford, to buy more products and services
- C Can no longer afford to buy a particular product or service
- D No longer want to buy a particular product or service

[1 mark]

0 8 Lack of overall planning and poor decision-making can lead to business failure. This is known as:

- A Poor management
- B Poor quality
- C Poor understanding of the economy
- D Poor sales levels

[1 mark]

0 9 An entrepreneur has produced a shaving oil for customers with sensitive skin to eliminate any pain when shaving. This is an example of a business idea that:

- A Was developed and delivered to the market quickly
- B Solved a customer problem
- C Offered a cheaper way of doing something
- D Is aimed at a fast growing market

[1 mark]

1 0 A product or service is obsolete when sales:

- A Start to rise
- B Rise rapidly
- C Growth slows
- D Fall or come to an end

[1 mark]

1 1 Which of the following statements is true in relation to goods and services?

- A Services can be touched and held, whilst goods are usually invisible
- B Goods can be touched and held, whilst services are intangible
- C Services are visible, whilst goods are usually invisible
- D Both goods and services are intangible

[1 mark]

1 2 Which **two** of the following are examples of risk that can occur from business activity?

Select **two** answers:

- A Profit
- B Lack of security
- C Independence
- D Business success
- E Financial loss

[2 marks]

1 3 Which **two** of the following increases the risk of business failure?

Select **two** answers:

When an entrepreneur:

- A Draws up a detailed business plan
- B Produces goods that do not meet customer needs
- C Makes a product that stands out from its competitors
- D Fails to carry out comprehensive market research
- E Offers exceptional customer service

[2 marks]

ANSWERS TO THIS MCQ TEST

Q	CORRECT
1	B
2	B
3	C
4	D
5	A
6	A
7	D
8	A
9	B
10	D
11	B
12	B, E
13	B, D