**Own Learning questions**

**Theme 3 – Business decisions and strategy**



These questions are designed for you to complete in your Study Periods. The aim is for you to consolidate your learning and identify any knowledge gaps. The outcome is a complete set of revision notes.

You can use the following resources to help you:

* Getting Started Guide (this is on XXXXXXX)
* Tutor2U website (google the topic area and Tutor2u as the site is difficult to navigate around!)
* Tutor2u Youtube channel
* Your class notes
* The Edexcel A-Level Business text book
* Edexcel A-Level Business revision guide
* The CGP A-Level Business revision guide

When you have completed each section of Own Learning Questions, why don’t you print them out and file them in the appropriate section of your folder? We’ll be checking them!!!

An electronic copy of these questions is on XXXXXXXXX

**3.1 Business objectives and strategy**

1. What is the difference between business objectives and business strategy?
2. What is the purpose of a Mission Statement, and who is the intended audience?
3. What is the difference between corporate objectives and department/function objectives?
4. What are the limitations of mission statements?
5. What does Ansoff’s Matrix tell us, and how does it help to develop corporate strategy?
6. What does Porter’s Strategic Matrix tell us, and how does it help to develop corporate strategy?
7. What is the aim of portfolio analysis, and how can the Boston Matrix help businesses carry out portfolio analysis?
8. How can Kay’s model of Distinctive Capabilities help us to analyse whether businesses are achieving competitive advantage?
9. What is the difference between strategic and tactical decisions?
10. How can carrying out a SWOT analysis help businesses to make strategic/tactical decisions in order to achieve competitive advantage?
11. How can PESTLE analysis help us to make judgements about the impact of the external environment on businesses?

**3.2 Business growth**

1. What does Porter’s Strategic Matrix tell us, and how can it help businesses make decisions?
2. What are businesses trying to achieve as they grow?
3. What problems can arise from over-expansion or over-trading?
4. How can the Long Run Average Cost curve help us to explain one of the issues with growth?
5. What is the difference between a merger and a takeover?
6. What are the tactical and strategic benefits that a takeover can bring to a business?
7. What is the difference between horizontal and vertical integration?
8. What are the financial risks and rewards that can be achieved through growing a business?
9. What is the difference between organic and inorganic growth?
10. How can organic growth be achieved?
11. What are the pros and cons of growing organically?

|  |  |
| --- | --- |
| Pros | Cons |
|  |  |
|  |  |
|  |  |

1. How can Kays Distinctive Capabilities be maintained/strengthened by staying as a small business?

**3.3 Decision making techniques**

1. What is “time series analysis”, how can it be used in a range of business contexts?
2. What are the limitations of time series analysis, and can businesses rely on it’s forecasts in order to make predictions ?
3. What does the term “investment appraisal” mean?
4. What is “simple payback”, and what does the payback period refer to?
5. What are the advantages of the payback method?
6. What does the Average (Accounting) Rate of Return (ARR) measure, and what is the formula for calculating it?
7. What are the advantages of using ARR?
8. What is discounted cash flow (Net Present Value NPV), and what does it tell us?
9. How do discount tables help us to calculate the net present value of an investment project?
10. What are the benefits of using the discounted cash flow method?
11. How might environmental considerations impact on an investment decision?
12. What are the different types of decisions that businesses may need to make?
13. What are “decision trees”, and how can they help make businesses make successful decisions?
14. What are the key features of decision trees?
15. How can firms estimate the probability of events occurring? – and why is estimating probability important when using decision trees?
16. What is the difference between chance nodes and decisions nodes?
17. What are the pros and cons of using decision trees?

|  |  |
| --- | --- |
| Pros | Cons |
|  |  |
|  |  |
|  |  |
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1. What is critical path analysis, and how does it businesses to improve efficiency and profitability?
2. What is the Earliest Start Time on CPA, and how is it calculated?
3. How are the Latest Finish times calculated?
4. What does the critical path show us?
5. What does “float time” mean, and how is it calculated?
6. What are the limitations to using critical path analysis?

**3.4 Influences on business decisions**

1. What is the difference between evidence-based and subjective decision making, and which is more risky?
2. What are the corporate influences that impact on strategic decision making?
3. What are the indicators of companies that operate a short-term approach to decision making?
4. What are the benefits of long-termism?
5. What are the stages involved in evidence-based decision making?
6. When might a subjective-decision making approach be appropriate?
7. What makes a strong organisational culture, and what advantages does this bring to a business?
8. What are the factors which are likely to tell us if a business has a strong or a weak corporate culture?

|  |  |
| --- | --- |
| Factor | Description |
| Surface manifestations |  |
| Core organisational values |  |
| Basic assumptions |  |

1. According to Charles Handy in “Understanding Organisations”, what are the four main types of organisational culture, and what are their key features?
2. What are the different ways in which organisational culture impacts on the way a business operates?
3. How is corporate culture formed, and why is it difficult to change an established organisational culture?
4. What is the difference between an internal and external stakeholder?
5. What are the likely interests of the different stakeholder groups in a business’s activities, and what are their likely objectives?

|  |  |  |
| --- | --- | --- |
| Stakeholder group | Likely interest | Objectives |
| Internal |  |  |
| Business owners |  |  |
| Employees |  |  |
| Managers and directors |  |  |
| External |  |  |
| Shareholders |  |  |
| Customers |  |  |
| Creditors |  |  |
| Suppliers |  |  |
| The local community |  |  |
| The government |  |  |
| The environment |  |  |

1. What is the “stakeholder approach” to managing stakeholder expectations?
2. What is the “shareholder approach” to managing stakeholder expectations?
3. What does the word “ethics” mean?
4. How and why do businesses make trade-offs between ethics and profits?
5. What is a “code of practice”, and what sort of statements might be made within one?
6. What is “CSR”, and what areas might a company’s CSR policy cover?
7. How can CSR be used to create a competitive advantage?

**3.5 Assessing competitiveness**

1. What key information is contained in the statement of comprehensive income?
2. How is the statement of comprehensive income likely to be of interest to a range of stakeholder groups?

|  |  |
| --- | --- |
| Stakeholder group | Interest |
| Shareholders |  |
| Managers and directors |  |
| Employees |  |
| Suppliers |  |
| The government |  |

1. What key information is contained in a statement of financial position?
2. How is the statement of financial position likely to be of interest to a range of stakeholder groups?

|  |  |
| --- | --- |
| Stakeholder group | Interest |
| Shareholders |  |
| Managers and directors |  |
| Employees |  |
| Suppliers and creditors |  |
| Others |  |

1. What is a “gearing ratio”, how is it calculated, and how is it interpreted?
2. What do profitability (performance) ratios tell us?
3. What does ROCE tell us, and how is it interpreted?
4. What are the limitations to ratio analysis?
5. What does “window dressing” accounts mean?
6. What is labour productivity, and how is it calculated?
7. What is labour turnover, and how is it calculated?
8. Why is a relatively high labour turnover usually seen as a problem for businesses?
9. What is labour retention, how is it calculated, and why is high labour retention good for a business?
10. Why is absenteeism a problem for business, and how can the rate of absenteeism be calculated?
11. What HR strategies can be implemented in order to increase productivity and retention, and reduce turnover and absenteeism?

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| --- | --- |
| HR strategy | Description |
| Financial rewards |  |
| Employee share ownership |  |
| Consultation strategies |  |
| Empowerment strategies |  |

**3.6 Managing change**

1. What are the causes (drivers) of change, and what are the potential effects?

|  |  |
| --- | --- |
|  | Description |
| Change in organisational size |  |
| Impact on: |  |
| * Competitiveness |  |
| * Productivity |  |
| * Financial performance |  |
| * Stakeholders |  |
| Poor business performance |  |
| Impact on: |  |
| * Competitiveness |  |
| * Productivity |  |
| * Financial performance |  |
| * Stakeholders |  |
| Change to the market, and other PESTLE factors |  |
| Impact on: |  |
| * Competitiveness |  |
| * Productivity |  |
| * Financial performance |  |
| * Stakeholders |  |
| Change in ownership |  |
| Impact on: |  |
| * Competitiveness |  |
| * Productivity |  |
| * Financial performance |  |
| * Stakeholders |  |
| Transformational leadership |  |

1. What is “change management” and why is it important?
2. What are the factors that are likely to impact on the pace/success of change within a business?

|  |  |
| --- | --- |
| Factor | Description |
| Organisational structure |  |
| Size of the organisation |  |
| Speed of change |  |

1. Why might a business’s stakeholders resist change?
2. What is scenario planning, and how can it help to deal with unexpected events?
3. What are the five stages in the scenario planning process?
4. What is a risk assessment?
5. What are the most likely scenarios that businesses could face?
6. What is a “risk mitigation plan”?
7. What are the four stages in a Business Continuity plan?