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### Topics Covered:

- The Activity of a business
- Creating value in a business

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**1. What is the main purpose of business activity?**

- a) To make a profit
  - b) To satisfy people's wants
  - c) To create jobs
  - d) To reduce scarcity
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**2. Which of the following is an example of a need?**

- a) A luxury car
  - b) Clean water
  - c) A new smartphone
  - d) A holiday
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**3. What is the economic problem?**

- a) Unlimited wants and limited resources
  - b) High unemployment
  - c) Inflation
  - d) Lack of technology
- 

**4. Which of the following is a factor of production?**

- a) Profit
  - b) Land
  - c) Marketing
  - d) Sales
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**5. What is meant by 'opportunity cost'?**

- a) The cost of producing a good
  - b) The next best alternative given up
  - c) The price of a product
  - d) The cost of raw materials
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**6. Which of the following is an example of a want?**

- a) Food
  - b) Shelter
  - c) A new laptop
  - d) Clean air
- 

**7. What is the main reason for specialisation in business?**

- a) To reduce competition
  - b) To make the best use of limited resources
  - c) To increase prices
  - d) To reduce costs
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**8. Which sector of industry involves the extraction of natural resources?**

- a) Primary
  - b) Secondary
  - c) Tertiary
  - d) Quaternary
- 

**9. What is the main role of the tertiary sector?**

- a) Manufacturing goods
  - b) Providing services
  - c) Extracting raw materials
  - d) Research and development
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**10. Which of the following is an example of a secondary sector activity?**

- a) Farming
  - b) Banking
  - c) Car manufacturing
  - d) Mining
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**11. What is added value?**

- a) The total cost of production
  - b) The difference between the selling price and the cost of materials
  - c) The profit made by a business
  - d) The total revenue of a business
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**12. Which of the following is a benefit of division of labour?**

- a) Workers become bored
  - b) Increased efficiency and output
  - c) Higher costs of production
  - d) Reduced quality of products
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**13. What is the main disadvantage of division of labour?**

- a) Workers may become bored
  - b) Increased output
  - c) Lower costs
  - d) Specialised machinery
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**14. Which of the following is a characteristic of a developed economy?**

- a) High employment in the primary sector
  - b) High employment in the tertiary sector
  - c) Low levels of technology
  - d) Low GDP per capita
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**15. What is de-industrialisation?**

- a) The decline in the importance of the secondary sector
  - b) The growth of the primary sector
  - c) The increase in the importance of the tertiary sector
  - d) The decline in the importance of the primary sector
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**16. Which of the following is an example of a public sector business?**

- a) A private hospital
  - b) A state-owned railway
  - c) A fast-food restaurant
  - d) A clothing manufacturer
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**17. What is the main objective of a private sector business?**

- a) To provide a service to the community
  - b) To make a profit
  - c) To reduce unemployment
  - d) To protect the environment
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**18. Which of the following is a disadvantage of privatisation?**

- a) Increased efficiency
  - b) Loss of jobs
  - c) Higher quality services
  - d) Increased competition
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**19. What is the main reason for a business to increase its added value?**

- a) To reduce costs
  - b) To pay other costs and make a profit
  - c) To increase competition
  - d) To reduce prices
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**20. Which of the following is a way a business can increase its added value?**

- a) Increase the cost of materials
  - b) Reduce the selling price
  - c) Create a higher quality image for its product
  - d) Reduce the quality of its product
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**Answers:**

**1. b) To satisfy people's wants**

**2. A**

**3. A**

**4. A**

**5. B**

**6. C**

**7. A**

**8. C**

**9. D**

**10. B**

**11. B**

**12. C**

**13. C**

**14. B**

**15. C**

**16. C**

**17. C**

**18. B**

**19. B**

**20. C**