

**Chapter 3: Worksheet mark scheme (28 marks, HL 28 +2)**

- 1** Number the following terms in order of their importance, starting with the most general and ending with the most specific. (7)
- 1 vision statement
  - 2 mission statement
  - 3 aims
  - 4 corporate objectives
  - 5 divisional objectives
  - 6 departmental objectives
  - 7 targets
- 2** State **three** reasons why mission statements are worth writing. (3)
- tell outside stakeholders what the business is about
  - motivate employees if they are then associated with positive qualities
  - can help direct the ethical behaviour of employees
- 3** What are SMART objectives? (5)
- Specific, measurable, achievable, realistic, time specific.
- 4** What is the difference between profit maximisation and profit satisficing? (2)
- The former is an objective to produce at a level of output which results in the greatest possible gain after paying total costs out of total revenue, whereas the latter is an objective which keeps owners happy but does not necessarily result in maximum possible profits.
- 5** Give an equation to define market share. (2)
- $$\text{Market share} = \frac{\text{value* of company's sales of a product or service}}{\text{market value* of sales of that product or service}} \times 100\%$$

\* sometimes expressed in terms of numbers of units sold rather than value.

- 6** Give **three** benefits of increasing market share. (3)
- retailers will want to stock the best-selling brand
  - profit margins for retailers may be smaller
  - promotional campaigns are easier (i.e. buy this product because it is the brand leader)
- 7** Define 'CSR'. (2)
- Corporate social responsibility: the business takes account of the impact of its decisions on customers, employees, communities, society and the environment



- 8** What is the difference between tactics and targets? **(2)**  
Targets define specific, measurable short-term goals whereas tactics are the means by which targets are achieved.
- 9** What are ethics? **(2)**  
Ethics are moral guidelines that may currently be held by the majority of society and which may determine decision-making.
- 10** **(HL)** Give **two** factors that could influence managers to change business objectives. **(2)**
- the external business environment may change
  - senior personnel may change and their opinions are different