

MEASURING AND IMPROVING BUSINESS PERFORMANCE

LEVEL 3

Time allowed: 60 minutes

You need

- This test paper
- An answer sheet
- An HB pencil
- An eraser

You may **NOT** use a dictionary

Do NOT open this paper until you are told to do so by the supervisor.

There are 30 questions in this paper

Total marks available: 30

Try to answer ALL the questions

INSTRUCTIONS

- Make sure your personal details are entered correctly on the candidate answer sheet
- Read each question carefully and choose the correct answer – A, B, C or D
- Enter your answers on the candidate answer sheet using an HB pencil
- Make sure you only mark **one** answer for each question and that you completely fill the circle
- If you make a mistake, make sure you erase it completely
- Only complete as many answers as there are questions
- At the end of the test hand the question paper, your answer sheet and all notes to the supervisor

NB. This sample paper contains only 10 questions.

1. What is the purpose of setting a target rate of Return on Capital Employed (ROCE)?
 - i. It helps to define the company's goals for strategic planning
 - ii. It can be used to measure a company's profitability
 - iii. It is used to influence the company's corporate image and identity
 - iv. It is a performance measure referred to by potential investors
 - a) (i), (ii) and (iii) only
 - b) (i), (ii) and (iv) only
 - c) (ii) and (iv) only
 - d) (i) and (iii) only

2. Which of the following is the **best** example of a 'leading' performance indicator?
 - a) The sales volume achieved by the business
 - b) The customer satisfaction scores from a customer survey
 - c) The sales revenue generated from business activities
 - d) The level of profits declared in the Profit and Loss Account

3. Which of the following would **most** likely increase the level of labour turnover in a business?
 - i. A takeover of the business by a rival company
 - ii. A significant increase in employees' wages and salaries
 - iii. An increase in the level of local unemployment
 - iv. A re-structuring of the main functional areas in the business
 - a) (i), (ii) and (iii) only
 - b) (iii) and (iv) only
 - c) (i) and (iv) only
 - d) (ii) and (iv) only

4. The strategic planning and management tool used to align business activities to an organisation's vision and strategy is known as
 - a) Management Information Systems (MIS)
 - b) Total Quality Management (TQM)
 - c) The Balanced Scorecard
 - d) Participative Management

5. Benchmarking as a quality tool is **best** described as
 - a) a measure of an organisation's performance against leading firms in the same industry
 - b) the elimination of defects by getting things right the first time in line with procedures
 - c) continuous improvement in small steps rather than a complete overhaul of the production systems
 - d) a business strategy which involves the formation of an informal discussion group drawn from all levels within the organisation

6. Which of the following is **not** one of the traditional four elements of the Balanced Scorecard framework?
- a) Internal business process
 - b) Learning and growth
 - c) Customer
 - d) External business environment
7. Using historical data to identify trends and patterns is a technique used in
- a) forecasting
 - b) monitoring
 - c) benchmarking
 - d) staff development
8. 'Liquidity' as a financial performance indicator refers to
- a) a firm's ability to meet its short term cash obligations
 - b) how efficiently a firm utilises its fixed assets
 - c) the annual profitability or financial performance of a firm
 - d) how quickly a firm sells and replaces its stock
9. Which of the following **best** describes the purpose of business performance measurement?
- a) It enables managers to develop the right competencies to carry out their jobs
 - b) It ensures that employees are motivated to do their jobs
 - c) It ensures that there is an increase in profits year on year
 - d) It helps to identify and track progress against organisational goals
10. Which of the following features is **not** generally associated with a Total Quality Management (TQM) system?
- a) The analysis of responses from customer questionnaires
 - b) The development of a Risk Management Plan
 - c) Agreed service standards within functional areas
 - d) Informal work groups involving staff and managers

EDUCATION DEVELOPMENT INTERNATIONAL PLC
LCCI IQ AWARD IN MEASURING AND IMPROVING BUSINESS PERFORMANCE
SAMPLE PAPER
LEVEL 3
MARKING SCHEME

Question	Key
1	B
2	B
3	C
4	C
5	A
6	D
7	A
8	A
9	D
10	B