***Chapter 10 Revision Test (20 marks)***

Part A: Multiple choice questions (5 x 1 mark = 5 marks)

1. Identify the most appropriate key performance indicator for the situation:
2. A manager is concerned about employee wellbeing:

A Rates of staff absenteeism

B Net profit

C Number of customer complaints

D Number of workplace accidents

1. A manager wants to compare the performance of her company and a rival company.

A Level of staff turnover

B Level of wastage

C Percentage of market share

D Rates of staff absenteeism

1. A manager wants to identify where the business is losing money through wasted resources, in order to identify productivity savings.

A Net profit

B Number of sales

C Percentage of market share

D Level of wastage

1. A benchmark is:

A KPI that measures sales revenue.

B a level of quality or achievement used as a standard of comparison for others.

C an indicator that estimates the performance of competing businesses in the market.

D the minimum standard of performance deemed acceptable by management.

1. Select the statement that is true.

A Net profit is the most important KPI.

B Number of sales measures repeat customers.

C Rate of productivity growth is always positive.

D A range of KPIs and other data must be used to evaluate business performance.

Part B: Short answer questions (15 marks)

1. Why should businesses evaluate their performance? (2 marks)
2. Define the term ‘key performance indicator’ (KPI) and describe three characteristics of a useful KPI. (4 marks)
3. Distinguish between efficiency and effectiveness. (2 marks)
4. Why is it important to examine key performance indicators (KPIs) over time? Provide an example to assist you. (3 marks)
5. Explain what the level of staff turnover measures and describe why this is an important KPI. (2 marks)
6. ‘The number of workplace accidents is a crucial indicator of business performance.’ Do you agree with this statement? Justify your point of view. (2 marks)