

# SQA National 5 Business Management Practice Exam (Sample)

## Study Guide



**Everything you need from our exam experts!**

**This is a sample study guide. To access the full version with hundreds of questions,**

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# Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

Remember: successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

# How to Use This Guide

**This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:**

## **1. Start with a Diagnostic Review**

**Skim through the questions to get a sense of what you know and what you need to focus on. Don't worry about getting everything right, your goal is to identify knowledge gaps early.**

## **2. Study in Short, Focused Sessions**

**Break your study time into manageable blocks (e.g. 30 - 45 minutes). Review a handful of questions, reflect on the explanations, and take breaks to retain information better.**

## **3. Learn from the Explanations**

**After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.**

## **4. Track Your Progress**

**Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.**

## **5. Simulate the Real Exam**

**Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.**

## **6. Repeat and Review**

**Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning.**

## **7. Use Other Tools**

**Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.**

**There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly — adapt the tips above to fit your pace and learning style. You've got this!**

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## Questions

- 1. What term is used for the money paid annually for employee services?**
  - A. Wages**
  - B. Salary**
  - C. Commission**
  - D. Bonus**
- 2. In the context of a business, who primarily influences ethical decisions?**
  - A. Stakeholders**
  - B. Managers**
  - C. Employees**
  - D. Suppliers**
- 3. Which of the following is a consequence for firms failing to comply with the National Minimum Wage?**
  - A. Mandatory training for management**
  - B. Legal penalties and fines**
  - C. Improvement plans mandated by the government**
  - D. Reduction in workforce**
- 4. What is the main goal of promotional pricing?**
  - A. Increase brand loyalty**
  - B. Undermine competition**
  - C. Increase short-term sales**
  - D. Maximize profit**
- 5. What term describes individuals who work for a company?**
  - A. Staff**
  - B. Workers**
  - C. Employees**
  - D. Colleagues**

- 6. Which legislation protects employees' working conditions from danger or exploitation?**
- A. Employment Rights Act**
  - B. Health and Safety at Work Act**
  - C. Workplace Safety Act**
  - D. Occupational Safety and Health Act**
- 7. What do you call a method of researching consumer behavior that consists of interviews and observations?**
- A. Field Research**
  - B. Desk Research**
  - C. Analytical Research**
  - D. Explanatory Research**
- 8. What can employees do if they believe they are not receiving the National Minimum Wage?**
- A. Ignore the issue**
  - B. Discuss with their employer**
  - C. Report to relevant authorities**
  - D. Take legal action immediately**
- 9. Which of the following terms refers to regular payments made for work over a set period?**
- A. Wages**
  - B. Salary**
  - C. Commission**
  - D. Incentive**
- 10. How do customers become aware of a product?**
- A. Through design**
  - B. Through Promotion**
  - C. Through placement**
  - D. Through pricing**

## **Answers**

1. B
2. A
3. B
4. C
5. C
6. B
7. A
8. C
9. B
10. B

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## **Explanations**

**1. What term is used for the money paid annually for employee services?**

**A. Wages**

**B. Salary**

**C. Commission**

**D. Bonus**

The term used for the money paid annually for employee services is salary. A salary is typically a fixed amount of compensation paid to employees, often expressed on an annual basis, regardless of the number of hours worked. This payment structure is common for employees in professional and managerial positions and is usually paid in regular installments, such as monthly or bi-weekly. Wages refer to payment that is typically calculated on an hourly basis and can fluctuate depending on the number of hours worked. Commission is a performance-based payment, often associated with sales roles, where employees earn a percentage of the sales they generate. A bonus is an additional incentive paid to employees, often based on performance or company profitability, and is typically not guaranteed as part of regular compensation. Therefore, salary specifically denotes the annual payment structure for employee services, making it the accurate term in this context.

**2. In the context of a business, who primarily influences ethical decisions?**

**A. Stakeholders**

**B. Managers**

**C. Employees**

**D. Suppliers**

In the context of a business, stakeholders primarily influence ethical decisions because they encompass a broad range of individuals and groups who have an interest in the company's operations and outcomes. Stakeholders include not only the owners and shareholders of the business but also customers, employees, suppliers, the local community, and even the environment. Their diverse opinions and interests shape the ethical considerations that a business must address. When a company makes ethical decisions, it must consider how these choices impact its stakeholders. For example, customers may be concerned about product safety and environmental sustainability, while employees may focus on fair labor practices and working conditions. By responding to the needs and concerns of these various stakeholders, businesses can foster goodwill, build a positive reputation, and ultimately ensure long-term success. Stakeholders' influence can also be exerted through public opinion, regulatory pressures, and social expectations, which drive businesses to align their ethical standards accordingly. Other choices such as managers, employees, and suppliers play important roles within their specific contexts, but they are often influenced by the broader expectations and values of stakeholders as a whole when it comes to ethical decision-making.

**3. Which of the following is a consequence for firms failing to comply with the National Minimum Wage?**

- A. Mandatory training for management**
- B. Legal penalties and fines**
- C. Improvement plans mandated by the government**
- D. Reduction in workforce**

The consequence of failing to comply with the National Minimum Wage is legal penalties and fines. This reflects the seriousness of adhering to labor laws, as these regulations are set to protect workers' rights to fair compensation. When a firm does not meet the National Minimum Wage requirements, it can face legal action from regulatory authorities, resulting in financial penalties. These fines serve both as a punishment for non-compliance and as a deterrent for other firms, reinforcing the importance of adhering to wage laws. Legal penalties ensure that companies take their responsibilities towards their employees seriously, as the consequences of non-compliance can also damage a firm's reputation and trust with consumers. Understanding these implications helps businesses recognize the importance of maintaining compliance with wage regulations to protect not only their employees but also their overall standing in the market.

**4. What is the main goal of promotional pricing?**

- A. Increase brand loyalty**
- B. Undermine competition**
- C. Increase short-term sales**
- D. Maximize profit**

The main goal of promotional pricing is to increase short-term sales. This strategy involves temporarily reducing prices to attract customers quickly, often during a specific period or campaign. By offering discounts or promotional deals, businesses aim to boost sales volume and draw in consumers who may be more price-sensitive or who are looking for a good deal. Promotional pricing can also stimulate demand for new products or clear out inventory for older ones, creating a sense of urgency that encourages customers to make purchases they may not have otherwise considered. This approach often works well during festive seasons, clearance sales, or when launching new products, allowing businesses to capitalize on these opportunities to enhance immediate sales figures. In contrast, increasing brand loyalty is typically achieved through consistent branding and customer engagement strategies rather than short-term price cuts. Undermining competition may be a byproduct of aggressive promotional pricing strategies but is not the primary focus. Similarly, while companies aim to maximize profit overall, promotional pricing is more focused on generating immediate sales rather than long-term profit maximization.

**5. What term describes individuals who work for a company?**

- A. Staff
- B. Workers
- C. Employees**
- D. Colleagues

The term "employees" specifically refers to individuals who are hired by a company to perform specific tasks and roles in exchange for payment and benefits. Employees typically have a formal relationship with the company, which is often documented through employment contracts that outline their rights and responsibilities. Using the term "employees" conveys a sense of legal and professional recognition that is not always captured by the general terms "staff" or "workers." While "staff" can refer to a group of employees within a specific department or function, it does not necessarily imply that they are all employed by the same organization. Similarly, "workers" might refer to anyone engaged in work, regardless of their employment status. The term "colleagues" emphasizes a relationship between individuals who work together, but it does not specifically denote their employment status or relationship with the company. Therefore, in the context of the question, "employees" is the most appropriate and precise term to describe individuals who are officially part of a company's workforce.

**6. Which legislation protects employees' working conditions from danger or exploitation?**

- A. Employment Rights Act
- B. Health and Safety at Work Act**
- C. Workplace Safety Act
- D. Occupational Safety and Health Act

The Health and Safety at Work Act is essential legislation that specifically aims to protect the health, safety, and welfare of employees in the workplace. It creates a legal framework that requires employers to ensure, as far as is reasonably practicable, the health and safety of their employees. This includes implementing necessary safety measures, conducting risk assessments, and providing appropriate training and information to staff. The focus of this act is on maintaining safe working environments and preventing accidents, hazards, or illnesses resulting from workplace conditions, thus addressing potential dangers and exploitation related to working conditions. By emphasizing the employer's responsibility to safeguard employees, this legislation plays a crucial role in shaping workplace standards and practices intended to enhance employee welfare. Other options fall outside this specific realm of workplace safety. While the Employment Rights Act covers various employee rights and conditions, it does not primarily focus on safety and health issues. The Workplace Safety Act may not exist as a specific regulation, and the Occupational Safety and Health Act is primarily relevant in contexts outside the UK, such as in the United States. Therefore, the Health and Safety at Work Act stands out as the pertinent piece of legislation regarding the protection of employees' working conditions from danger or exploitation.

**7. What do you call a method of researching consumer behavior that consists of interviews and observations?**

- A. Field Research**
- B. Desk Research**
- C. Analytical Research**
- D. Explanatory Research**

Field research refers to the process of gathering primary data directly from the environment where consumer behavior occurs. This method involves engaging with consumers through interviews and direct observations to understand their preferences, motivations, and behaviors in real-world situations. By capturing this firsthand information, businesses gain valuable insights that help define market trends and consumer needs. In contrast, desk research involves analyzing existing data that has already been collected, such as reports, studies, and articles, rather than collecting new data directly from consumers. Analytical research focuses on using statistical methods to interpret existing information quantitatively, rather than engaging directly with consumers. Explanatory research seeks to explain the reasons behind consumer behavior but may not necessarily involve direct observation or interviews, which are hallmarks of field research. Thus, the aspects of direct interaction and observation distinctly characterize field research as the correct answer.

**8. What can employees do if they believe they are not receiving the National Minimum Wage?**

- A. Ignore the issue**
- B. Discuss with their employer**
- C. Report to relevant authorities**
- D. Take legal action immediately**

The best course of action for employees who believe they are not receiving the National Minimum Wage is to report to relevant authorities. This option is correct because it allows for formal investigation and enforcement of wage laws without immediate escalation to legal action. Employees can report their situation to organizations such as the HM Revenue and Customs (HMRC) in the UK, which is responsible for ensuring minimum wage compliance. Taking this step can result in proper compensation for the employee if their claims are validated. Authorities have the resources and legal capability to address violations of wage laws, ensuring that employees receive what they are entitled to under the law. While discussing the issue with an employer can be a proactive step towards resolution, it may not yield results if the employer is unwilling to comply. Ignoring the issue would not address the potential wage violation, and taking immediate legal action might be premature and unnecessarily confrontational, potentially complicating the situation. Reporting to authorities represents a structured approach to handle the problem effectively, thereby ensuring that the employee's rights are protected.

**9. Which of the following terms refers to regular payments made for work over a set period?**

**A. Wages**

**B. Salary**

**C. Commission**

**D. Incentive**

The term that refers to regular payments made for work over a set period is salary. A salary is a fixed amount of money that an employee receives, typically on a monthly or yearly basis, regardless of the number of hours worked. This structure provides employees with a stable income, making it easier for them to manage their finances. Wages typically refer to payments made on an hourly basis, which can fluctuate depending on the number of hours worked in a given pay period. Commission is often associated with sales roles and is based on the performance of the employee, specifically the sales they make. Incentives usually refer to bonuses or additional payments that are rewarded for achieving certain targets or performance levels, rather than regular base pay. Hence, when it comes to defining regular and stable compensation over a specified duration of time, salary is the appropriate term.

**10. How do customers become aware of a product?**

**A. Through design**

**B. Through Promotion**

**C. Through placement**

**D. Through pricing**

Customers become aware of a product primarily through promotion. Promotion encompasses various marketing strategies that businesses use to communicate information about their products and services to potential customers. This can include advertising, public relations, sales promotions, social media campaigns, and other outreach methods. The key goal of promotion is to create awareness and interest, and to inform customers about the features, benefits, and availability of the product. While design, placement, and pricing can influence how appealing a product is or its market attractiveness, they don't directly create awareness of a product among customers. For instance, an attractive design might draw attention, but without promotional activities that highlight the product, many potential customers may remain unaware of its existence. Similarly, placement refers to how and where a product is sold, which may help in visibility but does not actively inform customers about the product. Pricing strategies can impact customers' perceptions and decisions but are not a method to initially raise awareness about what the product is. Therefore, promotion is the primary driver for creating customer awareness of a product.

## Next Steps

**Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.**

**As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.**

**If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at [hello@examzify.com](mailto:hello@examzify.com).**

**Or visit your dedicated course page for more study tools and resources:**

**<https://sqanational5businessmgmt.examzify.com>**

**We wish you the very best on your exam journey. You've got this!**