

SQA National 5 Business Management Practice Exam (Sample)

Study Guide



Everything you need from our exam experts!

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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. 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.

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. 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!

Questions

- 1. Charging a deliberately low price to undermine competitors is known as?**
 - A. Premium Pricing**
 - B. Psychological Pricing**
 - C. Destroyer Pricing**
 - D. Value Pricing**
- 2. What is defined as the number of people who are able to work but do not have a job at a given time?**
 - A. Employment**
 - B. Job market**
 - C. Unemployment**
 - D. Labor force**
- 3. What do we call an organization's aim to have a positive impact on society?**
 - A. Corporate Social Responsibility**
 - B. Social Responsibility**
 - C. Community Engagement**
 - D. Public Relations**
- 4. What term is used for the money paid annually for employee services?**
 - A. Wages**
 - B. Salary**
 - C. Commission**
 - D. Bonus**
- 5. What pricing strategy is often used when a company wants to attract consumers by appealing to their perception of the product's value?**
 - A. Promotional Pricing**
 - B. Cost Plus Pricing**
 - C. Psychological Pricing**
 - D. Value Pricing**

- 6. Which term describes a situation where production is largely run by machines?**
- A. Labour Intensive**
 - B. Job Production**
 - C. Capital Intensive**
 - D. Batch Production**
- 7. Which type of training allows employees to learn at their own pace through digital mediums?**
- A. On the job training.**
 - B. Off the job training.**
 - C. E-Learning.**
 - D. Induction.**
- 8. What term describes the strategy of setting prices based on market demand and consumer behavior?**
- A. Value Pricing**
 - B. Demand Oriented Pricing**
 - C. Cost Plus Pricing**
 - D. Premium Pricing**
- 9. Which of the following is a paid form of communication about a product or service?**
- A. Public Relations**
 - B. Advertising**
 - C. Promotion**
 - D. Sales Strategy**
- 10. Which term best describes the practice of checking products at the end of production?**
- A. Quality Management**
 - B. Quality Assurance**
 - C. Quality Control**
 - D. Quality Improvement**

Answers

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

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Explanations

1. Charging a deliberately low price to undermine competitors is known as?

- A. Premium Pricing**
- B. Psychological Pricing**
- C. Destroyer Pricing**
- D. Value Pricing**

Charging a deliberately low price to undermine competitors is referred to as destroyer pricing. This pricing strategy involves setting prices so low that competitors cannot sustain their business and are forced to either lower their prices or exit the market entirely. By doing so, the business aims to significantly increase its market share and potentially establish market dominance once competitors are eliminated or weakened. Destroyer pricing is often viewed as an aggressive tactic, and while it can lead to short-term benefits, it may raise long-term sustainability concerns. It can attract consumers with lower prices but can also trigger price wars that ultimately harm the profitability of all businesses involved. Given the nature of this strategy, other pricing methods do not share the same characteristics as destroyer pricing. Premium pricing focuses on establishing a high price to signify quality or exclusivity, psychological pricing leverages consumer perception to encourage purchases (like pricing something at \$9.99 instead of \$10), and value pricing sets prices based on the perceived value to the customer rather than strictly on cost.

2. What is defined as the number of people who are able to work but do not have a job at a given time?

- A. Employment**
- B. Job market**
- C. Unemployment**
- D. Labor force**

The concept in question refers specifically to individuals who are actively seeking employment but are currently without a job. This definition aligns perfectly with the term "unemployment," which describes the state of being without work while being willing and able to work. This measurement is crucial within economics because it not only reflects the economic health of a region but also informs policymakers about the need for potential interventions or support programs. In contrast, the term "employment" describes the opposite condition, where individuals have jobs. The "job market" refers to the overall availability of jobs and the dynamics between employers and job seekers, which does not specifically define the individuals without jobs. The "labor force" includes both the employed and unemployed individuals who are actively engaged in the job market and willing to work, thus encompassing a broader group than just those without jobs. Understanding these distinctions helps clarify why "unemployment" is the most accurate term to describe the situation of individuals who are able to work but currently do not have employment.

3. What do we call an organization's aim to have a positive impact on society?

A. Corporate Social Responsibility

B. Social Responsibility

C. Community Engagement

D. Public Relations

The term that best fits the description of an organization's aim to have a positive impact on society is Corporate Social Responsibility. This concept refers to a company's commitment to conducting business in an ethical way, which includes not only making a profit but also taking into consideration the effects of their operations on society and the environment. This includes initiatives that promote sustainable practices, community engagement, and ethical labor standards, contributing to social, environmental, and economic improvements. While Social Responsibility is a broader term that encompasses the expectation that businesses will act in a way that benefits society, Corporate Social Responsibility specifically addresses how organizations implement this principle through actionable strategies and policies. Community Engagement focuses more on the direct interaction between a company and its local communities, and Public Relations is primarily about managing the spread of information between the organization and the public, without specifically addressing the impact on society or the company's ethical obligations. In summary, Corporate Social Responsibility encapsulates the proactive initiatives companies undertake to positively contribute to society, aligning closely with the idea of having a favorable societal impact.

4. 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.

5. What pricing strategy is often used when a company wants to attract consumers by appealing to their perception of the product's value?

- A. Promotional Pricing**
- B. Cost Plus Pricing**
- C. Psychological Pricing**
- D. Value Pricing**

Psychological pricing is a strategy that leverages the perceptions of consumers regarding value, often setting prices at levels that seem more attractive, such as \$9.99 rather than \$10.00. This approach takes into account not just the cost of the product but also how consumers perceive that price in relation to its value. By pricing a product just below a round number, businesses can create an impression of greater value and increase sales volume. This strategy is particularly effective because it taps into the cognitive biases of consumers, influencing their purchasing decisions by making them feel they are getting a better deal, despite the minimal difference in price. For instance, when consumers see a price ending in .99, they are often more likely to perceive it as significantly cheaper than a whole number, hence encouraging them to make a purchase. While options like promotional pricing focus on temporary discounts or offers to boost sales, and cost-plus pricing is based strictly on adding a markup to the cost of production, psychological pricing specifically targets consumer perception to drive demand. Value pricing also emphasizes offering quality products at a fair price, but it does not engage the psychological aspects of pricing as explicitly as psychological pricing does.

6. Which term describes a situation where production is largely run by machines?

- A. Labour Intensive**
- B. Job Production**
- C. Capital Intensive**
- D. Batch Production**

The correct answer is capital intensive. This term specifically refers to a production process that relies heavily on machinery and equipment rather than human labor. In capital intensive industries, the majority of the investment is in physical assets, which are used to produce goods or services. This can lead to higher efficiency, reduced labor costs, and increased production rates, as machines can operate continuously and often with greater precision than human workers. The context of the other terms can help clarify why capital intensive is the best choice. Labour intensive refers to processes that require a significant amount of human work. Job production focuses on creating custom products one at a time, which often involves more manual labor. Batch production entails producing items in groups or batches, which again can involve a mix of both human and machine labor. While both batch and job production can utilize machines, they still depend heavily on human input, distinguishing them from capital intensive methods where machines dominate the production process.

7. Which type of training allows employees to learn at their own pace through digital mediums?

- A. On the job training.**
- B. Off the job training.**
- C. E-Learning.**
- D. Induction.**

E-Learning is a type of training that allows employees to learn at their own pace using digital mediums. This method leverages online platforms, videos, and interactive modules, making it accessible and flexible for learners. Unlike traditional training methods, E-Learning supports self-directed learning, enabling employees to engage with the material whenever and wherever they choose. This flexibility is particularly beneficial in today's fast-paced work environments, as it allows employees to balance their training with other responsibilities. Employees can revisit difficult concepts or skip ahead to topics they are already familiar with, enhancing their learning experience and retention of knowledge. On the job training tends to be more hands-on and conducted in the workplace, while off the job training generally involves participants leaving the workplace for classrooms or workshops. Induction training is specifically designed for new employees to familiarize them with company policies and procedures, rather than providing a broad range of learning experiences at an individual's own pace.

8. What term describes the strategy of setting prices based on market demand and consumer behavior?

- A. Value Pricing**
- B. Demand Oriented Pricing**
- C. Cost Plus Pricing**
- D. Premium Pricing**

The term that accurately describes the strategy of setting prices based on market demand and consumer behavior is Demand Oriented Pricing. This approach focuses on understanding how much consumers are willing to pay for a product or service, allowing businesses to adjust their prices accordingly to optimize sales and revenue. Demand Oriented Pricing involves analyzing various factors, including consumer preferences, market trends, and competitor pricing. By aligning prices with the perceived value and demand, businesses can effectively attract and retain customers. This strategy is responsive to changes in consumer behavior and can help a business remain competitive in a dynamic market environment. In contrast, other pricing strategies like Value Pricing emphasize offering products at a low-cost relative to perceived value, Cost Plus Pricing involves determining prices by adding a fixed percentage to the cost of production, and Premium Pricing is about setting high prices to reflect exclusivity and high quality. These methods do not primarily focus on the direct relationship between pricing and consumer demand as Demand Oriented Pricing does.

9. Which of the following is a paid form of communication about a product or service?

- A. Public Relations**
- B. Advertising**
- C. Promotion**
- D. Sales Strategy**

Advertising is indeed a paid form of communication about a product or service. It is designed to reach a wide audience with the intention of informing or persuading them to purchase a product, use a service, or engage with a brand. Advertisers pay for the placement of their messages in various media channels, such as television, radio, online platforms, and print, which differentiates it from other forms of communication that may not involve a financial exchange. Public relations, on the other hand, focuses on managing the public image and building relationships between the organization and its stakeholders without direct payment for media coverage. Promotion can sometimes involve paid elements, like discounts or special offers, but it typically refers to a broader set of activities aimed at increasing awareness rather than direct advertising. Sales strategy encompasses the methods and plans that businesses use to sell their products or services, which may include both paid and unpaid approaches but is not limited to communication alone.

10. Which term best describes the practice of checking products at the end of production?

- A. Quality Management**
- B. Quality Assurance**
- C. Quality Control**
- D. Quality Improvement**

The practice of checking products at the end of production is best described by the term "Quality Control." This process focuses on the verification of products to ensure they meet the required standards before they reach the end customer. It involves inspecting, testing, and evaluating products at various stages or at the completion of the production process to identify any defects or non-conformance to specifications. Quality Control is primarily reactive, addressing issues with the product that may arise during the manufacturing phase. This is crucial as it helps companies to identify defects and reduce the likelihood of subpar products reaching the market, thereby maintaining customer satisfaction and company reputation. In contrast, Quality Management encompasses the overall strategy for maintaining and improving quality across all areas of an organization. Quality Assurance refers to the systematic processes that are put in place to ensure quality, focusing on preventing defects before they occur. Quality Improvement involves ongoing efforts to enhance product quality and organizational processes over time, aiming for continuous enhancement rather than a one-time check. Identifying these distinctions helps clarify why Quality Control is the most suitable term for the practice of checking products after production.

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.

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!