

B O A R D O F S T U D I E S
NEW SOUTH WALES

2008

**HIGHER SCHOOL CERTIFICATE
EXAMINATION**

Business Studies

General Instructions

- Reading time – 5 minutes
- Working time – 3 hours
- Write using black or blue pen
- Draw diagrams using pencil
- Board-approved calculators may be used
- Write your Centre Number and Student Number at the top of pages 9, 11, 13, 15 and 17

Total marks – 100

Section I Pages 2–6

20 marks

- Attempt Questions 1–20
- Allow about 35 minutes for this section

Section II Pages 9–19

40 marks

- Attempt Questions 21–25
- Allow about 1 hour and 15 minutes for this section

Section III Page 21

20 marks

- Attempt Question 26
- Allow about 35 minutes for this section

Section IV Page 22

20 marks

- Attempt either Question 27 or Question 28
- Allow about 35 minutes for this section

Section I

20 marks

Attempt Questions 1–20

Allow about 35 minutes for this section

Use the multiple-choice answer sheet for Questions 1–20.

- 1 Which of the following is a legal requirement for all businesses?
 - (A) Inducting new staff
 - (B) Benchmarking performance
 - (C) Developing a code of conduct
 - (D) Providing safe working conditions

- 2 Which of the following is an example of price discrimination?
 - (A) Advertising free installation but charging a fee
 - (B) Charging consumers for an extended warranty period
 - (C) Offering pensioners cheaper prices than non-pensioners
 - (D) Selling at the retail price imposed by the manufacturer

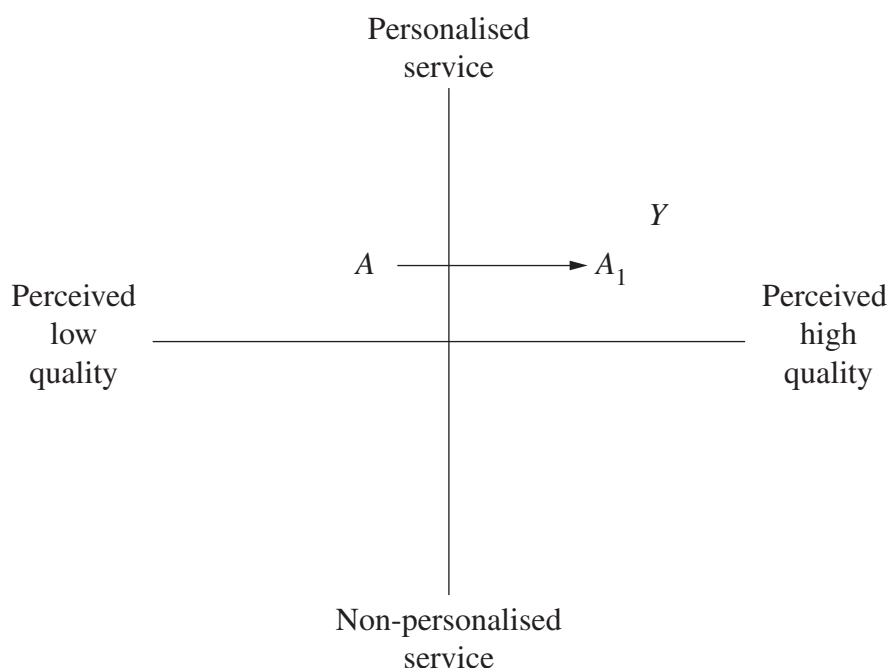
- 3 What is a role of the manager according to classical-scientific theory of management?
 - (A) To bargain
 - (B) To control
 - (C) To motivate
 - (D) To negotiate

- 4 To reduce costs, a business employs external contractors to provide payroll services.
Which term describes this strategy?
 - (A) Outsourcing
 - (B) Diversification
 - (C) Strategic alliance
 - (D) Vertical integration

- 5** Which of the following is an example of a marketing manager performing an informational role?
- (A) Approving a new advertising strategy
 - (B) Negotiating a contract with distributors
 - (C) Attending a conference to identify buyer trends
 - (D) Allocating additional staff for a product launch
- 6** What is ONE use of a cash flow statement for management?
- (A) To negotiate finance
 - (B) To identify new markets
 - (C) To determine the value of intangibles
 - (D) To calculate depreciation of non-current assets
- 7** Which of the following is an example of a business expanding overseas by management contract?
- (A) Agreeing to supply a product to an international business
 - (B) Establishing an exclusive distribution channel for an overseas market
 - (C) Purchasing a share portfolio in a number of multinational businesses
 - (D) Providing expertise to a foreign business in return for a percentage of sales
- 8** Which of the following includes ALL four elements of the marketing mix?
- (A) Credit terms, positioning, segmentation, pricing
 - (B) Advertising, warranties, pricing, public relations
 - (C) Discounting, packaging, advertising, distribution
 - (D) Personal selling, branding, warehousing, publicity
- 9** A business aims to increase its sales from \$160 000 to \$300 000 over the next 12 months.
- How might the business achieve this?
- (A) By increasing advertising
 - (B) By decreasing owners' equity
 - (C) By increasing mortgage repayments
 - (D) By decreasing the size of the research team

Use the following diagram to answer Questions 10–11.

The diagram shows the market position of Product A and of its competitor Product Y.



- 10** The marketing manager for Product A wishes to move the product from its current position at A to A₁.

Which of the following strategies could the business use to achieve the repositioning to A₁?

- (A) Price skimming
 - (B) Increasing price
 - (C) Penetration pricing
 - (D) Loss leader pricing
- 11** The marketing manager for Product Y would like to maintain Product Y's current market positioning and customers.

Which strategy would best achieve this?

- (A) Reducing the price
- (B) Using intensive distribution
- (C) Developing a loyalty scheme
- (D) Advertising weekly in free local newspapers

- 12** One example of managing the sales mix for revenue control is to
- (A) set sales objectives to achieve target profits.
 - (B) judge a manager's performance against sales.
 - (C) determine a pricing policy for each product sold.
 - (D) decide which range of products to offer customers.
- 13** One perspective on industrial conflict is that employers and employees have differing goals and that both can benefit from conflict.
- Which term best describes this perspective?
- (A) Pluralist
 - (B) Radical
 - (C) Traditional
 - (D) Unitary
- 14** *Oz Juice* signed a contract with an overseas supplier for future purchases of pineapples at a set exchange rate for \$US.
- Which term best describes this financial strategy?
- (A) Hedging
 - (B) Insurance
 - (C) Bill of exchange
 - (D) Overseas borrowing
- 15** What are characteristics of a successful work team?
- (A) Targets achieved and high absenteeism
 - (B) Appropriate training and improved lead times
 - (C) Increased team briefings and high level of disputation
 - (D) High staff turnover and low number of product defects

- 16** Which of the following best matches source of finance to business purpose?
- (A) Increasing bank overdraft to buy a delivery van
 - (B) Applying for a government grant to pay creditors
 - (C) Using retained earnings to expand into new markets
 - (D) Selling accounts receivable to replace furniture and fittings
- 17** What is an advantage of using licensing as a method of global expansion?
- (A) Profits are shared equally.
 - (B) There are no establishment costs.
 - (C) There are high levels of direct control.
 - (D) Low levels of investment are required.
- 18** Hendrix injured his back at work and he was unable to work for eight weeks. His employer is establishing a rehabilitation program for his return to work.
- With which legislation is Hendrix's employer complying?
- (A) Anti-discrimination
 - (B) Workers Compensation
 - (C) Occupational Health and Safety
 - (D) Equal Employment Opportunity
- 19** Which of the following is an example of autocratic leadership?
- (A) Enabling employees to make complex decisions
 - (B) Allowing employees to determine work schedules
 - (C) Consulting employees about changing work hours
 - (D) Organising employees according to individual expertise
- 20** Which of the following are external sources of funds for businesses?
- (A) Grants, debentures, leasing, mortgage
 - (B) Venture capital, loans, drawings, factoring
 - (C) Accounts payable, owners' equity, leasing, discounts
 - (D) Bank overdraft, retained profits, factoring, bank bills

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Centre Number

Section II

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Student Number

40 marks

Attempt Questions 21–25

Allow about 1 hour and 15 minutes for this section

Answer the questions in the spaces provided.

Marks

Question 21 (6 marks)

A business sells a perfumed hair gel under the *KoolTop* brand. It now wants to market a cheaper non-perfumed hair gel.

- (a) Define *branding*. 2

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- (b) Describe ONE advantage and ONE disadvantage of marketing the non-perfumed hair gel under the *KoolTop* brand. 4

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Section II (continued)

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Student Number

Marks

Question 22 (8 marks)

- (a) State ONE key influence on employment relations and give an example. **2**

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- (b) Distinguish between the employment relations responsibilities of a line manager and a human resources manager. **2**

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- (c) Describe TWO communications systems that a manager could use to help achieve effective employment relations. **4**

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Centre Number

Section II (continued)

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Student Number

Marks

Question 23 (8 marks)

Edpro designs software and employs its own software programming team. It plans to outsource programming in 2009.

- (a) Outline ONE external change that may have led *Edpro* to decide to outsource programming. **2**

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- (b) Analyse the possible impact on management AND employees of outsourcing programming. **6**

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Section II (continued)

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Student Number

Marks

Question 24 (8 marks)

Shaydz produces high quality sunglasses. It faces rising costs, decreasing profit margins, and increasing competition in the domestic market. Management is considering an offer from an overseas business to distribute its sunglasses internationally.

- (a) Why might global expansion increase profits for *Shaydz*? 2

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- (b) Describe ONE method of international expansion that will allow *Shaydz* to control product quality. 2

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- (c) Explain ONE financial strategy that *Shaydz* could use to minimise risk in managing a global business. 4

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Centre Number

Section II (continued)

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Student Number

Question 25 (10 marks)

Please turn over

Question 25 (10 marks)

The balance sheet of OBOS Engineering is shown.

Balance Sheet of OBOS Engineering				
As at 30 June 2008				
	2007		2008	
	(\$)		(\$)	
Current assets				
Cash	2 000		–	
Inventory	10 000		20 000	
Accounts receivable	<u>18 000</u>	30 000	<u>20 000</u>	40 000
Non-current assets				
		<u>240 000</u>		<u>260 000</u>
Total Assets		<u><u>270 000</u></u>		<u><u>300 000</u></u>
Current liabilities				
Bank overdraft	–		5 000	
Accounts payable	<u>10 000</u>	10 000	<u>15 000</u>	20 000
Non-current liabilities				
Loan		<u>80 000</u>		<u>100 000</u>
Total Liabilities		<u>90 000</u>		<u>120 000</u>
Owners' equity				
Capital	150 000		160 000	
Net profit	<u>30 000</u>	<u>180 000</u>	<u>20 000</u>	<u>180 000</u>
		<u><u>270 000</u></u>		<u><u>300 000</u></u>

Additional information:

Industry standard liquidity ratio is 3 : 1 in 2008

Question 25 continues on page 19

Question 25 (continued)

- (a) Calculate the liquidity ratio for OBOS Engineering in 2008. Show working. **2**

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- (b) Recommend TWO strategies that OBOS Engineering could use to improve liquidity in 2009. **4**

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- (c) Explain ONE strategy that OBOS Engineering could use to increase the return on owners' equity. **4**

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End of Question 25

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Business Studies

Section III

20 marks

Attempt Question 26

Allow about 35 minutes for this section

Answer the question in a writing booklet. Extra writing booklets are available.

In your answer you will be assessed on how well you:

- use your knowledge and the information provided
 - communicate using relevant business terminology and concepts
 - present a logical, well-structured answer to the question in the form of a business report
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Question 26 (20 marks)

Elaine's business markets a popular range of jewellery based on Australian wildlife. She sells her product to shops who then sell to consumers. She credits her success to the relationship marketing strategies she has implemented with the shop owners. However she realises that this type of marketing is very time-consuming.

Elaine is keen to expand her business overseas and she has decided to use e-commerce to communicate with overseas distributors. She is, however, worried about a possible negative cash flow in the initial stages of the expansion.

She has two main objectives for the expansion:

- marketing – to become the preferred supplier of her overseas distributors
- financial – to maintain solvency.

Her management team plans to meet to discuss overseas distribution and the options for financing the expansion.

Prepare a report that could be given to Elaine's management team.

In your report, you should:

- outline how e-commerce can assist Elaine to maintain relationships with overseas distributors
- explain ONE distribution strategy for the overseas market
- evaluate ONE method which could be used to finance the expansion.

Please turn over

Section IV

20 marks

Attempt either Question 27 or Question 28

Allow about 35 minutes for this section

Answer the question in a SEPARATE writing booklet. Extra writing booklets are available.

In your answer you will be assessed on how well you:

- use your knowledge and relevant business case study/studies
 - communicate using relevant business terminology and concepts
 - present a logical, well-structured answer to the question
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Question 27 (20 marks)

Evaluate strategies for managing change that could be used to resolve industrial conflict.

OR

Question 28 (20 marks)

Analyse the roles of managers and the skills they need to meet their responsibilities to the stakeholders involved in the employment relations process.

End of paper