This document contains ‘sample answers’, or, in the case of some questions, ‘answers could include’. These are developed by the examination committee for two purposes. The committee does this:

(a) as part of the development of the examination paper to ensure the questions will effectively assess students’ knowledge and skills, and

(b) in order to provide some advice to the Supervisor of Marking about the nature and scope of the responses expected of students.

The ‘sample answers’ or similar advice are not intended to be exemplary or even complete answers or responses. As they are part of the examination committee’s ‘working document’, they may contain typographical errors, omissions, or only some of the possible correct answers.
Section II

Question 21 (a)

*Answers could include:*

Exact legislation titles are not necessary but specific terms can be used. Contracts, disputes resolution and intellectual property

Question 21 (b)

*Answers could include:*

Due to languages, tastes, religion, varying business practices and ethics, variation is required to what the business delivers to a chosen market.

Question 22 (a)

*Answers could include:*

People skills, strategic thinking vision, flexibility and adaptability to change, self-managing, teamwork, complex problem solving and decision-making, ethical and high personal standards

Question 22 (b)

*Answers could include:*

Interpersonal, informational and decisional roles with respect to reconciling conflicts of interest

Question 23 (a)

*Answers could include:*

Primary data collection terms include: surveys, experiments, questionnaires

Question 23 (b)

*Answers could include:*

Creation of needs as an ethical aspect: the role of consumer laws in dealing with deceptive and misleading advertising as a legal aspect.

Question 24 (a)

*Answers could include:*

Changing work patterns and population shifts: economic influences – economic cycle.
Question 24 (b)

*Answers could include:*

The employment contract, common law, statutes, awards, agreements, casual, part time, permanent, raising issues of flexibility, cost and unfair dismissal

Question 25 (a)

*Sample answer:*

Comparative ratio analysis can be used to compare the business with others in the industry (benchmarking) against common standards and overtime.

Question 25 (b)

*Sample answer:*

LMX Ltd’s level of efficiency will decrease. LMX Ltd will need to re-evaluate its credit policy due to possible cash flow problems.

Question 25 (c)

*Answers could include:*

LMX Ltd’s solvency is better than the industry average and is at a satisfactory level compared to standards. However, the poor accounts receivable turnover ratio could indicate liquidity problems in the short to medium term. Students could suggest that LMX Ltd could undertake a more sound management of funds. The profitability (Return on Owner’s Equity) is lower than the industry average and may be a concern for the future.
Section III

Question 26

Answers could include:

Answers could include information not specifically drawn from the syllabus but still have validity in terms of the question asked.

Sources of Change
The effect on this business is shown for the following sources:
• Economic
• Changing nature of markets
• Financial
• Social
• Legal
• Technological

Product Strategies
Product implies both tangible and intangible benefits
• Product positioning
• Branding
• Packaging

Cash flow management strategies
Its importance to the business in showing how effective finance is being used and whether the firm has sufficient funds to meet unforeseen circumstances.
• Cash flow statement
• Cash receipts policies
• Cash payment policies

Profitability Management
The ability of the business to control its costs and revenues
• Costs – fixed and variable
• Revenue from sales – sales mix and pricing policies need to be considered
Section IV

Question 27

*Answers could include:*

Answers could include information not specifically drawn from the syllabus but have validity in terms of the question asked.

*Drivers of globalisation*
- Role of transnationals
- Deregulation of financial markets
- Role of governments
- Impact of technology
- Global consumers

*Effective employment relations*
- Communication systems – grievances, worker participation and team briefing
- Reward systems – financial and non-financial
- Training and development
- Flexible working conditions including family-friendly programs
- Measuring effectiveness so that business objectives are achieved

Question 28

*Answers could include:*

Answers could include information not specifically drawn from the syllabus but have validity in terms of the question asked.

*Methods of international expansion*
- Export
- Foreign direct investment
- Relocation of production
- Management contract
- Licensing and franchising

*Industrial conflict issues*
- Causes of conflict – these relate to the expansion
- Types of conflict
- The role of stakeholders in resolving disputes
- Dispute-resolution processes
- Costs and benefits of industrial conflict