



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

2011

**HIGHER SCHOOL CERTIFICATE
EXAMINATION**

Business Studies

General Instructions

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

Total marks – 100

Section I Pages 2–7

20 marks

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

Section II Pages 9–16

40 marks

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

Section III Page 17

20 marks

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

Section IV Page 18

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 products is most likely to have an exclusive channel for distribution?
 - (A) Computers
 - (B) Soft drinks
 - (C) Mobile phones
 - (D) Designer jewellery

- 2 What type of industrial action is a lockout?
 - (A) Overt action by an employee
 - (B) Overt action by an employer
 - (C) Covert action by an employee
 - (D) Covert action by an employer

- 3 An Australian business has opened a factory in China.
What method of international expansion is this?
 - (A) Export
 - (B) Licensing
 - (C) Management contract
 - (D) Foreign direct investment

- 4 A business has shortened the chain of command by reducing the number of middle managers.
What is this an example of?
 - (A) Networks
 - (B) Outsourcing
 - (C) Flatter structures
 - (D) Strategic alliances

- 5 A manager wants disagreements amongst employees to be solved quickly and according to company policy.

What strategy will assist the manager to do this?

- (A) Using non-financial rewards
- (B) Adopting induction processes
- (C) Implementing grievance procedures
- (D) Introducing flexible working conditions

- 6 An increasing number of employees are seeking a better work-life balance. As a result, many businesses are introducing job sharing.

What is this an example of?

- (A) Communication systems in response to a social influence
- (B) Flexible working conditions in response to a social influence
- (C) Communication systems in response to an economic influence
- (D) Flexible working conditions in response to an economic influence

- 7 A global pizza company changes the pizza sizes and toppings for each country in which it operates.

What is this an example of?

- (A) Differentiation
- (B) Standardisation
- (C) Global branding
- (D) Global consumers

- 8 Which of the following best describes *corporate raiders*?

- (A) Accountants who audit public companies
- (B) Company managers who misuse company funds
- (C) Firms specialising in takeovers of undervalued companies
- (D) Investigators working for the Australian Securities Exchange

- 9** For an Australian importer, which of the following would be classified as an opportunity in a SWOT analysis?
- (A) Highly trained staff
 - (B) Increased competition
 - (C) Strong brand recognition
 - (D) Appreciation of the Australian dollar
- 10** Which of the following is an advantage of using the classical-scientific theory of management?
- (A) Greater efficiency from flat structures
 - (B) Improved team work leading to higher profits
 - (C) Division of labour creating improved productivity
 - (D) Improved worker satisfaction through doing repetitive tasks
- 11** Ricky needs to reduce business expenses. To do this, he has selected three staff to be made redundant.

What management role is Ricky performing?

- (A) Decisional
- (B) Informational
- (C) Interpersonal
- (D) Strategic

12 A business has the following balance sheet.

<i>Assets</i>	\$	<i>Liabilities</i>	\$
Current assets	15 000	Current liabilities	12 000
Non-current assets	174 000	Non-current liabilities	85 000
		Owners equity	92 000
	<u>189 000</u>		<u>189 000</u>
Industry averages: Current ratio 2:1 Debt to equity ratio: 200%			

Compared to the industry averages, this business has

- (A) better solvency and better liquidity.
- (B) better solvency and poorer liquidity.
- (C) poorer solvency and better liquidity.
- (D) poorer solvency and poorer liquidity.

13 An overseas company has made a pirate version of Sascha's computer game.

What type of global influence on Sascha's business is this?

- (A) Cultural
- (B) Financial
- (C) Legal
- (D) Political

14 Courtney works 20 hours per week. She is entitled to sick leave and holiday pay.

What type of employment contract is this?

- (A) Casual full-time
- (B) Casual part-time
- (C) Permanent full-time
- (D) Permanent part-time

- 15** Why might a government adopt protectionism?
- (A) To preserve local jobs in particular industries
 - (B) To promote competition in particular industries
 - (C) To gain access to new and improved technology
 - (D) To encourage more efficient management practices
- 16** Riley has 150 employees. She is preparing a report outlining her company's plans to ensure women have better access to senior positions.
- Which workplace issue is Riley addressing?
- (A) Anti-discrimination
 - (B) Equal employment opportunity
 - (C) Occupational health and safety
 - (D) Workers compensation
- 17** How is the role of the Reserve Bank of Australia best described?
- (A) It provides loans to small businesses.
 - (B) It provides insurance services for farmers.
 - (C) It facilitates the buying and selling of shares.
 - (D) It oversees the stability of the financial system.
- 18** Under what legal framework is it the responsibility of employees to use care and skill in performing work activities?
- (A) Common law
 - (B) *Fair Work Act 2009* (Cth)
 - (C) *Workplace Relations Act 1996* (Cth)
 - (D) The National Employment Standards

19 What does a cash flow statement show?

- (A) Assets
- (B) Liquidity
- (C) Profitability
- (D) Receivables

20 A business firm has improved the security of its online payment system.

Which aspect of social responsibility is this an example of?

- (A) E-commerce
- (B) Quality of working life
- (C) Ecological sustainability
- (D) Managing cultural diversity

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2011 HIGHER SCHOOL CERTIFICATE EXAMINATION

Business Studies

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Centre Number

Section II

40 marks

Attempt Questions 21–25

Allow about 1 hour and 15 minutes for this section

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Student Number

Answer the questions in the spaces provided. These spaces provide guidance for the expected length of response.

Question 21 (8 marks)

- (a) Using ONE change model, explain how change can be managed effectively in business. 4

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- (b) Using an example, explain how a manager can reconcile a conflict that has arisen between two stakeholders as a result of change. 4

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Question 22 (8 marks)

Revenue statement for <i>Kendall's Cafe</i> for year ending 30 June 2011		
	2010 (\$'000)	2011 (\$'000)
Sales	900	800
<i>Less</i>		
Cost of Goods Sold	180	200
	720	600
	Gross profit	Gross profit
<i>Less</i>		
Expenses		
Wages	200	280
Advertising	80	60
Administration	150	150
	290	110
	Net profit	Net profit

(a) Calculate the gross profit ratio for 2011. Show all working.

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Question 22 continues on page 11



Question 22 (continued)

- (b) Explain ONE cost control strategy and ONE revenue control strategy that Kendall's Cafe could use to improve its profitability. **6**

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End of Question 22





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Question 24 (10 marks)

Sam and Jody want to start a hairdressing business in their local area. They are very concerned about the number of other hairdressers already in the area and they want to quickly establish market share.

- (a) How can market research help Sam and Jody determine their target market? **2**

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- (b) Recommend ONE method of primary data collection and ONE method of secondary data collection that may be used by Sam and Jody to determine their target market.

- (i) Primary data collection method **2**

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- (ii) Secondary data collection method **2**

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Question 24 continues on page 15



Question 24 (continued)

- (c) Discuss ONE pricing strategy that Sam and Jody could use to attract customers when they open their business. **4**

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End of Question 24



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:

- demonstrate knowledge and understanding relevant to the question
- use the information provided
- communicate using relevant terminology and concepts
- present a sustained, logical and cohesive response in the form of a business report

Question 26 (20 marks)

Rushworth Pty Ltd is a manufacturer of football jerseys that supplies to a range of schools and sports teams. It has 200 employees and uses a hierarchical organisational structure. Management is concerned about negative comments in the media about some legal and ethical aspects of its marketing.

The managers have also provided the following information:

	2009	2010
Staff turnover	5%	15%
Absenteeism	8%	19%
Overdraft	\$15 000	\$70 000
Accounts receivable	\$25 000	\$70 000
Sales	\$200 000	\$200 000

You have been employed as a consultant by Rushworth Pty Ltd to prepare a report to the managers. In your report you should:

- describe TWO possible legal and/or ethical aspects of marketing that Rushworth Pty Ltd may need to address.
- recommend TWO strategies that could be used to address ONE financial issue shown in the data.
- assess the possible impacts on employment relations of introducing new communications systems at Rushworth Pty Ltd.

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:

- demonstrate knowledge and understanding relevant to the question
 - use relevant business case study/studies
 - communicate using relevant business terminology and concepts
 - present a sustained, logical and cohesive response
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Question 27 (20 marks)

Analyse how internal and/or external sources of change may create reasons for international business expansion.

OR

Question 28 (20 marks)

Analyse the use of management skills when managing global employment relations.

End of paper