

BOARD OF STUDIES
NEW SOUTH WALES

2002

**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, 17, 21 and 25

Total marks – 100

Section I Pages 2–8

20 marks

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

Section II Pages 9–27

40 marks

- Attempt Questions 21–26
- Allow about 1 hour and 15 minutes for this section

Section III Pages 29–30

20 marks

- Attempt Question 27
- Allow about 35 minutes for this section

Section IV Page 31

20 marks

- Attempt either Question 28 or Question 29
- 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.

Select the alternative A, B, C or D that best answers the question. Fill in the response oval completely.

Sample: $2 + 4 =$ (A) 2 (B) 6 (C) 8 (D) 9
A B C D

If you think you have made a mistake, put a cross through the incorrect answer and fill in the new answer.

A B C D

If you change your mind and have crossed out what you consider to be the correct answer, then indicate the correct answer by writing the word *correct* and drawing an arrow as follows.

A B C D
correct ↙

- 1** A business decides to adapt management and organisational approaches to circumstances. Which management theory does this action best represent?
- (A) Behavioural
 - (B) Classical-scientific
 - (C) Contingency
 - (D) Political
- 2** Minh is the senior manager of a marketing department. In which of the following is Minh performing a decisional role?
- (A) Allocating funds for the development of new projects
 - (B) Scanning the business environment for trends that affect the organisation
 - (C) Interacting with marketing staff from other companies at a conference
 - (D) Representing the marketing department in a senior management team meeting
- 3** Beautiful Skin Pty Ltd has decided to market a razor for women. It has calculated total production costs for each razor and added a 10% margin to set the final price.
- Which type of pricing is this?
- (A) Break-even pricing
 - (B) Competition-based pricing
 - (C) Cost pricing
 - (D) Market pricing
- 4** A business involved in implementing EEO in the workplace would be engaged in which of the following?
- (A) Granting employment preference to trade union members
 - (B) Giving selection preference to employees from disadvantaged groups
 - (C) Applying an anti-discrimination policy to the recruitment of employees
 - (D) Providing equal wages to all employees regardless of their position in the firm
- 5** A balance sheet includes which of the following?
- (A) Expenses
 - (B) Intangibles
 - (C) Return on owners' equity
 - (D) Sales

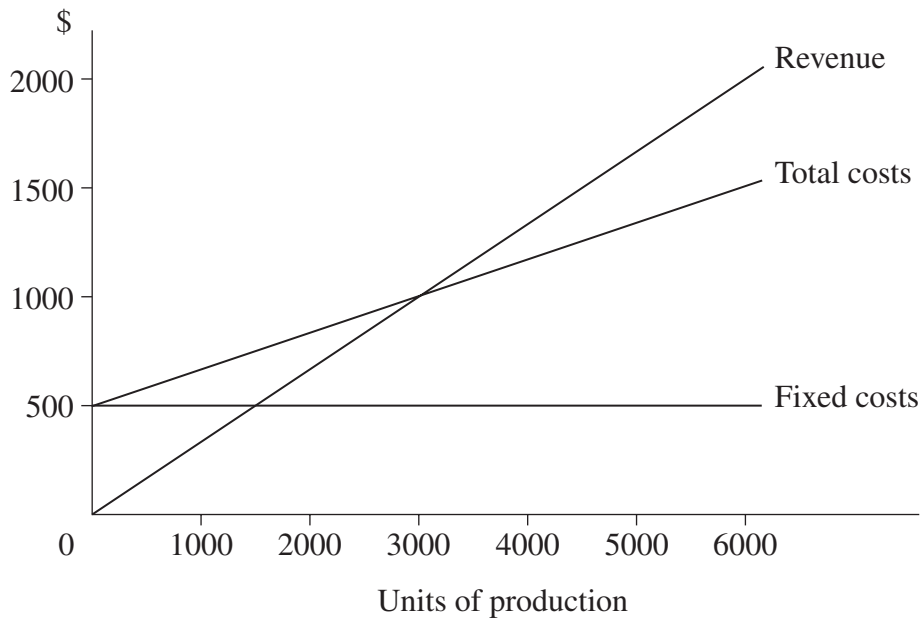
- 6 A number of highly-trained workers from a large domestic airline have been reclassified owing to major technological changes in the operations of the airline. These employees have been told that the work they performed in the past is no longer required.

Which of the concepts below best describes this situation?

- (A) De-skilling
 - (B) Globalisation
 - (C) Inertia of managers
 - (D) Resistance to change
- 7 An Australian shoe manufacturer creates a new logo to establish a global brand image. Which type of marketing strategy is it addressing?
- (A) Product
 - (B) Price
 - (C) Promotion
 - (D) Place/distribution
- 8 How would the Australian tourism industry be affected by a fall in the value of the Australian dollar compared to other currencies?
- (A) Increased numbers of Australians travelling overseas and decreased numbers of overseas visitors to Australia
 - (B) Increased numbers of Australians travelling overseas and increased numbers of overseas visitors to Australia
 - (C) Decreased numbers of Australians travelling overseas and increased numbers of overseas visitors to Australia
 - (D) Decreased numbers of Australians travelling overseas and decreased numbers of overseas visitors to Australia
- 9 What is the function of management that involves comparing sales figures for a financial period to the forecast of sales for the same period?
- (A) Collecting market research data
 - (B) Comparing cash and credit sales
 - (C) Implementing financial plans
 - (D) Monitoring the achievement of marketing plans

- 10** Which of the following is an example of transfer pricing?
- (A) The price charged by a company for a good or service provided to its subsidiaries
 - (B) A company selling its product at a minimum price to undercut a global competitor
 - (C) A company transferring the right to use its intellectual property to another company
 - (D) The profits gained from pricing by a company affected by international currency fluctuations

Use the graph to answer Questions 11 and 12.



- 11** What is the variable cost of producing 3000 units?
- (A) \$0
 - (B) \$500
 - (C) \$1000
 - (D) \$3000
- 12** What is the net profit from selling 6000 units?
- (A) \$500
 - (B) \$1000
 - (C) \$1500
 - (D) \$2000

- 13 Abix International Ltd has issued the following efficiency data for 2001 and 2002.

	2001 (\$)	2002 (\$)
<i>Total Expenses</i>	120 000	140 000
<i>Sales*</i>	360 000	490 000
<i>Accounts Receivable</i>	60 000	70 000

*All sales are credit sales

Which of the following statements about the efficiency of Abix International Ltd is correct?

- (A) The expense ratio has improved while the accounts receivable turnover ratio has deteriorated.
 - (B) The expense ratio has improved and the accounts receivable turnover ratio has also improved.
 - (C) The expense ratio has deteriorated while the accounts receivable turnover ratio has improved.
 - (D) The expense ratio has deteriorated and the accounts receivable turnover ratio has also deteriorated.
- 14 Axis Management Pty Ltd has decided to join with a rival company in order to secure a major government contract.

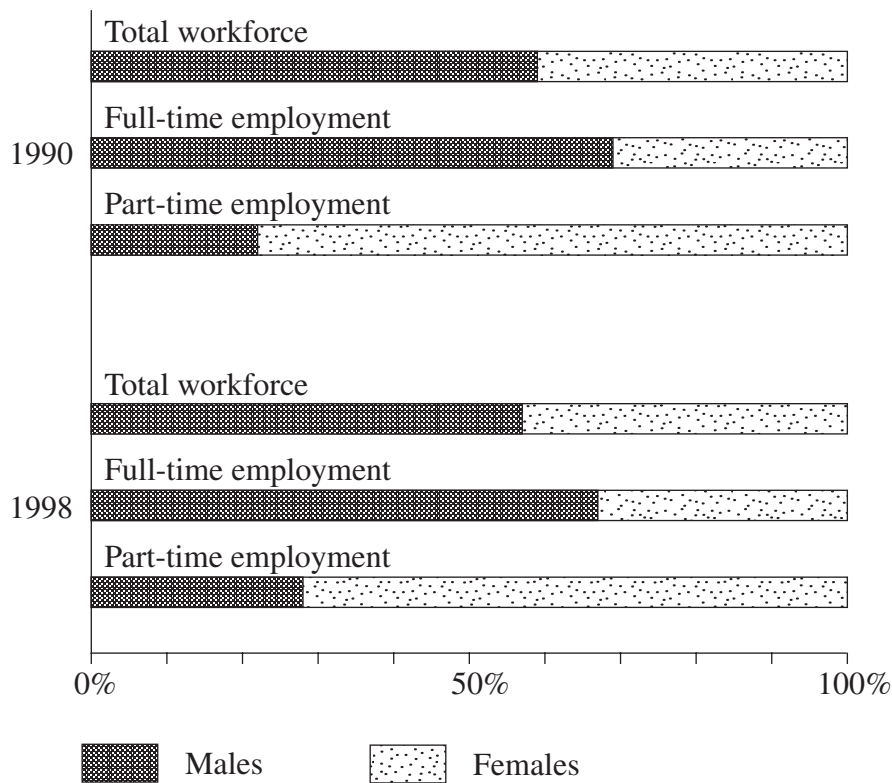
Which of the following best describes this action?

- (A) Flat structures
 - (B) Networks
 - (C) Outsourcing
 - (D) Strategic alliance
- 15 A senior manager within an executive team disagrees strongly with other senior managers over current marketing policies. The CEO of this business interprets this opposing view as disloyalty.

What perspective on conflict does the CEO have?

- (A) A behavioural perspective
- (B) A pluralist perspective
- (C) A radical perspective
- (D) A unitary perspective

16



ABS data used with permission from the Australian Bureau of Statistics

Using the bar chart and your knowledge of employment relations, which of the following statements is true?

- (A) From 1990 to 1998, females have accounted for a greater proportion of the part-time workforce than males.
- (B) Legislation relating to EEO and Anti-Discrimination has led to females accounting for an additional 5% of the total workforce from 1990 to 1998.
- (C) The percentage of males in full-time employment has dropped by 10% between 1990 and 1998 owing to social changes encouraging more males to take on a home role.
- (D) The percentage of females in full-time employment has increased by 20% between 1990 and 1998 owing to social changes encouraging more females to take up professional careers.

17 A company has a number of manufacturing locations in different countries to produce components of its final product.

Which of the following best describes this form of operation?

- (A) Global branding
- (B) Global marketing
- (C) Global positioning
- (D) Global web

Use the following information to answer Questions 18 and 19.

Jack's Computer Services Pty Ltd has provided the following data based on the revenue statement for the year ended 30 June 2002.

Total Revenue*	\$5000
Net Profit Ratio	5%
Gross Profit Ratio	60%

*Total Revenue is equal to Total Sales.

18 What is the value of the Cost of Goods Sold for Jack's Computer Services Pty Ltd?

- (A) \$250
- (B) \$500
- (C) \$2000
- (D) \$3000

19 The Gross Profit Ratio has increased from 40% in 2001 to 60% in 2002, while revenue and expenses remained the same.

What was the net profit or loss in 2001?

- (A) \$750 net loss
- (B) \$500 net loss
- (C) \$750 net profit
- (D) \$2000 net profit

20 Instead of providing plastic bags, a supermarket chain encourages customers to bring their own carry bags.

What is the purpose of this action?

- (A) To enhance ecological sustainability
- (B) To improve quality of working life
- (C) To improve fixed costs
- (D) To comply with government regulations

--	--	--	--	--

Centre Number

Section II

--	--	--	--	--	--	--	--	--

Student Number

40 marks

Attempt Questions 21–26

Allow about 1 hour and 15 minutes for this section

Answer the questions in the spaces provided.

Marks

Question 21 (3 marks)

Ron is planning to set up a restaurant. He has undertaken market research which revealed that the proposed location for the restaurant would suit business people or families with young children.

- (a) Identify Ron’s TWO possible target markets. 1

.....
.....

- (b) Describe TWO factors that Ron may consider in selecting his target market. 2

.....
.....
.....
.....

BLANK PAGE

--	--	--	--	--

Centre Number

Section II (continued)

--	--	--	--	--	--	--	--	--

Student Number

Marks

Question 22 (5 marks)

Ace Tyre Fitters Pty Ltd has a majority of employees who are union members. The management team is not satisfied with the work performance of a number of employees and would like to take action that may ultimately lead to the dismissal of some workers.

- (a) Identify TWO stakeholders in the employment relations process. 1

.....
.....

- (b) Outline and recommend an appropriate grievance procedure that could be established and used by Ace Tyre Fitters Pty Ltd to help resolve the concerns of at least TWO stakeholders. 4

.....
.....
.....
.....
.....
.....
.....
.....

BLANK PAGE

--	--	--	--	--

Centre Number

Section II (continued)

--	--	--	--	--	--	--	--	--

Student Number

Question 23 (10 marks)

Please turn over

Question 23 (10 marks)

Sandra owns a computer software business selling a range of games and small-business packages. She employs two full-time and three part-time sales staff.

- (a) Describe ONE example of a financial reward and ONE example of a non-financial reward that Sandra could use to motivate her staff. **2**

.....
.....
.....
.....

- (b) Outline TWO indicators that Sandra could use to measure the effectiveness of these rewards. **2**

.....
.....
.....
.....

Question 23 continues on page 15

Question 23 (continued)

- (c) Analyse the potential impacts of these rewards on ONE profitability ratio and ONE efficiency ratio of this business. **6**

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

End of Question 23

BLANK PAGE

--	--	--	--	--

Centre Number

Section II (continued)

--	--	--	--	--	--	--	--	--

Student Number

Question 24 (10 marks)

Please turn over

Question 24 (10 marks)

Red Flash is an Australian manufacturer of a range of sportswear. It is intending to expand overseas by establishing a subsidiary in a developing country.

Management has identified that labour laws in this country vary greatly from those of Australia.

In establishing its operations overseas, Red Flash has chosen an ethnocentric rather than a polycentric or geocentric staffing system.

- (a) Identify TWO skills of management needed to implement this business proposal. **1**

.....
.....

- (b) Discuss a possible conflict of interest between stakeholders in relation to the decision to locate in a developing country. **3**

.....
.....
.....
.....
.....
.....

Question 24 continues on page 19

Question 24 (continued)

- (c) Evaluate the decision of management to choose an ethnocentric rather than a polycentric or geocentric staffing system for this subsidiary. **6**

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

End of Question 24

BLANK PAGE

--	--	--	--	--

Centre Number

Section II (continued)

--	--	--	--	--	--	--	--	--

Student Number

Question 25 (7 marks)

Please turn over

Question 25 (7 marks)

HCR Ltd is a manufacturer of mobile phones, which has operated successfully in Australia for the past 10 years. It sells mobile phones and accessories in to the Asian market and in the USA. Competitive forces and other domestic pressures caused a decline in profits in the mid-1990s and a review of medium-term management strategies.

In 1997 HCR Ltd began joint operations with a company in a developing country to manufacture the mobile phones in that country. Management believed that this would reduce labour costs and avoid many costly government regulations that existed in Australia. Now the business is faced with uncertainties created by political tension and civil unrest in this developing country.

- (a) Explain ONE possible impact of currency fluctuations on HCR Ltd in its new production location. **1**

.....

.....

- (b) Evaluate ONE potential impact of increasing civil unrest and political tension in the developing country on the operation of this business. **3**

.....

.....

.....

.....

.....

.....

Question 25 continues on page 23

Question 25 (continued)

- (c) Analyse TWO social/ethical responsibilities of HCR Ltd in relocating its production to this developing country. **3**

.....

.....

.....

.....

.....

.....

End of Question 25

BLANK PAGE

--	--	--	--	--

Centre Number

Section II (continued)

--	--	--	--	--	--	--	--	--

Student Number

Question 26 (5 marks)

Please turn over

Question 26 (5 marks)

Examine the following financial data from Bayside Diner Pty Ltd for the financial year ending 30 June 2002.

	<i>July– September</i> \$	<i>October– December</i> \$	<i>January– March</i> \$	<i>April– June</i> \$
Opening balance	2 000	–1 000	7 000	20 000
Cash sales	20 000	48 000	54 000	16 000
Debtors' receipts	2 000	6 000	14 000	3 000
Total cash revenues	22 000	54 000	68 000	19 000
Wages	20 000	32 000	38 000	32 000
Food supplies	3 000	8 000	10 000	3 000
Other expenses	2 000	6 000	7 000	2 000
Total cash expenditure	25 000	46 000	55 000	37 000
Closing balance	–1 000	7 000	20 000	2 000

(a) What is the name given to this type of financial statement? **1**

.....

(b) Outline the role of this financial statement. **2**

.....

Question 26 continues on page 27

Question 26 (continued)

- (c) Recommend a financial management strategy for Bayside Diner Pty Ltd to improve its performance, based on the data provided. **2**

.....

.....

.....

.....

.....

.....

End of Question 26

BLANK PAGE

Business Studies

Section III

20 marks

Attempt Question 27

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
-

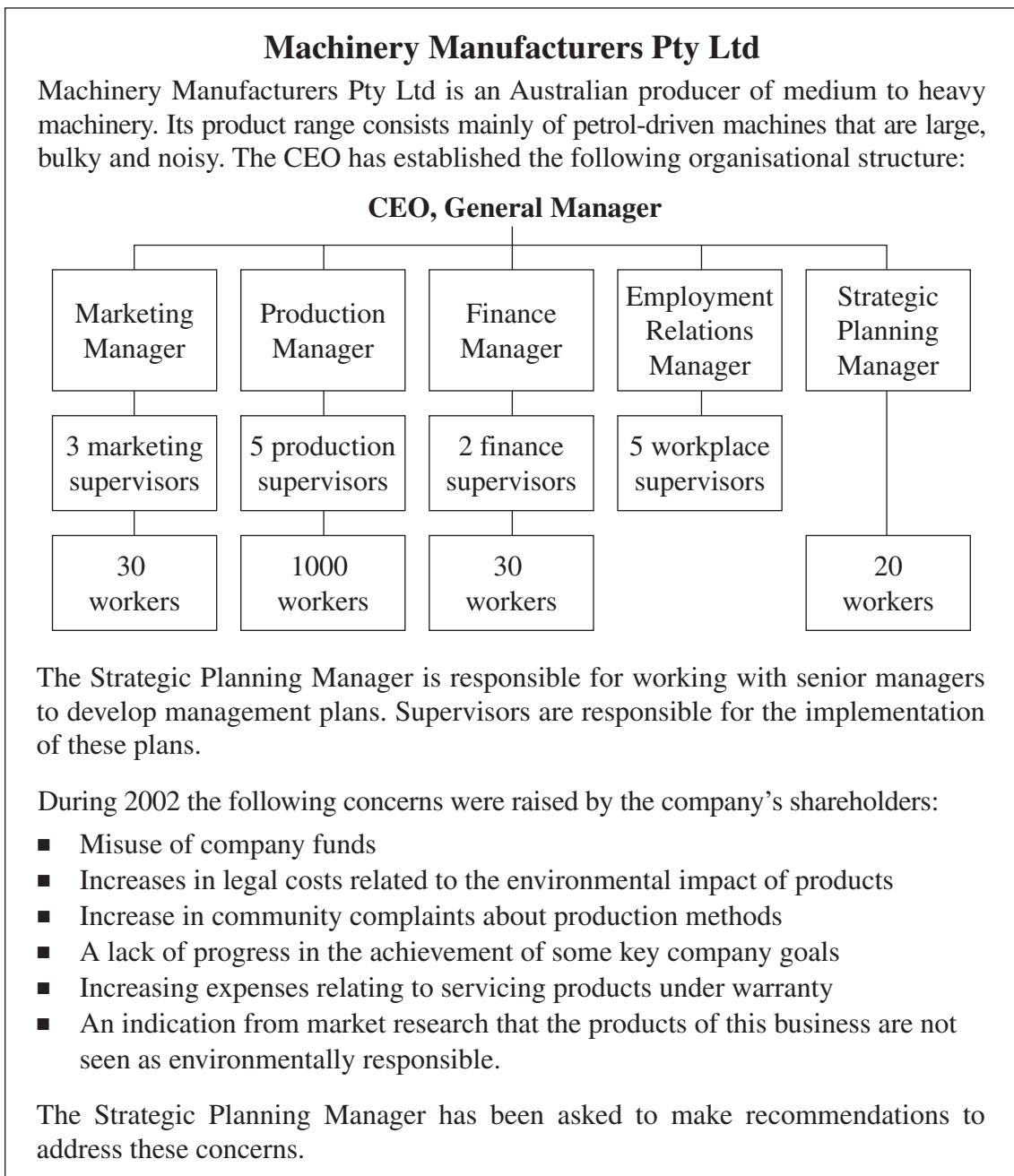
Question 27 (20 marks)

Please turn over

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
-

Question 27 (20 marks)



As the Strategic Planning Manager, write a report to the Board of Directors that examines the effectiveness of the current organisational structure and analyses the ethical and legal responsibilities of the business in relation to financial management and marketing.

Section IV

20 marks

Attempt either Question 28 or Question 29

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
-

Question 28 (20 marks)

Outline the role of stakeholders in resolving industrial conflict, and critically analyse the impact of global trends in employment relations on business role and structure.

OR

Question 29 (20 marks)

Outline the reasons why businesses expand globally, and critically analyse the political, social/cultural and management issues that arise with a global workforce.

End of paper

BLANK PAGE