

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

2009

**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 9–18

40 marks

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

Section III Page 19

20 marks

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

Section IV Page 20

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 A business sells jewellery to 15–20 year olds.

Which type of market is the business targeting?

- (A) Consumer
- (B) Intermediate
- (C) Niche
- (D) Resource

2 Which of the following contains two examples of overt industrial action?

- (A) Lockouts and sabotage
- (B) Pickets and absenteeism
- (C) Staff turnover and strikes
- (D) Overtime bans and work-to-rule

3 A business uses factoring to pay creditors.

Which financial objective is the business trying to achieve?

- (A) Efficiency
- (B) Liquidity
- (C) Profitability
- (D) Solvency

4 Which of the following is a legal responsibility that supermarkets have towards their customers?

- (A) To deliver quality service
- (B) To advertise weekly specials
- (C) To offer a money-back guarantee
- (D) To provide a safe shopping environment

- 5** Which of the following is an example of *promotion* as a marketing strategy for a new line of shampoo?
- (A) Creating a brand name
 - (B) Making it available only in hair salons
 - (C) Packaging in environmentally-friendly bottles
 - (D) Advertising it as adding shine and volume to hair
- 6** A worker and a manager are using mediation to resolve a dispute.
Which of the following describes mediation in this situation?
- (A) The worker and manager meeting alone to resolve the dispute
 - (B) A neutral third person assisting both parties to resolve the dispute
 - (C) Both parties attending a compulsory conference to reach an agreement
 - (D) A judge hearing the dispute in court and making a legally binding decision
- 7** How could an Australian business expand internationally?
- (A) By merging with a business operating overseas
 - (B) By sending management to an overseas conference
 - (C) By reducing costs in overseas manufacturing plants
 - (D) By buying overseas-made products from an Australian importer
- 8** Which of the following contains two features of behavioural management theory?
- (A) Open communication and division of labour
 - (B) Team structures and participative leadership style
 - (C) Wide span of control and systems management approach
 - (D) Flat organisational structure and autocratic decision-making
- 9** A business makes unauthorised copies of foreign movies and sells them at the recommended retail price of the original product.
Which of the following describes this practice?
- (A) Sugging consumers
 - (B) Dumping illegal products
 - (C) Violating intellectual property rights
 - (D) Engaging in resale price maintenance

10 Which of the following is an external source of change for a business?

- (A) Increase in consumer spending power
- (B) Modification of its marketing campaign
- (C) The decision to market its product using e-commerce
- (D) Provision of electronic payment facilities for customers

11 An Australian business is negotiating an order with a new overseas customer.

Which method of payment would involve the greatest risk for the Australian business?

- (A) Open account
- (B) Letter of credit
- (C) Bill of exchange
- (D) Payment in advance

12 The table shows debt to equity ratios for a business in 2008 and 2009.

<i>2008</i>	<i>2009</i>
100% (1 : 1)	75% (0.75 : 1)

How has the financial position of the business changed from 2008 to 2009?

- (A) Reduced solvency and increased risk
- (B) Reduced solvency and decreased risk
- (C) Improved solvency and increased risk
- (D) Improved solvency and decreased risk

13 Which strategy may achieve effective employment relations for both employers and employees?

- (A) Outsourcing product manufacture
- (B) Determining levels of staff turnover
- (C) Offering share options to employees
- (D) Estimating the cost of retrenchment packages

Use the following information to answer Questions 14 and 15.

Comparative Profit and Loss Statement for Danok Ltd

	2008 (\$'000)	2009 (\$'000)
Sales	120	200
Cost of goods sold	60	80
Gross profit	60	120
Expenses	30	30
Net profit	30	90

- 14** What is the net profit ratio in 2008?
- (A) 25%
- (B) 30%
- (C) 45%
- (D) 50%
- 15** Which statement describes how the financial position of Danok Ltd changed between 2008 and 2009?
- (A) Gross profit ratio is unchanged and the expense ratio has improved.
- (B) Gross profit ratio has increased and the expense ratio has decreased.
- (C) Gross profit ratio has decreased and the expense ratio is unchanged.
- (D) Gross profit ratio has improved and the expense ratio has increased.
- 16** An Australian retailer of motor parts is considering vertical integration to manage its global business.
- Which vertical integration strategy might this business use?
- (A) Purchase a foreign manufacturer of motor parts.
- (B) Diversify by selling car cleaning products internationally.
- (C) Set up e-commerce facilities with multinational suppliers.
- (D) Organise an intermediary to distribute motor parts overseas.

- 17** Which of the following is an ethical business practice?
- (A) Transferring funds to tax havens
 - (B) Using company funds for personal use
 - (C) Taking over a company to strip its assets
 - (D) Independent checking of financial records
- 18** Which of the following is a political influence on global business operations?
- (A) Varying business practices
 - (B) Increases in tariffs paid on imports
 - (C) Use of new communications technology
 - (D) Reduced insurance premiums on exports
- 19** Which of the following reasons for resistance to change is a financial cost to a business?
- (A) Inertia of managers
 - (B) Loss of career prospects
 - (C) Re-organisation of plant layout
 - (D) Cultural incompatibility in mergers
- 20** Which of the following includes both government and employers in the employment relations process?
- (A) A drive by unions to increase membership
 - (B) The Retail Employers Association releasing a media statement
 - (C) The introduction of new Occupational Health and Safety legislation
 - (D) Workers negotiating with management to increase salary and improve conditions

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Business Studies**

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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.

Question 21 (6 marks)

- (a) List TWO features of an employment contract. **2**

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- (b) Outline TWO advantages and TWO disadvantages of using casual employment contracts for a business.

- (i) Advantages **2**

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- (ii) Disadvantages **2**

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Centre Number

Section II (continued)

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Student Number

Question 22 (6 marks)

In response to an economic downturn a manager plans to implement a new work roster that will reduce the number of hours offered to staff. The manager expects some staff will be dissatisfied.

- (a) Identify TWO skills that the manager would need to minimise staff dissatisfaction when implementing the new roster. 2

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- (b) Explain how a potential conflict of interest over the new roster could be reconciled. 4

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Centre Number

Section II (continued)

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Student Number

Question 23 (8 marks)

- (a) Describe ONE social or cultural influence that managers should consider when conducting business with overseas clients. **2**

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- (b) Analyse the impact of TWO financial influences on a business wishing to export. **6**

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Section II (continued)

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Student Number

Question 24 (10 marks)

- (a) Describe ONE advantage and ONE disadvantage for a business obtaining finance through the Australian Stock Exchange. **4**

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- (b) Evaluate the use of debt financing to fund a major expansion into new products. **6**

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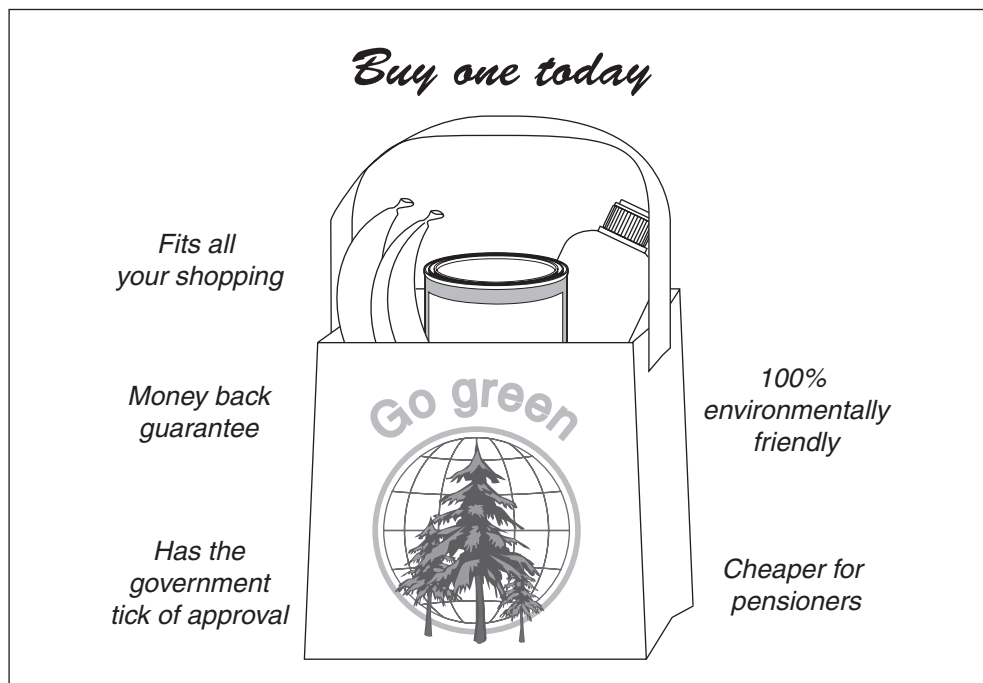
Section II (continued)

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Student Number

Question 25 (10 marks)

A customer-oriented business sells environmentally friendly shopping bags. The business is considering using the following advertisement to market its product. One business objective is to improve its reputation as a provider of environmentally friendly products.



(a) Define *customer orientation*.

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Question 25 continues on page 18

Question 25 (continued)

- (b) Explain how TWO features of this advertisement could be seen as deceptive or misleading. **4**

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- (c) Assess the likely impact of using this advertisement to achieve the business objective. **4**

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End of Question 25

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)

DalinX currently owns a chain of cosmetics stores in Australia. Its sales staff are experienced and provide personalised service to customers. DalinX believes that valuing employees leads to high quality service and customer satisfaction. It has won several awards for its employment relations policies.

DalinX is now changing its focus. It wants to do business in a more socially responsible way and it wants to open cosmetics stores in Asia.

It has three business objectives for 2010–2012:

- Implement socially responsible business practices
- Achieve an appropriate level of differentiation of its stores in Asia
- Maintain superior employment relations in Australia.

Prepare a report for DalinX's management team.

In your report, you should:

- Outline TWO social responsibilities that DalinX has in managing its business.
- Recommend ONE global marketing strategy that DalinX could use to achieve differentiation of its stores in Asia.
- Explain how TWO key influences on employment relations might affect DalinX's management of its employees.

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
-

Question 27 (20 marks)

Analyse how the type of customer a business has may influence its marketing strategies and its financial planning cycle.

OR

Question 28 (20 marks)

Analyse how the market research process may assist a business to develop its marketing plan and achieve the objectives of financial management.

End of paper