

2014 BUSINESS STUDIES TRIAL HSC EXAMINATION

Marking Guidelines

Section I

1	C	2	D	3	A	4	B	5	C	6	B	7	D	8	C	9	B	10	A
11	D	12	C	13	A	14	C	15	B	16	A	17	D	18	B	19	A	20	C

Section II

Q21 (a) Define cost leadership.

Criteria	Marks
• Correctly defines cost leadership	2
• Provides a feature of cost leadership	1

Answers may include:

Cost leadership is aiming to have the lowest costs compared to competitors or to be the most price competitive in the market.

Q21 (b) Explain how technology influences operations. Use examples to support your answer.

Criteria	Marks
• Explains how technology influences operations and uses more than one example to support the answer	6
• Explains how technology influences operations and uses one example to support the answer	5
• Explains how technology influences operations with NO example, OR describes how technology influences operations and uses more than one example to support the answer	4
• Describes how technology influences operations and uses one example to support the answer	3
• Describes how technology influences operation with NO example OR outlines how technology influences operations and uses more than one example	2
• Outlines technology or provides examples of technology	1

Answers may include:

Technology influences operations in the following ways:

- *Improves productivity*
- *Improves efficiency*
- *Lowers costs*
- *Improves flexibility in adapting to change*

Examples include CAD, CAM, online management of inventory and supply chain, bar coding,

Q22 (a) Outline how outsourcing can lead to benefits in the management of operations and human resources in a business.

Criteria	Marks
• Outlines the benefits to operations AND human resources of outsourcing	3
• Outlines the benefits to operations OR human resources of outsourcing	2
• Defines outsourcing/ refers to general benefits with no link to operations or HR	1

Answers may include:

Outsourcing involves the use of outside specialists to undertake one or more key functions.

Benefits to operations and human resource management include cost and time savings, improved efficiency.

Q22 (b) How have social influences impacted on workplace practices in Australia?

Criteria	Marks
• Provides detailed reasons as to how social influences have impacted on workplaces in Australia	4- 5
• Relates social influences to workplace practices in Australia	3
• Provides examples of workplace practices that may be related to social influences	2
• Defines social influences	1

Answers may include:

Social influences relate to the changes in society in terms of values, beliefs, cultural backgrounds and behaviours.

For Australian workplaces this has meant that work patterns have changed – extended operating hours, family friendly workplaces, greater flexibility in the workplace.

Q23 (a) Outline one example of market research that Sheldon and Howard could use.

Criteria	Marks
• Outlines an example of market research	2
• Identifies an example of market research	1

Answers may include:

Primary research – surveys, observation

Secondary research – BAS data, magazines, internet

Q23 (b) Identify an appropriate target market for this business.

Criteria	Marks
• Identifies an appropriate target market for this business	1

Answers may include:

People interested in comics

Marvel fans

Q23 (c) Assess one marketing strategy for this business.

Criteria	Marks
• Makes a judgement of value of one marketing strategy relevant to this business	5
• Explains a marketing strategy relevant to this business	4
• Describes a marketing strategy relevant to this business OR any of the above with no relevance to stimulus	3
• Outlines a marketing strategy	2
• Identifies a marketing strategy	1

Answers may include:

Price – pricing methods, pricing strategies, price/quality interaction

Product – goods/service, packaging, branding

Place – distribution channels, channel choice, physical distribution issues

Promotion – advertising, personal selling, relationship marketing, sales promotion, publicity, public relations

Q24 (a) Explain how the interdependence of the key business functions affects business performance.

Criteria	Marks
• Explains how the interdependence of the key business functions affects business performance	4
• Describes the interdependence of the key business functions and business performance	3
• Outlines the interdependence of the key business functions OR business performance	2
• Identifies the key business functions	1

Answers may include:

Key business functions – operations, marketing, finance, human resource management

Communication between managers is necessary to ensure efficient allocation of resources so that business goals can be achieved.

Q24 (b) Describe TWO global strategies that management will need to consider.

Criteria	Marks
• Describes TWO global strategies relevant to the stimulus	4
• Outlines TWO global strategies relevant to the stimulus	3
• Describes ONE global strategy relevant to the stimulus • Outlines ONE strategy and identifies ONE strategy	2
• Outlines ONE global strategy relevant to the stimulus OR identifies TWO global strategies	1

** 0 marks awarded for identifying ONE strategy*

Answers may include:

Operations – global sourcing, economies of scale, scanning and learning, R&D

Marketing – global branding, standardization, customization, global pricing, competitive positioning

Finance – exchange rates, interest rates, methods of payment, hedging, derivatives

Human resource management – costs, skills, supply

Q25 (a) Identify two objectives of financial management

Criteria	Marks
• Identifies TWO objectives of financial management	2
• Identifies ONE objective of financial management	1

Answers may include:

Profitability, efficiency, growth, liquidity, solvency

Q25 (b) Describe how the government influences the financial management of businesses in Australia.

Criteria	Marks
• Describes how the government influences the financial management of businesses	3
• Outlines how the government influences the financial management of businesses	2
• Identifies a government influence	1

Answers may include:

Monetary policy – determination of money supply through interest rates

ASIC – regulation of corporations, markets and financial services

Company taxation

Q25 (c) How are finances monitored and controlled within a business?

Criteria	Marks
• Provides some detail as to how finances are monitored and controlled	3
• Provides brief overview of the monitoring and controlling of finances	2
• Names relevant financial statements – at least 2 of the 3	1

Answers may include:

Cash flow statements, Income statements and Balance sheets

Section III 20 marks

QUESTION 26

Write a report to the owners recommending financial and human resource management strategies to improve the performance of the business.

Criteria	Marks
<ul style="list-style-type: none">• Presents a sustained, logical and cohesive business report integrating relevant business terminology and concepts• Makes effective use of the information provided, demonstrating extensive knowledge and understanding relevant to the question• Clearly provides reasons in favour of financial strategies which will improve business performance• Clearly provides reasons in favour of HRM strategies which will improve business performance	17 – 20
<ul style="list-style-type: none">• Presents a logical and cohesive business report integrating relevant business terminology and concepts• Makes some use of the information provided, demonstrating knowledge and understanding relevant to the question• Provides reasons in favour of financial strategies and characteristics of HRM which will improve business performance OR provides reasons in favour of HRM strategies and characteristics of financial strategies which will improve business performance	13 - 16
<ul style="list-style-type: none">• Includes features of a business report and uses some business terminology and concepts• Provides characteristics and features of financial and HRM strategies	9 - 12
<ul style="list-style-type: none">• Includes some features business report and uses basic business terminology• Sketches in general terms financial OR HRM	5 - 8
<ul style="list-style-type: none">• Uses basic terminology• May make reference to finance OR HRM	0 - 4

Answers may include:

Financial strategies include:

Working capital management:

- *Control of current assets – cash, receivable, inventory*
- *Control of current liabilities – payables, loans, overdrafts*
- *Sale and lease back*
- *Leasing*

Profitability management:

- *Cost controls – fixed and variable, cost centres, expense minimisation*
- *Revenue controls – marketing objectives*

HRM strategies include:

- *Leadership style*
- *Performance management*
- *Training and development*
- *Rewards*
- *Workplace disputes*

Other strategies (not really appropriate to stimulus) include:

- *Job design, recruitment and global*

Section IV 20 marks

QUESTION 27

Analyse how the influences on marketing can impact on the success of a business.

Criteria	Marks
<ul style="list-style-type: none">• Presents a sustained, logical and cohesive response and communicates clearly using relevant business terminology and concepts• Relates the implications of the influences on marketing on the success of a business• Applies relevant case study/studies and contemporary business issues	17 – 20
<ul style="list-style-type: none">• Presents a logical and cohesive response using relevant business terminology and concepts• Provides why and/or how the influences on marketing impact on the success of a business• Uses relevant case study/studies and contemporary business issues	13 - 16
<ul style="list-style-type: none">• Communicates using business terminology and concepts• Provides features and characteristics of the influences on marketing• May make reference to the success of a business• May make some reference to case study/studies and contemporary business issues	9 - 12
<ul style="list-style-type: none">• Communicates using some business terminology and concepts• Makes some reference to the influences on marketing• May make limited reference to case study/studies and contemporary business issues	5 - 8
<ul style="list-style-type: none">• Uses basic terminology• May refer marketing• May refer to case study	0 - 4

Answers may include:

Influences on marketing include:

- *Factors influencing customer choice – psychological, sociocultural, economic, government*
- *Consumer laws –*
 - *deceptive and misleading advertising*
 - *price discrimination*
 - *implied conditions*
 - *warranties*
- *Ethical –*
 - *truth, accuracy and good taste in advertising*
 - *products that may damage health*
 - *engaging in fair competition*
 - *sugging*

Business success can be measured in terms of:

- *Increased profits*
- *Reduced costs*
- *Increased market share*

Section IV 20 marks

QUESTION 28

Analyse how the influences on operations can impact on the success of a business.

Criteria	Marks
<ul style="list-style-type: none">• Presents a sustained, logical and cohesive response and communicates clearly using relevant business terminology and concepts• Relates the implications of the influences on operations on the success of a business• Applies relevant case study/studies and contemporary business issues	17 – 20
<ul style="list-style-type: none">• Presents a logical and cohesive response using relevant business terminology and concepts• Provides why and/or how the influences on operations impact on the success of a business• Uses relevant case study/studies and contemporary business issues	13 - 16
<ul style="list-style-type: none">• Communicates using business terminology and concepts• Provides features and characteristics of the influences on operations• May make reference to the success of a business• May make some reference to case study/studies and contemporary business issues	9 - 12
<ul style="list-style-type: none">• Communicates using some business terminology and concepts• Makes some reference to operations• May make limited reference to case study/studies and contemporary business issues	5 - 8
<ul style="list-style-type: none">• Uses basic terminology• May refer to operations• May refer to case study	0 - 4

Answers may include:

Influences on operations include:

- *Globalisation, technology, quality expectations, cost-based competition, government policies, legal regulation, environmental sustainability*
- *Corporate social responsibility*
 - *The difference between legal compliance and ethical responsibility*
 - *Environmental sustainability and social responsibility*

Business success can be measured in terms of:

- *Improved productivity*
- *Improved efficiency*
- *Increased profits*

Section I

20 marks

Attempt Questions 1 – 20

Allow about 35 minutes for this section

Use the Multiple Choice Answer Sheet for question 1 – 20

1. Which business function is responsible for determining the target market?
 - (A) Finance
 - (B) Operations
 - (C) Marketing
 - (D) Human resources

2. A business places a job vacancy advertisement on a community billboard. Which aspect of human resource management is this an example of?
 - (A) Development
 - (B) Maintenance
 - (C) Selection
 - (D) Recruitment

3. What does the expense ratio measure?
 - (A) Efficiency
 - (B) Profitability
 - (C) Growth
 - (D) Solvency

4. A manufacturer buys components to use in the assembly of a finished product. Which type of market does this occur in?
 - (A) Consumer
 - (B) Industrial
 - (C) Niche
 - (D) Resource

5. The operations manager for a clothing manufacturer has planned the physical arrangement of all equipment to ensure efficiency in the manufacturing process.

What task has the operations manager performed?

- (A) Skills audit
- (B) Task design
- (C) Process layout
- (D) Critical path analysis

Use the following information to answer questions 6 and 7.

Income statement for ABC Pty Ltd		
	2013	2014
Sales	440 000	485 000
Cost of Goods Sold	70 000	73 000
Gross Profit	370 000	412 000
Expenses	165 000	100 000
Net Profit	215 000	312 000

Additional information:

Owner's equity \$300 000 in 2013 and \$200 000 in 2014

Accounts receivable \$50 000 in 2013 and \$85 000 in 2014

6. What is the return on equity for 2014 (net profit/total equity)?
- (A) 0.72
 - (B) 1.56
 - (C) 1.8
 - (D) 0.45
7. Which statement describes how the financial position has changed between 2013 and 2014? (accounts receivable turnover ratio = sales/accounts receivable)
- (A) Efficiency and profitability have both increased
 - (B) Efficiency and profitability have both decreased
 - (C) Efficiency has increased and profitability has decreased
 - (D) Efficiency has decreased and profitability has increased

8. What does a critical path identify?
- (A) The lowest cost path to complete all tasks in a project
 - (B) The highest cost path to complete all tasks in a project
 - (C) The shortest time required to complete all tasks in a project
 - (D) The longest time required to complete all tasks in a project
9. What is the most likely reason that a business would use price penetration?
- (A) To encourage export sales
 - (B) To achieve market share quickly
 - (C) To gain high profits when demand is strong
 - (D) To reverse the decline stage of the product life cycle
10. Which one of the following is an example of developmental performance management?
- (A) Improving an individual employee's leadership skills
 - (B) Reviewing the reward system for all employees
 - (C) Evaluating the online payroll system for employees
 - (D) Collecting data to manage the human resources function more effectively
11. Leonard imports the majority of the stock from overseas.
- Which method of payment would expose his business to the most risk?
- (A) Letter of credit
 - (B) Clean payment
 - (C) Bill of exchange
 - (D) Payment in advance
12. What is an advantage of debt finance?
- (A) It doesn't have to be repaid
 - (B) A lower level of gearing
 - (C) Interest payments are tax deductible
 - (D) Regular repayments have to be made
13. Which elements have been added to the marketing mix because of the expansion of the service sector in the economy?
- (A) People, processes and physical evidence
 - (B) Processes, physical evidence and product
 - (C) Physical evidence, product and people
 - (D) Product, people and packaging

14. Penny has lodged a formal complaint against her manager. The two parties have discussed the issue in an attempt to resolve the dispute but have so far been unsuccessful.

What should be the next step to resolve the dispute?

- (A) Arbitration
- (B) Conciliation
- (C) Mediation
- (D) Negotiation

15. During the winter months a lawn mowing business cuts back on its casual staff.

Which influence on the transformation process has caused this action?

- (A) Variety
- (B) Variation in demand
- (C) Volume
- (D) Visibility

16. Which of the following are performance objectives?

- (A) Quality, speed dependability and cost
- (B) Quality, flexibility, customisation and profit
- (C) Speed, cost, flexibility and choice
- (D) Dependability, customisation, profit and choice

17. Which marketing strategy relies on the communication process?

- (A) Product
- (B) Price
- (C) Place
- (D) Promotion

18. Which of the following best describes competitive positioning?

- (A) How a business will price its products
- (B) How a business will differentiate its products
- (C) Expansion of the business into overseas markets
- (D) Adopting strategies that reduce costs

19. What is an enterprise agreement?

- (A) Agreements made at a workplace level between an employer and a group of employees
- (B) Agreements made by the Federal government that are legally enforceable
- (C) Agreements that are only available to casual workers
- (D) Agreements made between the employer and the union.

20. Which of the following best describes a feature of a successful training and development program?

- (A) Increases staff turnover
- (B) Reduces teamwork
- (C) Reduces resistance to change
- (D) Assists employees to find new employment opportunities

Question 22 (8 marks)

- (a) Outline how outsourcing can lead to benefits in the management of operations and human resources in a business. **3**

- (b) How have social influences impacted on workplace practices in Australia? **5**

Question 23 (8 marks)

Sheldon and Howard are planning to establish a comic book business. They have decided to undertake extensive market research before making decisions writing their marketing plan.

- (a) Outline one example of market research that Sheldon and Howard could use. **2**

- (b) Identify an appropriate target market for this business. **1**

- (c) Assess one marketing strategy for this business. **5**

Question 24 (8 marks)

- (a) Explain how the interdependence of the key business functions affects business performance. **4**

Top Shelf Pty Ltd is a successful chain of ice cream stores operating in Australia. The management team are currently negotiating the expansion of the business into overseas markets.

- (b) Describe two global strategies that management will need to consider. **4**

Question 25 (8 marks)

(a) Identify two objectives of financial management. **2**

(b) Describe how the government influences the financial management of businesses in Australia. **3**

(c) How are finances monitored and controlled within a business? **3**

Section III

20 marks

Attempt Question 26

Allow about 35 minutes for this section

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

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

- Demonstrate knowledge and understanding relevant to the question
 - Apply the hypothetical business situation
 - Communicate using business terminology and concepts
 - Present a sustained, logical and cohesive response in the form of a business report
-

Question 26 (20 marks)

Pure One is a large Australian fruit juice manufacturer operating in a highly competitive market. Over the past two years the business has failed to meet several key performance indicators (KPI's). As a result management have identified the following problems:

- *Poor working capital management*
- *Falling profit levels*
- *Low staff morale*
- *High levels of voluntary separation*

You have been employed as a consultant by the owners. Write a report to the owners recommending financial and human resource management strategies to improve the performance of the business.

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
 - Apply relevant business case study/studies and contemporary business issues
 - Communicate using business terminology and concepts
 - Present a sustained, logical and cohesive response
-

Question 27 (20 marks)

Analyse how the influences on marketing can impact on the success of a business.

Question 28 (20 marks)

Analyse how the influences on operations can impact on the success of a business.