



**St Ignatius' College
Riverview**

2014

**HSC TRIAL
EXAMINATION**

Business Studies

General Instructions

- Reading time – 5 minutes
- Working time – 3 hours
- Write using a blue or black pen
- Board-approved calculators may be used

Total marks - 100

Section I 20 marks

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

Section II 40 marks

- Attempt Questions 21-24
- Allow about 1 hour and 15 minutes for this section

Section III 20 marks

- Attempt Question 25
- Allow about 35 minutes for this section

Section IV 20 marks

- Attempt Question 26 or 27
- 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 Stakeholders in the human resource management process include:
- (A) Unions, employers and customers
 - (B) Employers, customers and employer associations
 - (C) Customers, employer associations and employees
 - (D) Employer associations, employees and unions
- 2 The finance manager examines the monthly cash balance and outstanding accounts receivable for a business.
- Which two financial objectives is the finance manager focusing upon?
- (A) Solvency and liquidity
 - (B) Efficiency and solvency
 - (C) Liquidity and profitability
 - (D) Liquidity and efficiency
- 3 A niche market is:
- (A) a market that requires extensive development in order to attract more sales.
 - (B) a low-volume, high value market, which focuses on a narrow customer base.
 - (C) a market with a range of undifferentiated products to promote standardisation.
 - (D) highly focused on the total needs of high-income earners in consumer markets only.

4 The managers at Super Size Swimsuits have decided on a cost leadership strategy.

Which of the following best describes this strategy?

- (A) Operations that aim for the lowest cost and are the most efficient
- (B) Operations that aim for the lowest cost and the most diverse product range
- (C) Operations that aim for the most diverse product range and are the most efficient
- (D) Operations that aim for the most diverse product range and are the least efficient

5 A company has undertaken market research to understand the needs of its growing base of Asian customers and to ultimately improve sales.

This is an example of which approach to marketing?

- (A) The production approach
- (B) The sales approach
- (C) The marketing approach
- (D) The strategic approach

6 A large private company is hoping to list on the Australian Securities Exchange. They require assistance raising capital from an institution that will underwrite the new share issue.

Which financial institution would assist them to do this?

- (A) Bank
- (B) Finance company
- (C) Investment bank
- (D) Superannuation fund

- 7 Which of the following are characteristics of independent contractors?
- (A) They are typically self-employed and are entitled to the same benefits as full time employees
 - (B) They are entitled to the same benefits as full time employees and work for a fee within a set timeframe
 - (C) They work for a fee within a set timeframe and arrange their own insurance and superannuation
 - (D) They arrange their own insurance and superannuation and their employment is typically ongoing and continuous.
- 8 Which of the following describes the aim and method of developmental performance management?
- (A) To enhance an employees effectiveness through the setting of goals and identification of strengths and weaknesses
 - (B) To enhance an employees effectiveness by linking employee outcomes to financial incentives
 - (C) To determine an employees end of year bonus through the setting of goals and identification of strengths and weaknesses
 - (D) To determine an employees suitability for promotion by linking employee outcomes to financial incentives
- 9 A soft drink company plans a product campaign to change the colour of their cans each week for a year.
- This requires interdependence between which two business functions?
- (A) Marketing and Finance
 - (B) Marketing and Operations
 - (C) Human Resources and Finance
 - (D) Human Resources and Operations

- 10 A butcher decides to sell his sausages cheaper than cost price but his rump steak is very expensive reflecting the high quality cattle he sources.

Which pricing strategies is he using for each product?

	<i>Sausages</i>	<i>Rump Steak</i>
(A)	Skimming	Loss leaders
(B)	Penetration	Skimming
(C)	Loss Leaders	Skimming
(D)	Loss Leaders	Price Points

- 11 A retail company is financing the purchase of several new distribution centres.

Which of the following would be the most suitable form of external finance?

- (A) Retained profits
 - (B) Overdraft
 - (C) Commercial Bill
 - (D) Debenture
- 12 Which of the following includes both a weakness and a threat from a SWOT analysis?
- (A) Low gearing and low economic growth
 - (B) High gearing and increased competition
 - (C) Low interest rates and low economic growth
 - (D) Low interest rates and increased customer demand
- 13 Why does a business use market segmentation?
- (A) To minimise expenses
 - (B) To implement cost centres
 - (C) To identify common needs and buying behaviours
 - (D) To ensure the same product can be sold in all segments

14 Which of the following are all transformed inputs in the transformation process?

- (A) Materials, facilities and information
- (B) Materials, information and customers
- (C) Facilities, information and customers
- (D) Customers, human resources and materials

15 A sporting goods company prepares a job description for a new role.

This is an activity within which human resources process?

- (A) Acquisition
- (B) Selection
- (C) Maintenance
- (D) Effective HR management

16 Transvale Pty Ltd is owed \$25m by Krypton Ltd, which is repayable in exactly 12 months and 1 day from the end of the recent financial year and represents a large proportion of their debts owing.

For the reader of Krypton Ltd's financial reports, a limitation could be that they:

- (A) may accidentally capitalize this expense on the balance sheet.
- (B) might make the mistake of normalising such debt repayments.
- (C) are forced to read complex financial information included in the annual report.
- (D) could potentially be unaware of the true extent of the short term debt obligation.

17 Many fast food brands have a warning label on the packaging that states, "may contain traces of peanuts" on food that should not include peanuts at all.

The cross contamination could potentially be occurring because of issues related to which influence on the transformation process?

- (A) variety
- (B) volume
- (C) visibility (customer contact)
- (D) variation in demand

18 A surgeon completes an operation on a patient.

The output of this process would be a:

- (A) hospital bed for the patient.
- (B) transformed patient with improved health.
- (C) payment received to the surgeon's bank account.
- (D) consultation with the patient about the proposed surgery.

19 Economies of scale can be achieved by:

- (A) making a vast number of different products.
- (B) focusing on reducing waste and using established technology.
- (C) purchasing small orders regularly to match stock with demand.
- (D) purchasing in bulk and exercising bargaining power with suppliers.

20 Luxury fashion goods stores often have security guards outside their stores in order to protect their merchandise but also to reinforce the positioning of the brand as exclusive and expensive.

From a marketing strategy perspective, these guards represent:

- (A) global competitive positioning of the brand.
- (B) physical evidence representative of the brand.
- (C) a personal selling aspect of the brand's values.
- (D) public relations aspect of the brand's positioning.

Section III

20 marks

Attempt Question 25

Allow about 35 minutes for this section

Use 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
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Question 25 (20 marks)

Natural Treats Pty Ltd is a business that operates throughout Australia supplying a range of lollies to service stations and supermarket chains. Management has identified the following issues:

- Parent complaints about packaging claims that the products contain 'all natural flavours and colouring - important for child development'
- Customers frustrated with poor availability or out of date product at retail outlets
- Frequent product recall due to possible nut contamination from other product lines.

They have recently outsourced logistics to a transport company and have concerns about the effectiveness of this arrangement.

You have been employed as a consultant by the business. Write a report that describes the marketing influences that may have impacted on the business and recommend operations strategies to improve the performance of the business.

Please turn over

Section IV

20 marks

Attempt either Question 26 or Question 27

Allow about 35 minutes for this section

Use 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 relevant business case study/studies
 - communicate using relevant business terminology and concepts
 - present a sustained, logical and cohesive response
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Question 26 (20 marks)

Evaluate the effectiveness of Human Resources strategies used to achieve business success.

OR

Question 27 (20 marks)

Evaluate the effectiveness of Finance strategies used to achieve business success.

End of paper

2014 HSC TRIAL EXAMINATION
Business Studies

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Student Number

Section I
Answer sheet

Start Here →

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

2014 HSC TRIAL EXAMINATION
Business Studies

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Student Number

Section II

40 marks

Attempt Questions 21–24

Allow about 1 hour and 15 minutes for this section

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

Question 21 (10 marks)

Manny is thinking about expanding his business selling printed t-shirts. He currently has a small shop selling the shirts at the front of his factory.

- (a) Outline a distribution channel Manny could use to expand his business. 2

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- (b) Describe ONE physical distribution issue that may impact Manny's expansion. 2

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Question 21 continues on the next page.

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Student Number

Section II (continued)

Question 22 (10 marks)

ZenPlastic Pty Ltd manufactures a range of plastic goods at their plant in Blacktown. They are reviewing their operations process after being fined for poor waste disposal practices.

- (a) Outline ONE legal regulation that may affect operations management at ZenPlastic. 2

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- (b) How could environmental sustainability influence ZenPlastic's operation process? 2

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Question 22 continues on the next page.

Question 22 (continued)

- (c) ZenPlastic are considering outsourcing some production to Germany to access highly skilled labour, machinery and proximity to new markets. **6**

Explain TWO influences on operations that may have led to this decision.

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End of Question 22

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Student Number

Section II (continued)

Question 23 (10 marks)

Harris Pty Ltd is a successful luxury boat construction business with 30 full time and 15 casual employees.

- (a) Identify one common law obligation of employers, and ONE common law obligation of employees. 2

Obligation of employers:

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Obligation of employees:

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- (b) Distinguish between an award and an enterprise agreement. 4

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Question 23 continues on the next page.

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Student Number

Section II (continued)

Question 24 (10 marks)

Below is the Balance Sheet for Dunn's Drums. Use it to answer parts (a) and (b).

Balance Sheet for Dunn's Drums As at 30 June 2014		
<i>Current Assets</i>	\$	\$
Cash	6,000	
Accounts Receivable	15,000	
Stock	14,000	35,000
<i>Non-Current Assets</i>		
Property, Plant & Equipment	25,000	
Motor Vehicle	20,000	45,000
<i>Total Assets</i>		80,000
<i>Current Liabilities</i>		
Credit Card	4,000	
Accounts Payable	18,000	22,000
<i>Non-Current Liabilities</i>		
Loan		20,000
<i>Owners Equity</i>		
Capital	20,000	
Retained Profits	18,000	38,000
<i>Total Liabilities & Owners Equity</i>		80,000

- (a) Calculate the Current Ratio (Current Assets ÷ Current Liabilities) for this business. Show all working correct to one decimal place.

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- (b) Calculate the Debt to Equity Ratio (Total Liabilities ÷ Total Equity). Show all working correct to one decimal place. 2

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- (c) Why is it important for a business to control its debt to equity ratio? 2

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- (d) Discuss the use of debt and equity financing. 4

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End of Question 24

Marking Criteria – BUSINESS STUDIES TRIAL 2014

a) Multiple Choice

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

b) Short Answers

Question 21

Q	Suggested Answer & Criteria
21a	<p>Outline a distribution channel Manny could use to expand his business.</p> <p>Answer: Students outline routes taken to distribute the product from the Producer – Consumer (or online) Producer – Wholesaler- Consumer Producer – Retailer - Consumer</p> <p>Criteria: 2 Marks: students outline ONE distribution channel 1 mark: students identify ONE distribution channel</p>
21b	<p>Describe ONE physical distribution issue that may impact Manny’s expansion.</p> <p>Answer: Students can describe issues concerning: Transport – road, air, rail, sea Warehousing – receiving, storing and dispatching, efficient delivery of goods Inventory – inventory control.</p> <p>Criteria 2 marks: Students correctly describes ONE physical distribution issue that would be relevant for Manny’s t-shirt business. 1 mark: Students correctly outlines ONE physical distribution issue that would be relevant for Manny’s t-shirt business.</p>

21c

How can Manny's strategies for people, processes and physical evidence ensure this new service is a success.

Answer: People- Manny should have qualified and competent staff to help with the t-shirt designs providing excellent customer service.

Processes refer to the flow of activities that a Manny's business should follow when designing the t-shirts. This process should be efficient and enable customization. It is the total experience of buying product from gathering information to the final stage of experiencing the product.

Physical evidence is the environment within which the service is delivered. His factory should have the latest technology, be clean, safe and presentable to encourage people to use his services. Includes also packaging, labeling etc

Criteria

5- 6 marks: Student correctly explains how the THREE strategies can ensure Manny's business success.

3-4 marks: Student correctly explains ONE or TWO strategies may be relevant to Manny's business.

1-2 marks: Identifies ONE strategy may/not be relevant to Manny's business.

Question 22

Q	Suggested Answer & Criteria
22a	<p data-bbox="304 427 1189 465">Outline ONE legal regulation that may affect operations management at ZenPlastic.</p> <p data-bbox="304 499 606 533">Answers could include</p> <p data-bbox="304 573 1369 712">Work Health and Safety Act (2012): requires firms to ensure safe workplaces for all of their workers by establishing a duty of care over the activities that employers require them to carry out. Firms must ensure that they proactively detect hazards and take steps to eliminate them as far as possible from the working environment.</p> <p data-bbox="304 752 1340 853">Fair Work Act (2009): requires firms to observe rules about rostering and staff employment terms and conditions such as overtime and rest breaks. It is essential that operations managers have an understanding of these laws to ensure they do not over work employees during production shifts.</p> <p data-bbox="304 893 1358 1028">Environmental Protection and Biodiversity Conservation Act (1999): sets in place standards for waste management and influences how and where firms can acquire natural resources for input into the production process. It ensures that all operations procedures have minimal impact on the natural environment and specifies protected areas free from exploitation.</p> <p data-bbox="304 1068 1358 1305">Workers Compensation Act (1987): Forces compulsory payments of insurance premiums to ensure that firms have insurance that can pay for any injuries acquired by employees in the process of working at the firm. This is particularly relevant for operations managers as this is often the most dangerous area of the company in terms of serious physical injuries. Premiums rise year to year based on number of employees and previous claims. Riskier workplaces are forced to pay higher insurance premiums. The operations manager is normally accountable for this as a key performance indicator.</p> <p data-bbox="304 1339 411 1373">Criteria</p> <p data-bbox="304 1413 751 1447">1 mark for identifying the legal regulation</p> <p data-bbox="304 1447 1110 1480">1 mark for successfully sketching in general terms the impact on operations.</p>
22b	<p data-bbox="304 1518 1169 1552">How could environmental sustainability influence ZenPlastic's operation process.</p> <p data-bbox="304 1581 606 1615">Answers could include</p> <p data-bbox="304 1641 1366 1821">Firms have been increasingly subject to pressure from society and their consumers to communicate the methods they are using in the operations process that achieve environmental sustainability. Environmental sustainability, in an operations sense, is about reducing unnecessary waste in the production process as well as increasing efficiency in the way inputs are transformed into outputs. It could also mean changing inputs to more ensure they are more environmentally friendly to limit impact on the environment.</p> <p data-bbox="304 1850 411 1883">Criteria:</p> <p data-bbox="304 1910 1366 1944">2 marks for providing a cause and effect relationship between environmental sustainability and the</p>

	<p>impact on the operations process. 1 mark for defining environmental sustainability and or trying to link it to the operations process without necessarily demonstrating a cause and effect relationship.</p>
22c	<p>ZenPlastic are considering outsourcing some production to Germany to access highly skilled labour, machinery and proximity to new markets.</p> <p>Explain TWO influences that may have led to the decision to outsource some of their production overseas.</p> <p>Answers could include</p> <p>Technology</p> <p>Technology has an influence through the input, transformation and output stages of the production process. Technology can increase the accuracy of production methods and reduce defects via the use of CAD and CAM software which can operate the production process in a more efficient manner as well as by removing human error. This can reduce operation costs associated with staff and increase the level of output that is possible. Clearly the superior machinery and skilled operators in Germany could provide a significant incentive to outsource either the production process or at a minimum the development of the capital equipment in the production process to Germany.</p> <p>Other answers include</p> <p>Quality expectations Globalization</p> <p>Criteria</p> <p>3 marks for each cause and effect relationship between the influence and the decision to outsource some production to Germany. 1-2 marks: sketches in general terms the relationship between the influence and the decision to outsource production to Germany.</p>

Question 23

Q	Suggested Answer & Criteria
23a	<p>Identify one common law obligation of employers, and ONE common law obligation of employees.</p> <p>Of employers</p> <ul style="list-style-type: none"> • Duty of care • Duty to pay the agreed wage • Duty to provide work <p>Of employees</p> <ul style="list-style-type: none"> • Duty to obey lawful instructions and commands • Duty to work with skill • Duty to disclose relevant information <p>Criteria:</p> <p>b) 1 mark for each of ONE employer and ONE employee duty identified.</p> <p>Distinguish between an award and an enterprise agreement</p> <p>An award is a legal document that outlines the minimum wages and working conditions for all employees working in a particular industry. It is prescribed by the Fair Work Commission. On the other hand, an enterprise agreement is a negotiated, documented agreement between one or more employers and more than one employee that outlines pay and conditions that will apply to those workers only. Fair Work Australia must register EA's, and will only do so if the employees are Better Off Overall (BOOT test) than under the award.</p> <p>Criteria:</p> <p>4 marks: Clearly distinguishes the differences between awards and enterprise agreements</p> <p>3 marks: Shows how things are similar or different between Enterprise Agreements and awards</p> <p>2 marks: Sketches in general terms the difference between Enterprise Agreements and awards</p> <p>1 marks: Identifies the difference between enterprise agreements and awards</p>

c) **Explain how economic influences may impact the human resource processes of acquisition and maintenance at Harris Pty Ltd.**

Harris Pty Ltd is a successful luxury boat construction business with 30 full time and 15 casual employees.

The economic influences that may impact Human Resources include the business cycle, interest rates and inflation. Where there is a boom in the business cycle, the acquisition process is significantly impacted. An increase in demand for boats will require an expansion of the workforce, and workers may leave to join other boat builders in positions of higher pay and authority. Within the acquisition process, this will cause Harris to plan workforce requirements, recruit candidates using internal and external processes, and make selections using interviews and reference checks. On the other hand, in response to the upturn, other boat building businesses will also be looking to increase staff, and may seek to attract Harris' staff by offering increased pay and conditions. This will then place pressure on Harris in the provision of monetary and non monetary rewards and HR will be required to determine the appropriate level, which will retain staff, but is not too generous to compromise profits in operations.

4 marks: Relates cause and effect from an economic influence to the impact on the acquisition and maintenance process in relation to Harris and their situation

3 marks: Relates cause and effect from an economic influence to the impact on the acquisition and maintenance process – no reference to stimulus OR may not entirely show a strong enough understanding of one of the concepts

1-2 marks: Relates cause and effect from an economic influence to the impact on EITHER the acquisition OR maintenance process

Question 24

Q	Suggested Answer & Criteria
24a	<p>Answer:</p> <p>Current Ratio: Current Assets / Current Liabilities $\\$35,000 / \\$22,000 = 1.6:1$ Meaning for every \$1 of current liabilities, the business has \$1.60 in current assets to meet them.</p> <p>Criteria:</p> <p>2 marks: Correctly calculates the ratio with all working 1 marks: Correctly calculates the ratio but has no working</p>
24b	<p>Answer:</p> <p>Debt to Equity Ratio: Total Liabilities / Total Equity $\\$42,000 / \\$38,000 = 1.1:1$ or 52.5% financed from debt; that is, \$1.10 gearing debt for every \$1 of equity.</p> <p>Criteria</p> <p>2 marks: Correctly calculates the ratio with all working 1 mark: Correctly calculates the ratio but has no working</p>
24c	<p>Answer:</p> <p>It's important for a business to control its debt to equity ratio as it's a measure of the business' ability to pay all its liabilities. It's a measure of the business' long-term financial stability. The higher the ratio of debt to equity, the more unstable the business is. With high levels of debt the business is vulnerable to increased interest expenses, particularly when interest rates rise.</p> <p>Criteria:</p> <p>2 marks for correctly explaining why it's important for a business to control it debt to equity ratio 1 mark for a brief outline</p>

24d

Answer:

A **description** of what debt and equity finance is, with advantages and disadvantages of each:

	Debt	Equity
Advantages	Interest payments are tax deductible Can be simple to acquire Does not decrease ownership in the business	Does not have to be paid back Does not incur interest Investors prepared to wait for a return No repayments
Disadvantages	Can be expensive Repayments begin immediately and can't be deferred Personal guarantees may be required Need a good credit history	You are exchanging ownership in the business Not tax deductible A portion of profits are distributed to new owners

Criteria:

3-4 marks Correctly provides a description of debt and equity with advantages and disadvantages of each

1-2 marks May provide details of debt and equity finance and may provide advantages / disadvantages.

Business Report – Question 25

You have been employed as a consultant by the business. Write a report that describes the marketing influences that may have impacted on the business and recommend operations 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 detailed characteristics and features of the marketing influences on Natural Treats. • Clearly provides reasons in favour for operations strategies that could be used by Natural Treats which will improve business performance. • 	17-20
<ul style="list-style-type: none"> • Presents a logical and cohesive business report and uses relevant business terminology and concepts • Makes some use of the information provided, demonstrating knowledge and understanding of the question. • Provides features of the marketing influences and provides some reasons in favour for operations strategies that could be used by Natural Treats. 	13-16
<ul style="list-style-type: none"> • Includes features of a business report and uses some business terminology and concepts • Provides features of the marketing influences and details some features of operations strategies that could be used by Natural Treats. 	9-12
<ul style="list-style-type: none"> • Includes some features of a business report and uses some business terminology and concepts • Sketches in basic terms some aspects of the marketing influences OR operational strategies used by Natural Treats. 	5-8
<ul style="list-style-type: none"> • Uses basic business terminology in a very brief and basic report • May make reference to aspects of marketing influences OR operations strategies 	1 - 4

Answers might include:

Marketing Influences:

- factors influencing customer choice – psychological, sociocultural,
- consumer laws
 - deceptive and misleading advertising
 - implied conditions
- ethical – truth, accuracy and good taste in advertising, products that may damage health

Operations Management strategies:

- performance objectives – quality, dependability, flexibility,

- supply chain management – logistics, e-commerce
- outsourcing – advantages and disadvantages
- inventory management – advantages and disadvantages of holding stock, LIFO (last-in-first-out), FIFO (first-in-first-out), JIT (just-in-time)
- quality management
 - control
 - assurance
 - improvement

Question 26 – Extended Response

Criteria	Marks
<ul style="list-style-type: none"> Provides a criteria and makes a judgement against it as to the effectiveness of HR strategies used to achieve business success. Applies relevant case study/studies and contemporary business issues Presents a sustained, logical and cohesive response and communicates clearly using relevant business terminology and concepts 	17-20
<ul style="list-style-type: none"> Provides characteristics and features of the effectiveness of HR strategies and business success. Uses relevant case study/studies and contemporary business issues Presents a logical and cohesive response using relevant terminology and concepts 	13-16
<ul style="list-style-type: none"> Sketches in general terms aspects of HR strategies and business success. May make reference to case study/studies and contemporary business issues Communicates using business terminology and concepts 	9-12
<ul style="list-style-type: none"> Makes reference to HR strategies and business success. May make reference to case study/studies and/or contemporary business issues Communicates using some business terminology and concepts 	5-8
<ul style="list-style-type: none"> Makes limited reference to either HR strategies and business success. May identify case study/studies Uses basic business terminology 	0-4

Answers may include:

strategies in human resource management

- leadership style
- job design – general or specific tasks
- recruitment – internal or external, general or specific skills
- training and development – current or future skills
- performance management – developmental or administrative
- rewards – monetary and non-monetary, individual or group, performance pay
- global – costs, skills, supply
- workplace disputes
 - resolution – negotiation, mediation, grievance procedures, involvement of courts and tribunals

effectiveness of human resource management

- indicators
 - corporate culture

- benchmarking key variables
- changes in staff turnover
- absenteeism
- accidents
- levels of disputation
- worker satisfaction

Business Success

- Achievement of goals
- Increased productivity of labour
- Increased output
- Profitability
- Reduced costs (of labour thus improving profitability)
- Expansion
- Revenue
- Key performance indicators
- Output

Question 27 – Extended Response

Criteria	Marks
<ul style="list-style-type: none"> • Provides a criteria and makes a judgement against it as to the effectiveness of Finance strategies used to achieve business success. • Applies relevant case study/studies and contemporary business issues • Presents a sustained, logical and cohesive response and communicates clearly using relevant business terminology and concepts 	17-20
<ul style="list-style-type: none"> • Provides characteristics and features of the effectiveness of Finance strategies and business success. • Uses relevant case study/studies and contemporary business issues • Presents a logical and cohesive response using relevant terminology and concepts 	13-16
<ul style="list-style-type: none"> • Sketches in general terms aspects of Finance strategies and business success. • May make reference to case study/studies and contemporary business issues • Communicates using business terminology and concepts 	9-12
<ul style="list-style-type: none"> • Makes reference to Finance strategies and business success. • May make reference to case study/studies and/or contemporary business issues • Communicates using some business terminology and concepts 	5-8
<ul style="list-style-type: none"> • Makes limited reference to either Finance strategies and business success. • May identify case study/studies • Uses basic business terminology 	0-4

Answers may include:

financial management strategies

- cash flow management
 - cash flow statements
 - distribution of payments, discounts for early payment, factoring
- working capital management
 - control of current assets – cash, receivables, inventories
 - control of current liabilities – payables, loans, overdrafts
 - strategies – leasing, sale and lease back
- profitability management
 - cost controls – fixed and variable, cost centres, expense minimisation
 - revenue controls – marketing objectives
- global financial management
 - exchange rates

- interest rates
- methods of international payment – payment in advance, letter of credit, clean payment, bill of exchange
- hedging
- derivatives

Business Success

- Achievement of goals
- Increased productivity of labour
- Increased output
- Profitability
- Reduced costs (of labour thus improving profitability)
- Expansion
- Revenue
- Key performance indicators
- Output