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2013

TRIAL HSC EXAM

BUSINESS STUDIES

General Instructions

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

Section I

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

Section II

- Attempt Questions 21 – 24
 - Allow about 1 hour and 15 minutes for this section
- 40 marks**

Section III

- Attempt Question 25
 - Allow about 35 minutes for this section
- 20 marks**

Section IV

- Attempt either Question 26 or Question 27
 - Allow about 35 minutes for this section
- 20 marks**

Section I

20 marks

Attempt Questions 1–20

Allow about 35 minutes for this section

Answer the questions on a separate sheet.

- 1 A new soft drink company “Gen” wants its product available to consumers to maximize its customer base.

What distribution strategy is this?

- (A) Selective
 - (B) Intensive
 - (C) Intermediate
 - (D) Niche
- 2 Increase demand for gold due to global financial insecurity causes a gold-mining company to increase the number of people in their mines?

What type of influence on human resources was this?

- (A) Economic
 - (B) Financial
 - (C) Government
 - (D) Legal
- 3 An Australian company operating in the global cosmetics market has been accused of misleading claims in relation to the health effects of its product.

What ethical issue is involved here?

- (A) Implied conditions
- (B) Global competition
- (C) The use of outsourcing by reducing wages
- (D) Truth and accuracy in advertising

4 The balance sheet of Rim Ltd presented the following

2012	2013
Assets \$120,000	Assets \$140,000
Liabilities \$70,000	Liabilities \$65,000

What is the resulting change to owner's equity?

- (A) A decrease of \$25,000
 - (B) An increase of \$25,000
 - (C) A decrease of \$75,000
 - (D) An increase of \$75,000
- 5 A car manufacturer "Firewall Ltd" has announced that the first 6 services on a new car will be free of charge.

What type of operation process is this?

- (A) Output
- (B) Transformation
- (C) Input
- (D) Cost leadership reduction

6 A large supermarket chain is selling milk at below cost for the purpose of attracting customers.

What pricing strategy is this?

- (A) Penetration
- (B) Skimming
- (C) Psychological
- (D) Loss leader

7 Which of the following actions is used in the development phase of human resource process?

- (A) Acquisition from external recruiters
- (B) Outsourcing globally
- (C) Online induction modules
- (D) Increased employee participation

8 A large Australian company with many female employees is concerned at the low numbers of women it has in promotion positions and is reviewing its practices. In carrying out the review it is dealing with which of the following workplace issues?

- (A) Anti-discrimination
- (B) Duty of care
- (C) Equal Employment opportunity
- (D) Corporate Social Responsibility

Use the following information to answer Questions 9 – 10

Extracted financial information from a sporting goods company.

Items	2012	2013
	\$	\$
Sales	200,000	250,000
COGS	100,000	120,000
Gross Profit	100,000	
Expenses		50,000
Net Profit	40,000	80,000

Note: Net profit ratio is calculated at net profit ÷ sales,

9 What was the value of both the net profit ratio and the expenses in 2012?

- (A) 20% and \$60,000
- (B) 20% and \$260,000
- (C) 40% and \$60,000
- (D) 40% and \$260,000

10 What is the possible explanation for the increase in gross profit in 2013?

- (A) Increase in cartage costs of stock
- (B) Increased volume of sales
- (C) Decrease in expenses
- (D) Decreased wage costs

11 A sports team keeps a database of all past ticket buyers and contacts them to become members. All club members are given regular newsletters and the added bonus of discounts on merchandise.

What type of promotional strategy is this?

- (A) Publicity
- (B) Personal selling
- (C) Word of mouth
- (D) Relationship marketing

12 A company located in Sydney has been operating for 50 years. Despite repeated requests from employees, management refuses to explore the possibilities of flexible work times and opportunities for some work to be carried on at home.

Which key social influences have management look to have ignored?

- (A) Anti discrimination
- (B) Changing work patterns
- (C) Ethical
- (D) Work-cover insurance

13 Which of the following best illustrates timing within the transformation operations process?

- (A) Inventory totals
- (B) Computer assisted design
- (C) Customer service
- (D) Critical path analysis

14 Which of the following has the highest risk for an importer?.

- (A) Clear advance payment
- (B) Bill of exchange
- (C) Open account
- (D) Letter of Credit

15 The administration of Frames and Pictures decided to try and reduce the number of days to collect its accounts receivable.

What is the reason for this decision?

- (A) Improve net profit
- (B) Reduce gearing
- (C) Improve cash – flow
- (D) Reduce efficiency turnover

16 Employees of an Australian business are taking legal action against their employer as several workers have contracted a disease due to what they believe was ongoing exposure to toxic materials in the workplace.

The employer was likely to have failed to fulfill which of the following ethical and legal responsibilities towards its workers?

- (A) Providing duty of care and work health and safety requirements
- (B) Providing safe working conditions and paying workers compensation
- (C) Providing fair working conditions and paying workers compensation
- (D) Providing fair working conditions and work health and safety requirements

Refer to the following information for Questions 17 and 18.

Egg Sales 1990 to 2012 ('000s)

<i>Year</i>	<i>Free Range</i>	<i>Barn Laid</i>	<i>Cage Laid</i>
1990	5	10	85
2000	10	15	75
2012	15	30	55
	Most expensive		Less expensive

17 What type of consumer market are free range eggs in 1990?

- (A) Target market
- (B) Mass market
- (C) Niche market
- (D) Branded market

18 The sales of free range and barn laid eggs have both increased.

Which of the following could have contributed to this change?

- (A) Relationship marketing
- (B) Selective channel choice strategies
- (C) Government factors
- (D) Psychological factors

19 The finance director of a medium sized business with 10 shareholders has instructed a major supplier to delay invoicing the business until after the end of the financial year.

What is the finance director attempting to do?

- (A) Overstate profits in the existing year
- (B) Understate profits in the existing year
- (C) Make the bookkeeping process easier
- (D) Reduce cash-flow surplus

20 Which of the following has been a reason for an increase in the use of contractors?

- (A) Time lags in job commencement are reduced
- (B) There are fewer worker 'on-costs'
- (C) There is increased worker loyalty
- (D) It is easier to supervise work specifications

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) **Marks**

(a) Identify **TWO** performance objectives. **2**

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(b) Discuss the benefits of **TWO** scheduling tools used in manufacturing of goods. **4**

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(c) Explain **TWO** ways in which a business could differentiate their service. **4**

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End of Question 21

Question 22 (10 marks)

Marks

- (a) What are the benefits of packaging? **2**

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- (b) Discuss the benefits of branding for the consumers and business. **4**

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- (c) Distinguish the difference between market-based and cost-based pricing methods. Provide examples. **4**

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End of Question 22

Question 23 (10 marks)

Marks

- (a) Outline the role of employer associations. Give an example of one. **2**

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- (b) Describe **ONE** advantage and **ONE** disadvantage of global outsourcing of human resources. **4**

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- (c) Describe **TWO** obligations of employees in the workplace. **4**

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End of Question 23

a) What is the result of transferring short-term debt to a longer-term one?

2 marks

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b) Analyse how the use of an expense minimization program to reduce business debt will effect operations.

6 marks

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Question 24 (10 marks)

Helen's Healthy Lunches			
Period ending 30 June 2013			
	\$	\$	\$
Sales revenue			75 000
less Cost of goods sold			45 000
Gross profit			30 000
Less Financial expenses			
Interest	1500	1500	
Less Selling expenses			
Advertising	2000	2000	
Less Administrative expenses			
Wages	9000		
Rent	8000		
Insurance	2500		
Electricity	2500	22 000	
Additional information:			
Helen invested \$25 000 in Helen's Healthy Lunches.			
Gross profit ratio for year ending 30 th June 2012 was 63%.			

a) i) Identify the name given to this type of financial statement.

1

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ii) Identify one other financial statement that could be used by this business.

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b) Calculate the gross profit ratio (gross profit/sales) for Helens' Healthy Lunches. 2
Show all working.

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c) Calculate the return on equity ratio (net profit / total equity) for Helen's Healthy Lunches.

Show all working. 2

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d) Recommend TWO strategies that Helen could use to improve profitability. 4

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Section III

20 marks

Attempt Question 25

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
 - apply the hypothetical business situation
 - communicate using relevant business 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)

Motor Scooters hit a speed bump

Fun Motors Ltd, a motor scooter manufacturer, has been producing scooters for the Australian market for the past 15 years. Five years ago the company expanded into Vietnam, China and Thailand. The company had experienced annual growth of 15% given the popularity of the scooter. This has since fallen away to a figure of only 5%.

To compound the drop in growth, market share has also been lost. The majority of new sales have gone to a car manufacturer from China who has produced a basic model scooter selling at 25 % lower than Fun Motors

You have been asked by management to prepare a report addressing the issues outlined above.

In your report, identify possible causes of the drop in sales and recommend strategies for operations and global marketing that could be implemented to return the company to healthy growth figures.

Section IV

20 marks

Attempt *either* Question 26 or Question 27

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 relevant business terminology and concepts
 - present a sustained, logical and cohesive response
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Question 26 (20 marks)

What are the limitations and ethical issues involved with the presentation of financial reports?

OR

Question 27 (20 marks)

How can human resource strategies assist a business achieve its overall long-term goals?

END OF PAPER

Business Studies
2013 Trial HSC Exam Marking Guidelines

Question	Answers	Syllabus area
Section I		
1.	B	Marketing – Strategies Place/distribution, channel choice
2.	C	HR – Key Influences, current legal framework
3.	D	Marketing – Influences, ethical
4.	B	Operations – Strategies Quality Mgt
5.	A	Operations – Processes, Outputs, Customer Service
6.	D	Marketing – Strategies, Pricing strategies
7.	C	HR - Processes, Development
8.	D	Marketing – Role, types of markets
9.	A	Finance – Processes, Financial ratios, profitability
10.	B	Finance – Processes, Monitoring and controlling, Income statement
11.	D	Marketing – Strategies, Promotion, Elements of promotion mix,
12.	B	HR – Key Influences, social, changing work patterns
13.	D	Operations – Processes, transformation processes, sequencing and scheduling
14.	A	Finance – Strategies, Global, methods of international payment
15.	C	Finance – Strategies, Cashflow management, cash flow statements
16.	A	HR – Key Influences, Stakeholders, Employers & Current legal framework, WHS
17.	C	Operations – Strategies, Performance objectives, flexibility
18.	B	Operations – Processes, Inputs, transforming resources
19.	B	Finance – Influences, external sources of finance, debt
20.	C	HR – Role, outsourcing

Section II

Question 21 (10 marks)

21 (a) Identify **TWO** performance objectives. (2 marks)

Outcomes Assessed: H1.1

Targeted Performance Bands: 2-3

Criteria	Marks
• Recognises and names TWO performance objectives	2
• Recognises and names ONE performance objective	1

Identify: Recognise and name.

Sample answer:

- Quality
- Speed
- Dependability
- Flexibility
- Customisation
- Cost

Markers Comments: Answered well

21 (b) Explain the advantages and disadvantages of holding stock.

(4 marks)

Outcomes Assessed: H4.2, H3.2

Targeted Performance Bands: 4-5

Criteria	Marks
• Clearly relates the cause and effect of advantages and disadvantages of holding stock.	4
• Relates the cause and effect of advantages OR disadvantages of holding stock. Also outlines an advantage OR disadvantage of holding stock.	3
• Outlines an advantage and disadvantage of holding stock. • Or	2
• Relates the cause and effect of advantages OR disadvantages of holding stock.	
• Outlines an advantage OR disadvantage of holding stock.	1

Sample answer:

Explain: Relate cause and effect; make the relationships between things evident; provide why and/or how.

Sample answers could include:

Advantages:

- Consumer demand can be met when stock is available
- It reduces leads times between order and delivery
- Stock give the opportunity for a business to generate immediate revenue
- Making products in bulk may reduce costs as there are economies of scale.

Disadvantages:

- The costs of holding stock, including storage charges, spoilage, insurance, theft and handling expenses.
- The invested capital, labour and energy can be used elsewhere.
- The cost of obsolescence, which may occur if stock remains unsold.

Also refer to Chapman textbook pages 97-98

Markers Comments: Answered reasonably well

21 (c) Explain **TWO** ways in which a business could differentiate their good/service. Support your answer with relevant examples.(4 marks)

Outcomes Assessed: H4.2, H3.2

Targeted Performance Bands: 4-5

Criteria	Marks
• Provides why and/or how TWO ways in which a business could differentiate their good/service and uses two examples to support their answers.	4
• Provides why and/or how TWO ways in which a business could differentiate their service/good and uses one example to support their answer	3
• Recognises and names TWO ways in which a business could differentiate their service and may refer to a business	2
• Recognises and names ONE way in which a business could differentiate their service/good	1

Sample answer: **Explain:** Relate cause and effect; make the relationships between things evident; provide why and/or how.

Good:

- Varying the actual product features
- Varying product quality
- Varying any augmented features

Service:

- Varying the amount of time spent on a service
- Varying the level of expertise brought to a service i.e. having BMW qualified mechanics to work on BMW cars
- Varying the qualifications and experience of the provider
- Varying the technology used in the service delivery

Refer to Chapman text pages 12-13

Markers comments: Poorly answered. Students needed to clearly explain one of the dot points from the section of good/service differentiation with an example for each. Did not accept Cost Leadership.

Question 22 (10 marks)

22 (a) What are the **benefits** of packaging? (2 marks)

Outcomes Assessed: H2.1

Targeted Performance Bands: 2-3

Criteria	Marks
• Defines packaging and give more than one benefit	2
• Defines packaging and gives only one benefit – sketches briefly	1

Define: State meaning and identify essential qualities.

Sample answer:

Protects / Preserves Products

- Product packaging ensures that products are safe when they are shipped to consumers and stores, as well as when they sit on store shelves. It's important to marketers that customers receive their products in undamaged containers, so that customers experience the care and consideration companies put into planning the packaging they use to hold and ship products.

Attract Consumers

- The visual presentation of product packaging helps attract consumers and persuade them to pick up a product, learn what it's used for and determine if the product will add value to their lives.

Also accepted – Communication / Image / Positive impression / Informs / Separates from other brands / transport / storage

Note: Multiple benefits are needed.

22 (b) Discuss the benefits of branding for the consumers and business. (4 marks)

Outcomes Assessed: H2.1 H2.2

Targeted Performance Bands: 4-5

Criteria	Marks
• Provides TWO points for and/or against BRANDING for consumers and business	4
• Provides ONE point for and/or against BRANDING for consumers and business and provides characteristics and features of another	3
• Provides TWO characteristics and features of branding	2
• Provides ONE characteristic and features of branding	1

Sample answer:

Branding helps provides benefits for both consumers and businesses.

- **Branding can help consumers identify** the specific products they like (brand name recognition). For example, Apple products. It also helps consumers evaluate the quality of the products, especially when a consumer lacks expertise to judge a product's features.
 - Also accepted – sense of security, confidence, judge quality, price and value
- **For businesses** it helps gain repeat sales because consumers recognise the business's products. Also a business can introduce new products onto the market because consumers are already familiar with the business's existing brands.

Also accepted – High appeal to customers, adds value, sets product apart from competition

Discuss: Identify issues and provide points for and/or against for any of the following:

22 (c) Distinguish the difference between market-based and cost-based pricing methods. Provide examples. (4 marks)

Outcomes Assessed: H1.2, H3.2

Targeted Performance Bands: 5-6

Criteria	Marks
• Recognises and indicates as being distinct or different from: to note differences between market-based and cost-based pricing methods. Provide examples	4
• Recognises and indicates as being distinct or different from: to note differences between market-based and cost-based pricing methods	3

• Provides characteristics and features of market-based AND cost-based pricing methods	2
• Provides characteristics and features of market-based OR cost-based pricing methods	1

Distinguish: *Recognise and indicate as being distinct or different from: to note differences between*

Sample answer:

Market based pricing is a method of setting prices according to the supply and demand - whatever the market is prepared to pay. Fruit and vegetables auctions for resellers, E Bay

A surplus can exist - this may be an indication the price is too high, if continually sold out, price may be too low, it is versatile, and customer oriented, and can change depending on product life cycle. Difficult to apply as demand is constantly changing

Cost-based mark-up pricing is a method which comes from the cost of producing a product (or importing that product) and then adding a mark-up (some as a percentage) to cover the running expenses of a business (e.g. transport costs). Electrical appliance retailers.

Allows for a profit margin, it is the simplest methods; however it may not take into account other elements of the marketing mix, does not consider what the market will pay

NOTE – There were a lot of students who were confused with Market Based and Competition Based Pricing Methods – competition is basing your process on your competitors within the market.

Question 23 (10 marks)

23 (a) Outline the role of employer associations. Give an example of one. (2 marks)

Outcomes Assessed: H3.2,

Targeted Performance Bands: 3-4

Criteria	Marks
<ul style="list-style-type: none">• Outlines in general terms; indicates the main features of an employer association with an example	2
<ul style="list-style-type: none">• Outlines in general terms; indicates the main features of an employer association with no example	1

Sample answer:

Outline: Sketch in general terms; indicate the main features of.

Employer association are groups that **represent** and assist employers. Examples include Business Council of Australia, Australian Medical Association.

Marker's Comments: *Could have been answered better*

23 (b) Describe ONE advantage and ONE disadvantage of global outsourcing of human resources. (4 marks)

Outcomes Assessed: H2.2, H3.2

Targeted Performance Bands: 4-5

Criteria	Marks
<ul style="list-style-type: none">• Describes ONE advantage and ONE disadvantage of global outsourcing of human resources	4
<ul style="list-style-type: none">• Describes ONE advantage and/or outlines ONE disadvantage of global outsourcing of human resources	3
<ul style="list-style-type: none">• Outlines ONE advantage and ONE disadvantage of global outsourcing of human resources	2
<ul style="list-style-type: none">• Outlines ONE advantage or ONE disadvantage of global outsourcing of human resources	1

Describe: Provide characteristics and features

Sample answer:

Advantages: Saves costs, expands capacity and flexibility, save capital, allows businesses to focus on prime function.

Disadvantages: Quality may decline, cost may increase due to movements in exchange rates, labour force may result in ethical issues.

Marker's Comments: *Answered reasonably well*

23 (c) Describe **ONE** responsibility of employers and **ONE** responsibility of employees in the workplace. (4 marks)

Outcomes Assessed: H2.2, H3.2

Targeted Performance Bands: 4-5

Criteria	Marks
<ul style="list-style-type: none">• Gives characteristics and features of ONE responsibility of employers and ONE responsibility of employees in the workplace	4
<ul style="list-style-type: none">• Gives characteristics and features of ONE responsibility of employees or employers and sketches in general terms ONE responsibility of employees or employers in the workplace	3
<ul style="list-style-type: none">• Sketches in general term ONE responsibility of employees and employers in the workplace• or• Gives characteristics and features ONE responsibility of employers/employees	2
<ul style="list-style-type: none">• Outlines ONE responsibility of employees or employers in the workplace	1

Describe: Provide characteristics and features.

Sample answer:

Employers

- Providing work
- Payment of income and expenses
- Meeting requirements of industrial relations legislation
- Duty of care

Employees

- Obey lawful and reasonable commands
- Use care and skill in the performance of their activities
- Act in good faith and in the interest of the employer

Marker's comments: Students needed to use the wording and terminology set out in the syllabus and textbook.

Question 24 (10 Marks)

(a) (i) Identify the name given to this type of financial statement. (1)

Criteria	Marks
<ul style="list-style-type: none"> States the correct name of the financial statement. 	1

Answers could include:

Revenue Statement or Profit and Loss Statement or Income Statement

(a) (ii) Identify one other financial statement that could be used by this business. (1)

Criteria	Marks
<ul style="list-style-type: none"> States the correct name of another financial statement that could be used by this business. 	1

Answers could include:

Cash flow statement, balance sheet

(b) Calculate the gross profit ratio (gross profit ÷ sales) for Helen's Healthy Lunches. Show all working. (2)

Criteria	Marks
<ul style="list-style-type: none"> Shows correct working and answer for gross profit ratio. 	2
<ul style="list-style-type: none"> Shows correct working but incorrect final calculation OR Provides correct answer only. 	1

Answer: $\$30\,000 / \$75\,000 \times 100 = 40\%$

(c) Calculate the return on equity ratio (net profit ÷ total equity) for Helen's Healthy Lunches. Show all working (2)

Criteria	Marks
<ul style="list-style-type: none"> Shows correct working and answer for return on owner's equity. 	2
<ul style="list-style-type: none"> Shows correct working but incorrect final calculation OR Provides correct answer only. 	1

Net profit: $\$30\,000$ (Gross profit) – $\$25\,500$ (all other expenses) = $\$4\,500$ divided by $25\,000$ (Helen's investment) = 0.18% . That is for every $\$1$ invested by Helen she is making 18 cents.

d) Recommend TWO strategies that Helen could use to improve profitability.

(4)

Criteria	Marks
<ul style="list-style-type: none">Provides clear reasons in favour of two suitable strategies that could be used by the business to improve profitability.	4
<ul style="list-style-type: none">Provides reasons in favour of one suitable strategy that could be used by the business to improve profitability and sketches another strategy in general terms.	2-3
<ul style="list-style-type: none">Sketches in general terms one or two strategies that could be used by the business to improve profitability.	1

Answers could include:

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

Section III - Question 25 – Business Report

Criteria	Mark
<ul style="list-style-type: none"> • Demonstrates comprehensive knowledge and understanding of the relevant issues at Fun Motors Ltd • Provides informed and detailed strategies with supporting arguments that would return the company to healthy growth figures • Applies the given hypothetical case study to an extensive depth throughout the report • Sophisticated use of relevant business terminology • Sophisticated business report format, including executive summary, headings, sub headings and graphs/tables/diagrams. 	17 - 20
<ul style="list-style-type: none"> • Demonstrates knowledge and understanding of the relevant issues at Fun Motors Ltd • Provides sound strategies with some supporting arguments for the company to adopt • Applies the given hypothetical case study in depth in most areas of the report • High use of relevant business terminology • Good business report format mostly including executive summary, headings, sub headings and graphs/tables/diagrams. 	13 - 16
<ul style="list-style-type: none"> • Demonstrates some knowledge of some of the issues at Fun Motors Ltd • Provides characteristics and features of some strategies available for use. • Applies the given hypothetical case study in only a few areas of the report • Satisfactory use of relevant business terminology • Satisfactory business report format sometimes including executive summary, headings, sub headings and graphs/tables/diagrams. 	9 - 12
<ul style="list-style-type: none"> • Demonstrates limited knowledge and understanding of either operations or marketing reference • There may be some referral to Fun Motors Ltd with some outlines of general strategies • Rarely applies the given hypothetical case study in the report • Limited use of relevant business terminology • Not presented in business report format 	5 - 8
<ul style="list-style-type: none"> • A sketch of some marketing and or operations issues • Uses basic knowledge and terminology • No application of the given hypothetical case study in the report 	1-4

General Feedback**Sophisticated business report format**

Structure needs improvement overall – remember it's a business report – use headings and sub headings, this also assists with clarity and cohesion in your response.

Clarity and Cohesion in this response was achieved by the addressing the following areas in this order – Executive Summary, Issues/Causes, Operations (Processes / Strategies), Global Marketing Strategies, Conclusion / Recommendations. Some students did mix the causes and the strategies together, whilst this is ok, it does affect the cohesion and at times important detail was lacking as a result.

The purpose of an Executive Summary is that a CEO can read this and get a general feel for what the report is about and what is being recommended (it is not enough to just re-word the scenario and question) – in this case outline the causes and strategies, it is also beneficial to re-enforce the strategies you have suggested in the conclusion / recommendation section.

Sophisticated use of relevant business terminology

By incorporating business terms throughout the report you are demonstrating your knowledge of the syllabus, by applying them where relevant is demonstrating your understanding of the scenario and question.

Applies the given hypothetical case study to an extensive depth throughout the report

You need to constantly refer to the scenario and ONLY the scenario given (don't incorporate other case studies in the business report) throughout the report, also it is extremely important you are always referring to the issues/causes (answering the question) – in this case 'return to healthy growth figures and an increased market share'

Demonstrates comprehensive knowledge and understanding of the relevant issues at Fun Motors Ltd

It is important that time is taken at the beginning to plan your response as well as understand what information you are given, and what the question is asking of you.

It is not enough to re-word the information you have been given – e.g. reduced growth and reduced market share – you need to explain the possible causes for this further – and identify more specifically what the competition has (why it has taken majority of the Market Share and is the cause for growth reduction at Fun Motors) – such as a cost leadership approach and product differentiation (again using relevant business terminology).

Provides informed and detailed strategies with supporting arguments that would return the company to healthy growth figures

To provide a comprehensive response you needed to address at least 5 strategies (including operations and global marketing) – also it was important to explain them (assume the marker / reader knows nothing) and provide very strong evidence as to why that strategy should be implemented – what are the benefits to Fun, also recognising the risks involved where necessary. Remember again to link it back to the scenario given and the issue they are facing, constantly throughout the report.

It appeared a lot of students just discussed 'Marketing Strategies' as opposed to GLOBAL Marketing Strategies – again be sure to take the time to read the question, understand it and plan your response.

Answers could include the following information:

Issues / Causes

- Loss of Market Share, Loss of Sales - Business / Product Life cycle Diagram could be used to support the issue explanation
- New Competitor entered market - Cost Leadership & Product Differentiation

Despite the new market for the product continuing to grow, Fun Motors Ltd has **lost sales** to a **new competitor** from China. This competitor – given their size, **has cost leadership** – lower prices than its rivals.

Fun Motors should implement a number of **strategies** designed to either **boost cost leadership** and or **product differentiation** – Seeks to be competitive based on the basis of characteristics of its goods that set it apart from its rivals

Other possible causes accepted – economic, government policies, legal regulations, consumers pay less – these need to be explained thoroughly though, and within the limits of the scenario given.

Operation Strategies

These may include **Operation strategies** such as:

- **economies of scale** – produce on a larger scale – discounts for bulk buying- costs of productions falls
- **leading edge technology** – could increase efficiency – however costly
- **all processes** – inputs and outputs – reduce costs of transformation process
- **outsourcing** – to focus on what it does best – reduce costs
- **supply chain** – logistics, e-commerce
- **global sourcing** – lower costs and or improve quality (risks involved)
- **performance objectives** – cost, customisation, quality, speed, dependability, flexibility
- **Overcoming resistance to change** – identify and communicate the need for change, set achievable goals

The following strategies were accepted however, they needed to be explained thoroughly and strongly with the constant reference to the scenario. - inventory / new product design

Quality management was accepted; however this was not identified as an issue with the information given in the scenario.

Global Marketing Strategies

In terms of **global marketing**, Fun Motors may need to expand their marketing into global markets and adopt:

- **global branding** – cost effective and assist the business in being recognised – customers develop confidence and a sense of security as well as increased loyalty
- **standardization** - save money, simpler and easier to implement
- **customization**- take into account local customers tastes and preferences
- **global pricing** – assists with global branding
- **Global positioning** – consider the cultural factors, competitors and regulations – and alter the position of the product accordingly – eg. Luxury end of the market

SECTION IV

Question 26

Criteria	
<ul style="list-style-type: none">• Demonstrates comprehensive knowledge and understanding related to the question using relevant terminology, concepts and business case study/studies• Provides an informed judgment of the limitations and ethical issues in financial reports• Presents a well-structured, logical and cohesive business response	17-20
<ul style="list-style-type: none">• Demonstrates knowledge and understanding related to the question using relevant terminology, concepts and business case study/ studies• Provides a sound judgment of the limitations and ethical issues in financial reports• Presents a cohesive response to the question	13-16
<ul style="list-style-type: none">• Demonstrates some knowledge and understanding of the question using some relevant terminology, concepts and business case study/studies• Sketches in general terms the limitations and ethical issues in financial reports• Presents a response with some structure	9-12
<ul style="list-style-type: none">• Demonstrates limited knowledge and understanding using limited terminology and may refer to business case study/ studies• Makes general statements about the limitations and ethical issues in financial reports• Presents a response with limited structure	5-8
<ul style="list-style-type: none">• Uses basic knowledge and terminology• May refer to some financial issues	1-4

Sample Answer

The limitations and ethical issues of financial reports include: normalized earnings, capitalizing expenses, valuing assets, LIFO, early cut off dates and asset stripping. The limitations could include the difficulty in gauging their accuracy and keeping to Australian Accounting standards.

SECTION IV

Question 27

Explain how operations strategies can help a business sustain its competitive advantage.

Criteria	
<ul style="list-style-type: none">• Demonstrates comprehensive knowledge and understanding related to the question using relevant terminology, concepts and business case study/studies• Clearly makes the relationship between operations strategies and how it can help a business sustain its competitive advantage evident• Presents a well-structured, logical and cohesive business response	17-20
<ul style="list-style-type: none">• Demonstrates knowledge and understanding related to the question using relevant terminology, concepts and business case study/ studies• To some extent makes the relationship between operations strategies how it can help a business sustain its competitive advantage evident• Presents a cohesive response to the question	13-16
<ul style="list-style-type: none">• Demonstrates some knowledge and understanding of the question using some relevant terminology, concepts and business case study/studies• Sketches in general terms about operation strategies and how it can help a business sustain its competitive advantage evident• Presents a response with some structure	9-12
<ul style="list-style-type: none">• Demonstrates limited knowledge and understanding using limited terminology and may refer to business case study/ studies• Makes general statements about operation strategy and how this helps a business• Presents a response with limited structure	5-8
<ul style="list-style-type: none">• Uses basic knowledge and terminology• May refer to some operation issues	1-4

General Feedback:

The length and structure of the extended response needs to improve overall.

Students should aim to write minimum 5/6 pages long up to maximum 8 pages or approximately 1,000 words.

The extended response can be written using business report or essay structure. The essay needs strong structure that is logical and cohesive. It contains an introduction with reference to the question, the case study/ies and an outline of the operation strategies that will be discussed at length in the body of the essay. The body of the

essay has a number of paragraphs. Keep paragraphs on the shorter side. One strategy per paragraph which includes an explanation of the strategy, an example of a case study relating to that concept and link back to the original question of sustaining a competitive advantage. (PEEL method – Point-Explain-Example- Link).

The conclusion needs to also finish strongly with a summary of what was written in the body of the essay and reference back to the question.

The essay must clearly be supported with the use of relevant detailed case study/ studies (real or hypothetical) and/or examples of contemporary business issues. Students had to integrate contemporary case studies throughout their response and support each key point.

The best responses used the key terms from the syllabus dot points on operation strategies and concepts learned in class and textbook.

Operations strategies includes:

- performance objectives – quality, speed, dependability, flexibility, customisation, cost
- new product or service design and development
- supply chain management – logistics, e-commerce, global sourcing
- outsourcing – advantages and disadvantages
- technology – leading edge, established
- 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
- overcoming resistance to change – financial costs, purchasing new equipment, redundancy payments, retraining, reorganising plant layout, inertia
- global factors – global sourcing, economies of scale, scanning and learning, research and development

The student had to explain clearly how each strategy gives a business its competitive advantage. Students also needed to define competitive advantage at the beginning of the response either in the introduction or the first paragraph of the body.

A competitive advantage is an advantage over competitors gained by offering consumers greater value, either by means of lower prices (price leadership) or by providing greater benefits and service that justifies higher prices (product differentiation).