



HIGHER SCHOOL CERTIFICATE EXAMINATION

1997

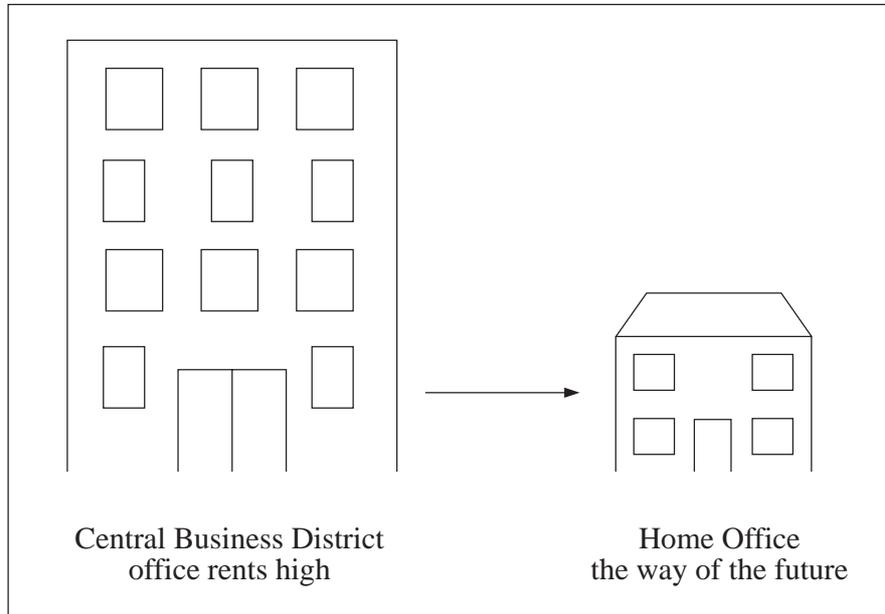
BUSINESS STUDIES

3 UNIT (ADDITIONAL)

*Time allowed—One hour and a half
(Plus 5 minutes reading time)*

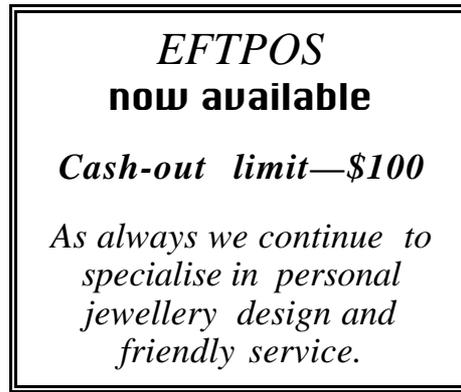
DIRECTIONS TO CANDIDATES

- Board-approved calculators may be used.
- Attempt TWO questions, each from a different option.
- All questions are of equal value.
- Answer each question in a *separate* Writing Booklet.
- You may ask for extra Writing Booklets if you need them.

BUSINESS AND TECHNOLOGY*EITHER***QUESTION 1.** (25 marks)

- (a) Identify the changes in technology that enabled the above situation to occur.
- (b) Discuss the social, personal, and business issues arising from the above technological changes.
- (c) Refer to TWO businesses you have studied.
 - (i) Compare the management responses to technological change.
 - (ii) Judge the effectiveness of these management responses.

OR

QUESTION 2. (25 marks)

The above sign has appeared in the window of O'Donohue's Jewellers, a small suburban shop.

- (a) Explain the above new technology and its application to business operations.
- (b) Evaluate the impact of this technological change on the competitiveness, profitability, and market access for this business.
- (c) With reference to other possible changes in technology, discuss how they may:
 - (i) benefit this business;
 - (ii) threaten this business.

FINANCIAL MARKETS

EITHER

QUESTION 3. (25 marks)

Prue is an investment analyst with Morrows Merchant Bank. On 1 May 1997, she purchased 100 000 options in SMS Ltd, an Australian listed company. On 8 May 1997, the price of SMS shares doubled, and Prue sold her options. The week following the sale of Prue's options, SMS Ltd was subject to a takeover bid. In June, investigations were begun into the trading in SMS shares in the weeks leading up to the announcement of the takeover.

- (a) Discuss the characteristics of options as an investment opportunity.
- (b) Explain why Prue decided to purchase options in SMS Ltd rather than:
 - (i) shares;
 - (ii) debentures.
- (c) Which institutions might investigate Prue's trading activities, and why?

OR

QUESTION 4. (25 marks)

The Finance Director of ACE Construction and Development, Sydney Ltd is developing a capital budget for 1998. He has proposed the following table to present to the company's Board of Directors.

<i>Project</i>	<i>Capital Investment</i>	<i>Net Present Value</i>	<i>Internal Rate of Return</i>	<i>Payback Period</i>
Bridge, China	\$6 000 000	\$8 000 000	14%	3 years
Office, City	\$3 000 000	\$4 500 000	13%	5 years
Units, City	\$3 000 000	\$3 500 000	12%	3 years
Mining, N.T.	\$2 000 000	\$3 000 000	16%	5 years

The Board of Directors has tended to adopt a very conservative investment policy and likes to have direct control of projects. The Directors have been told that the market rate of interest is 12% per annum and expected to increase. They decide to limit their investment to a maximum of \$6 000 000.

- (a) Explain the meaning of Net Present Value, Internal Rate of Return, and Payback Period.
- (b) Discuss the criteria used by businesses in making investment decisions.
- (c) For the above business, which project or projects would you recommend to the Board of Directors? Justify your recommendation.

HUMAN RESOURCE MANAGEMENT*EITHER***QUESTION 5.** (25 marks)

Human Resource Management has come a long, long way from the personnel departments of the past that processed your pay packet and holiday pay. Nowadays it involves highly trained specialists. Good HRM is now regarded as being of great financial benefit to corporations.

- (a) Outline the different roles of Human Resource Managers within the changing business environment in Australia.
- (b) Refer to a business you have studied.
 - (i) Examine the management practices used to maintain human resources.
 - (ii) Discuss the motivational procedures used to improve the performance of the business.
 - (iii) Evaluate human resource management policies within the business.

*OR***QUESTION 6.** (25 marks)

Laycock, Walters, and Associates have been operating as accountants for many years. A new partner has persuaded the management to introduce a computerised accounting system. Some of the most experienced staff are now thinking of leaving.

As the Training Manager of the firm Laycock, Walters, and Associates, write a report to:

- (a) identify the legal and external factors influencing training;
- (b) describe an effective training scheme;
- (c) discuss a possible voluntary separation package.

PRODUCTION MANAGEMENT*EITHER***QUESTION 7.** (25 marks)**STINKBUG SKATEBOARDS**

Stinkbug Skateboards produces a popular skateboard using imported wheels mounted on a board. The board is produced from locally manufactured plywood sheets. The traditional policy has been to buy the wheels and plywood in large batches to gain bulk discounts and to stockpile finished skateboards prior to Christmas when there is always a burst in sales. The Managing Director has read an article about Just In Time (JIT) and has asked you, the Production Manager, to look into it. When your suppliers hear of this they offer to increase the bulk discount.

- (a) Describe the way JIT, if implemented, would alter the organising, leading, and controlling stages of the manufacturing process.
- (b) Discuss the impact that a move to JIT would have on this business in terms of employment patterns, workplace practices and agreements, the environment, and quality control.
- (c) Explain why JIT may be inappropriate to this business.

*OR***QUESTION 8.** (25 marks)**HEARTBEAT HIGH**

Channel Twenty TV runs the series 'Heartbeat High'. In an interview, the producer explained that a prototype episode was made to show the potential and feasibility of the series. It was not played first because it belonged to the middle of the series. He also said that all the beach scenes from a batch of five episodes were filmed on the same day.

- (a) Describe the design process leading up to the series being produced.
- (b) A new series is being considered. Discuss product design aspects that may be taken into account.
- (c) From the above, and from a manufacturing business you have studied, explain the planning process with reference to forecasting, type of production, and evaluating capacity.

INTERNATIONAL BUSINESS*EITHER***QUESTION 9.** (25 marks)

Judging from its current growth rate, Asia should become the centre of the world economy in the twenty-first century. However to take advantage of the opportunities Asian markets offer, there must be a greater appreciation of business ethics and practices necessary for successful penetration of markets overseas. Indeed it can be hard to know where to start.

- (a) Explain the changing nature and composition of Australia's trade to the Asia-Pacific region over the last ten years.
- (b) Refer to a business you have studied.
 - (i) Discuss the financial risks involved in its expansion into the Asia-Pacific region.
 - (ii) Evaluate the social, cultural, and political factors that have hindered the expansion of its operations into a Pacific Rim market.

*OR***QUESTION 10.** (25 marks)

The *Uruguay Round* of the *G.A.T.T.* Agreement in 1994 made significant progress towards the liberalisation of world trade, and created the *World Trade Organisation (WTO)* to lead global trade reform into the twenty-first century. For example, in December 1996, twenty-seven WTO countries agreed to eliminate tariffs on a wide range of information technology and communications products by the year 2000.

- (a) Identify and explain the current trends in world trade deregulation.
- (b) Outline the opportunities and threats for Australian businesses resulting from an increasing commitment to links with the world economy.
- (c) Discuss the options for international expansion that a deregulated world market presents to Australian business.

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