

2000 HSC Notes from the Examination Centre Business Studies

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Business Studies

In 2000 there were two marking centres for Business Studies. The Newcastle Centre was responsible for 2/3 Unit (Common) Section II short answers and the Sydney Centre was responsible for 2/3 Unit (Common) and 3 Unit extended responses. Section I was machine marked.

2/3 Unit (Common)

Section I

Question	Answer	% Correct
1	C	80.3
2	B	64.9
3	C	73.7
4	D	75.6
5	A	68.9
6	B	80.2
7	B	38.9
8	A	65.2
9	A	51.3
10	B	60.8
11	C	57.6
12	C	89.8
13	A	88.1
14	D	48.3
15	D	54.2
16	B	73.4
17	D	62.5
18	A	70.6
19	A	63.8
20	B	43.1

The mean of the multiple-choice was 65.56.

Section II

The majority of candidates were familiar with the specific requirements of the short-answer questions and demonstrated the ability to apply knowledge and skills to the scenario of each question.

Question 21

Most candidates described the organisational structure and methods of allocating tasks under the management theory indicated. Better candidates outlined changes that resulted from the introduction of total quality management.

Question 22

Most candidates understood break-even analysis and could identify its advantages and disadvantages as a planning tool. Better candidates calculated and analysed the required changes to the stimulus material.

Question 23

Most candidates calculated the net profit ratios and explained their relevance in analysing business performance. Better candidates commented on the effects of downsizing staff and strategies for improving profitability.

Question 24

Most candidates defined gearing and explained the advantages of debt/equity financing. Better candidates compared sources/types of debt finance.

Question 25

Most candidates identified a financial and social cost related to the implementation of technology and described two positive effects of accelerating technology on business. Better candidates discussed how management can promote change, which is socially just and equitable.

Question 26

Most candidates calculated the working capital and described two strategies to increase liquidity. Better candidates used ratio analysis to comment on the changes in liquidity over time.

Section III

Candidates are able to choose appropriate case studies in answering questions and they are able to use and apply business terminology and concepts.

Question 27

Candidates described reasons for incorporation but they had difficulty explaining specific reasons for forming a public company, rather than a private company. Some candidates confused public companies with government owned businesses. Most candidates explained some legal rights and duties of directors, but were less able to describe the rights and duties of shareholders. In part (c) most candidates discussed the actions of company directors in relation to civil and criminal law. Better responses differentiated between legal constraints and consequences of directors' actions, both in terms of civil and criminal law and made reference to recent changes in corporations law.

Question 28

Candidates outlined the elements in a tort of negligence, often providing additional detail on breach of duty of care, identifying the scenario as a civil, rather than a criminal matter. Many candidates explained the ways in which Mega TV could be liable for negligent misrepresentation. Most candidates explained at least one consequence for this e.g. damages. Better responses linked contract law and the Trade Practices Act and the effect it might have on Mega TV's claim. Many candidates explained the elements of contract law and sometimes the Trade Practices Act.

Question 29

Most candidates described reasons why industrial relations is important to the national economy, explained the legislative role of government in industrial relations and how the system has changed over time. Most identified a business or dispute, highlighted trends in industrial relations and outlined the general move to a decentralised system. Excellent responses gave a range of reasons for the importance of industrial relations, referring to the need for international competitiveness, the impact on Australia's reputation and image in global markets, the need for protection of employees and the impact of industrial relations on economic growth. They identified a broader role for government in industrial relations including responsibilities for legislation, economic management, and the government's role as an employer. Excellent candidates explained trends including de-unionisation, more flexible workplace practices, and decentralised industrial relations. Some candidates referred to systems in other countries such as Canada, USA and Japan, or general international business trends such as the drive to achieve world's best practice. Better candidates described domestic issues and trends in the context of relevant legislation, such as the Workplace Relations Act (C'wealth) 1996.

Question 30

Most candidates outlined the causes of an industrial dispute, types of action taken and described the costs and benefits. Excellent candidates described a range of financial, economic, social, and personal costs and benefits to the major stakeholders involved. The waterfront dispute 1997-8 was one of the more common disputes identified and this provided candidates with a wide scope for discussion rather than a more localised dispute. Candidates experienced some difficulty discussing the impact of enterprise bargaining on parties involved in industrial disputes. Better responses discussed the impact of enterprise bargaining on a wide range of parties, including employees and employers, and government tribunals.

Question 31

The stimulus material on Future Electronics provided a good opportunity for candidates to apply marketing theory to a contemporary realistic business. Many candidates experienced difficulty with the format of the question, as part (c) (devise a marketing plan) required repetition of parts (a) (outline marketing goals), and (b) (prepare a SWOT analysis) - both essential components of a marketing plan.

Most candidates devised a marketing plan using a clear framework. Excellent responses used a report format for the marketing plan and outlined relevant goals for Future Electronics Limited. Whilst many candidates developed a SWOT, better responses also assessed the marketing opportunities identified in the SWOT analysis. Excellent responses devised a plan relevant to FEL's range of products, rather than DVD players (a focus of many candidates' plans).

Question 32

Candidates outlined a range of external and some internal influences, and linked these to marketing in general. Most candidates experienced difficulty in describing the marketing process and internal influences impacting on the development of the marketing plan, particularly in relation to their business case study. Many candidates confused the marketing plan and the marketing process. Better candidates focused on the management of the marketing effort. Financial forecasts were often discussed in general terms, without specific examples e.g. budgets, projected profit and loss statements. Excellent responses identified the role of forecasts in both the development and monitoring of the marketing plan and gave a range of relevant examples.

Question 33

It was essential that candidates used a relevant small business case study to perform well in this question. Excellent responses used qualitative and quantitative terms to classify their case study. Candidates are able to use a franchise to answer a small business management question but it must meet the criteria of a small business. Most candidates experienced difficulty outlining each of the key elements of the planning, implementing, monitoring, evaluating and modification cycle with reference to their case study. Better candidates identified the cyclical nature of this process and discussed the key elements in depth. Candidates who used a micro business as their case study had difficulty answering part (c), as these businesses (50% of small businesses) do not employ staff. Better responses in this section evaluated the management of customer relations and staffing and related this to the performance of the business in terms of profits and productivity.

Question 34

Candidates were required to prepare a report for this question but many candidates failed to do so. Candidates must use appropriate report formats and explain all points. The question provided a good opportunity for candidates to apply much of their knowledge of the small business topic. Better candidates used the stimulus material on George and Luke effectively throughout their report, and distinguished between the instructions given i.e. “outline” and “describe”. Better responses identified more than six relevant personal qualities for operating a small business. Better responses identified features of an appropriate business legal structure and specific legislative influences on business formation (e.g. the Partnership Act and Corporations Law). Some candidates confused planning options with business plans. Better responses clearly distinguished between relevant debt and equity sources and types and how the options available may impact upon their clients. Candidates identified the fact that George and Luke were inexperienced and needed to outsource or use advisers such as lawyers, banks and accountants to assist them. Better candidates explained how advisers could assist with aspects of functions including staff selection, business planning, external business training and mentoring.

3 Unit (Additional)

Question 1

Better responses identified a variety of advanced technologies and related these to increasing efficiency accuracy and productivity in business. Most candidates discussed a range of social costs (redundancies, privacy loss) and business costs (the need for retraining, the initial outlays, and maintenance costs). Many candidates had difficulty in evaluating the impact of technological changes on the internal business environment.

Better candidates identified the impact of technological change on management in terms of organisational restructuring, the need for retraining of staff and other impacts on employees. Candidates who chose an appropriate case study evaluated changes in the business more effectively.

Question 2

Most candidates outlined the role of research and development in a business. Candidates discussed how technology is used to achieve the prime function, mainly in production via CAD, CAM and robotics. They also discussed the use of various technologies in the support services such as Internet, mobiles, faxes and information technology in marketing and Management Information Systems in administration. Most candidates referred to two case studies and described technologies used in business. Better candidates evaluated the impact of new technologies on the two businesses and explained both the positive and negative impacts of these new technologies.

Question 3

Most candidates identified and described the characteristics of at least three short-term investment instruments. They described in detail the criteria an investor should use to evaluate long-term investment opportunities. Better candidates referred to types of risk, the trade off between risk and return, marketability, diversification and the need to meet the objectives of the investor. Candidates analysed overseas and domestic influences on financial markets, including interest rates, exchange rates, commodity prices, stock prices and political developments. Better responses discussed domestic influences, which included monetary policy, balance of payments, growth, retail sales, labour force and inflation.

Question 4

Candidates described the major participants in the Australian financial markets including commercial banks, the Reserve Bank, insurance companies, non-bank financial intermediaries and regulatory agencies such as the Australian Securities and Investments Commission, Australian Stock Exchange and the Australian Prudential Authority. Most candidates described how fluctuations in interest rates affect major participants although many candidates chose three participants experiencing similar impacts as a result of interest rates rising or falling. Most candidates identified two debt instruments and one equity instrument, usually only ordinary and preference shares. Most candidates described the characteristics of debt and equity with general reference to trading conditions when interest rates rise. The best candidates referred to the effect of rising rates on market yields and described the inverse relationship between yields and market prices.

Question 5

Most candidates described strategic planning or its purpose although many candidates defined strategic planning from a time perspective rather than from a strategic human resources vision or corporate direction. Better candidates clearly outlined the relationship between human resource management and strategic planning referring to the need to meet the demand for staff in terms of quality and quantity. Most candidates used case studies to describe the responsibilities of senior line managers and specialised personnel departments for HRM in functional terms. Most candidates described how some change is managed or introduced but they had difficulty critically assessing change management. The best candidates assessed the role of human resource management in managing change referring to specific changes and actions taken such

as technological change and internal changes. They critically assessed the results of change such as increases in efficiency or profitability.

Question 6

This question required careful interpretation of the instructional words provided as the question had a narrow focus. Many candidates outlined social and legal influences that have changed the workplace rather than the labour force. Better candidates outlined influences such as greater access to higher education, the need for two incomes, more family friendly work environments and social justice legislation, which has allowed greater numbers of women to return to the labour force. Others described the impact of changing demographic patterns, such as the ageing of the workforce. Most candidates related the role of human resources management in creating an harmonious working environment to ensure that employees are committed and retained in the workplace. Better candidates distinguished between motivation and maintenance strategies or linked motivation and maintenance strategies such as non-monetary rewards or benefits e.g. childcare, leave entitlements and conflict resolution methods which assist in reducing labour turnover and the retention of a committed workforce. Candidates had difficulty evaluating methods used to evaluate the effectiveness of human resources management. Instead they evaluated the extent to which a range of methods was used to evaluate human resource effectiveness of a business they had studied.

Question 7

Most candidates outlined aspects of organising, leading and controlling in relation to management functions. Better candidates related these functions to purchasing organisation, storage, inputs, scheduling, assembly, dispatch and integrated quality control in the manufacturing process. Many candidates described some social impacts of outsourcing and identified consequences of poor quality assurance or poor quality control for Ampix Ltd. Better responses discussed a variety of social impacts of outsourcing the manufacturing stage of Ampix Ltd offshore, referring to likely changes in employment, workplace practices and agreements, increased demand for multi-skilling and training, and the changing nature and size of unions. Many candidates identified ways of implementing quality control such as Crosby's 14 points but found it difficult to critically analyse alternative methods.

Question 8

Most candidates described social pressures forcing manufacturers to consider processes, which are ecologically sustainable. Better responses discussed pressures on businesses to minimise waste, improve management of waste disposal, the role of lobby groups and government legislation. Candidates with a good theoretical knowledge and a relevant case study found it easier to link the social pressures with an assessment of why internal and external stakeholders needed to be considered in product design. They used a case study to describe features of a good product design such as customer input, aspects of design and application of technology. In assessing why responsibilities to internal stakeholders need to be considered they discussed such issues as the need for safe working practices, in order to reduce costs, minimise claims and workers compensation costs. In assessing the responsibilities to external stakeholders, better candidates stressed the importance of producing safe products to avoid litigation and business decline. Most candidates used a case study and recognised that stakeholders are important to business success but they had difficulty assessing why they should be considered in the design of products.

Question 9

Most candidates outlined most of the reasons why a business would expand internationally. Better candidates discussed the role of a range of methods of government assistance both direct (e.g. Austrade) and indirect (e.g. role of international conventions). Most candidates described types of government assistance rather than their role as required by the question. Candidates had difficulty in evaluating the role of international expansion in the context of the strategic plan of the business. Better responses identified objectives of the strategic plan and discussed the extent to which objectives were achieved through international expansion using indicators such as market share, profitability and return on investment.

Question 10

Candidates discussed, rather than outlined, the reasons why business is committed to links with the world economy. They outlined reasons including globalisation and the associated economic benefits of economic growth, employment, increased international competitiveness and the benefits of trade such as access to new markets, diversification, economies of scale and increased product life cycles.

Candidates had difficulty using their case study to assess the changing impact of all three political, legal and cultural influences in a Pacific market. Most candidates described or outlined strategies used by a business to expand such as exporting, joint ventures, licensing, relocation or marketing and/or human resources strategies. Many candidates were unable to evaluate non-financial strategies especially as most strategies are ultimately financial in nature. Better responses evaluated the effectiveness of strategies used to expand in terms of increases in profitability, market share, increased supply chain efficiency and improvements in cost structures for the business studied.