



NSW Education Standards Authority

**2021** HIGHER SCHOOL CERTIFICATE EXAMINATION

# Business Studies

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**General  
Instructions**

- Reading time – 5 minutes
- Working time – 3 hours
- Write using black pen
- Calculators approved by NESA may be used

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**Total marks:  
100****Section I – 20 marks** (pages 2–7)

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

**Section II – 40 marks** (pages 9–20)

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

**Section III – 20 marks** (page 21)

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

**Section IV – 20 marks** (page 22)

- Attempt either Question 26 or Question 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.

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- 1 The role of a cost centre within a business is to monitor and control
- A. assets.
  - B. expenses.
  - C. liabilities.
  - D. receipts.
- 2 Which pair of business functions is conducted by human resource management?
- A. Pricing and scheduling
  - B. Scheduling and induction
  - C. Induction and recruitment
  - D. Recruitment and receivables
- 3 Which row of the table shows both an advantage and a disadvantage of a business investing in leading edge technology?

	<i>Advantage</i>	<i>Disadvantage</i>
A.	Higher quality output	High initial investment
B.	Proven effectiveness	Increased waste
C.	Widely accepted and used	High initial investment
D.	Increased speed	Increased waste

- 4 Which statement about common law contracts is correct?
- A. Common law contracts are determined by the Fair Work Commission.
  - B. Common law contracts are required to pass the 'better off overall test'.
  - C. Common law contracts are negotiated by unions on behalf of employees.
  - D. Common law contracts are between individual employees and their employer.

- 5 A consumer purchases expensive designer clothing as they believe they are getting higher quality and a longer lasting product.

Which factor is influencing this consumer's choice?

- A. Economic
  - B. Government
  - C. Psychological
  - D. Sociocultural
- 6 Which row of the table shows how a recession would affect human resource management (HRM) processes and strategies in the tourism industry?

	<i>Effect on HRM processes</i>	<i>Effect on HRM strategies</i>
A.	Increase in separation	Decrease in monetary rewards
B.	Increase in acquisition	Increase in training expenditure
C.	Decrease in separation	Decrease in monetary rewards
D.	Decrease in acquisition	Increase in training expenditure

- 7 A manufacturer of fishing equipment sponsors an annual fishing competition. A local TV news station reports on the competition, which leads to an increase in sales for the manufacturer.

Which combination of elements of the promotion mix have benefited the manufacturer?

- A. Publicity and advertising
- B. Advertising and sales promotion
- C. Relationship marketing and publicity
- D. Sales promotion and relationship marketing

- 8** A farmer sells vegetables to a manufacturer of tinned vegetables. The manufacturer then sells the tinned vegetables to supermarkets.

Which row of the table shows the markets targeted by the farmer and the manufacturer?

	<i>Market targeted by farmer</i>	<i>Market targeted by manufacturer</i>
A.	Resource	Intermediate
B.	Industrial	Intermediate
C.	Industrial	Consumer
D.	Resource	Consumer

- 9** A business spends one million dollars on an advertising campaign.

Which pair of analyses could this business use to evaluate the effectiveness of this marketing strategy?

- A. Market share and sales
- B. SWOT and market share
- C. Sales and product life cycle
- D. Product life cycle and SWOT

- 10** A manufacturing business is a cost leader in their industry.

Which combination of features of the transformation process are they most likely to demonstrate?

- A. Low volume, low variety
- B. High volume, low variety
- C. Low volume, high variety
- D. High volume, high variety

- 11** A mobile phone manufacturer decides to globally source inputs that they had previously produced themselves.

Which of the following shows possible negative effects of this decision?

- A. Simplified logistics and delays in the supply chain
  - B. Delays in the supply chain and increased transport costs
  - C. Increased transport costs and reduced access to specialist suppliers
  - D. Reduced access to specialist suppliers and a decrease in logistics costs
- 12** A manager at a fast-food business wants to change the operations process in response to the influence of corporate social responsibility.

Which action would achieve this objective?

- A. Providing cash donations to a local hospital
  - B. Increasing the visibility of the cooking process
  - C. Offering a wider variety of healthy options on their menu
  - D. Ensuring that injured workers receive access to compensation payments
- 13** Consider the following financial information provided by a business.

<i>Year</i>	<i>Revenue (\$M)</i>	<i>Gross Profit (\$M)</i>	<i>Net Profit (\$M)</i>
1	100	80	30
2	80	60	30

Which of the following must have occurred between Year 1 and Year 2?

- A. Expenses increased
- B. Expenses decreased
- C. Cost of goods sold increased
- D. Cost of goods sold decreased

- 14 A car manufacturer's marketing manager suggests to the operations manager that they increase the warranty period from 3 to 5 years in order to increase market share.

The operations manager would agree to this suggestion if

- A. gearing has reduced.
  - B. it provided an incentive to increase production speed.
  - C. current quality management strategies could support it.
  - D. it provided sales staff the opportunity to increase sales commissions.
- 15 A food delivery business made a recent change to their human resource management strategy with the following results.

<i>Indicator</i>	<i>Change</i>
Absenteeism	30% decrease
Deliveries per driver	25% increase
Number of accidents	100% increase
Worker satisfaction	15% decrease

Which human resource strategy is most likely to have resulted in the changes?

- A. An increase in work health and safety training
  - B. The reduced use of staff performance reviews
  - C. A move from an autocratic to a democratic leadership style
  - D. Move from a fixed salary to pay based on individual deliveries
- 16 Why might a business move from a *production* approach to a *selling* approach?
- A. In response to increased competition
  - B. In order to increase promotional expenditure
  - C. In order to better understand customer needs
  - D. In response to an inability to satisfy current demand

- 17** Joe was made redundant by his employer but believes that he was dismissed unfairly. He takes his case to a lawyer.

What evidence would effectively support the employer's decision?

- A. Video of Joe stealing goods from the storeroom
  - B. Consistent warnings over ongoing poor performance
  - C. Financial records showing ongoing losses due to poor sales
  - D. Documents showing that a new employee is doing Joe's job
- 18** When a business uses factoring, they improve their
- A. cash flow by increasing their revenue.
  - B. cash flow but reduce their profitability.
  - C. working capital by reducing their costs.
  - D. working capital but increase their liabilities.
- 19** An Australian farmer has been contracted to sell 1000 tonnes of oranges to an American juice manufacturer at a set price. Payment is required in 60 days in Australian dollars.
- Which of the following would be an effective method of hedging in this transaction?
- A. The Australian farmer using a derivative to protect themselves from a falling Australian dollar.
  - B. The Australian farmer using a derivative to protect themselves from a falling American dollar.
  - C. The American manufacturer using a derivative to protect themselves from a falling Australian dollar.
  - D. The American manufacturer using a derivative to protect themselves from a falling American dollar.
- 20** Company *A* intends to buy Company *B*. Company *A* might pay too much for Company *B* if Company *B*'s financial manager decides to
- A. normalise a large one-off asset sale.
  - B. capitalise their research and development expenses.
  - C. fully disclose the nature of the receivables owed to the company.
  - D. record their buildings at historical cost although they increased in value.

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Centre Number

# Business Studies

## Section II Answer Booklet

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Student Number

**40 marks**

**Attempt Questions 21–24**

**Allow about 1 hour and 15 minutes for this section**

**Instructions**

- Write your Centre Number and Student Number at the top of this page.
- Answer the questions in the spaces provided. These spaces provide guidance for the expected length of response.
- Extra writing space is provided at the back of this booklet. If you use this space, clearly indicate which question you are answering.

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**Please turn over**

**Question 21** (10 marks)

A building company has been contracted to build a new home for a customer. The contract requires the home to be completed within six months and within budget.

- (a) Outline how this customer can be considered an input in the construction of the new home. 2

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- (b) How could a Gantt chart help the building company meet the terms of the contract? 4

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**Question 21 continues on page 11**

Do NOT write in this area.

Question 21 (continued)

The operations manager will need to outsource certain elements of the construction process.

- (c) Explain TWO quality management strategies that could be used to ensure the quality of the outsourced work. 4

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**End of Question 21**

**Please turn over**

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**Question 22** (10 marks)

A luxury Australian handbag business is going to expand. They intend to borrow 30 million US dollars to buy several new retail properties across Australia.

- (a) Identify where the business could record the loan and the properties on its balance sheet. **2**

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- (b) Explain a financial risk associated with borrowing funds from the USA. **3**

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**Question 22 continues on page 13**

Do NOT write in this area.

Question 22 (continued)

The table shows financial information for this Australian handbag business.

<i>Ratio</i>	<i>Current</i> (Before loan)	<i>Forecast</i> (12 months after loan)
Gross profit	65%	70%
Net profit	21%	18%
Debt to equity	0.85 : 1 or 85%	1.5 : 1 or 150%

- (c) Account for the changes in this business’s current and forecast profitability and gearing.

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**End of Question 22**

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**Question 23** (10 marks)

(a) Outline how corporate culture can affect staff turnover.

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(b) Why might a business use a contractor to recruit staff?

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**Question 23 continues on page 15**

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Question 23 (continued)

- (c) In recent times governments have imposed restrictions on businesses such as lockdowns, social distancing and the movement of people. As a result, businesses have changed the way their employees work and communicate with each other.

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Discuss the possible implications of these influences on human resource management.

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**Question 24** (10 marks)

(a) Explain the benefits of customisation as a global marketing strategy.

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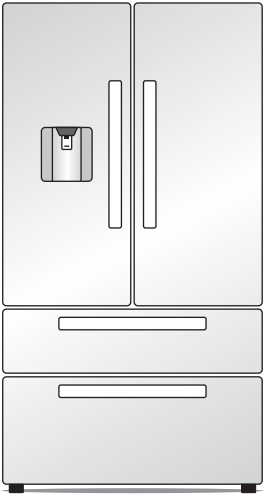
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Use the following advertisement to answer parts (b) and (c).

**Be the envy of your neighbours**

The best quality fridge in the market

Comes with a massive 6-month warranty\*\*\*



*\*This weekend only  
30% off  
in-store only*

\*\*Zero carbon emissions

\*30% off not applicable to this product. \*\*Zero carbon emissions only in houses that are zero carbon powered.  
\*\*\*No repairs or returns will be considered after 6 months.

Do NOT write in this area.

**Question 24 continues on page 17**



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Question 24 (continued)

- (b) How does this advertisement use sociocultural factors to influence customer choice? **3**

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- (c) How might aspects of this advertisement breach Australian consumer laws? **4**

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**End of Question 24**

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[Lined writing area for student responses]



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## Business Studies

### Section III

**20 marks**

**Attempt Question 25**

**Allow about 35 minutes for this section**

Answer the question in the Sections III and IV Writing Booklet. Extra writing booklets are available.

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Your answer 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)

Ozzi Baby Food Pty Ltd have developed a trusted reputation in domestic and global markets due to their safe and sustainably-sourced product range. This has led to a significant increase in demand. As a result, they are considering the purchase of a larger automated factory. This will lead to some job losses. The business will require external finance to fund the factory purchase using either a mortgage or becoming a public company on the Australian Securities Exchange (ASX).

You have been hired as a consultant by Ozzi Baby Food Pty Ltd to write a business report to the owners. In your report:

- outline TWO operations influences affecting this business
- discuss the use of retraining and redundancy payments to help overcome employee resistance to these changes
- compare the use of a mortgage to a new issue of shares to fund the factory purchase.

**Please turn over**

## **Section IV**

**20 marks**

**Attempt either Question 26 or Question 27**

**Allow about 35 minutes for this section**

Answer the question in the Sections III and IV Writing Booklet. Extra writing booklets are available.

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Your answer 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
- 

### **Question 26 (20 marks)**

Analyse how a situational analysis (SWOT, product life cycle) may affect marketing strategies.

**OR**

### **Question 27 (20 marks)**

Analyse how human resource management strategies can improve the process of employee acquisition and maintenance.

**End of paper**