



NSW Education Standards Authority

2022 HIGHER SCHOOL CERTIFICATE EXAMINATION

Business Studies

General Instructions

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

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 (pages 21–22)

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

Section IV – 20 marks (page 23)

- 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.

- 1 What is an economic factor that could influence customer choice?
 - A. Perception
 - B. Recession
 - C. Regulation
 - D. Subculture

- 2 Which of the following is a type of voluntary separation in the workplace?
 - A. Dismissal
 - B. Layoff
 - C. Resignation
 - D. Retrenchment

- 3 Which of the following is a pair of primary data collection methods?
 - A. Questionnaires and industry reports
 - B. Industry reports and internet sources
 - C. Personal interviews and questionnaires
 - D. Internet sources and personal interviews

- 4 A watch manufacturer uses price-skimming strategies and provides a lifetime warranty on their products.

What would most likely have influenced the implementation of these strategies?

 - A. Legal compliance
 - B. Quality expectations
 - C. Ethical responsibility
 - D. Cost-based competition

- 5 The characteristics of lifestyle, motivation and personality are most often used in which market segmentation strategy?
- A. Behavioural
 - B. Demographic
 - C. Geographic
 - D. Psychographic

- 6 All staff in a business participate equally in a profit-sharing scheme.

Which row of the table correctly identifies this reward strategy?

	<i>Reward</i>	<i>Staff</i>
A.	Monetary	Group
B.	Monetary	Individual
C.	Non-monetary	Group
D.	Non-monetary	Individual

- 7 A large clothing manufacturer in NSW wants to reduce input costs.

Which strategy would achieve this objective?

- A. Increasing product variety
- B. Increasing employee training
- C. Implementing global sourcing
- D. Implementing sustainable packaging

- 8 A business has implemented a training program in the use of new machinery on the factory floor for its employees.

What is the main reason for this training program?

- A. To prevent accidents
- B. To reduce absenteeism
- C. To reduce staff turnover
- D. To improve corporate culture

9 An employee has been bullied at work and has lodged a complaint.

What initial action should the employer take to resolve this dispute?

- A. Arbitration
- B. Conciliation
- C. Mediation
- D. Negotiation

10 A printing business uses chemicals in its production process.

Which of the following factors has a legal regulation that affects the operations management of this business?

- A. Superannuation
- B. Code of conduct
- C. Union membership
- D. Environmental protection

11 Which of the following is correct for the growth phase of the product life cycle?

	<i>Production</i>	<i>Price</i>
A.	Decreased	Maintained
B.	Maintained	Increased
C.	Increased	Increased
D.	Increased	Maintained

12 Which of the following is an example of service differentiation?

- A. A car manufacturer supplies cars with premium tinted windows.
- B. A chemist issues a patient with medication in exchange for a script.
- C. A shoe store assistant spends varying amounts of time with customers.
- D. A salesperson provides a receipt to a customer who has purchased a bed.

- 13** Which combination of global market influences would support a business's decision to expand globally?
- A. A depressed economic outlook and low interest rates
 - B. A depressed economic outlook and high interest rates
 - C. An improved economic outlook and low interest rates
 - D. An improved economic outlook and high interest rates

- 14** A private investment company accepts money from clients. The owner illegally uses this money for their own personal use.

Which government body would take legal action against the owner of this company?

- A. Australian Taxation Office
 - B. Australian Securities Exchange
 - C. Australian Prudential Regulation Authority
 - D. Australian Securities and Investments Commission
- 15** Heidi has a small farm that has a variety of animals, including chickens. She would like to sell the excess chicken eggs to customers.

Which distribution method would best support her situation?

- A. Producer → consumer
 - B. Producer → retailer → consumer
 - C. Producer → wholesaler → consumer
 - D. Producer → agent → retailer → consumer
- 16** Which of the following could be a disadvantage of using a price penetration strategy for a business?
- A. A large number of products are sold quickly.
 - B. The business has problems in trying to raise prices later.
 - C. New competitors find it more difficult to enter the market.
 - D. Customers are discouraged from purchasing the product immediately.

17 A florist purchases flowers to create flower arrangements.

What type of market does the florist operate in?

- A. Consumer
- B. Industrial
- C. Mass
- D. Resource

18 A business owns a \$2 million building with a \$500 000 mortgage. They decide to sell the building and lease it back from the new owners over five years.

What is the likely purpose of this financial strategy?

- A. Reduce liquidity
- B. Reduce cash flow
- C. Improve profitability
- D. Improve working capital

19 A large cake business is going to offer a contract to another business to make their cake decorations.

Which business functions would provide input into the contract details?

- A. Finance, operations and marketing
- B. Finance, marketing and human resources
- C. Operations, human resources and finance
- D. Operations, marketing and human resources

20 A business provides the following financial information.

	<i>Year 1</i> (\$)	<i>Year 2</i> (\$)
Sales	600 000	700 000
Cost of goods sold	200 000	200 000
Gross profit	?	?
Expenses	250 000	200 000
Net profit	?	?

Other financial information:

Owner's equity – \$500 000 (return on owner's equity: net profit ÷ owner's equity)

Gross profit ratio (industry average) – 78% (gross profit ratio: gross ÷ sales)

Which of the following reflects the changes to profitability in Year 2?

- A. Return on owner's equity has improved and the gross profit ratio is worse than the industry average
- B. Return on owner's equity has worsened and the gross profit ratio is worse than the industry average
- C. Return on owner's equity has improved and the gross profit ratio is better than the industry average
- D. Return on owner's equity has worsened and the gross profit ratio is better than the industry average

BLANK PAGE

--	--	--	--	--

Centre Number

Business Studies

Section II Answer Booklet

--	--	--	--	--	--	--	--	--

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.

Please turn over

Question 21 (9 marks)

Michael would like to open a new burger restaurant.

- (a) Outline a performance objective relevant to this business. 2

.....

.....

.....

.....

.....

.....

- (b) Recommend an appropriate inventory management strategy for this business. 3

.....

.....

.....

.....

.....

.....

.....

.....

.....

Question 21 continues on page 11

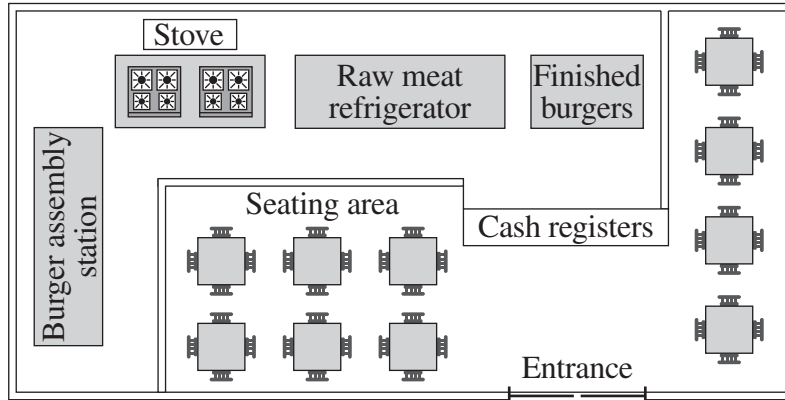
Do NOT write in this area.

Question 21 (continued)

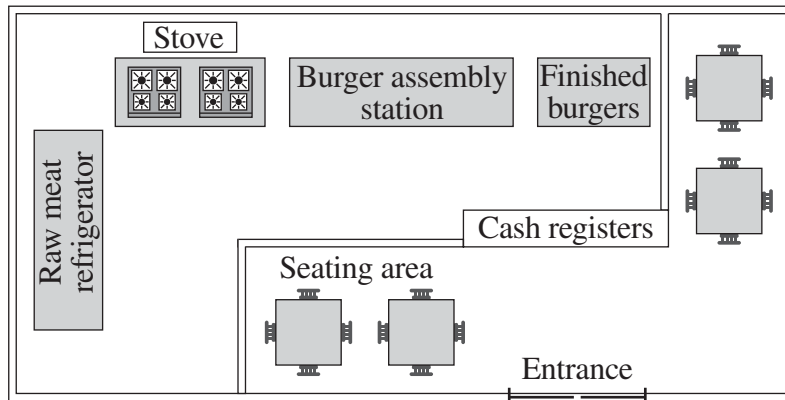
- (c) Michael is considering which process layout would be the most efficient for this restaurant.

4

Process layout option 1



Process layout option 2



Compare each layout in terms of efficiency and profitability.

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

End of Question 21

Do NOT write in this area.

Question 22 (11 marks)

- (a) Outline how an increase in the minimum wage rate could affect business. **2**

.....

.....

.....

.....

.....

.....

- (b) Outline how the minimum employment standards protect employees in Australia. Use examples in your answer. **3**

.....

.....

.....

.....

.....

.....

.....

.....

- (c) How are performance appraisals of employees beneficial to employers? **3**

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

Do NOT write in this area.

Question 22 continues on page 13

Question 22 (continued)

(d) Explain the importance of carrying out an induction program for new employees. **3**

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

End of Question 22

Please turn over

Do NOT write in this area.

Question 23 (11 marks)

A gifts and homewares business sells goods such as candles, bags, cushions, soaps and jewellery.

They have provided the following financial information.

	(\$)
Operating income (revenue)	1 500 000
Gross profit	1 100 000
Expenses	600 000
Total liabilities	2 000 000
Net profit	500 000
Owner's equity	1 800 000

- (a) Calculate the efficiency (total expenses ÷ total sales) of this business. **1**

.....
.....

- (b) Explain how the expense ratio can help this business determine their efficiency. **3**

.....
.....
.....
.....
.....
.....
.....
.....
.....

Question 23 continues on page 15

Question 23 (continued)

The family-owned business is considering expansion by opening two new stores. Their bank has given approval to borrow \$3 000 000 at 4% interest to finance their expansion.

- (c) Why is the level of gearing an important consideration for the lender to this business? 3

.....

.....

.....

.....

.....

.....

.....

.....

- (d) Using the financial information provided, explain why the business should use debt finance to acquire the two new stores. 4

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

End of Question 23

Do NOT write in this area.

Question 24 (9 marks)

A business wishes to introduce new products into the market.

- (a) Outline ONE promotion strategy this business could use to launch the new product range. **2**

.....
.....
.....
.....

- (b) How will the business know that their marketing plan has been successful for a new product range? **3**

.....
.....
.....
.....
.....
.....
.....
.....
.....

Question 24 continues on page 17

Do NOT write in this area.

Question 24 (continued)

- (c) Why should this business adopt a marketing approach instead of a selling approach?

4

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

End of Question 24

Do NOT write in this area.

Section II extra writing space

If you use this space, clearly indicate which question you are answering.

Do NOT write in this area.

Section II extra writing space

If you use this space, clearly indicate which question you are answering.

Do NOT write in this area.

Section II extra writing space

If you use this space, clearly indicate which question you are answering.

Do NOT write in this area.

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.

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
-

Question 25 (20 marks)

Please turn over

Question 25 (20 marks)

Bee Sticky Pty Ltd is an established Australian manufacturing business that produces a wide range of high quality and premium organic honey. It is expanding into global markets. It will lease warehouses in Malaysia and the USA.

The company has provided you with a recently completed SWOT analysis.

SWOT analysis	
<i>Strengths</i> <ul style="list-style-type: none">• High quality, premium and organic honey products• Approved for consumption and medical uses• Made by honeybees from Australian flora	<i>Weaknesses</i> <ul style="list-style-type: none">• Frequent breakage of product during transportation• Lack of experience in foreign payment systems
<i>Opportunities</i> <ul style="list-style-type: none">• Expanding market for high quality honey in countries overseas• Falling bee populations overseas• Potential collaborations with up-market restaurants/chefs	<i>Threats</i> <ul style="list-style-type: none">• Established competition in foreign markets• Fluctuations in the Australian dollar

You have been hired as a consultant by Bee Sticky Pty Ltd to write a business report for the owners. In your report:

- describe branding and product strategies the business could use to expand into global markets
- recommend a channel choice that would suit this business's expansion
- analyse the global financial management strategies required for a successful expansion.

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.

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)

Explain the importance to a business of having human resources strategies that reduce workplace disputes and increase worker satisfaction.

OR

Question 27 (20 marks)

Explain the importance to a business of having operations processes that can maintain a competitive advantage.

End of paper

BLANK PAGE