

**Economics and Business Educators**

**2008**

**Trial Higher School Certificate Examination**

**BUSINESS STUDIES**  
**MARKING GUIDELINES**

**Section I**

**Suggested answers**

1. B
2. B
3. D
4. A
5. B
6. A
7. B
8. A
9. A
10. B
11. D
12. D
13. B
14. D
15. A
16. B
17. D
18. B
19. C
20. A

## Section II

### Question 21 (8 marks)

#### Question 21(a)

Criteria	Marks
<ul style="list-style-type: none"><li>• Correctly identifies two possible causes of industrial conflict.</li></ul>	2
<ul style="list-style-type: none"><li>• Correctly identifies one possible cause of industrial conflict.</li></ul>	1

*Answers could include:*

Wage demands, working conditions, management policy, political goals, social issues

#### Question 21(b)

Criteria	Marks
<ul style="list-style-type: none"><li>• Identifies and provides characteristics of a pluralist perspective on industrial conflict.</li></ul>	2
<ul style="list-style-type: none"><li>• Sketches in general terms a pluralist perspective on industrial conflict.</li></ul>	1

*Answers could include:*

Stakeholders such as employees and employers are seen to have competing goals/ differing interests and conflict is to be expected. This conflict will need to be resolved if businesses are to achieve their goals. Stakeholders need to have opportunities to express their views and problems ( an effective system of communications is needed).

**Question 21(c)**

<b>Criteria</b>	<b>Marks</b>
<ul style="list-style-type: none"><li>• Makes a comprehensive evaluation of a dispute resolution process.</li></ul>	<b>4</b>
<ul style="list-style-type: none"><li>• Makes a substantial evaluation of a dispute resolution process.</li></ul>	<b>3</b>
<ul style="list-style-type: none"><li>• Describes a dispute resolution process.</li></ul>	<b>2</b>
<ul style="list-style-type: none"><li>• Identifies feature/s of a dispute resolution process.</li></ul>	<b>1</b>

*Answers could include:*

Evaluation of one of the following: conciliation, arbitration, grievance procedures, negotiation, mediation, common law action, business/division closure.

**Question 22 (9 marks)**

**Question 22(a)**

<b>Criteria</b>	<b>Marks</b>
<ul style="list-style-type: none"><li>• Identifies one reason why Power Electronics might want to expand overseas.</li></ul>	<b>1</b>

*Answers could include:*

- Increasing sales
- Finding new markets
- Acquiring resources – accessing inputs to produce outputs, enjoying cost advantages.
- Access technology.
- Diversification
- Minimise competitive risk
- Economies of scale
- Cushioning economic cycles
- Regulatory differences
- Tax minimisation

**Question 22(b)**

<b>Criteria</b>	<b>Marks</b>
<ul style="list-style-type: none"><li>• Comprehensive definition of the geocentric staffing system.</li><li>• Identifies a benefit of the geocentric staffing system and gives a brief explanation of the benefit.</li></ul>	<b>3</b>
<ul style="list-style-type: none"><li>• Defines the geocentric staffing system.</li><li>• Identifies a benefit of the geocentric staffing system.</li></ul>	<b>2</b>
<ul style="list-style-type: none"><li>• Identifies feature/s of the geocentric staffing system.</li></ul>	<b>1</b>

Answers could include:

Definition – Staffing overseas subsidiaries with local workers from the host country rather than expatriates who belong on the headquarters staff and are posted from there to the subsidiary.

Benefits – Local staff are better connected in local markets and have a greater understanding of local needs.

- Local staff are cheaper, as expatriate staff may require higher salaries, flights paid for, training, accommodation, school fees so children can attend school etc. .
- Local staff are more familiar with the country's legal and political systems and have the language skills to communicate with legal and political personnel.
- Avoids higher paid expatriate staff working with lower paid local staff and the tensions which could arise.

**Question 22(c)**

<b>Criteria</b>	<b>Marks</b>
<ul style="list-style-type: none"><li>• Identifies one social/cultural influence on the operation of Power Electronics in a global environment and explains the influence briefly.</li></ul>	<b>2</b>
<ul style="list-style-type: none"><li>• Identifies one social/cultural influence on the operation of Power Electronics in a global environment.</li></ul>	<b>1</b>

Answers could include:

Languages, tastes, religion, varying business practices and ethics.

**Question 22(d)**

<b>Criteria</b>	<b>Marks</b>
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<ul style="list-style-type: none"> <li>• Discusses one ethical responsibility management needs to consider in the global business environment.</li> </ul>	<b>3</b>
<ul style="list-style-type: none"> <li>• Outlines one ethical responsibility management needs to consider in the global business environment.</li> </ul>	<b>2</b>
<ul style="list-style-type: none"> <li>• Identifies one ethical responsibility management needs to consider in the global business environment.</li> </ul>	<b>1</b>

*Answers could include:*

Tax havens, transfer pricing, minimum standards of labour, dumping of illegal products, ecological sustainability.

**Question 23** (7 marks)

**Question 23 (a)**

<b>Criteria</b>	<b>Marks</b>
<ul style="list-style-type: none"> <li>• Correctly identifies the management style that the managers at Read Books Ltd. are likely to adopt.</li> </ul>	<b>1</b>

*Answer:*

Participative/democratic leadership style.

**Question 23 (b)**

<b>Criteria</b>	<b>Marks</b>
<ul style="list-style-type: none"> <li>• Identifies one management skill which may be needed by the managers of Read Books Ltd. as it sets out to use the behavioural theory of management and explains the management skill briefly.</li> </ul>	<b>2</b>

<ul style="list-style-type: none"> <li>Identifies one management skill which may be needed by the managers of Read Books Ltd. as it sets out to use the behavioural theory of management.</li> </ul>	<b>1</b>
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*Answers could include:*

- People skills
- Strategic thinking
- Vision
- Flexibility and adaptability to change
- Self-managing
- Teamwork
- Complex problem-solving and decision-making
- Ethical and high personal standards

**Question 23 (c)**

<b>Criteria</b>	<b>Marks</b>
<ul style="list-style-type: none"> <li>Explains one strength of the behavioural management theory.</li> <li>Explains one weakness of the behavioural management theory.</li> </ul>	<b>4</b>
<ul style="list-style-type: none"> <li>Explains either one strength or one weakness of the behavioural management theory and outlines the other.</li> </ul>	<b>3</b>
<ul style="list-style-type: none"> <li>Outlines one strength of the behavioural management theory.</li> <li>Outlines one weakness of the behavioural management theory.</li> </ul>	<b>2</b>
<ul style="list-style-type: none"> <li>Identifies one strength and/or one weakness of the behavioural management theory.</li> </ul>	<b>1</b>

*Answers could include:*

- Strengths – flatter management structure improves communications and allows workers to be heard.
- democratic leadership style increases employee participation in decision making.

- a variety of tasks for workers, avoiding repetitive tasks and workers becoming bored (classical theory – division of labour), resulting in increased productivity.
- managers focus more on human needs and pay attention to worker morale as well as production.

Weaknesses – can focus too much on the people within the group, not paying enough attention on the work that needs to be done (the task).

- some research shows that a democratic leadership style is not always effective and that some situations may require a different leadership style.
- greater empowerment of employees as a result of increased worker participation can result in subordinates being questioned/held responsible when a business does not achieve its goals.
- chain of command may not be clear and staff may not be sure about who reports to whom.

**Question 24** (9 marks)

**Question 24 (a)**

Criteria	Marks
<ul style="list-style-type: none"> <li>• Identifies the purpose of the cash flow forecast and briefly explains the purpose of the cash flow forecast.</li> </ul>	2
<ul style="list-style-type: none"> <li>• Identifies the purpose of the cash flow forecast.</li> </ul>	1

*Answers could include:*

It states the expected amount of cash flowing into the business and the amount and of cash and destination of cash flowing out of the business. It assesses the expected financial position of the business to meet its short-term financial obligations and enables the business to plan ahead for expected cash – flow deficits.

**Question 24 (b)**



Criteria	Marks
<ul style="list-style-type: none"> <li>Gives the correct opening cash balance for September.</li> </ul>	<b>1</b>

*Answer:*

\$18 950

**Question 24 (c)**

Criteria	Marks
<ul style="list-style-type: none"> <li>Correctly identifies the two months that will begin with a cash shortage.</li> </ul>	<b>2</b>
<ul style="list-style-type: none"> <li>Correctly identifies one month that will begin with a cash shortage.</li> </ul>	<b>1</b>

*Answers:*

July      -\$1050

January  -\$ 550

**Question 24 (d)**

Criteria	Marks
<ul style="list-style-type: none"> <li>Explains reasons in favour of two suitable financial management strategies to overcome the cash shortages.</li> </ul>	<b>4</b>
<ul style="list-style-type: none"> <li>May explain reasons in favour of one suitable financial management strategy to overcome cash shortages and may outline the other.</li> </ul>	<b>3</b>
<ul style="list-style-type: none"> <li>Outlines two financial management strategies to overcome the cash shortages.</li> </ul>	<b>2</b>

<ul style="list-style-type: none"> <li>Identifies a financial management strategy/ies to overcome the cash shortages.</li> </ul>	<b>1</b>
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Answers could include:

- Implement a more efficient inventory control system (e.g. “just-in-time”) to promote more effective cash flows.
- Use a bank overdraft to cover cash shortages.
- Distribution of payments.
- Taking advantage of cash discounts offered by the business’s suppliers.
- Leasing equipment rather than buying prevents the large cash payments.

**Question 25** (7 marks)

**Question 25 (a)**

<b>Criteria</b>	<b>Marks</b>
<ul style="list-style-type: none"> <li>Identifies one factor that may influence consumer choice.</li> </ul>	<b>1</b>

*Answer could include:*

- Psychological factors, sociocultural factors, economic factors, government factors

**Question 25 (b)**

<b>Criteria</b>	<b>Marks</b>
<ul style="list-style-type: none"> <li>Identifies the steps of the market research process and briefly explains each step.</li> </ul>	<b>2</b>

<ul style="list-style-type: none"> <li>Identifies features of the market research process.</li> </ul>	<b>1</b>
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*Answers could include:*

Market research process – determining information needs, data collection (primary and secondary), data analysis and interpretation.

**Question 25 (c)**

Criteria	Marks
<ul style="list-style-type: none"> <li>Proposes a range of actions that Mario and Maria should take if the business is to conform to the production orientation and the marketing orientation.</li> </ul>	<b>4</b>
<ul style="list-style-type: none"> <li>Proposes some actions that Mario and Maria should take if the business is to conform to the production orientation and the marketing orientation.</li> </ul>	<b>3</b>
<ul style="list-style-type: none"> <li>Identifies features of the production orientation and/or the marketing orientation.</li> </ul>	<b>1 - 2</b>

Answers could include:

Production orientation – Focus on making the product and ensure that it is easily available and affordable – consumers will buy it (product focused). Pay attention to efficiency and quality.

Marketing orientation (marketing concept) – Analyse consumer needs and wants first and then produce products to satisfy these needs and wants (customer focused). Sell shoes that the customers want.

## Section III

### Question 26

*Outcomes assessed: H2.1, H3.3, H4.2, H5.1, H5.3*

Marking guidelines	Marks
<ul style="list-style-type: none"> <li>• Presents a sustained, logical and well structured answer and clearly communicates in the form of a business report with relevant business terminology and concepts</li> <li>• Provides detailed characteristics and features of one source of change for Malus Ltd</li> <li>• Provides detailed reasons in favour of one marketing strategy that Malus Ltd could utilise</li> <li>• Draws out and relates detailed implications of new organisational behavioural influences and economic influences on employment relations</li> </ul>	17-20
<ul style="list-style-type: none"> <li>• Presents a well organised business report and uses relevant business terminology concepts</li> <li>• Provides characteristics and features of one source of change for Malus Ltd</li> <li>• Provides reasons in favour of one marketing strategy that Malus Ltd could utilise</li> <li>• Draws out and relates implications of new organisational behavioural influences and economic influences on employment relations</li> </ul>	13-16
<ul style="list-style-type: none"> <li>• Includes features of a business report and uses some business terminology and concepts</li> <li>• Sketches in general terms characteristics and features of one source of change for Malus Ltd</li> <li>• Provides characteristics and features of one marketing strategy</li> <li>• Makes evident the relationship between new organisational behavioural influences and economic influences on employment relations</li> </ul>	9-12
<ul style="list-style-type: none"> <li>• May include some features of a business report and may use basic business terminology</li> <li>• Recognises and names one source of change for Malus Ltd</li> <li>• Sketches in general terms one marketing strategy</li> <li>• Sketches in general terms organisational behavioural influences OR economic influences</li> </ul>	5-8
<ul style="list-style-type: none"> <li>• Uses basic business terminology</li> <li>• May refer to a source of change</li> <li>• May refer to a marketing strategy</li> <li>• May refer to employment relations</li> </ul>	1-4

## Section IV

### Question 27

Criteria	Marks
<ul style="list-style-type: none"><li>• Provides comprehensive characteristics and features of the role of financial planning</li><li>• Makes a sound judgement based on criteria about the financial and social/cultural influences on business in a global environment</li><li>• Clearly supports response with reference to relevant case study/studies</li><li>• Presents a sustained, logical and well-structured answer and clearly communicates using relevant business terminology and concepts</li></ul>	17 - 20
<ul style="list-style-type: none"><li>• Provides characteristics and features of the role of financial planning</li><li>• Provides characteristics and features of financial and social/cultural influences on business in a global environment.</li><li>• Makes reference to relevant case study/studies</li><li>• Presents a well-organised answer and uses relevant business terminology and concepts</li></ul>	13 -16
<ul style="list-style-type: none"><li>• Provides characteristics and features of a few of the role of financial planning</li><li>• Provides characteristics and features of the financial and social/cultural influences on business in a global environment.</li><li>• May make reference to relevant case study/studies</li><li>• Communicates using business terminology and concepts</li></ul>	9 – 12
<ul style="list-style-type: none"><li>• Sketches in general terms some of the role of financial planning</li><li>• Sketches in general terms the financial and social/cultural influences on business in a global environment</li><li>• May make reference to relevant case study/studies</li><li>• Communicates using some business terminology</li></ul>	5 – 8
<ul style="list-style-type: none"><li>• May refer to financial planning</li><li>• May identify some financial and social/cultural influences</li><li>• Uses basic business terminology</li></ul>	1 – 4

### Question 28

Criteria	Marks
<ul style="list-style-type: none"> <li>• Provides comprehensive characteristics and features of the financial markets relevant to business needs</li> <li>• Makes a sound judgement based on criteria about the management responsibilities of business operating in a global environment</li> <li>• Clearly supports response with reference to relevant case study/studies</li> <li>• Presents a sustained, logical and well-structured answer and clearly communicates using relevant business terminology and concepts</li> </ul>	17 - 20
<ul style="list-style-type: none"> <li>• Provides characteristics and features of the financial markets relevant to business needs</li> <li>• Provides characteristics and features of the management responsibilities of business operating in a global environment</li> <li>• Makes reference to relevant case study/studies</li> <li>• Presents a well-organised answer and uses relevant business terminology and concepts</li> </ul>	13 -16
<ul style="list-style-type: none"> <li>• Provides characteristics and features of the financial markets relevant to business needs</li> <li>• Provides characteristics and features of the management responsibilities of business operating in a global environment</li> <li>• May make reference to relevant case study/studies</li> <li>• Communicates using business terminology and concepts</li> </ul>	9 – 12
<ul style="list-style-type: none"> <li>• Sketches in general terms some characteristics and features of the financial markets relevant to business needs</li> <li>• Sketches in general terms the management responsibilities of business operating in a global environment.</li> <li>• May make reference to relevant case study/studies</li> <li>• Communicates using some business terminology</li> </ul>	5 – 8
<ul style="list-style-type: none"> <li>• May refer to financial markets</li> <li>• May identify some management responsibilities</li> <li>• Uses basic business terminology</li> </ul>	1 – 4