



Western Australian Certificate of Education Examination, 2010

Question/Answer Booklet

BUSINESS MANAGEMENT AND ENTERPRISE

Stage 2

Please place your student identification label in this box

Student Number: In figures

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In words

Time allowed for this paper

Reading time before commencing work: ten minutes

Working time for paper: three hours

Materials required/recommended for this paper

To be provided by the supervisor

This Question/Answer Booklet

Multiple-choice Answer Sheet

To be provided by the candidate

Standard items: pens, pencils, eraser, correction fluid/tape, ruler, highlighters

Special items: non-programmable calculators satisfying the conditions set by the Curriculum Council for this subject

Important note to candidates

No other items may be taken into the examination room. It is **your** responsibility to ensure that you do not have any unauthorised notes or other items of a non-personal nature in the examination room. If you have any unauthorised material with you, hand it to the supervisor **before** reading any further.

Structure of this paper

Section	Number of questions available	Number of questions to be answered	Suggested working time (minutes)	Marks available	Percentage of exam
Section One: Multiple-choice	20	20	30	20	20
Section Two: Document analysis	4	3	75	60	40
Section Three: Extended response	3	2	75	50	40
Total					100

Instructions to candidates

1. The rules for the conduct of Western Australian external examinations are detailed in the *Year 12 Information Handbook 2010*. Sitting this examination implies that you agree to abide by these rules.
2. Answer the questions according to the following instructions.

Section One: Answer all questions on the separate Multiple-choice Answer Sheet provided. For each question shade the box to indicate your answer. Use only a blue or black pen to shade the boxes. If you make a mistake, place a cross through that square, do not erase or use correction fluid, and shade your new answer. Marks will not be deducted for incorrect answers. No marks will be given if more than one answer is completed for any question.

Sections Two and Three: Write answers in this Question/Answer Booklet.

3. You must be careful to confine your responses to the specific questions asked and to follow any instructions that are specific to a particular question.
4. Spare pages are included at the end of this booklet. They can be used for planning your responses and/or as additional space if required to continue an answer.
 - Planning: If you use the spare pages for planning, indicate this clearly at the top of the page.
 - Continuing an answer: If you need to use the space to continue an answer, indicate in the original answer space where the answer is continued, i.e. give the page number. Fill in the number of the question(s) that you are continuing to answer at the top of the page.

Section One: Multiple-choice**20% (20 Marks)**

This section has **20** questions. Answer **all** questions on the separate Multiple-choice Answer Sheet provided. For each question shade the box to indicate your answer. Use only a blue or black pen to shade the boxes. If you make a mistake, place a cross through that square, do not erase or use correction fluid, and shade your new answer. Marks will not be deducted for incorrect answers. No marks will be given if more than one answer is completed for any question.

Suggested working time: 30 minutes.

1. The elements of a contract are
 - (a) intention, consideration and negotiability.
 - (b) intention, agreement and consideration.
 - (c) legality of purpose, consent and clarity.
 - (d) legal capacity, intention and obligation.

2. Physical distribution of products and/or services is an important part of the monitoring of a business's operations. It involves the
 - (a) management of transport and storage of stock.
 - (b) transport of goods and services overseas.
 - (c) storage of information and goods internally.
 - (d) management of staff responsible for storage of stock.

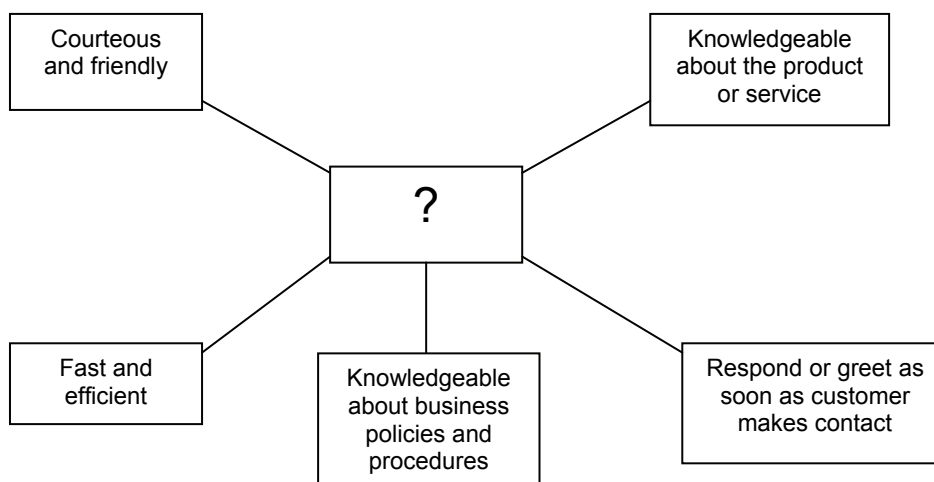
3. Goal setting helps businesses to establish objectives for the future. It involves
 - (a) deciding goals, consideration and making decisions.
 - (b) consideration, prioritising goals and making decisions.
 - (c) deciding goals, prioritising goals and developing action plans.
 - (d) consideration, a team approach and innovation.

4. Businesses must be registered for the Goods and Services Tax if their income exceeds
 - (a) \$125,000.
 - (b) \$100,000.
 - (c) \$75,000.
 - (d) \$50,000.

5. Human resource management is about
 - (a) utilising people productively to achieve business goals.
 - (b) measuring how well people use resources.
 - (c) recording how many hours employees work.
 - (d) incorporating employees in the business goals.

See next page

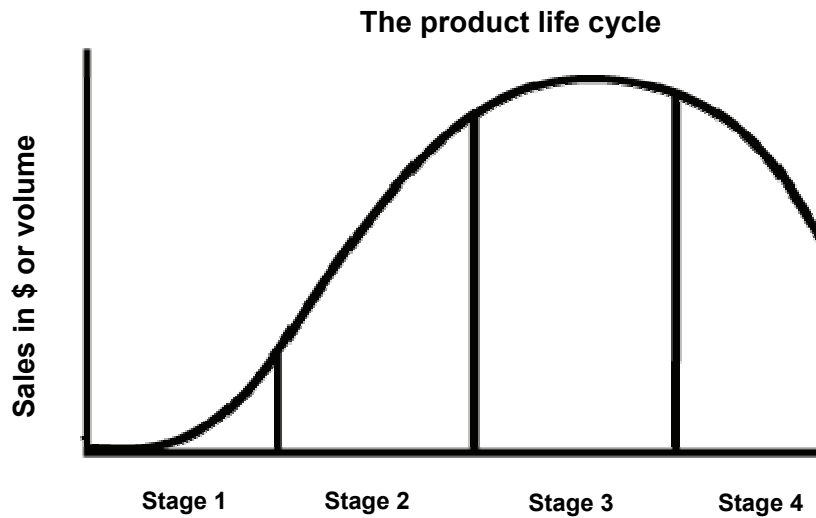
6.



The diagram above outlines

- (a) elements of good customer service.
 - (b) elements of customer satisfaction.
 - (c) elements of employee-employer relations.
 - (d) elements of staff and customer relationships.
7. The purpose of the Trade Practices Act is to assist
- (a) businesses with advertising and marketing campaign advice.
 - (b) businesses to manage new products or services.
 - (c) in the promotion of competition, fair trading and protection of consumers.
 - (d) consumers in choosing products from another state.
8. 'Ethical business behaviour' is about
- (a) using good ideas to sell products and services.
 - (b) operating within legal boundaries.
 - (c) doing what is right, just and equitable.
 - (d) making an extremely large profit.
9. Business is increasingly interested in responding positively to environmental issues by
- (a) providing safe workplaces for employees.
 - (b) using technology for promotional activities.
 - (c) providing sponsorships to community projects.
 - (d) using environmentally friendly packaging.

10. Consider the following graph.



- The graph summarises the stages of the product life cycle. The stages of this cycle are
- (a) development, growth, marketing and decline.
 - (b) development, growth, maturity and decline.
 - (c) development, production, marketing and decline.
 - (d) development, production, sales and decline.
11. A legal contract is created when
- (a) an offer is made and then accepted.
 - (b) a gift is made when work is completed.
 - (c) two people are thinking of the same idea.
 - (d) an idea is accepted as being feasible.
12. Which objective does **not** apply to the aims of the Occupational Safety and Health Act?
- (a) ensure the safety, health and wellbeing of all workers
 - (b) ensure that all workers are punctual and start work on time
 - (c) protect workers, customers and other visitors to the workplace
 - (d) provide a positive working environment
13. As organisations expand and take on large scale projects, they are more likely to adopt a
- (a) functional structure.
 - (b) matrix structure.
 - (c) divisional structure.
 - (d) product structure.

14. A 'niche market' is a
- (a) market that focuses on low-income earners.
 - (b) market with a range of specialised products.
 - (c) low volume, specialised market.
 - (d) market that requires extensive development.
15. The move to more environmentally friendly products
- (a) is a response to increased international laws and regulations.
 - (b) will result in a fall in costs and prices.
 - (c) will reduce the range of available products.
 - (d) is an example of a focus on product marketing.
16. The introduction of flexible work patterns may result in
- (a) outsourcing of employment.
 - (b) dismissal of employees.
 - (c) reduced business hours.
 - (d) fixed employment contracts.
17. Placing an employment advertisement on a business website is an example of
- (a) human resource maintenance.
 - (b) human resource development.
 - (c) human resources selection.
 - (d) human resources recruitment.
18. Which one of the following strategies is **not** used in building a team culture of innovation and creativity?
- (a) open communication
 - (b) cooperative planning
 - (c) a flat management structure
 - (d) favouritism of employees

19. Amy runs a florist shop and has calculated the following balances in her accounts:

	\$
Total assets	20,500
Owner's equity	10,000
Non-current liabilities	9,000

The current liabilities for Amy's florist shop total

- (a) \$11,500.
 - (b) \$1,000.
 - (c) \$1,500.
 - (d) \$19,500.
20. Instituting control mechanisms allows a business to
- (a) monitor, measure and adjust the business's performance.
 - (b) perform a market valuation of the business.
 - (c) assess the various risk factors that affect the business.
 - (d) monitor, measure and manage employee turnover.

End of Section One

See next page

Section Two: Document analysis

40% (60 Marks)

This section has **four (4)** questions. Answer **three (3)** questions. Write your answers in the spaces provided.

Spare pages are included at the end of this booklet. They can be used for planning your responses and/or as additional space if required to continue an answer.

- **Planning:** If you use the spare pages for planning, indicate this clearly at the top of the page.
- **Continuing an answer:** If you need to use the space to continue an answer, indicate in the original answer space where the answer is continued, i.e. give the page number. Fill in the number of the question(s) that you are continuing to answer at the top of the page.

Suggested working time: 75 minutes.

Question 21

(20 marks)

Earth Life Foods has developed a new health drink, GULP, which is based on natural and highly nutritional ingredients.

Earth Life Foods conducted research into the new product at its laboratory in Sydney and, after many experiments, developed a drink that combines the ingredients of authentic apple and pear pulp. The health drink contains approximately 30 per cent pulp, with added vitamins and antioxidants and lots of water.

The company has decided to target this drink to young adults.

Market research has revealed that GULP is comparable in price and value for money with the products of Earth Life Foods' main competitors.

- (a) Outline the concept of a target market, using the case study above. (2 marks)

- (d) Lifestyle segmentation is based on the assumption that the kinds of products and brands an individual purchases reflect that person's characteristics and patterns of living, e.g. health conscious, urban dweller.

With reference to GULP, as described in the case study, discuss **four** characteristics of the lifestyle market segmentation approach. (8 marks)

One: _____

Two: _____

Three: _____

Four: _____

Question 22

(20 marks)

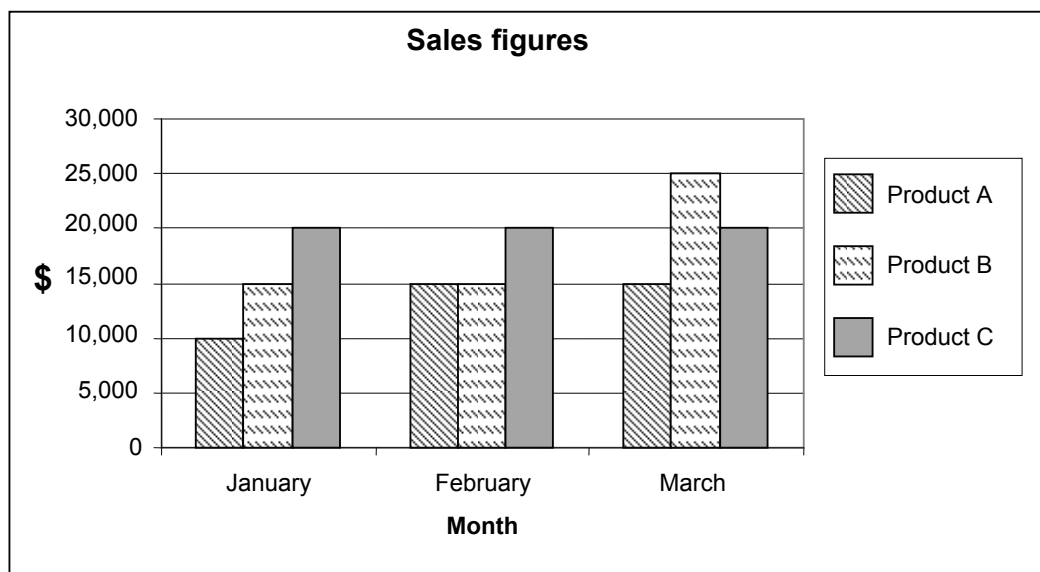
Electronic games

	Product A	Product B	Product C
Target customers	Teenage girls	Teenage boys	Young couples, no dependents
Media used to advertise and promote	Television and radio		
Planning and preparation for release of product	<ul style="list-style-type: none"> No research Market plan 	<ul style="list-style-type: none"> Market research Market plan 	<ul style="list-style-type: none"> No research No market plan
Cost per unit	\$150	\$100	\$200
Requirements to operate/use	Power socket or rechargeable batteries		

Sales figures

	January	February	March
Product A	\$10,000	\$15,000	\$15,000
Product B	\$15,000	\$15,000	\$25,000
Product C	\$20,000	\$20,000	\$20,000

The sales figures in this table are shown in the graph below.



See next page

(a) Outline **two** types of data a business could collect for market research. (2 marks)

One: _____

Two: _____

(b) (i) What do the sales figures for Product C indicate about this product? (1 mark)

(ii) Give **four** recommendations to promote this product. (4 marks)

One: _____

Two: _____

Three: _____

Four: _____

(c) As a retailer of Product A, how could you boost sales? (5 marks)

Question 23

(20 marks)

Logical Furniture is a retail business that supplies budget furniture.

The idea for this business developed when two friends, Clark and Regan, tried to furnish houses that they had purchased as investment properties. They found that they were travelling long distances in order to locate and purchase the kind of furniture they wanted. This proved to be very costly in terms of time and money.

After discussions with friends and colleagues, they decided that there was a market for a one-stop budget furniture outlet. After gaining their Quality Assurance Certificate, they commenced trading in 2005.

Because Clark and Regan were committed to other ventures, they employed a person to fill the role of store manager. Business reports and statements for the last 12 months have shown the following areas of concern for them:

- a drop in sales
- a 5% increase in returned products
- an increase in staff turnover and
- a 15% increase in operational costs.

Clark and Regan have asked the store manager to report on these figures and provide feedback on how the performance of their business can be improved.

Use the information provided in the Logical Furniture case study above in your responses.

(a) (i) What are 'control mechanisms'? (2 marks)

(ii) Why is it important to implement control mechanisms at Logical Furniture? (2 marks)

(b) (i) Outline **four** areas on which the store manager of Logical Furniture would be required to provide feedback when reporting on the business's activities.

(4 marks)

One: _____

Two: _____

Three: _____

Four: _____

(ii) In relation to the four areas you have outlined above, discuss **three** areas the store manager will need to monitor and control for the business to achieve its business goals.

(6 marks)

One: _____

Two: _____

Three: _____

- (c) Consider the factors that impact on the success or failure of a business and discuss **three** factors that could be contributing to the downturn in Logical Furniture’s performance. (6 marks)

One: _____

Two: _____

Three: _____

Question 24

(20 marks)

Sammy's Florist Shop Balance sheet as at 30 June 2010		
Current assets	\$	\$
Cash at bank	17,000	
Accounts receivable	3,500	
Florist shop supplies	<u>8,000</u>	<u>28,500</u>
Non-current assets		
Office equipment	4,000	
Motor vehicle	<u>22,000</u>	<u>26,000</u>
Total assets		<u>54,500</u>
Current liabilities		
Accounts payable	5,800	
Short term loan	<u>8,000</u>	<u>13,800</u>
Non-current liabilities		
Loan on vehicle	<u>15,000</u>	<u>15,000</u>
Total liabilities		<u>28,800</u>
Net assets		<u>25,700</u>
Owner's equity		
Capital	15,000	
Add profit	<u>11,400</u>	<u>26,400</u>
Less drawings		<u>700</u>
Total owner's equity		<u>25,700</u>

Refer to the balance sheet above to answer the following questions.

- (a) (i) What is the function of a balance sheet? (2 marks)

- (ii) Outline briefly **two** other financial statements that Sammy's Florist Shop would use. (2 marks)

One: _____

Two: _____

See next page

(b) Explain the difference between the current and non-current assets and the current and non-current liabilities in the balance sheet for Sammy’s Florist Shop. (4 marks)

(c) What does the balance sheet indicate about the owner’s equity in Sammy’s Florist Shop? In your answer, refer to the terms ‘capital’, ‘profit’ and ‘drawings’. (6 marks)

- (d) Records are required for monitoring business operations. Discuss **three** records, other than financial, that would need to be used by Sammy's Florist Shop. (6 marks)

One: _____

Two: _____

Three: _____

End of Section Two

See next page

Section Three: Extended response

40% (50 Marks)

This section contains **three (3)** questions. You must answer **two (2)** questions. Write your answers in the space provided following Question 27.

In responding to the questions in this section, you should refer to case studies that you have studied during your course.

Suggested working time: 75 minutes.

Question 25

(25 marks)

Part of the role of a human resource manager is to employ the most suitable candidates to promote the business and assist in its growth.

- (a) Outline the **four** elements of the human resource process – the employment cycle. (4 marks)
- (b) Discuss **five** characteristics of a recognition and reward system that an organisation might implement to motivate its employees. (5 marks)
- (c) Describe the importance of induction and training programs for new employees in a business. (8 marks)
- (d) Discuss a recognised motivational theory in terms of how it provides incentives and motivation for employees and the effects on the human resource managers. (8 marks)

Question 26

(25 marks)

Technology's impact on business



Technology has grown from being a tool used within business to a business industry of its own. Introduction of new technology as it becomes available to a business can offer significant benefits and improvements.

- (a) Introduction of new technology as it becomes available to business can create issues. Outline **five** issues a business might need to address in the implementation and introduction of new technology. (5 marks)
- (b) Describe the impact of technology on workplace culture. (6 marks)
- (c) Discuss **three** ways in which technology can be used to facilitate customer relationship activities. (6 marks)
- (d) The use of technology in a business has the potential to facilitate operation and growth. Explain ways in which technology can assist a business to grow and operate successfully. (8 marks)

Question 27

(25 marks)

In addition to traditional economic and financial considerations, today's society demands that organisations also take ethical and social considerations into account.



- (a) Define a business's ethical and social responsibilities. Provide **three** examples of ethical and social responsibilities with regard to the promotion of products or services by businesses. (5 marks)
- (b) Describe **three** ways in which government legislation/regulations can affect a business's operations. (6 marks)
- (c) Discuss **three** ethical issues a business would need to consider in managing staff and human resource policies to ensure a fair and equitable working environment. (6 marks)
- (d) Discuss **two** environmental issues that face businesses and the impact these have on decision making and planning. (8 marks)

End of questions

ACKNOWLEDGEMENTS

Section One

Question 6

Diagram adapted from: Criddle, E., & Hinton, J. (2009). *Business Management and Enterprise: A Resource for Units 2A and 2B*. Cottesloe, Western Australia: Impact Publishing, p. 275.

Question 10

Graph adapted from: Billy Fire LLC Resources. (2005). *The product life cycle and its marketing implications*. Retrieved May, 2010, from <http://billyfire.com/product-life-cycle.php>

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