

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: Short answer	6	6	50	60	30
Section Two: Document analysis	3	2	60	60	30
Section Three: Extended response	3	2	70	60	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 2012*. Sitting this examination implies that you agree to abide by these rules.
2. Write your 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 that you are continuing to answer at the top of the page.

- (b) Comment on the following statement: 'The preparation of a budget is only one element of the budget process'. (2 marks)

- (c) State **two** reasons why the predicted profit for September was not achieved. (4 marks)

Question 3

(10 marks)

(a) Explain what is meant by the term 'operations management'.

(3 marks)

(b) Describe **two** examples of technologies used by businesses to facilitate operations management.

(4 marks)

(c) Explain what is meant by the term 'supply chain'. Why is it essential that the supply chain be well managed for business operations?

(3 marks)

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Section Two: Document analysis

30% (60 Marks)

This section has **three (3)** questions. You must answer **two (2)** 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 that you are continuing to answer at the top of the page.

Suggested working time: 60 minutes.

Question 7

(30 marks)

The United Nations Global Compact has 10 principles that aim to protect human rights, workers and the environment as well as to prevent corruption. Many businesses, particularly multinational corporations, have committed to the Global Compact by agreeing to uphold the following ideals:

- an international standard of human rights
- allowing employees to have freedom of association to join unions
- to not engage in employment discrimination and
- to not employ forced or child labour.

Despite the commitment from these signatories of the Global Compact, some argue that businesses that move from the developed world to developing countries exploit workers. However, recent findings by the Organisation for Economic Co-operation and Development (OECD) suggest that the presence of international organisations in developing countries helps to raise working conditions and standards. Benefits stem from better wages and development, which in turn increase local competitiveness for labour.

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Question 8

(30 marks)

Mobitsen Pty Ltd has been in operation since 2010. The business specialises in the production of mobility scooters for use by senior citizens. Following are statement extracts and other information prepared from the accounting records of the business.

**Mobitsen Pty Ltd
Income Statement
for the period ended 30 June**

	2010	2011	2012
	\$'000	\$'000	\$'000
Revenue	1,200	2,000	3,000
Cost of goods sold	800	1,200	1,300
Gross profit	400	800	1,700
Operating expenses	500	700	800
Net profit	(\$100)	\$100	\$900

**Balance Sheet (extract)
as at 30 June**

	2010	2011	2012
	\$'000	\$'000	\$'000
Assets	700	850	850
Liabilities	400	500	450
Equity	300	350	400

Ratio

	2010		2011		2012	
Gross profit	0.33:1	(33%)	0.40:1	(40%)	0.57:1	(57%)
Net profit	-0.08:1	(-8%)	0.05:1	(5%)	0.30:1	(30%)
Operating expense	0.42:1	(42%)	0.35:1	(35%)	0.27:1	(27%)
Debt to equity	1.33:1	(133%)	1.43:1	(143%)	1.12:1	(112%)

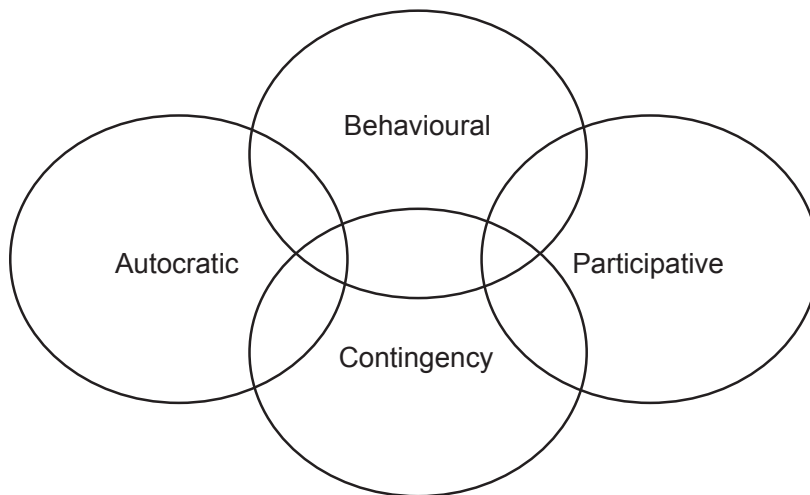
- (d) Describe organisational buying in the global marketplace. Identify **two** steps Mobitsen Pty Ltd could take to buy goods or services in this market. (4 marks)

- (e) Mobitsen Pty Ltd manufactures mobility scooters for use by senior citizens. Describe its possible production process in terms of research and development, production, distribution and final point of sale. (6 marks)

Question 9

(30 marks)

Leadership styles



There are many different types of leadership styles. Some have more in common than others. In reality, business leaders may need to use combinations of styles to get things done.

- (a) Describe **two** characteristics specific **only** to each leadership style. (8 marks)

Autocratic: _____

Behavioural: _____

Participative: _____

Contingency: _____

(b) Discuss the characteristics that are common to the Autocratic leadership style and each of the following leadership styles. (6 marks)

(i) Behavioural

(ii) Contingency

- (e) In your opinion, which past or present business leader best aligns their individual vision and goals with the organisation they lead. Explain your reasoning. (4 marks)

End of Section Two

See next page

Section Three: Extended response**40% (60 Marks)**

This section contains **three (3)** questions. You must answer **two (2)** questions. Write your answers in the space provided following Question 12.

Suggested working time: 70 minutes.

Question 10**(30 marks)**

Linderstydes is a business that started in 2003 when mother Elise and daughter Rebecca started selling linen goods made to their own designs at markets in and around Perth. The business has grown and sales have increased to the extent that they now have a retail outlet in Perth and a thriving internet business. Rebecca has noticed there is a lot of interest in the company's products from potential customers in Singapore, although the conversion rate for sales is only 15%. E-mail enquiries suggest customers are unsure of the quality of Linderstydes's products and thus hesitant to purchase online, even though the company has a full money-back refund policy. Rebecca wants to develop a strategic alliance with a high quality giftware shop in Singapore so she can showcase Linderstydes's products. Rebecca is convinced that if customers can see and feel the products, sales will soar. Her first step is to convince Elise.

- (a) Explain what is meant by the term 'strategic alliance'. (2 marks)
- (b) Discuss **five** elements of the strategic planning process Rebecca needs to consider before developing a strategic alliance. (10 marks)
- (c) Describe **two** strategies Rebecca could implement to estimate demand. (6 marks)
- (d) Describe **three** factors that could inform a business about gaining a competitive advantage in an international environment. (6 marks)
- (e) Outline **three** risks involved in an international strategic alliance. (6 marks)

Question 11

(30 marks)

Graeme is an entrepreneur who is on the verge of fully developing an innovative fuel efficient product for cars. This product has the potential to revolutionise many industries and have a global market. Graeme realises that he needs some advice relating to the legal and political environment before he proceeds.

- (a) Based on your studies, explain and evaluate **two** possible business structures that Graeme could enter into in the international market if he wants to be successful globally. (10 marks)
- (b) Explain the role of the ACCC, ATO and ASIC in regulating areas of financial activity for Graeme's emerging international business. (9 marks)
- (c) List **four** initiatives that have resulted from government policy that might affect the success of Graeme's innovative product. (4 marks)
- (d) Describe the role of **one** free trade agreement when engaging with specific countries or regions. State how Graeme can make use of this agreement. (4 marks)
- (e) Identify **three** controls on international trade and international protection of innovation that Graeme needs to consider when conducting his international business. (3 marks)

Question 12

(30 marks)

The management of quality control and quality assurance is vital to an organisation in maintaining its competitiveness in the market. In addition, a business must engage in ongoing evaluation of its performance using data to determine whether targets and objectives have been met.

Discuss the role of quality control and the use of financial and non-financial performance measures in determining the success of an organisation.

- (a) Explain **three** quality control measures that a business might use to determine whether it is providing the level of quality desired by its current and/or potential customers. (6 marks)
- (b) Based on your studies, discuss **two** technological quality control systems that are often implemented in organisations. (12 marks)
- (c) Outline the features of financial key performance indicators. Provide **three** examples of financial key performance indicators. (6 marks)
- (d) Outline the features of non-financial key performance indicators. Provide **three** examples of non-financial key performance indicators. (6 marks)

End of questions

ACKNOWLEDGEMENTS

Section Two

Question 9 Venn diagram of leadership styles by courtesy of the examining panel.

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