



**DEPARTMENT OF
EDUCATION**

**UPPER SECONDARY
SCHOOL CERTIFICATE
EXAMINATIONS**

BUSINESS STUDIES

Wednesday

24 October 2012

Time allowed:

2 hours and 30 minutes

(8:00am – 10:30 am)

NO EXTRA TIME

(NO OTHER TIME)

Candidates are advised to fully
utilise the allocated time

BS

INSTRUCTIONS TO CANDIDATES

(To be read by the external invigilator to all candidates)

1. The subject code for Business Studies is **11**.
2. There are **12** printed pages in the question booklet and 11 printed pages in the answer booklet.
3. There are two sections in this paper. Answer all questions.

Section A: Multiple Choice Questions - 30 Marks

This section will be electronically marked.

All answers to the Multiple Choice Section **MUST** be answered on this **ELECTRONIC ANSWER SHEET** provided.

Carefully following the instructions, fill in your Candidate Information and Subject Information.

If you make a mistake, rub the shading out completely using an eraser and shade in your alternative clearly.

Section B: Short Answer Questions - 70 Marks

Write down your name, your school and complete your 10-digit candidate number on the Section B Answer Sheet provided.

4. You are required to only write the correct answer in the space provided.
5. Calculators may be used.
6. Answer all questions on the Answer Sheet. Answers on any other paper including rough work paper and the question paper will not be marked.
7. **ALL** working must be shown step by step to get full marks. Students may lose marks for writing down final answers only.
8. Correction fluid is not allowed on the answer sheet. Where you have made an error, cross out all the working and start on a new line.

**PENALTY FOR CHEATING OR ASSISTING TO CHEAT IN
NATIONAL EXAMINATIONS IS NON-CERTIFICATION.**

**DO NOT TURN OVER THE PAGE
AND DO NOT WRITE
UNTIL YOU ARE TOLD TO START.**

PART A: MULTIPLE CHOICE (QUESTIONS 1 - 30) 30 MARKS

Choose A or B or C or D from the alternatives given and use a HB pencil to shade in the correct letter to each question on the Electronic Answer Sheet.

If you make a mistake, rub the shading out completely using an eraser and shade in your alternative clearly.

QUESTION 1

A personal resume for a job application should NOT have

- A. personal details.
- B. educational qualification.
- C. referees.
- D. a friend's information.

QUESTION 2

Which of the following is NOT part of a job description?

- A. The job title.
- B. The task involved.
- C. The skills and experience required.
- D. The manager's personal details.

QUESTION 3

Businesses can use a different communication mix to interact with customers and other businesses. Any form of non-personal presentation and promotion of ideas, goods and services by an identified sponsor is known as

- A. publicity.
- B. advertisement.
- B. promotion.
- D. trade show.

QUESTION 4

Which factor is NOT a common feature of a business organisation in general?

- A. Involves human resources.
- B. Has a defined goal.
- C. Influence by internal factor.
- D. Controls the level of employment.

QUESTION 5

Buge and Sole rented a shop at the end of the airport. The main shopping centres and car parks were on the other side of the airport. The rent they paid was much cheaper than the other shops in the main shopping centre. However, their business failed after a year. There were not enough people passing their shop.

What is the most possible reason for the failure of the business?

- A. Unsuccessful advertisement.
- B. Many people passing did not like their products.
- C. Their business was in the wrong location.
- D. Prices of goods were expensive.

QUESTION 6

What is the purpose of an '*executive summary*' in the business plan?

- A. Provides a condensed version of the whole plan.
- B. Provides a detailed description of the internal and external environment of the business.
- C. Defines the approach that a business will take to achieve specific objectives.
- D. Outlines how the business will use its resources to achieve its objective.

QUESTION 7

A person nominated by an organisation as a role model to coach less experienced staff members is known as the _____.

- A. trainer
- B. mentor
- C. supervisor
- D. personal assistant

QUESTION 8

Which factor is part of the external environment of an organisation?

- A. Supplier
- B. Shareholder
- C. Employee
- D. Manager

QUESTION 9

A statement of the goals and objectives of the business and steps to be taken to achieve them is a/an _____ plan.

- A. strategic
- B. operational
- C. business
- D. organisational

QUESTION 10

This refers to the number of people whom a manager is directly responsible as well as the ratio of managers to subordinates across successive layers in an organisation.

Which of the words below fit the above definition?

- A. Span of control
- B. Division of labor
- C. Operational plan
- D. Chain of command

QUESTION 11

The process carried by organisations to assess their employees is called _____.

- A. verification
- B. transformation
- C. appraisal
- D. orientation

QUESTION 12

Skills inventory is a computerized database containing information on the skills and experiences of all present employees. There are seven items discussed in a business plan. These items are grouped under four main parts of a business plan.

Which of the four main parts of the business plan does **skills inventory** come under?

- A. Executive summary
- B. Operational plan
- C. Marketing plan
- D. Financial plan

QUESTION 13

Which of these does a business undertake to protect it from business risks and losses?

- A. Hedging
- B. Insurance
- C. Options
- D. Swaps

QUESTION 14

Agatha runs a small poultry business.

Which of the following would be classified as an opportunity in the SWOT analysis?

- A. Increased demand for lamp flaps.
- B. Increased competition.
- C. Ilimo poultry business has just closed down.
- D. Her 10 years experience in the business.

QUESTION 15

When a business targets a specific market with its specialised products and services, it is looking at a _____ market.

- A. stock B. currency C. niche D. commodity

QUESTION 16

In big cities, city authorities use traffic lights to control the movement of traffic. Green light means 'Go' and Red light means 'Stop.' Orange light means 'warning or reminder to Stop.'

Which method of communication is this?

- A. Non verbal oral communication
B. Non-verbal written communication
C. Verbal-oral communication
D. Verbal written communication

QUESTION 17

Refusal of employers to allow employees to enter the workplace is known as

- A. strike action.
B. work ban.
C. lockouts.
D. demarcation.

QUESTION 18

Lucy is the duty manager of Lae Biscuit Company. She asks each staff to indicate their preferred 'day off' in order for her to schedule the next month's duty roster.

Which of the following management roles is she performing?

- A. Informational and strategic
B. Interpersonal and decisional
C. Informational and ethical
D. Interpersonal and flexible

Refer to the newspaper article below to answer Questions 19 to 22.

STOP N SHOP at Badili, one of the new shops owned by the CPL Group. **30th APRIL 2012**

By PATRICK TALU

CITY Pharmacy (CPL) Group, PNG's biggest retailing network, has delivered a record breaking audited profit before tax of K21.86 million for its 2011 financial year. Comparing to the 2010 corresponding year, it was a massive increase of 62.77% from its K13.43 million.

CPL Group Chairman Mahesh Patel, while announcing the result, said "our retail business continues to work hard to execute strategies that are improving the value and shopping experience of our customers. The bottom-line continues to grow faster than the sales.

We have completed another highly successful year. Whilst there has been contribution from the LNG project to some extent, we have witnessed unprecedented increases in property rental cost, security cost, and other operating expenses.

"Full credit must go to the hard working staff and management of the CPL Group who have contributed immensely to the success of the group in 2011," Mr Patel said.

The Chairman said among the highlights in 2012 was its customer engagement strategy (Real Rewards Plus) which was rolled out into the stores in an electronic format. In addition to rewarding customers, CPL will derive considerable benefits from the data analytics and use this in its decision making process to further improve CPL offer to customers.

Mr Patel said CPL have currently, an additional 20,000 members to the already 70,000 from the previous manual system.

"Early in 2011, saw a refurbishment of our Lae pharmacy and a relocation of the pharmacy at Port Moresby General Hospital. Both branches have shown improved performance since then. "In October 2011, CPL opened its second pharmacy in Madang to cater for the increasing demand for professional healthcare services.

"Cost consciousness is a fundamental part of CPL's DNA, and in 2011 we continued to leverage our scale to create new efficiencies – and with supply chain, a key focus, we were able to hold back the planned additional capital expenditures in expansion for space," he added.

He said a key appointment was made in October in John Woolfield, who was appointed as the General Manager, Business Development, to bring about major efficiencies and business process solutions to the group.

Mr Woolfield has had PNG experience for over 21 years, in various roles.

He said CPL is committed to long-term sustainable growth and the pursuit of strategic opportunities both to augment its core business and grow into different markets. During the year CPL took over the HomeMaker operations at Badili from Hardware Haus and has shown sales growth and opportunities to expand in this category.

According to the 2011 annual report, sales increased by 27.57% to K321.77 million while profit after tax increased by 86.81% from K 10.24 million to K 19.13 million.

Source: Post Courier, 30th April, 2012

QUESTION 19

According to the newspaper report, the CPL Group of Companies has reported several figures from its 2011 Financial Report.

Which figure would you take as the taxable income?

- | | | | |
|----|----------------|----|----------------|
| A. | K21.86 million | B. | K19.13 million |
| C. | K13.43 million | D. | K10.2 million |

QUESTION 20

The CPL Group of Companies is practicing several strategies that are contributing to its operational success. One of the strategy is the 'real reward plus'.

This is an example of

- | | | | |
|----|-----------------------------------|----|------------------------------|
| A. | customer relationship management. | B. | customer retention strategy. |
| C. | value added strategy. | D. | customer loyalty strategy. |

QUESTION 21

The Chairman of the CPL Group of Companies stated, “*in 2011 we continued to leverage our scale to create new efficiencies.*”

This is an indication of

- A. economies of scale.
- B. diseconomies of scale.
- C. debt management control.
- D. sales turn over control.

QUESTION 22

The CPL Group of Companies reported on opening its second pharmacy in Madang.

This is an indication of

- A. increase in market share.
- B. decrease in market share.
- C. increase in market segment.
- D. decrease in market segment.

QUESTION 23

Titus works 20 hours per week. He is entitled to sick leave and holiday pay.

What type of employment contract is this?

- A. Casual full-time
- B. Casual part-time
- C. Permanent full-time
- D. Permanent part-time

QUESTION 24

Which of the following does NOT relate to a constructive way of responding to someone?

- A. What do you mean by...? Clarifying the meaning.
- B. Using silence to allow the other person time to think.
- C. Summarising what has been said to check that you have it right.
- D. That’s hopeless! I hope you do well next time.

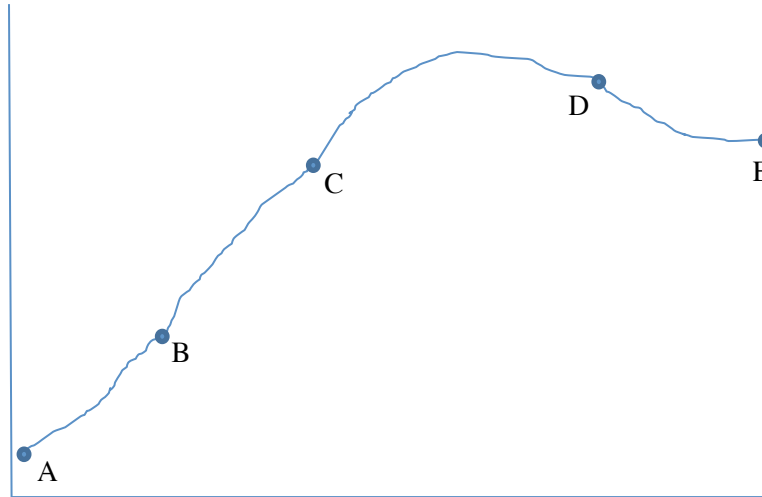
QUESTION 25

Which of the following is NOT a form of tax?

- A. Tariff
- B. Import duty
- C. Export duty
- D. Bond fee

QUESTION 26

Products produced by various businesses do have product life cycles. The chart shows a typical trend of a product life cycle.



When you look at points **C** to **D**, you are looking at the _____ stage.

- | | | | |
|----|--------------|----|-----------|
| A. | introductory | B. | stability |
| C. | maturity | D. | decline |

QUESTION 27

There are different strategies that businesses come up with to have competitive advantages over their competitors.

One such strategy is

- | | | | |
|----|--------------------------|----|----------------------|
| A. | product differentiation. | B. | marketing and sales. |
| C. | supply and distribution. | D. | human resources. |

Refer to the passage below for questions 28 to 29

Mr. Huli is a manager of Nanisense farm that specialises in producing mushrooms in the Eastern Highlands Province and has eventually spread its market in other parts of the country. Stop and Shop, RH and Boroko Food World in Port Moresby seem to be the middleman in the channel of distribution. The Nanisense Mushroom Business packs its product in sterilised polythene plastics.

A customer of Stop and Shop laid a complaint with the management regarding food poisoning because the mushrooms were not packed well.

The manager of Nanisense mushroom business was informed of the incident. He quickly reacted by terminating one of the supervisors responsible for harvesting and packaging.

However, the manager arranged a meeting with all his employees to contribute ideas on how best they could improve packaging of mushrooms in the future.

QUESTION 28

Which of the management styles is Mr. Huli practicing in calling a meeting with his staff to decide on packaging of mushrooms?

- A. Democratic leadership style
- B. Autocratic leadership style
- C. Contingency approach
- D. Systems approach

QUESTION 29

What basic management skill does Mr. Huli lack in terminating the supervisor?

- A. Conceptual skill
- B. Human skill
- C. Technical skill
- D. Business skill

QUESTION 30

Which of the following is not part of the human resource process?

- A. Hiring or recruiting
- B. Training and staff development
- C. Rewards and remunerations
- D. Marketing and sales

PART A: SHORT ANSWER: (QUESTIONS 31-40) 70 MARKS**Write the answers to the Questions on the Answer Sheet provided.****QUESTION 31**

- a. What is a franchise business (1)
- b. What type franchise business is coca cola Amatil company in Papua New Guinea? (1)
- c. State two other methods of starting a business (different from 'a') (2)
- d. List three factors that decide the size of a business? (3)

QUESTION 32

- a. What is the main role of Company Secretary? (1)
- b. What is the name given to the meeting that is called only once a year by the business? _____ (1)
- c. A formal account of events of meeting recorded manually or electronically in clear, concise language with out ambiguity is called a _____. (1)
- d. What is E-commerce? (2)
- e. Explain what Teleconferencing is. (1)
- f. Communication strategies in the 21st century have changed drastically. When businesses people use the Internet to communicate with others, this is known as _____ conferencing. (1)

QUESTION 33

- a) In business operations, cash flow management is very important.
Explain what cash flow management is. (2)
- b) What is a balance sheet? (1)
- c) State the difference between equity financing and debt financing (2)
- d) What is your understanding of owner's equity?. Explain with example (2)

QUESTION 34

- a. Explain the difference between *marketing* and *selling* (2)
- b. In marketing there are tools known as 4Ps that business use?

- Which one of the 4Ps is the tool that generates revenue for business? (1)
- c. Differentiate between *packaging* and *labeling*. (2)
- d. Differentiate between consumer products and business products. (2)

QUESTION 35

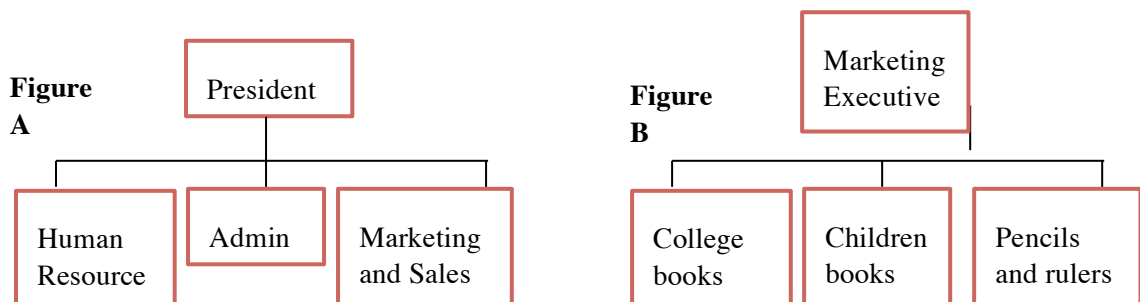
- a. Identify two types of written communication (2)
- b. Yamuki blows a conch shell every Sunday to call for the congregation to attend the church. What specific type of communication does he use? (1)
- c. Identify three types of communication styles (3)
- d. Arison is at the interview relaxed, open-minded and maintains comfortable eye contact with his interviewer. What type of body language communication style is he using? (1)

QUESTION 36

- a. The Internal Revenue Commission (IRC) is a government statutory body. Explain the main role of this organisation. (2)
- b. The Independent Consumer and Competition Commission (ICCC) is an organisation established few years ago. Explain the main role of the ICCC. (2)
- c. Explain why businesses require insurance when conducting business. (2)
- d. Explain the main role of the national Trade Union Congress (PNGTUC). (1)

QUESTION 37

The Figures A and B below show two organisational structures.



- a) What type of organisational structures are Figures A and B based on? (2)
- b) What is a Span of Control? (1)
- c) What is the difference between *line personnel* and *staff personnel*? (2)
- d) State the difference between a *flat structure* and a *tall structure*. (2)

QUESTION 38

- a) What is an organisational culture or corporate culture? (2)
- b) Why do organisations outsource functions? Explain. (2)
- c) State three reasons why organisations carry out restructuring process within their organisations? (3)

QUESTION 39

Read the article below to answer question 39.

MOB RAIDS ENGA MINE

One of the country's biggest gold mines was yesterday raided by an unruly mob who went on rampage injuring employees and damaging equipment.

Pogera mine general manager Greg Walker and Enga province Governor Peter Ipatas sent an urgent message to the government and police in Port Moresby to provide security and address the deteriorating law and order problem in the area.

Mine workers were injured and three taken hostage as scores of miners went on rampage through the open pit early yesterday morning.....The Porgera Joint Venture (PJV) mining operation in the open pit had been halted until the safety of workers could be guaranteed. Walker said, "We have reported this serious incident to the government and to the police"

The National, March 30 to April 1, Page 1

- A. Explain how this event in 'The National 'would affect: (2)
- i. Employment in the company
- ii. Productivity of the employees
- B. Which function of the management addresses this kind of issue? (1)
- C. Of the three main goals of the business, which one of them do you think the company may have failed to achieve? (1)
- D. Name the two stakeholders directly affected in this event. (2)
- E. What is a business ethic? (1)

QUESTION 40

- a. Explain what it means when managers use an open communication policy. (2)
- b. What is the function of upward communication? (2)
- c. What is the name of the person responsible for opening new files, keeping reference sheet files and track records? (1)
- d. In Business Research, the type of question asked is important. Give 2 examples of closed question. (2)

END OF EXAMINATION

BUSINESS STUDIES — 2012

SECTION B - ANSWER BOOKLET

Write your name, your province and school codes and your candidate number correctly and clearly in the space provided below.

Year		Province		School			Candidate No		
1	2								

Candidate Name: _____

School Name: _____

Answers written on the QUESTION paper or any other paper will NOT be marked. Write answers in the spaces as provided on this answer booklet.

FOR MARKERS USE ONLY

	Score	Markers Initials	
		M1	M2
Section B:			
Question 31			
Question 32			
Question 33			
Question 34			
Question 35			
Question 36			
Question 37			
Question 38			
Question 39			
Question 40			
FINAL TOTAL			

QUESTION 31	
a. _____ _____	1
b. _____	1
c. _____ _____	2
d. _____ _____ _____	3
QUESTION 31 TOTAL	

QUESTION 32

- a. _____
- b. _____
- c. _____
- d. _____

- e. _____

- f. _____

1
1
1
2
1
1

QUESTION 32 TOTAL

--

QUESTION 33

a. _____

2

b. _____

1

c. _____

2

d. _____

2

QUESTION 33 TOTAL

QUESTION 34	
a.	
_____	2

b.	1

c.	

_____	2

d	

_____	2

QUESTION 34 TOTAL	

QUESTION 35

a.

2

b.

1

c.

3

d.

1

QUESTION 35 TOTAL

QUESTION 36

a

2

b.

2

c

2

d.

1

QUESTION 36 TOTAL

QUESTION 37

a.

2

b.

1

c.

2

d.

2

QUESTION 37 TOTAL

QUESTION 38

a.

2

b.

2

c.

3

QUESTION 38 TOTAL

QUESTION 39	
a.	
(i) _____	
(ii) _____	
b.	2
_____	1
c.	
_____	1
d.	

_____	2
e.	
_____	1

QUESTION 39 TOTAL	

QUESTION 40	
a.	
.	2
b.	2
c.	1
d.	2
QUESTION 40 TOTAL	