Interdependence and common themes between topics in HSC Business Studies

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Know your syllabus....thoroughly. Understand business…and management…

* **Key outset questions**
* How well do you know the syllabus?
* What is your understanding of, and interaction with, business?
* Can you think like a manager?
* Can you apply business thinking to problem solving?
Introduction

The HSC Outcomes:

* The student:
  * H1 critically analyses the role of business in Australia and globally
  * H2 evaluates management strategies in response to changes in internal and external influences
  * H3 discusses the social and ethical responsibilities of management
  * H4 analyses business functions and processes in large and global businesses
  * H5 explains management strategies and their impact on businesses
  * H6 evaluates the effectiveness of management in the performance of businesses
  * H7 plans and conducts investigations into contemporary business issues
  * H8 organises and evaluates information for actual and hypothetical business situations
  * H9 communicates business information, issues and concepts in appropriate formats
  * H10 applies mathematical concepts appropriately in business situations
Focus of Operations

* examine contemporary business issues to:
  * discuss the balance between cost and quality in operations strategy
  * examine the impact of globalisation on operations strategy
  * identify the breadth of government policies that affect operations management
  * explain why corporate social responsibility is a key concern in operations management

* investigate aspects of business using hypothetical situations and actual business case studies to:
  * describe the features of operations management for businesses in a tertiary industry
  * assess the relationship between operations and the other key business functions in two actual businesses
  * explain how operations strategy can help a business sustain its competitive advantage
  * recommend possible operations strategies for one hypothetical business

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Focus of Marketing

* **examine contemporary business issues to:**
  - explain why goods and/or services are central to both marketing and operations
  - examine why ethical behaviour and government regulation are important in marketing
  - assess why a mix of promotional strategies is important in the marketing of goods and services

* **investigate aspects of business using hypothetical situations and actual business case studies to:**
  - evaluate the marketing strategies for a good or service
  - analyse a marketing plan for a business
  - explain how globalisation has affected marketing management

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Focus of Finance

* **examine contemporary business issues to:**
  * explain potential conflicts between short-term and long-term financial objectives
  * analyse the influence of government and the global market on financial management
  * identify the limitations of financial reporting compare the risks involved in domestic and global financial transactions

* **investigate aspects of business using hypothetical situations and actual business case studies to:**
  * calculate key financial ratios
  * assess business performance using comparative ratio analysis
  * recommend strategies to improve financial performance
  * examine ethical financial reporting practices

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Focus of Human Resources

* **Examine contemporary business issues to:**
  * discuss the influence of government on the process of determining employment contracts
  * explain how businesses exhibit corporate social responsibility in the management of human resources
  * analyse the causes of two workplace disputes and the strategies used to resolve them
  * examine the advantages of a diverse, culturally competent workforce for a global business

* **Investigate aspects of business using hypothetical situations and actual business case studies to:**
  * explain the interdependence between human resources and other key business functions
  * compare the process of negotiating enterprise/collective agreements with the negotiation of individual contracts
  * discuss the advantages and disadvantages of outsourcing in the global market
  * evaluate the effectiveness of human resource management for one business and recommend appropriate alternative strategies
Interdependence

* Definition
* How does it work?
* Forms of interdependence:
  * **Role, influences, processes, strategies, effectiveness of strategies**
  * Other forms
    * Intra-topic
    * Inter-topic: conceptual interdependence

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Interdependence

**HSC 2016- Q8**
A business plans to increase its stock to be ready for the grand opening of five new stores.

This shows the interdependence between which business functions?

(A) Operations and finance
(B) Operations and marketing
(C) Finance and human resources
(D) Human resources and marketing

**HSC 2013 Q22**
MK Pty Ltd is a successful chain of frozen yoghurt stores with low gearing. The owners are planning to take over a smaller chain which has poor human resource management.

(a) Outline TWO indicators MK Pty Ltd could use to assess the effectiveness of human resource management after the takeover

(b) Discuss ONE source of finance to fund the takeover.
Question 26 (20 marks)

The table shows data for Lee’s Catering, a small business. It has a high profile chef and the food is of excellent quality. It has many bookings for future events.

<table>
<thead>
<tr>
<th>Extract from financial reports for Lee’s Catering</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash ($)</strong></td>
</tr>
<tr>
<td><strong>Accounts receivable ($)</strong></td>
</tr>
<tr>
<td><strong>Inventory ($)</strong></td>
</tr>
<tr>
<td><strong>Accounts payable ($)</strong></td>
</tr>
<tr>
<td><strong>Goodwill ($)</strong></td>
</tr>
<tr>
<td><strong>Current ratio</strong> (current assets + current liabilities)</td>
</tr>
<tr>
<td><strong>Gross profit ratio</strong> (gross profit + sales)</td>
</tr>
<tr>
<td><strong>Expense ratio</strong> (total expenses + sales)</td>
</tr>
</tbody>
</table>

A potential new partner is concerned about the accuracy of the financial reports and the effectiveness of current management.

The potential new partner has asked you to write a business report in which you:
- explain possible limitations of the financial reports
- recommend appropriate working capital management strategies for the business
- evaluate a pricing strategy the business could use.
Interdependence – intra topic

* Where influences affect processes and strategies
* Consider the following:
  * Government influences on operations – safety, environmental protection
  * Processes – inputs – controls – facilities – human resources
  * Strategies – SCM – quality

Global sourcing
16 Which of the following actions is an example of corporate social responsibility?

A. Sponsoring a sporting event  
B. Opening a manufacturing plant  
C. Introducing a community health program  
D. Paying compensation for a work-related injury (HSC 2017)
Interdependence – inter-topic – eg consider technology purchases

* **Operations:**
  * Technology – leading edge, established
  * Technology, task design and process layout
  * Overcoming resistance to change – financial costs, purchasing new equipment, redundancy payments, retraining, reorganising plant layout, inertia

* **Human resources:**
  * Outsourcing and human resource functions - using contractors – domestic, global
  * Minimum employment standards, minimum wage rates, awards, enterprise agreements, other employment contracts
  * Occupational health and safety and workers compensation
  * Technological
  * Social – changing work patterns
  * Strategies: job design – general or specific tasks and training and development – current or future skills
Permutations of interdependence

* **Combinations of TWO Topics**
  * Operations and Marketing (O-M)
  * Operations and Finance (O-F)
  * Operations and Human Resources (O-HR)
  * Marketing and Finance (M-F)
  * Marketing and Human Resources (M-HR)
  * Finance and Human Resources (F-HR)

* **Combinations of THREE Topics**
  * Operations, Marketing and Finance (O-M-F)
  * Operations, Marketing and Human Resources (O-M-HR)
  * Operations, Finance and Human Resources (O-F-HR)
  * Marketing, Finance and Human Resources (M-F-HR)

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Combinations of TWO Topics

* **Operations and Marketing (O-M)**
  * Good/service differentiation – product strategies, economies of scale, mass markets, niche markets (flexibility)
  * Globalisation – branding, place/distribution, global marketing
  * Government policies: factors affecting consumer choices and consumer laws
  * CSR and ethical considerations: products that may damage health
  * Relationship marketing, transformed resources (information and customers), customer service and warranties
  * Performance objectives: speed – cost, pricing
Combinations of TWO OR THREE Topics

Question 21 (12 marks) (HSC 2017)
A recently established bank has branches in Australian capital cities and online customers across Australia. The management of this bank wants to focus on improving operations processes.

(a) Outline the role of operations management in this business. 2

(b) Explain how improving operations processes may lead to better customer service. 4

(c) Assess ONE operations strategy this business could use to improve its long-term success. 6

Note the topic areas and outcomes: Operations, Marketing and Finance and see Slides 3 and 6
Combinations of TWO Topics

* **Operations and Marketing (O-M) – Sample question**

* How can product design affect target markets? (5 marks)
Combinations of TWO Topics

* **Operations and Finance (O-F)**
  * Cost leadership, expense minimisation
  * Technology, leasing, debt or equity decision
  * CSR and cost, outsourcing and cost, compliance and cost
  * Task design, process layout, plant layout, economies of scale – cost
  * New product design and development – sources of finance, matching finance to business purpose
  * SCM, global sourcing, global finance
  * Inventory management (stock costing techniques), stock movement (JIT)
  * Quality management, cost and pricing
  * Change, financial cost and other costs

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Combinations of TWO Topics

* Operations and Finance (O-F) – Sample question

* Explain the significance of global sourcing to expense minimisation.

(5 marks)
Combinations of TWO Topics

* **Operations and Human Resources (O-HR)**
  * Operations processes:
  * Transforming resources: human resources and facilities
  * Influence of scheduling, variation in demand, volume, variety
  * Task design, skills
  * Customer service, warranties: training and development, corporate culture
  * Outsourcing – contractors, domestic, global
  * SCM
  * Quality management
  * Change management: inertia: leadership, training, rewards, maintenance
Combinations of TWO Topics

* **Operations and Human Resources (O-HR) – Sample question**

* How does acquisition affect labour as a transforming resource? (5 marks)
Combinations of TWO Topics

* **Marketing and Finance (M-F)**
  * Cost leadership, expense minimisation
  * Mass and niche markets: pricing implications, differentiation
  * Factors influencing customer choice: economic: implications on pricing
  * Consumer laws: deceptive and misleading advertising and price discrimination, implied conditions
  * Products that may damage health: cash flow
  * Relationship marketing, branding and sales income
  * Pricing methods and strategies: cash flow and profitability
  * Elements of promotion: advertising (cost effects) and other forms of promotion
  * Distribution channels and costs of logistics
  * E-marketing
  * Global marketing, global branding, standardisation and differentiation

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Combinations of TWO Topics

* Marketing and Finance (M-F) – Sample question

* Explain the relationship between pricing strategies and cash flow. (6 marks)
Combinations of TWO Topics

- **Marketing and Human Resources (M-HR)**
- Effect of outsourcing on human resources
- Use of contractors and customer service
- The legal framework of employment: effect on customer perceptions
- Occupational health and safety: effect on popular concepts/publicity
- Leadership style and corporate culture: public perception
- Training and development: customer service, quality, warranties
- Rewards and price implications
- Staff turnover rates and effect on customer service, cost and cash flow
- Also, absenteeism and injury rates

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Combinations of **TWO** Topics

* **Marketing and Human Resources (M-HR) – Sample question**

* Explain the effect of non-monetary rewards given to employees on consumer choice. (6 marks)
Combinations of TWO Topics

* **Finance and Human Resources (F-HR)**
  * Outsourcing, use of contractors and cost controls
  * Legal framework: costs and productivity, profitability
  * Technology and training costs
  * Acquisition – development – maintenance – separation: costs
  * Changing work patterns: casualisation and flexible work: fixed and variable costs
  * Performance management: aligning productivity and income
  * Global: costs and skills
  * Workplace disputes: effect on cost and cash flow
Combinations of TWO Topics

* Finance and Human Resources (F-HR) – Sample question

* How do enterprise agreements affect fixed and variable expenses? (6 marks)
Combinations of THREE Topics

* **Operations, Marketing and Finance (O-M-F)**
  * Quality expectations, price, revenue maximisation, pricing strategies
  * Speed, inventory turnover, sales/promotion, pricing strategies, cash flow
  * Customer service, warranties, product design, cost of recalls
  * Performance objectives: flexibility, differentiation, pricing strategies
  * SCM, global sourcing, pricing decisions, expense minimisation

* **Operations, Marketing and Human Resources (O-M-HR)**
  * Good/service differentiation, product design, specific skills, training, supply
  * Technology, task design, quality management, product, price, effects on labour

* **Operations, Finance and Human Resources (O-F-HR)**
  * Good/service differentiation, costs, specific skills, training supply
  * Technology, debt v equity, skills, contractors, outsourcing

* **Marketing, Finance and Human Resources (M-F-HR)**
  * Marketing orientation, mass or niche markets, efficiency, training and development
  * Promotion strategies, expenses, specialist skills
Combinations of **THREE** Topics

* **Operations, Marketing and Finance (O-F-HR)** – **Sample question**

  * How can performance objectives encourage product differentiation and what is their effect on pricing strategies? (8 marks)