



Western Australian Certificate of Education Examination, 2014

Question/Answer Booklet

BUSINESS MANAGEMENT AND ENTERPRISE

Stage 3

Please place your student identification label in this box

Student Number: In figures

--	--	--	--	--	--	--	--

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

Number of additional
answer booklets used
(if applicable):

To be provided by the candidate

Standard items: pens (blue/black preferred), pencils (including coloured), sharpener,
correction fluid/tape, eraser, ruler, highlighters

Special items: non-programmable calculators approved for use in the WACE examinations

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: Short answer	6	6	100	60	60
Section Two: Extended answer	3	2	80	40	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 2014*. 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.

Section One: Short answer

60% (60 Marks)

This section has **six (6)** questions. Answer **all** 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: 100 minutes.

Question 1

(10 marks)

- (a) Discuss the following **three** factors driving global business development: (6 marks)
- consumer spending
 - technology
 - government controls on financial markets.

Question 1 (continued)

- (b) Summarise the role of ethics in global business practices that involve possible environmental harm. Refer to a case study. (4 marks)

Question 2

(10 marks)

(a) Outline **two** incentives for international trade to the Australian economy.

(4 marks)

(b) Explain **three** security and privacy issues associated with e-commerce, within Australia or overseas.

(6 marks)

Question 3

(10 marks)

(a) Explain **one** source of financial risk in export markets.

(2 marks)

(b) Outline **two** strategies for minimising financial risks in export markets.

(4 marks)

(c) Interpret the ratio data below:

(4 marks)

(i) Current ratio

$$\frac{\text{current assets} \quad \$2,100,000}{\text{current liabilities} \quad \$1,400,000} = 1.5:1 \text{ (150\%)}$$

(ii) Profit ratio

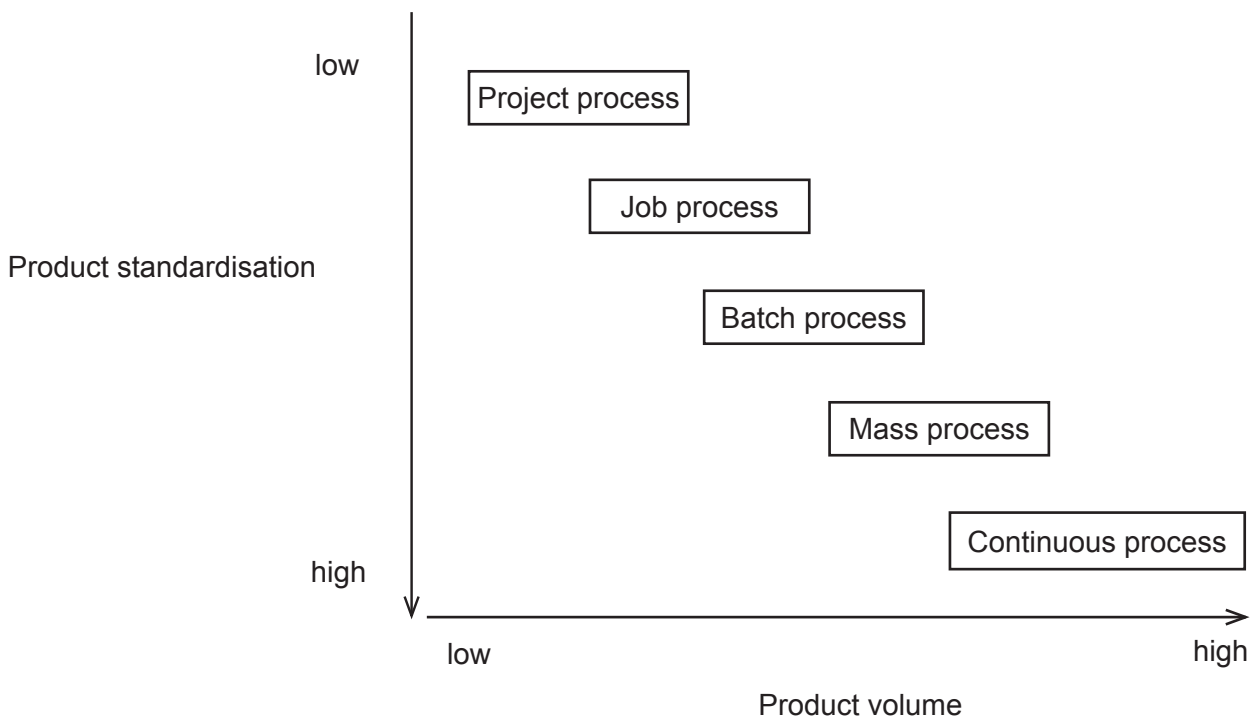
$$\frac{\text{profit} \quad \$ 35,000}{\text{net sales} \quad \$100,000} = 0.35:1 \text{ (35\%)}$$

Question 4

(10 marks)

- (a) When considering the most suitable production method, compare and contrast **two** characteristics of job process and mass process. Use the information in Figure 1 to assist your answer. (4 marks)

Figure 1. Continuum of process types



- (b) Distinguish **two** points of difference between quality control and quality assurance in operations. (2 marks)

- (c) Justify the use of just-in-time as opposed to just-in-case inventory control when using batch processing. (4 marks)

Question 5

(10 marks)

- (a) Outline a feature of Free Trade Agreements (FTA) and name a country with which Australia has a current FTA. (2 marks)

Question 6

(10 marks)

- (a) Compare the characteristics of **either** pair of motivational theories listed below:
 - Maslow’s Hierarchy of Needs **and** Herzberg’s Motivation Hygiene theory
 - or**
 - Vroom’s Expectancy **and** Adams’ Equity theory.

You may use diagrams in your answer.

(6 marks)

- (b) Outline **two** ethical business practices in relation to meeting minimum standards of labour. Refer to a case study to support your answer. (4 marks)

Section Two: Extended answer

40% (40 Marks)

This section has **three (3)** questions. You must answer **two (2)** questions. Write your answers in the space provided following Question 9.

In responding to the questions in this section, you should refer to the case studies provided.

Suggested working time: 80 minutes.

Question 7

(20 marks)

In this global environment continuous change is needed to keep a competitive edge. Cars manufactured in Australia can cost up to \$4,000 more than imported models, resulting in 90% of all cars sold in Australia being imported.

GM Holden Ltd announced in late 2013 that it will stop vehicle manufacturing in Australia from 2017. Almost 3000 Victorian and South Australian workers will become redundant as the government reduces financial assistance to the car industry. Whilst the Australian car manufacturing industry will be impacted, Holden is saying that other supporting industries such as automotive spare parts will not be affected; however, second-hand car dealers may be affected.

‘Ironically, the ease of importing Holden cars into Australia, due to low import tariffs and the high Australian dollar, has contributed significantly to the company’s local manufacturing demise’ (Hall, 2013). From 2017, Holden Australia will comprise a national sales company, a national parts distribution centre and a global design studio.

JOHN KOTTER’S CHANGE MANAGEMENT MODEL	
Create Climate for Change	Step 1: Create a Sense of Urgency
	Step 2: Form a Guiding Coalition
	Step 3: Create a Vision for Change
Engage and Enabling	Step 4: Communicate the Vision
	Step 5: Remove Obstacles, Empower Action
	Step 6: Create Short Term Wins
Implement Sustaining Change	Step 7: Build on Change
	Step 8: Anchor Change in Corporate Culture

- (a) Outline **two** impacts of globalisation referring to the material provided in the Holden scenario. (6 marks)
- (b) Discuss **two** cultural considerations Holden will need to consider when it relocates its manufacturing operations overseas. (5 marks)
- (c) Explain and then apply the most appropriate leadership style that would facilitate a smooth transition for Holden, referring to the John Kotter's Change Management Model's 'Engage and Enabling' phase (Steps 4–6). (5 marks)
- (d) Apply Steps 7 and 8 of the John Kotter's Change Management Model to Holden to 'Implement Sustaining Change'. (4 marks)

Question 8

(20 marks)

GLOBAL EXPANSION FOR THE RIGHT REASONS:

It is often said that *'exporting is not an elixir [a magic cure-all] for a company that is failing in its home market'*.

Successful business expansion into global markets requires a more considered and proactive approach.

- (a) Discuss the purpose and intent of strategic planning when a company is deciding whether to enter into global markets. Refer to the source above to support your answer. (5 marks)
- (b) Explain the role of the following technologies on business expansion into global markets:
- web-based marketing
 - use of social media
 - distribution of products. (7 marks)
- (c) Analyse **two** of the following four factors that impact business operations in global markets. Provide an example for each impact. (8 marks)
- economic
 - financial
 - political
 - legal systems

Question 9

(20 marks)

In 2005, Nicola started No More Malaria (NMM Inc.) as an innovative research and development firm to develop a safe, effective and affordable malaria vaccine. Due to the global risk of malaria, Nicola is considering developing a vaccine named Mozi-VAC as a global brand and is examining marketing strategies for expanding her marketing activities internationally. Nicola wishes to develop a strategic alliance with a biotechnology company so she can use one of their components.

Trials have demonstrated that the use of technology owned by Focused, a biotechnology company, enhanced the effectiveness and safety of the vaccine. Nicola has worked with Focused to scale up production to make the technology affordable through global market volume.

Plasmo Safe, a global non-profit aid organisation, also wishes to develop a strategic alliance with NMM Inc. so they can provide funding and develop an educational program to support the roll out of the vaccine in developing countries.

- (a) Focused and Plasmo Safe have both agreed in principle to develop strategic alliances with NMM Inc. Propose an appropriate strategy for each alliance and advise Nicola. Include a rationale and benefit to support your decision. (6 marks)
- (b) Outline **two** benefits to NMM Inc. of having a global brand for Nicola's Mozi-VAC. (4 marks)
- (c) Propose **three** potential benefits of innovation for NMM Inc. in relation to its product name and product features. (6 marks)
- (d) Discuss how the two factors of cost **and** technology could impact on the success of innovation for NMM Inc. (4 marks)

End of questions

ACKNOWLEDGEMENTS

Section Two

- Question 7** Data source: News.com.au. (2013, December 12). *Holden to end car manufacturing in Australia and import cars*. Retrieved February 24, 2014, from www.news.com.au/finance/business/holden-to-end-car-manufacturing-in-australia-and-import-cars/story-fnda1bsz-1226781056615
- Adapted from: Hall, S. (2013, December 11.) *Holden brand not going anywhere*. Retrieved February 24, 2014, from www.drive.com.au/motor-news/holden-brand-not-going-anywhere-20131211-2z5ra.html
- Adapted from: Kotter, J. (2012). *The 8-step process for leading change*. Retrieved April 16, 2014, from www.kotterinternational.com/our-principles/changesteps/changesteps
- Question 8** Quotation from: Schaffer, R., Agusti, F., and Dhooge, L. (2014). *International Business Law and its Environment*. Melbourne: Cengage Learning, p. 26.
- Question 9** Adapted from: World Health Organisation (WHO). (2013). *Malaria. Fact sheet No. 94*. Retrieved January 3, 2014, from www.who.int/mediacentre/factsheets/fs094/en/

This document—apart from any third party copyright material contained in it—may be freely copied, or communicated on an intranet, for non-commercial purposes in educational institutions, provided that the School Curriculum and Standards Authority is acknowledged as the copyright owner, and that the Authority's moral rights are not infringed.

Copying or communication for any other purpose can be done only within the terms of the *Copyright Act 1968* or with prior written permission of the School Curriculum and Standards Authority. Copying or communication of any third party copyright material can be done only within the terms of the *Copyright Act 1968* or with permission of the copyright owners.

Any content in this document that has been derived from the Australian Curriculum may be used under the terms of the Creative Commons Attribution-NonCommercial 3.0 Australia licence.