Government of **Western Australia**
School Curriculum and Standards Authority

WACE
Western Australian Certificate of Education

Western Australian Certificate of Education Examination, 2015

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.

Copyright © School Curriculum and Standards Authority 2015

Ref: 15-018

2015/106328
Web version of 2015/95810

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	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 2015*. 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)**

Providing workers with jobs and tasks to motivate performance is critical in attracting and retaining employees and gaining their commitment. This is particularly the case among professional workers, who have greater flexibility to move between jobs.

(a) (i) Explain Herzberg's motivation hygiene theory. (3 marks)

(ii) Describe **one** example of how Herzberg's motivation hygiene theory could apply to an individual professional worker. (2 marks)

Question 1 (continued)

(b) (i) Explain Vroom's expectancy theory. (3 marks)

(ii) Describe **one** example of how Vroom's expectancy theory could apply to an individual professional worker. (2 marks)

Question 2 **(10 marks)**

(a) Describe the role of free trade agreements (FTA). (2 marks)

(b) Identify **two** key features of either ANZCERTA **or** AANZFTA and discuss a benefit and a challenge for each feature to Australian-owned businesses. (8 marks)

Question 3 **(10 marks)**

'Google Australia tax bill slashed 90pc'

PUBLISHED: 02 MAY 2012 15:08:00, UPDATED: 03 MAY 2012 10:19:12
THE AUSTRALIAN FINANCIAL REVIEW.

'Despite being the world's most profitable company, recent analysis found Apple paid a tax rate of 9.8 per cent by using letterbox offices and subsidiaries around the world.'

(a) Explain the process of transfer pricing to reduce tax. (3 marks)

(b) Discuss the impact of globalisation on Australia in terms of the loss of domestic market revenue through tax havens and transfer pricing. (3 marks)

(c) Discuss **two** technologies that have enabled international businesses to utilise transfer pricing and tax havens to reduce their tax obligations. (4 marks)

Question 4 **(10 marks)**

Innovations Aus (IA) has built a global brand from its *Micofrez* kitchen appliance that mixes, cooks and freezes foods. For over 30 years, IA used the strategy of door-to-door sales to develop a reputation as one of the world's leading direct sales companies generating significant revenue from both local and global markets.

Being such a significant global company exposes IA to a whole range of factors impacting business operations in a global market. These impacts have included the currency crisis in the 1990s in Asia, the rise of emerging economies such as India and China in the 2000s, and the current political and financial factors in the European Union.

After reviewing the company's sales strategy and investigating the costs of that strategy, IA realised that it might need to adopt technology more widely to assist in its business operations in global markets.

(a) Describe **one** political factor and **one** economic factor affecting IA's business operations.

(i) Political factor: (2 marks)

(ii) Economic factor: (2 marks)

(b) With reference to financial transactions, explain the impact of foreign exchange rates for IA's business operations. (2 marks)

(c) Discuss **two** impacts of e-commerce on IA's expansion into new global markets. (4 marks)

Question 5 **(10 marks)**

Big-Bang Fireworks has a long and successful history of operations in a global market. However, the co-directors, Regio and Martine, realise they are moving toward the end of their current product lifecycle. To sustain their global presence and brand, they either need to retire and shut down the business or seriously consider developing an innovation strategy to improve their current product and service offerings.

(a) Explain to Regio and Martine the role of innovation in improving their current product and service offerings. (2 marks)

(b) Outline why timing and marketing strategy will impact the success of innovation. (4 marks)

(c) Apply **two** key elements of the marketing mix that may impact Big-Bang Fireworks' global brand. (4 marks)

Question 6 **(10 marks)**

The role of a leader in modern organisations is important. However, no single approach to leadership works in every situation. This means that leader behaviours can vary in different circumstances. Individual traits can also contribute to effective leadership.

(a) Explain the meaning of situational leadership. (2 marks)

(b) Identify **four** traits that help to make a leader effective. Explain why each is important.
(8 marks)

End of Section One

Section Two: Extended answer **40% (50 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 **(25 marks)**

Hi-ball is an Australian sporting goods manufacturer that employees 150 workers. The company sustained heavy financial losses in the 2013–2014 financial year, with the result that Mary was recruited as the company's new general manager. Before developing new strategic initiatives or initiating any change, Mary believes it is important to have a good understanding of a business's core strengths, market and employees. To ascertain competitive advantage and scope, Mary and the management team at Hi-ball will conduct an environmental scan as part of the strategic planning process. Mary has already identified that employee morale is low, many of the staff are long-term employees and a number of the production processes need streamlining.

In the planning process, the directors of the company want Mary to consider moving some production tasks offshore. Her preferred strategy is to encourage greater participation and involvement among existing employees to improve performance outcomes and hence customer satisfaction. Whilst Mary is keen to initiate a cultural change throughout the organisation, she is concerned that offshoring jobs will hinder her planned cultural change and increase the risk of employee resistance to change.

Referring to the case above and your own knowledge, prepare an extended response, addressing the following questions.

(a) Explain the purpose of using Porter's five forces model as part of the environmental scan. (4 marks)

(b) Choose **one** of the following sections of the Porter's five forces model and explain how it could be relevant to Hi-ball:

Competitive rivalry **or** Supplier bargaining power. (4 marks)

(c) Define 'participative leadership' and identify **two** strengths and **two** weaknesses of this approach. (5 marks)

(d) Discuss why Hi-ball would consider moving jobs offshore. (6 marks)

(e) Explain why moving jobs offshore could increase employee resistance to change. Include **two** strategies Mary could use to reduce employee resistance. (6 marks)

Question 8 **(25 marks)**

Having excelled in art and computer studies at school, Arkie chose not to follow in her family's bakery and patisserie business but to study graphic design at university instead. When she finished her degree, she reviewed her family's business to see where she could use her skills to benefit the business by being innovative and improving its products, processes and services. Her first project was to design and develop a new range of packaging for the bakery items. These included cupcake cases, cake papers, baking wraps, doilies, cake boxes, cookie cones, rice paper wrapping and hemp ties and ribbons.

Arkie won a number of international environmental design awards for her graphic design skills and use of environmentally-friendly and edible inks, papers and product materials. At the suggestion of the international award judges, she is now seeking to build on her reputation and develop a global brand by exporting her design services and products. During her expansion deliberations, she realised that some of her production processes could possibly be undertaken by developing alliances in her planned offshore market locations.

Referring to the source information and your own knowledge, prepare an extended response, addressing the following questions.

(a) Outline the benefits of Arkie forming a strategic alliance for her planned business expansion in a global market. (3 marks)

(b) Discuss **two** sources of financial risk Arkie would need to deal with in her exporting business. (4 marks)

(c) Describe **two** ethical business practices Arkie would need to consider when developing her global business. (4 marks)

(d) Advise Arkie how best to finance her planned global expansion. Include in your response, references to sources of internal and external funding. (5 marks)

(e) Analyse the impact of **three** cultural considerations in the host country Arkie would need to consider if she decided to set up printing and production operations offshore. (9 marks)

Question 9 **(25 marks)**

For copyright reasons this image cannot be reproduced in the online version of this document.

		30 June 2015	30 June 2014
Current ratio	$\frac{\text{current assets}}{\text{current liabilities}}$	214%	248%
Gross profit ratio	$\frac{\text{gross profit}}{\text{net sales}}$	71%	67%
Net profit ratio	$\frac{\text{profit}}{\text{net sales}}$	16%	10%

Referring to the source information and your own knowledge, prepare an extended response, addressing the following questions.

(a) Outline **two** factors driving global business development. (2 marks)

(b) Referring to the information provided in the source material:

(i) interpret the change in the current ratio result from 30 June 2014 to 30 June 2015. (2 marks)

(ii) consider a possible reason for the net profit results after comparing the gross profit ratio values for each period. (3 marks)

(c) (i) Outline **two** reasons why research and development is a necessary component of the product development process. (2 marks)

(ii) Describe **two** research and development methods Medeqip4U would have utilised during product development to bring the *Eardrum4U2* to market. (4 marks)

(d) Discuss **two** issues regarding competition regulation **or** patent registration that Medeqip4U needs to consider in the global distribution of their products. (6 marks)

(e) Recommend **two** techniques Medeqip4U could use to manage the quality of its product to ensure that it meets regulations. (6 marks)

End of questions

Question number: _____

Question number: _____

Question number: _____

Question number: _____

Question number: _____

Question number: _____

Question number: _____

Question number: _____

Question number: _____

Question number: _____

Additional working space

Question number: _____

Additional working space

Question number: _____

Additional working space

Question number: _____

Additional working space

Question number: _____

ACKNOWLEDGEMENTS

Section One

Question 3 Quotation from: Ramli, D. (2012, May 3). *Google Australia tax bill slashed by 90pc.* Retrieved March 24, 2015, from www.afr.com/news/politics/national/google-australia-tax-bill-slashed-90pc-20120503-j2ydk

Section Two

Question 9 Adapted from: Gardner, J. (2014, February 17). *Cochlear banks on R&D spending to recover its edge*. Retrieved March 24, 2015, from www.brw.com.au/p/techgadgets/cochlear_banks_on_spending_to_recover_E7qCNJxuDb4Vb9H19TlzRM

Adapted from: *Cochlear Limited half yearly report as at 31 December 2014*. Retrieved March 24, 2015, from http://coh.live.irmau.com/IRM/Company/ShowPage.aspx/PDFs/1316-10000000/HalfYearReportAccounts

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 it is not changed and 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.

Published by the School Curriculum and Standards Authority of Western Australia
303 Sevenoaks Street
CANNINGTON WA 6107