



BUSINESS MANAGEMENT AND ENTERPRISE

ATAR course examination 2020

Marking key

Marking keys are an explicit statement about what the examining panel expect of candidates when they respond to particular examination items. They help ensure a consistent interpretation of the criteria that guide the awarding of marks.

Section One: Short answer

60% (56 Marks)

Question 1

(16 marks)

(a) Describe **two** benefits to a business of having a global brand.

(4 marks)

Description	Marks
For each of two benefits to a business of having a global brand:	
Describes the benefit	2
States the benefit	1
Total	4
Answer(s) could include: <ul style="list-style-type: none"> • Consistency – communicates a consistent message to all customers in all markets resulting in stronger brand awareness and positioning • Low risk – can use marketing strategies that have worked in domestic markets • Lower cost – businesses can achieve economies of scale by using the same advertising/packaging around the world. A centralised team can develop marketing strategies for all markets • Easier to manage – standardised approach to global branding will be less complex to manage • Better differentiation – a consistent global brand can stand out from the competition. The same logo, colours, product names and advertising can be seen all over the world. 	
Accept any other correct, logical answer.	

- (b) Outline why a business might adapt the following **two** elements of a marketing mix in a global market. (4 marks)

Description	Marks
For each of corporate slogan and product features:	
Outlines why a business might adapt the element of the marketing mix in an international market	2
States a reason why a business might adapt the element of the marketing mix in an international market	1
Total	4
<p>Answer(s) could include:</p> <p>Corporate slogan:</p> <ul style="list-style-type: none"> • language and cultural differences need to be considered • translations of words may not be accurate or have different meanings in different cultures that could result in offence or not suit the culture • there have been many businesses in the past that have got it wrong by not conducting the correct market research and not understanding the culture or translations, causing embarrassing blunders and campaign failures. This is why a business may adapt their corporate slogan. <p>Product features:</p> <ul style="list-style-type: none"> • colours play an important role in the design and marketing of products, packaging, branding and advertising as different cultures place different meanings to colours, e.g. white is associated with funerals in Asia • differences in climate may impact marketing strategies • businesses need to be aware of common practices, laws and regulations internationally as there may be different labelling rules, electrical requirements, etc. • these above considerations are just a few reasons why a business may choose to adapt their product features to suit their international market. If they don't adapt certain features, it may affect the business' success. 	
Accept any other correct, logical answer.	

Question 1 (continued)

- (c) Explain how a marketing strategy can have an impact on the success of innovation. (3 marks)

Description	Marks
Explains how a marketing strategy can have an impact on the success of innovation.	3
Describes how a marketing strategy can have an impact on the success of innovation.	2
States a fact about how a marketing strategy can have an impact on the success of innovation.	1
Total	3
<p>Answer(s) could include:</p> <ul style="list-style-type: none"> • A marketing strategy is required to build awareness, interest and desire for the innovation. If this is not done correctly the innovation is at risk of failure. • An education campaign may be required to build understanding about the need for the innovation and the benefits it will bring to customers. • A marketing strategy may require a range of approaches including public relations, advertising and changes to packaging and promotion in order to create awareness and a desire, so the innovation is successful. • Positioning may also have an impact on success for an innovation. A company's reputation for being innovative may impact their success for new and improved products. • A well-planned marketing strategy is key to the success of an innovation. 	
Accept any other correct, logical answer.	

- (d) Propose how a business could use social media campaigns to enhance its marketing in the global environment. (5 marks)

Description	Marks
Proposes how a business could use social media campaigns and discusses how this would enhance its marketing in the global environment	5
Discusses how a business could use social media campaigns to enhance its marketing in the global environment	4
Explains social media campaigns	3
Describes social media campaigns	2
States a fact about social media campaigns	1
Total	5
<p>Answer(s) could include:</p> <ul style="list-style-type: none"> • Social media campaigns are an important technological tool when marketing in a global environment. • A business can use a social media campaign to gain a competitive advantage or penetrate a new market. • A social media campaign can be used across a series of different platforms, sharing the same message with a broad audience. • A targeted campaign could be created across Tik Tok, Snapchat, WeChat, WhatsApp, Facebook, Instagram and Twitter. These platforms reach a large audience hence enhancing marketing opportunities. • A business could create targeted ads using geographic location or cookies that directly market to their target demographic. • Businesses can engage with influencers or partner with other businesses to promote their business brand overseas and in a new global market. • A business could use universal hashtags across all platforms for each particular social media campaign. • Stories and videos could be used and shared across platforms to engage with a global market. • Businesses can run global competitions or use influencers to connect with new markets. • Businesses can direct messages on different platforms to provide updates on campaigns or events to their target demographic around the world. • All the above strategies are possible examples of social media campaigns that can help to enhance marketing opportunities in a global environment. <p>Accept any other correct, logical answer.</p>	

Question 2

(10 marks)

- (a) Explain how hedging can be used as a strategy for minimising financial risk in a global export market. (3 marks)

Description	Marks
Explains how hedging can be used as a strategy for minimising financial risk in a global export market	3
Describes how hedging can be used as a strategy for minimising financial risk in a global export market	2
States a fact about hedging	1
Total	3
<p>Answer(s) could include:</p> <ul style="list-style-type: none"> • hedging is a method used to reduce losses from exchange rate variations • hedging entails a business making an investment which makes a return that can be used to offset any losses from another investment • two forms of hedging are forwards and options • forwards are when the exporter and the customer sign a contract that sets an exchange rate for the transaction. When a payment is made the agreed exchange rate will apply • options are when an exchange rate is set which can be used instead of the current exchange rate at the time of payment. If the exchange rate is better for the business, it can be used in the transaction instead of the agreed rate. 	
Accept any other correct, logical answer.	

- (b) Explain **one** political factor that can have an impact on business operations in a global market. (3 marks)

Description	Marks
Explains one political factor that can have an impact on business operations in a global market	3
Describes one political factor that can have an impact on business operations in a global market	2
States a fact about one political factor that can have an impact on business operations in a global market	1
Total	3
<p>Answer(s) could include:</p> <p>Stability of foreign governments:</p> <ul style="list-style-type: none"> lack of political stability in a country will affect business operations. If a country is unstable there may be riots, protests or corruption and this may hinder or complicate business operations. For example, due to the unrest in Hong Kong it would not be wise to start business operations there, whereas countries such as Canada or Denmark are seen to have stable governments businesses should assess how stable a government is, what type of government the country has, how they will be impacted by changes in government and the legal environment within the country. <p>Relationship of foreign governments with the Australian government:</p> <ul style="list-style-type: none"> the relationships between governments can have a big impact on a business' success in a global market if the Governments share good relationships, and usually hold agreements such as free trade agreements and partnerships, this would be positive for a business if the Governments have disagreements or restrictions on trade, this can cause difficulties for business operations. For example, Australia and Indonesia suspended live animal trade due to cruelty to animals, causing friction between the governments. <p>Accept any other correct, logical answer.</p>	

Question 2 (continued)

- (c) Discuss the impact of legal systems on businesses operating in a global market in relation to product liability. (4 marks)

Description	Marks
Discusses the impact of legal systems on businesses operating in a global market in relation to product liability	4
Explains the impact of legal systems on businesses operating in a global market in relation to product liability	3
Describes the impact of legal systems on businesses operating in a global market in relation to product liability	2
States a fact about product liability in a global market	1
Total	4
<p>Answer(s) could include:</p> <ul style="list-style-type: none"> • Different countries have different laws in relation to product liability. When a business is operating in a global environment they must research and abide by the laws in relation to product liability • Laws of some countries hold the business responsible for any loss, damage or injury caused by any product • Legal liability travels with every product that is exported and sold overseas. • Consumers can exercise rights by filing product liability suits against exporters, manufacturers and suppliers of products • Businesses need to be aware of different policies and regulations in different countries in which they operate in order to manage product liability. <p>If businesses don't abide by laws in different countries in relation to product liability they may encounter:</p> <ul style="list-style-type: none"> • fines and penalties for breaching laws and regulations • civil damages • boycotts and negative social media campaigns • costly court actions • product recalls • loss of market share • loss of sales • damage to the business public image, in the event of a product failure. <p>A liability claim can put severe financial strain on a business.</p>	
Accept any other correct, logical answer.	

Question 3

(13 marks)

(a) Describe **two** impacts of globalisation.

(4 marks)

Description	Marks
For each of two impacts of globalisation:	
Describes the impact	2
Identifies the impact	1
Total	4
<p>Answers could include:</p> <p>Changes to employment levels in developing countries and developed countries:</p> <ul style="list-style-type: none"> • employment levels in developed countries are generally lower than developing countries • the higher the unemployment level, the greater are the opportunities businesses have of paying lower wages and having more applicants to choose from when they advertise jobs • low unemployment in most developed countries means that wages are higher and there are less applicants to choose from when jobs are advertised. This drives globalisation towards developing countries, because labour costs are lower. <p>Global spread of skills and technology:</p> <ul style="list-style-type: none"> • technology – communication technology is developing at a rapid rate, including in developing countries. Ease of communication allows businesses in different countries to work together to achieve goals. For example, transport technology (in the form of shipping containers) improved as more goods were transported • skills – leads to greater sharing of ideas and education. If the required skill sets are not available in a country, the ability to globalise may be hindered. <p>International cooperation:</p> <ul style="list-style-type: none"> • free trade agreements (FTAs), co-productions and strategic alliances to allow for the growth of globalisation • governments working together through FTAs, negotiations, deregulation and agreed standards • establishment of positive global working relationships • greater access to international labour/skills, technology, capital and distribution channels in other countries • lack of international cooperation can hinder the ability for further globalisation. <p>Changes in domestic market:</p> <ul style="list-style-type: none"> • if a domestic market is flooded with a product or industry type, this may push for businesses to send products overseas or to look for profits in other countries • domestic businesses might need to decrease the price of their products to compete negatively, affecting their profits. This can lead to cost-cutting domestically, including redundancies. <p>Tax minimisation, which could include tax havens, and transfer pricing:</p> <ul style="list-style-type: none"> • tax haven – is a jurisdiction that has a low rate of tax or does not levy a tax. It offers some degree of secrecy. Tax havens do not share or provide information to other financial institutions or governments • transfer pricing – is the setting of the price for goods and services sold between controlled legal entities within an enterprise. For example, if a subsidiary company sells goods to a parent company, the cost of those goods paid by the parent to the subsidiary is the transfer price. This allows for the manipulation of profits and the consequent amount of tax paid by the enterprise. <p>Accept any other correct, logical answer.</p>	

Question 3 (continued)

- (b) Explain the benefits of globalisation for an Australian business specialising in home grown products. (3 marks)

Description	Marks
Explains how an Australian business specialising in home grown products could benefit from globalisation	3
Describes how an Australian business specialising in home grown products could benefit from globalisation	2
States a fact about how an Australian business specialising in home grown products could benefit from globalisation	1
Total	3
<p>Answers could include:</p> <ul style="list-style-type: none"> • there is possible local economic development and prosperity from income and employment opportunities in the home grown business • increased income to home grown businesses through the sales of their products internationally • generation of money through local home grown businesses (multiplier effect) • creation of employment opportunities for home grown businesses in areas such as design, production, sales and distribution of home grown products • increased awareness of home grown products within the local community in terms of knowledge and pride in Australian home grown products • recognition of high Australian standards, quality and authenticity • increased awareness and recognition of high quality Australian home grown products could lead to opportunities and/or innovative ideas to pursue other home grown products. 	
Accept any other correct, logical answer.	

- (c) Explain **one** home government incentive for Australian businesses engaging in international trade. (3 marks)

Description	Marks
Explains a home government incentive for Australian businesses engaging in international trade	3
Describes a home government incentive for Australian businesses engaging in international trade	2
States a fact about a home government incentive for Australian businesses engaging in international trade	1
Total	3
<p>Answers could include:</p> <p>Financial assistance, such as grants, to encourage export development:</p> <ul style="list-style-type: none"> • government departments such as Austrade provide financial assistance to help encourage export development to other countries. They are used to reduce upfront costs for businesses that want to expand internationally. This makes expansion more financially viable • a home government incentive for international trade is the Export Market Development Grant (EMDG) which is a key Australian Government financial assistance program for aspiring and current exporters. The EMDG scheme encourages small and medium-sized Australian businesses to develop export markets, reimburses up to 50 per cent of eligible export promotion expenses above \$5,000, provided that the total expenses are at least \$15,000 and provides up to eight grants to each eligible applicant. <p>Taxation incentives:</p> <ul style="list-style-type: none"> • concessions, such as exports being exempt from the goods and services tax (GST) and the Duty Drawback Scheme, allow exporters to claim refunds on customs duty they have paid. There are tax incentives for research and development expenditure through the Australian Taxation Office • the Duty Drawback Scheme enables exporters to obtain a refund of customs duty paid on imported goods where those goods will be treated, processed, or incorporated in other goods for export • the Tradex Scheme – this is a cash flow benefit for importers who intend to export goods. They do not have to pay the relevant customs duty or GST at the time of import. It provides exporters with an upfront exemption from customs duty and GST for goods imported into Australia and then exported within one year. <p>Accept any other correct, logical answer.</p>	

Question 3 (continued)

(d) Explain the role of e-commerce in a global environment. (3 marks)

Description	Marks
Explains the role of e-commerce in a global environment	3
Describes the role of e-commerce in a global environment	2
States a fact about e-commerce	1
Total	3
<p>Answers could include:</p> <p>E-commerce enables businesses to access a global market, increasing brand exposure and the potential to increase sales and profits.</p> <p>The growth of e-commerce and the use of mobile devices such as phones and laptops has enabled better communication between staff, customers and suppliers around the world.</p> <p>E-commerce enables businesses to sell their products/services online over the internet, allowing them to access a global market. It enables business to consumer (B2C), consumer to consumer (C2C) sales and business to business (B2B) buying and selling.</p> <p>Businesses are able to use technology such as mobile commerce, electronic funds transfers, internet marketing, inventory management systems and data collection systems to grow their business in a global environment.</p> <p>Businesses have been able to take advantage of developments in transportation, communication systems, secure payment systems, 24/7 online shopping and digital distribution of products in order to operate in a global environment.</p> <p>Accept any other correct, logical answer.</p>	

Question 4

(8 marks)

- (a) Describe the just-in-time technique and state
- two**
- of its advantages. (4 marks)

Description	Marks
Describes the just-in-time technique	2
Outlines the just-in-time technique	1
Subtotal	2
States two advantages of the just-in-time technique	2
States one advantage of the just-in-time technique	1
Subtotal	2
Total	4
<p>Answers could include:</p> <p>The just-in-time technique is an inventory technique that is based on inventory being manufactured at the time the products are needed – just the right amount/number of goods/services needed. These products would also be delivered to customers upon completion of the production process. This eliminates the need for inventory storage, wastage and other costs.</p> <p>Advantages:</p> <ul style="list-style-type: none"> • there is a less storage space needed which allows a business to save on rent and insurance costs • discourages the build-up of any unsold products • there is a minimal chance of stock becoming 'out-of-date'. <p>Accept any other correct, logical answer.</p>	

- (b) Describe the just-in-case technique and state
- two**
- of its advantages. (4 marks)

Description	Marks
Describes the just-in-case technique	2
Outlines the just-in-case technique	1
Subtotal	2
States two advantages of the just-in-case technique	2
States one advantage of the just-in-case technique	1
Subtotal	2
Total	4
<p>Answers could include:</p> <p>The just-in-case technique is an inventory technique that is based on having spare inventory which could include raw materials, spare parts, etc. in stock just in case it needs to be used. The business is manufacturing its products based on either a predicted or planned sales rate.</p> <p>Advantages:</p> <ul style="list-style-type: none"> • there is a greater ability to meet any unexpected increases in demand for the business' product as there is always inventory on hand to meet these demands • businesses hold large amounts of inventory just-in-case there are surges in demand or supply • reduces down-time in production as there is no delay in inventory from suppliers • customer satisfaction is maintained as production does not wait for materials to be delivered • businesses could reap the benefits of economies of scale, such as buying supplies in bulk. <p>Accept any other correct, logical answer.</p>	

Question 5

(9 marks)

- (a) Describe **one** internal and **one** external factor that drive change in a global environment. (4 marks)

Description	Marks
Describes one internal factor that drives change in a global environment	2
States a fact about an internal factor that drives change in a global environment	1
Subtotal	2
Describes one external factor that drives change in a global environment	2
States a fact about an external factor	1
Subtotal	2
Total	4
<p>Answer(s) could include:</p> <p>Internal factors that drive change:</p> <ul style="list-style-type: none"> • management’s desire to introduce change, e.g. costs can be a factor in driving change; if the cost of production is too expensive, outsourcing may be an option to save labour costs • employees might initiate change to improve working conditions and/or skill development • introduction of new technology for efficiency and/or cost savings • staff attitude and work habits may drive change in a global environment. <p>External factors that drive change:</p> <p>Political and legal:</p> <ul style="list-style-type: none"> • political decisions can have a huge impact on a business by changing laws or regulatory regimes • changing legislation and the legal requirements of individual countries can drive change in a global business environment <p>Economic:</p> <ul style="list-style-type: none"> • interest rates • inflation • unemployment • economic indicators <p>Social:</p> <ul style="list-style-type: none"> • evolving social norms can drive change as people change expectations and consumption behaviours • international events and issues may drive change in a global business environment • use of technology by consumers also drives change as it forces businesses to reconsider their own use of technology and interaction with outside parties • prevailing social issues might impact on public image or relations <p>Technological:</p> <ul style="list-style-type: none"> • technology is rapidly changing and impacts on the way businesses are able to interact with stakeholders. This could drive change in the way a business distributes products, engages in e-commerce or uses social media to connect with customers <p>Environmental:</p> <ul style="list-style-type: none"> • changing attitudes to climate and environmental impacts might drive change in a global environment; businesses may need to consider their own environmental impact and how that might affect their ability to penetrate new markets. 	
Accept any other correct, logical answer.	

- (b) Analyse how a business can use Lewin's Forcefield Analysis model when preparing its people for change. (5 marks)

Description	Marks
Analyses how a business can use Lewin's Forcefield Analysis model when preparing its people for change	5
Discusses how a business can use Lewin's Forcefield Analysis model when preparing its people for change	4
Explains how a business can use Lewin's Forcefield Analysis model when preparing its people for change	3
Describes how a business can use Lewin's Forcefield Analysis model when preparing its people for change	2
States a fact about Lewin's Forcefield Analysis model	1
Total	5
<p>Answer(s) could include:</p> <p>Lewin's Forcefield Analysis model is used by businesses to ascertain how viable a decision or change might be. It takes into account forces that drive change and restrain change, determining whether the change is the preferred option.</p> <p>Lewin's Forcefield Analysis model can be implemented through a series of steps:</p> <ol style="list-style-type: none"> 1. describe the plan or proposal for change 2. identify the forces for change 3. identify forces against change 4. assign scores 5. analyse and apply the change. <p>The forces driving and restraining change must be appropriate to the type of business and the proposed change: driving change – long-term revenue, market demand, unsustainable costs, competition, customer expectations; restraining change – company culture, time restraints, conversion cost, staff attitude.</p> <p>A business can use Lewin's Forcefield Analysis model to prepare people for change by sharing with their stakeholders how the change would impact on them, and the factors that had been taken into account in preparing for the change.</p> <p>The evaluation of forces should be clear and appropriate; it must be determined whether the proposed change is feasible.</p> <p>By using Lewin's Forcefield Analysis model, businesses can be transparent and clear in communicating the impending change and, therefore, properly prepare its people.</p> <p>Accept any other correct, logical answer.</p>	

Section Two: Extended answer

40% (50 Marks)

Question 6

(25 marks)

- (a) Describe the purpose and intention of the strategic planning process. (3 marks)

Description	Marks
Describes the purpose and intention of the strategic planning process	3
Outlines the purpose and intention of the strategic planning process	2
States a fact about the strategic planning process	1
Total	3
Answer(s) could include: <ul style="list-style-type: none"> • the purpose of a strategic plan is to set overall goals and objectives for a business • the intention of a strategic plan is to develop a plan to achieve the goals and objectives in order to achieve business success • a strategic plan highlights a business' direction and priorities • it can assist management to make decisions about the allocation of resources and assets • strategic planning involves scanning the macro environment and using tools to analyse the market and possible business opportunities that could potentially lead to long-term success. 	
Accept any other correct, logical answer.	

- (b) Explain to Ted and Roshan the importance of strategic formulation and describe how they could implement this process to ensure their business' success. (4 marks)

Description	Marks
Explains the importance of strategic formulation and describes how Ted and Roshan could implement this process to ensure business success	4
Describes strategic formulation and identifies how Ted and Roshan could implement this process	3
Describes strategic formulation	2
States a fact about strategic formulation	1
Total	4
Answer(s) could include: <p>Strategic formulation aims to improve the business performance and profits. It is important as it can help the business gain a competitive advantage. It is important to develop business strategies that can provide direction on achieving goals and objectives.</p> <p>How Ted and Roshan could implement strategic formulation:</p> <ul style="list-style-type: none"> • analyse the current business and the business environment in Australia and in Singapore. This could be done through a SWOT analysis • set a clear strategic direction: identify values, mission and goals • develop initiatives that will help their long-term success • establish action plans. 	
Accept any other correct, logical answer.	

- (c) Complete a PEST analysis for Ted and Roshan's proposed business. (12 marks)

Description	Marks
For each of four factors – political, economic, social and cultural, technological:	
Explains the factor in relation to Ted and Roshan's proposed business	3
Describes the factor in relation to Ted and Roshan's proposed business	2
States a relevant fact	1
Total	12
<p>Answer(s) could include:</p> <p>Political and legal factors:</p> <ul style="list-style-type: none"> tax laws, industrial relations, environmental regulations, consumer protection, trade regulations. <p>In relation to Ted and Roshan's proposed business:</p> <ul style="list-style-type: none"> "Singapore is Australia's largest trade and investment partner in South-East Asia, having the Singapore-Australia Free Trade Agreement (SAFTA)" "Australia and Singapore hold regular tourism talks and have established a framework for collaboration on research, data-sharing, and market insights to strengthen tourism collaboration". <p>Economic factors:</p> <ul style="list-style-type: none"> interest rates, inflation, unemployment, growth, foreign exchange rates. <p>In relation to Ted and Roshan's proposed business:</p> <div style="border: 1px dashed gray; padding: 5px; margin: 5px 0;"> <p>For copyright reasons this text cannot be reproduced in the online version of this document.</p> </div> <ul style="list-style-type: none"> "Singaporean visitors spent \$1.528 billion" the Singapore dollar, and the Australian dollar are stable currencies with similar value <div style="border: 1px dashed gray; padding: 5px; margin: 5px 0;"> <p>For copyright reasons this text cannot be reproduced in the online version of this document.</p> </div> <p>Social and cultural factors:</p> <ul style="list-style-type: none"> population growth, aging, religious beliefs, lifestyles, community expectations for safety, value for money and ethics. <p>In relation to Ted and Roshan's proposed business:</p> <ul style="list-style-type: none"> "Western Australia offers a choice of international cuisines" "most Singaporeans speak English". <p>Technological factors:</p> <ul style="list-style-type: none"> rate of change, automation, research and development. <p>In relation to Ted and Roshan's proposed business:</p> <ul style="list-style-type: none"> "Singaporeans are big social media users, with most tourists flocking to tourist destinations they have seen on Instagram" "Singapore is one of the most tech savvy countries in the world". <p>If Ted and Roshan conduct thorough research and planning, there is evidence that expanding to the Singapore market could be lucrative.</p> <p>Accept any other correct, logical answer.</p>	

Question 6 (continued)

- (d) Describe **two** key factors that will determine the feasibility of Ted and Roshan expanding their business to access the Singapore market. Make a final recommendation, giving your reasons. (6 marks)

Description	Marks
For each of two key factors:	
Describes the factor that will determine feasibility	2
Outlines a factor that will determine feasibility	1
Subtotal	4
Makes a final recommendation, citing evidence	2
Makes a final recommendation	1
Subtotal	2
Total	6
<p>Answer(s) could include:</p> <p>Level of demand by consumers:</p> <ul style="list-style-type: none"> the size of customer demand needs to be estimated. In this case study, it states that “Singapore is Australia’s sixth largest inbound tourism market” the case study also describes Perth’s appeal being “only a five-hour flight from Singapore”, thus the close proximity being ideal for tourism the current level of demand may be influenced by global economic activity. <p>Consumption patterns:</p> <ul style="list-style-type: none"> consumption patterns within a country are important. The case study states in December 2019, “Singaporean visitors spent \$1.528 billion” the case study also states that Singaporeans are “Western Australia’s biggest spending tourists, spending almost \$200 a day”, thus consumption patterns are good. Therefore it is feasible for Ted and Roshan to grow their business to target the Singapore tourism market consumption patterns are influenced by potential customers’ exposure and awareness of tourist destinations through social media. <p>Competitor activity:</p> <ul style="list-style-type: none"> competitor analysis is an important part of assessing the feasibility of a global venture. There are many tourism businesses targeting Singapore, as there are already many Singaporean tourists coming to Australia. However, even though there may be many competitors, Singapore has a large population and Ted and Roshan believe they can provide a quality service. <p>Recommendation:</p> <p>Due to the consumption patterns being high and an excellent level of demand by consumers in Singapore, it is very feasible for Ted and Roshan to grow their business to access the Singapore market.</p> <p>Accept any other correct, logical answer.</p>	

Question 7

(25 marks)

- (a) Discuss the differences between banks and finance companies and describe **two** other sources of external funding that Tartology Ltd could use to assist it in its expansion.

(8 marks)

Description	Marks
The differences between banks and finance companies	
Discusses the differences between banks and finance companies	4
Explains the differences between banks and finance companies	3
Describes the differences between banks and finance companies	2
States a fact about a bank or a finance company	1
Subtotal	4
For each of two other sources of external funding that Tartology Ltd could use:	
Describes the source	2
Identifies the source	1
Subtotal	4
Total	8
<p>Answers could include:</p> <p>Banks:</p> <ul style="list-style-type: none"> offer a variety of deposit, investment and loan accounts to businesses the money collected from depositors and money earned from investments is used to fund loans to customers, such as to Tartology Ltd banks are presently offering all time low interest rates which Tartology Ltd could take advantage of. <p>Finance companies:</p> <ul style="list-style-type: none"> provide loans for businesses a finance company gains its funding from banks and other financial institutions at a set interest rate and uses these funds to extend credit to customers like Tartology Ltd a finance company will earn profit by charging its customers a higher interest rate than what they are paying and may charge loan fees and other administrative charges unlike a bank, Tartology Ltd would not need to put up a deposit. <p>Other sources of external funding:</p> <ul style="list-style-type: none"> Debentures – are issued by a company as a long-term loan to the debenture-holder. Debentures provide a long-term source of finance without the business losing any control. Debenture holders do not have a voting right so Tartology Ltd could raise funds without losing any control of the company. Share capital – the funds raised from selling shares in a limited company. This can generate a large sum of finance for the company. This is the main source of finance for limited companies. Should Tartology Ltd raise funds from selling more shares, the company would increase the number of shareholders to whom profits are distributed. Venture capital – investment in small to medium-sized businesses that have a strong growth potential, normally at the start of a business idea. The amount borrowed can be paid back over a number of years. <p>Accept any other correct, logical answer.</p>	

Question 7 (continued)

- (b) State briefly the meaning of ‘ethical practice’ and describe **two** ethical practices in a global business that Tartology Ltd should be aware of if it enters the New Zealand market. (5 marks)

Description	Marks
States the meaning of ‘ethical practice’	1
Subtotal	1
For each of two ethical practices that Tartology Ltd should be aware of:	
Describes the ethical practice	2
Identifies the ethical practice	1
Subtotal	4
Total	5
<p>Answers could include:</p> <p>Ethical practice means a business is operating in accordance with the rules or standards for right conduct or practice.</p> <p>Minimum standards of labour by the International Labour Organisation (ILO), including the use of child labour:</p> <ul style="list-style-type: none"> • the International Labour Organisation is a United Nations agency dealing with labour issues, particularly international labour standards and decent work for all • in sweatshops workers are paid little for their work, are forced to work unpaid overtime, with no breaks, and are punished for slow work and mistakes. Tartology Ltd must ensure they pay New Zealand workers fair pay • an ethical approach for global businesses relying on cheap labour working in poor conditions is to collaborate with local unions – if a global business continues to exploit workers to keep its profit margin, it will not maintain long-term success due to a poor public image • Tartology Ltd should adhere to fair wages, occupational and health regulations for long-term business success. <p>The role of corporate social responsibility:</p> <ul style="list-style-type: none"> • the voluntary commitment of businesses to include in their business (corporate) practices economic, social and environmental considerations which are beyond those required by legislation • the role of CSR is for Tartology Ltd to achieve its business goals in the context of the broader system in which it operates, thus giving due consideration to the community and environment of a range of stakeholders • a business that considers ethical and environmental issues relating to its business activity acts morally towards its stakeholders • Tartology Ltd could create and publish an ethical code of practice • Tartology Ltd should conduct its business ethically and legally, such as without bribery or corruption • Tartology Ltd could consider sponsorship and providing donations to causes that target its market. <p>Environmental sustainability:</p> <ul style="list-style-type: none"> • sustainability aims to meet the needs of the business while seeking to protect and preserve resources and the environment for the future. This includes reducing use, waste and recycling of resources such as water, energy and paper. Tartology Ltd can manage this by having an e-business arm • Tartology Ltd can measure its carbon footprint and investigating carbon offsets. Sustainable practices can differentiate businesses in the market and be used to promote the business in a positive light • employees will feel they are contributing to society by working in a sustainable business. Sustainable businesses have been shown to improve staff morale and increase staff productivity and reduce absenteeism • Tartology Ltd needs to be efficient with resources, recycling supplies and reducing waste. 	
Accept any other correct, logical answer.	

- (c) Describe **two** sources of financial risks that Tartology Ltd could face if it decides to enter the New Zealand market. (4 marks)

Description	Marks
For each of two sources of financial risks that Tartology Ltd could face:	
Describes the risk	2
Identifies the risk	1
Total	4
<p>Answers could include:</p> <p>Currency fluctuations:</p> <ul style="list-style-type: none"> the change that occurs in the dollar value of one country's currency relative to another country's currency currency fluctuations can result in Tartology Ltd losing money and this should not be a smaller risk since 'the Australian Dollar has been on par with the New Zealand Dollar' Tartology Ltd will need to have greater financial/economic understanding of both local and export market financial environments, and the interactions between these two environments. <p>Non-payment of monies:</p> <ul style="list-style-type: none"> these refer to not being paid for the goods or services supplied to the export market this can cause difficulties for Tartology Ltd to recoup monies offshore as opposed to onshore: this could include legal, time, cost, effort and the knowledge to do this there is less influence/assistance for institutions such as the ACCC due to jurisdiction, influence; hence greater individual business risk for Tartology Ltd there is greater risk in terms of Tartology Ltd having the correct legal documentation to minimise potential financial risk there is increased complexity of supply chain; hence Tartology Ltd's understanding and development of systems to know/record/trace where the monies come from and go to and the point at which monies are owed and by whom. <p>Accept any other correct, logical answer.</p>	

Question 7 (continued)

- (d) For Tartology Ltd to be successful in the New Zealand market, it would also need to consider economic factors that could have an impact on its business operations. Analyse **two** economic factors that could impact Tartology Ltd. (8 marks)

Description	Marks
For each of two economic factors:	
Analyses the economic factor in relation to Tartology Ltd	4
Explains the economic factor in relation to Tartology Ltd	3
Describes the economic factor	2
Identifies the economic factor	1
Total	8
<p>Answers could include:</p> <p>Economic activity:</p> <ul style="list-style-type: none"> • inflation – if a country is experiencing high inflation, interest rates are likely to increase, which may affect the consumers’ disposable income to purchase a product or service • consumption patterns and income levels influence pricing and distribution strategies • completing an environmental scan to scope competitor’s activity in New Zealand, e.g. research competitors’ technology/infrastructure capabilities and strategic directions • Tartology Ltd should be aware of how many competitors are in the market, its positioning and the basis of its competition and should be aware of the consumption patterns of its target market in New Zealand. <p>Discretionary spending:</p> <ul style="list-style-type: none"> • there would be a need for accurate and timely market research to determine discretionary spending habits and patterns of current and developing global markets; consumer confidence levels • consumers must have the purchasing power to make a product or service viable • Tartology Ltd would need to identify where its target markets are with disposable income to afford its products. <p>Interest rates:</p> <ul style="list-style-type: none"> • this may impact spending patterns in global markets and may impact global expansion, for instance in the development of infrastructure • when businesses have access to finance with lower interest rates in other countries, they are able to more easily manage their repayments/reduce their costs • Tartology Ltd can increase its level of investment as ‘interest rates are at an all-time low’ enabling it to finance operations/global expansion. <p>Currency fluctuations:</p> <ul style="list-style-type: none"> • the change that occurs in the dollar value of one currency relative to another country’s currency – a country’s currency is an indicator of the strength of the country’s economy • transactions in foreign currencies are affected by variations • can have an impact on the product and/or distribution costs to consumers in the New Zealand market. This can tend to have greater impact on chocolate tarts, especially if these are deemed to be luxuries • the probability of currency fluctuations in the short-term have been researched ‘the Australian Dollar has been relatively on par with the New Zealand Dollar’ and this should result in very little impact for Tartology Ltd. <p>Accept any other correct, logical answer.</p>	

Question 8

(25 marks)

- (a) Describe the rationale for, and discuss the benefits of, a merger for Joho and Pez. (6 marks)

Description	Marks
Describes the rationale for a merger for Joho and Pez	2
States a fact about mergers	1
Subtotal	2
Discusses the benefits of a merger for Joho and Pez	4
Explains the benefits of a merger for Joho and Pez	3
Describes the benefits of a merger for Joho and Pez	2
States a fact about the benefits of a merger	1
Subtotal	4
Total	6
<p>Answer(s) could include:</p> <p>Rationale:</p> <ul style="list-style-type: none"> when two businesses combine to become one merged business, in order to expand into new or greater overseas markets a merger takes place with the view to gain an operational or financial advantage. <p>Benefits of a merger for Joho and Pez:</p> <ul style="list-style-type: none"> potential to still maintain some control while being more financially stable and with greater support <p style="text-align: center;">For copyright reasons this text cannot be reproduced in the online version of this document.</p> <ul style="list-style-type: none"> increased financial benefits through better access to advertisers. This also has the potential for increased profits 'have access to a diverse labour force, reduce marketing and research and development costs'. This has the potential to lower costs and thus increase profits potential for bigger teams to produce more and varied content, increasing their market share ability to produce exclusive content for listeners greater efficiencies, with greater access to facilities, resources and knowledge from a larger global team <p style="text-align: center;">For copyright reasons this text cannot be reproduced in the online version of this document.</p>	
Accept any other correct, logical answer.	

Question 8 (continued)

- (b) Explain how cultural incompatibility and staff attitudes in mergers/takeovers could have an impact on the success of a global strategic alliance. (6 marks)

Description	Marks
Explains how cultural incompatibility could have an impact on the success of a global strategic alliance	3
Describes how cultural incompatibility could have an impact on the success of a global strategic alliance	2
States a fact about resistance to change in relation to cultural incompatibility	1
Subtotal	3
Explains how staff attitudes could have an impact on the success of a global strategic alliance	3
Describes how staff attitudes could have an impact on the success of a global strategic alliance	2
States a fact about resistance to change in relation to staff attitudes	1
Subtotal	3
Total	6
<p>Answer(s) could include:</p> <p>Cultural incompatibility:</p> <ul style="list-style-type: none"> • cultural incompatibility is one of the things that Joho and Pez are most likely to face in the event of a merger/takeover where there could be communication issues and culturally different values and perceptions between the merging organisations. Given that in the event of a merger/takeover they will need to respond to different communication protocols, ethical practices, cultural beliefs and levels of education, Joho and Pez must consider their own values and those of their organisation when dealing with change • their employees may not be prepared to deal with cultural incompatibility, and it would be advisable to implement training for their staff prior to the change taking place. They may also wish to work with the merging organisation to create change management strategy that reflects the best of both company's culture. <p>Staff attitude:</p> <ul style="list-style-type: none"> • in the event of a merger/takeover staff may not have trust in the global strategic alliance • staff may have preconceived notions regarding the organisation they are merging with and have a negative attitude towards them (with issues of competition) • staff may not feel valued by the organisation that they are merging with, or feel threatened by comparisons with existing staff • staff may feel concern as to their place in the new hierarchical structure • for Joho and Pez, staff attitude may need to be considered in the event of a merger/takeover, they pride themselves on the work environment they have cultivated, and this stands to change significantly. In the event of a merger/takeover they will need to implement a clear change management strategy in order to mitigate fluctuating staff attitudes. 	
Accept any other correct, logical answer.	

- (c) Describe participative and autocratic leadership styles and explain how Joho and Pez could adapt **one** of these styles in a cross-cultural setting. (8 marks)

Description		Marks
For each of the participative and autocratic leadership styles:		
Describes its key characteristics		2
States a fact about the style		1
Subtotal		4
Explains how Joho and Pez could adapt the leadership style in a cross-cultural setting		4
Explains how Joho and Pez could adapt the leadership style		3
Describes how Joho and Pez could adapt the leadership style		2
Identifies how one leadership style could be adapted		1
Subtotal		4
Total		8
Answer(s) could include:		
Participative		Autocratic
Characteristics of a participative leader: <ul style="list-style-type: none"> encourages employees to become actively involved in the decision-making process degree of decentralised authority communication is a two-way process. 		Characteristics of an autocratic leader: <ul style="list-style-type: none"> one-way communicator makes decisions alone does not foster teamwork and relationships limits creativity and innovation.
Ways to adapt this style: <ul style="list-style-type: none"> centralise some of the decision making in order to be more efficient and productive begin to communicate with less input from other stakeholders and parties senior management take more responsibility for decisions being made. 		Ways to adapt this style: <ul style="list-style-type: none"> listen to team members and take feedback establish rules and guidelines to avoid misunderstandings provide the group with the knowledge and skills they need – empowering staff recognise successes to build relationships and motivation.
In a cross-cultural setting: Joho and Pez might adapt a participative leadership style in order to quickly and concisely make decisions pertaining to the future of the company. In a cross-cultural setting, there may be communication breakdowns due to language barriers, educational and cultural differences. By eliminating the process of involving employees in the decision-making process, it could potentially reduce the time to make a decision, reduce misunderstandings within teams and potential conflicts. Employees can then focus on their core roles.		In a cross-cultural setting: Joho and Pez might adapt an autocratic leadership style to gain two-way communication from employees from a diverse background. This could breed innovation, create feelings of belonging and inclusion among staff and help retain and reduce staff turnover. Joho and Pez can encourage employees to become actively involved in the decision-making process and develop positive relationships with employees with a two-way communication process. They can also take advantage of the cultural knowledge, skills and expertise of a diverse workforce.
Accept any other correct, logical answer.		

Question 8 (continued)

- (d) Evaluate the following statement: 'Global strategic alliances can be used as a means to manage diversity as a strategy for business growth'. (5 marks)

Description	Marks
Evaluates the use of global strategic alliances as a means to manage diversity as a strategy for business growth	5
Discusses the use of global strategic alliances as a means to manage diversity as a strategy for business growth	4
Explains the use of global strategic alliances as a means to manage diversity as a strategy for business growth	3
Describes the use of global strategic alliances as a means to manage diversity as a strategy for business growth	2
States a fact about global strategic alliances or managing diversity as a strategy for business growth	1
Total	5
<p>Answer(s) could include:</p> <p>A global strategic alliance can be used to manage diversity as the organisation will undergo significant change in the process. Leaders must be aware of the changing nature of the organisation in order to ensure business growth. In order to grow the business as a result of this situation leaders must acknowledge the diverse gifts and talents that each organisation in the global strategic alliance bring and use them to the advantage of the re-structured organisation. Joho and Pez can take advantage of the wide range of cultures, languages, genders and age differences in the organisation.</p> <p>Strategies to do this include:</p> <ul style="list-style-type: none"> • ensure everyone is heard • empower employees to make decisions • share credit for success with employees from both/all original organisations in the alliance • give constructive feedback and implement feedback from staff • expand into new markets • use bilingual staff for sales campaigns, international business trips, client services • train staff on cross-cultural communication, cultural etiquette, etc. <p>Entrepreneurs such Joho and Pez have already acknowledged that their organisation will be far more diverse in the event of a merger. They are prepared for different communication protocols, ethical practices, cultural beliefs and levels of education.</p> <p>To use this merger to their advantage, and grow their businesses further, entrepreneurs must appraise and analyse the culture of the new alliance, determine whether its mission and values are appropriate and set new or different goals for the alliance should it be necessary.</p> <p>Accept any other correct, logical answer.</p>	

ACKNOWLEDGEMENTS

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- Question 3(c)** Dot point 2 adapted from: Australian Trade and Investment Commission. (n.d.). *What is EMDG?* Retrieved August, 2020, from <https://www.austrade.gov.au/Australian/Export/Export-Grants/About/what-is-emdg>
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- Question 6(d)** Quotes in dot points 1 and 4 adapted from: Department of Foreign Affairs and Trade. (n.d.). *Singapore country brief*. Retrieved July, 2020, from <https://www.dfat.gov.au/geo/singapore/Pages/singapore-country-brief>
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Question 8(a) Quotes in dot points 4 and 10 adapted from: Kafka, P. (Host). (2019, 7 February). Gimlet co-founders Alex Blumberg and Matt Lieber, plus fortune CEO Alan Murray [Audio podcast transcript]. In *Recode Media*. Vox. Retrieved June, 2020, from <https://www.vox.com/2019/2/7/18214941/alex-blumberg-matt-lieber-gimlet-spotify-deal-acquisition-peter-kafka-media-podcast-audio-interview>

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