



**BUSINESS MANAGEMENT
AND ENTERPRISE**

ATAR course examination 2022

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% (60 Marks)

Question 1

(12 marks)

(a) Define the following global strategic alliances and identify **one** benefit for each. (6 marks)

Description	Marks
For each global strategic alliance (3 x 2 marks)	
Correctly defines the global strategic alliance.	1
Identifies one benefit.	1
Total	6
<p>Answers could include:</p> <p>Outsourcing: is the business practice of hiring an outside organisation to perform services or create goods that were traditionally performed by the business's own employees and staff.</p> <p>Benefits of outsourcing:</p> <ul style="list-style-type: none"> • cost effective and more efficient by using a specialist in the nominated field to be outsourced • allows the business to focus on their core competencies • lowering costs • avoid costly investments • improve customer focus • able to take advantage of lower pay and conditions in other countries. <p>Acquisition: when one organisation purchases most or all another organisation's shares to gain control of that organisation.</p> <p>Benefits of an acquisition:</p> <ul style="list-style-type: none"> • increased customer base that could result in greater market share for the business • increased financial benefits • reduced research and development costs • reduced competition, economies of scale, greater efficiencies, and the potential for increased profits. <p>Joint Venture: business arrangement in which two or more parties agree to pool their resources for the purpose of accomplishing a specific task.</p> <p>Benefits of a Joint venture:</p> <ul style="list-style-type: none"> • takes advantage of local knowledge of the market or labour expertise • there could be savings in costs and time with a business that is already established in the market • increased expertise amongst staff which may generate business ideas. <p>Accept other relevant answers.</p>	

- (b) Explain **two** strategies for minimising financial risks in export markets. (6 marks)

Description	Marks
For each of two strategies (2 x 3 marks)	
Explains the strategy for minimising financial risks in export markets.	3
Describes the strategy for minimising financial risks in export markets.	2
Identifies a strategy to minimise financial risk.	1
Total	6
<p>Answers could include:</p> <p>Documentation</p> <ul style="list-style-type: none"> documentation can be used to manage risk. Documentary letter of credit and documents against payments can be used to protect against payment default by importers/customers documentary letters of credit act as a guarantee from a bank that the payment will be paid in full documents against payment occur when an exporter uses their bank to send a bill and any documents that will allow the buyer to collect the goods to the customers bank. <p>Insurance</p> <ul style="list-style-type: none"> provides protection against risk to exporters selling their products on credit types of insurance include export credit insurance, political risks insurance, transit or shipping insurance Insurance can prepare for possible bad debts, insure against non-payments and loss or damage to goods or mitigate unexpected losses. <p>Hedging</p> <ul style="list-style-type: none"> a method used to reduce losses from exchange rate variations 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. <p>Accept other relevant answers.</p>	

Question 2

(10 marks)

(a) Label the change management model below.

(4 marks)

Description	Marks
Correctly labels each part on the diagram.	1–4
Total	4
Answers could include: (i) Lewin’s Forcefield Analysis (ii) Driving Forces (Positive forces for change) (iii) Restraining Forces (Obstacles to Change) (iv) Current state or desired state/change	

(b) Explain the method for using the above change management model.

(3 marks)

Description	Marks
Explains the method for using Lewin’s Forcefield Analysis.	3
Describes the method for using Lewin’s Forcefield Analysis.	2
States a method for using Lewin’s Forcefield Analysis.	1
Total	3
Answers could include: <ul style="list-style-type: none"> • To organise thinking, the above template is used. • In a meeting, ideas for forces are brainstormed and recorded. • Then forces are reviewed and the most important kept and rated according to their performance. • The higher the rating the more impact the force has on the proposed change. • A proposal for change looks viable if the forces for change score higher than the forces against change. Accept other relevant answers.	

(c) Explain how the model on page 5 can prepare people for change within a business.

(3 marks)

Description	Marks
Explains how Lewin’s Forcefield Analysis can prepare people for change.	3
Describes how Lewin’s Forcefield Analysis can prepare people for change.	2
States a fact about how Lewin’s Forcefield Analysis can prepare people for change.	1
Total	3
Answers could include: <ul style="list-style-type: none"> • Lewin’s Forcefield analysis can be used to convince employees that the forces for change are stronger than the forces against change. • The method used to analyse and compare the forces for change. • It can be used as part of the process to help employees understand the need for change. • The analysis can assist management to develop action plans that enhance the forces for change and reduce the forces against change. Accept other relevant answers.	

Question 3

(10 marks)

- (a) Describe a type of financial institution that a business could use to access finance. (2 marks)

Description	Marks
Describes a type of financial institution.	2
Identifies a type of financial institution.	1
Total	2
<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 investment is used to fund loans to customers. <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. • 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. <p>Accept other relevant answers.</p>	

- (b) Outline the meaning of 'retained profits'. (2 marks)

Description	Marks
Outlines the meaning of retained profits.	2
States a fact about retained profits.	1
Total	2
<p>Answers could include:</p> <ul style="list-style-type: none"> • is an internal source of finance • arise from the internal activities of a business, as opposed to finance from external sources • a source of finance which could help with long-term activities of a business • is more of a long-term source of finance than short-term. <p>Accept other relevant answers.</p>	

Question 3 (continued)

(c) Describe each of the following sources of external funding. (6 marks)

Description	Marks
For each source of external funding (3 x 2 marks)	
Describes the source of external funding.	2
Outlines the source of external funding.	1
Total	6
<p>Answers could include:</p> <p>Debentures</p> <ul style="list-style-type: none"> • Are issued by a company as a long-term loan to the debenture holder. • These provide a long-term source of finance without the business losing any control. • Debenture holders do not have a voting right, so a business could raise funds without losing any control of the company. <p>Share capital</p> <ul style="list-style-type: none"> • The funds raised from selling shares in a limited company. • The funds raised can generate a large sum of finance for a company and is a main source for limited companies. • Should a company raise funds from selling more shares, the company would increase the number of shareholders to whom profits are distributed. <p>Trade credit</p> <ul style="list-style-type: none"> • Refers to an amount owed to suppliers for goods and services supplied on credit and not yet paid for. • Could mean 'free finance' as the suppliers may not charge interest on the amount outstanding. • A flexible form of finance as businesses can decide when to pay and is widely available in most industries. 	
Accept other relevant answers.	

Question 4

(9 marks)

- (a) Explain
- two**
- leadership traits that are required in a cross-cultural setting. (6 marks)

Description	Marks
For each leadership trait required in a cross-cultural setting (2 x 3 marks)	
Explains the leadership trait.	3
Describes the leadership trait.	2
Identifies an aspect of the leadership trait.	1
Total	6
<p>Answers could include:</p> <p>Skilled communicator This trait enables a leader to effectively encode messages that transcend language and cultural barriers. The communication itself has to be incredibly nuanced in that it adheres to the cultural norms of people who receive the message. As well as adhering to cultural norms, the message itself must be clear enough for a message to be understood.</p> <p>Socially aware Cultures are socially constructed so an effective leader must understand the social dynamics of a particular type of culture if they are to be able to be accepted within various cultural groups, such as ethnic cultures and popular sub-cultures. A leader who understands the way relationships are formed and maintained can help to create a positive and effective workplace.</p> <p>Skilled decision-maker When someone makes a decision, they take action from a series of options. They assume the implications of each decision and follow a well thought-out and reasonable rationale as to the decision itself, despite any inherent risk. This rationale must be in-tune with what is happening on a cultural level within an organisation because the way in which a decision is made can be the results of one's own cultural values.</p> <p>Future thinker A leader who is a future thinker is someone who is able to anticipate, predict and imagine opportunities and challenges. They can do this by investigating trends and using their intuition to uncover potential areas of business growth. Future thinking can also enable a leader to establish shared visions among fellow staff. Future thinking can be the catalyst for motivation in the workplace. Thinking about the future can be something that transcends cultural boundaries, however, there may also be variations on the level of importance different cultures place on the future.</p> <p>Self-discipline This refers to being able to control yourself in terms of how you feel and act in particular situations, especially ones in which there is a temptation to do (or not to do) something else. In a cross-cultural setting this could mean being able to keep your emotions under control, especially if there is some sort of miscommunication or misunderstanding between people from different cultures. As a leader, it could also mean being able to stand outside your cultural comfort zone and be able to make a determined effort to apply and embrace cultural norms.</p>	

Question 4 (continued)

<p>Responsible The ability to be independent, accountable, accept authority and be more aware that actions have consequences. The need in a new cross-cultural setting to understand pre-established ideas, to understand where adaptation or new ideas are required, to demonstrate they can think for themselves, often seeing new perspectives, real purpose and outcomes.</p> <p>Motivational The ability to use psychological forces/motivate people to strive for certain goals rather than simply act on orders. Leaders need to be aware in a new cross-cultural setting to provide motivation, direction and support for staff while recognising differences in intrinsic and extrinsic motivations, rewards and punishments in different cultural settings.</p> <p>Accept other relevant answers.</p>

(b) Explain **one** way in which a local business can use e-commerce to gain international customers. (3 marks)

Description	Marks
Explains how e-commerce can help a local business to gain international customers.	3
Describes how e-commerce can help a local business to gain international customers.	2
States a fact about e-commerce.	1
Total	3
<p>Answers could include:</p> <ul style="list-style-type: none"> • E-commerce is the performance of transactions (buying and selling of products and services) electronically over the internet. • Money and data are transferred online electronically between buyer and seller. The internet (with e-commerce) has provided an opportunity for local businesses to reach new markets and access a potentially wider geographic market segment. • Websites/apps can be designed in a way that makes it easy for customers to purchase from mobile devices, as well as laptop and desktop computers. • Local businesses create dynamic websites that have e-commerce facilities where customers can select and pay for a product/service. Their transaction facilities are usually through credit cards and, therefore, there are efforts by vendors to make these as cyber-secure as possible. As a result, consumers can purchase products and services from anywhere in the world. <p>Accept other relevant answers.</p>	

Question 5

(10 marks)

(a) Explain the features of product development.

(3 marks)

Description	Marks
Explains the features of product development.	3
Describes product development.	2
States an aspect of product development.	1
Total	3
Answers could include: <ul style="list-style-type: none"> Product development outlines the stages from when a product/service is conceived as a raw idea to when it is finally brought to market. The elements of the product development is usually outlined in a series of sequenced events which typically include: ideation, research and development, prototyping, testing and commercialisation. Each one of these events require an investment of skills, financial resources and time. Hence there is an inherit risk associated with product development as there will always be a level of uncertainty about whether resources invested will pay dividends in terms of sales and customer satisfaction. 	
Accept other relevant answers.	

(b) Select and justify which inventory control technique would be better for a business to use where there are international supply chain issues.

(3 marks)

Description	Marks
Justifies the just in case (JIC) inventory control technique in response to international supply chain issues.	3
Describes characteristics of the JIC inventory control technique.	2
Selects the JIC inventory control technique.	1
Total	3
Answers could include: <ul style="list-style-type: none"> The most suitable technique would be the Just in Case (JIC). JIC tries to minimise the likelihood that a product will sell out of stock. To do this, a business will order a considerable volume of stock and keep an inventory of it. Large inventories can help businesses accommodate the needs of customers in a very timely manner. A Just in Time (JIT) approach relies on a supply chain not being severely disrupted. 	
Accept other relevant answers.	

Question 5 (continued)

- (c) Explain the role of corporate social responsibility and provide an example of how it may be applied in a global business setting. (4 marks)

Description	Marks
Explains the role of corporate social responsibility and provides an example of how it may be applied in a global business setting.	4
Describes the role of corporate social responsibility and provides an example of how it may be applied in a global business setting.	3
Identifies an aspect of corporate social responsibility and provides an example of how it may be applied in a global business setting.	2
Identifies an aspect of corporate social responsibility or provides an example.	1
Total	4
<p>Answers could include:</p> <ul style="list-style-type: none"> • Corporate Social Responsibility (CSR) is where a business undertakes efforts to contribute to the public good of society. • For instance, they could sponsor an event, donate to a particular charity, raise awareness of a particular social issue. • Some examples of global issues causes include; environmentally friendly packaging, poverty, global warming, fast fashion, mental health, community sport participation/promotion of healthy lifestyles. 	
Accept other relevant answers.	

Question 6

(9 marks)

- (a) Advise Lisa why she needs to consider the impact of legal systems on her business operation in global markets, particularly in relation to patent registrations. (3 marks)

Description	Marks
Advises why Lisa would need to consider the impact of legal systems in relation to patent registrations.	3
Describes why Lisa would need to consider the impact of legal systems in relation to patent registrations.	2
Outlines why Lisa would need to consider the impact of legal systems in relation to patent registrations.	1
Total	3
Answers could include:	
<ul style="list-style-type: none">• A patent is legally enforceable and gives a business-owner exclusive rights to manufacture and sell any of its products which are new and inventive.• The protection of intellectual property is an important strategy to achieve competitive advantage. To protect intellectual property globally, Lisa should apply for a patent.• If Lisa's intellectual property is protected, competitors will not take its sales and market share from the business and they will not be able to compete directly with Lisa's products or services.	
Accept other relevant answers.	

Question 6 (continued)

- (b) Explain how the following economic factors could impact on Lisa’s business operations in the global market. (6 marks)

Description	Marks
For each economic factor (2 x 3 marks)	
Explains how the economic factor could impact Lisa’s business operations in the global market.	3
Describes the economic factor.	2
Outlines the economic factor.	1
Total	6
<p>Answers could include:</p> <p>Currency fluctuations</p> <ul style="list-style-type: none"> • Currency fluctuations can affect everything from a business purchasing power to operating costs and can make it difficult for a business to predict its profits and losses. • When a business engages in international activity such as importing, exporting and even setting up a business overseas, the changes in currency value can have a significant impact on its bottom line. • If the Australian dollar rises against a foreign currency, Lisa’s business may find it less costly to operate in the country of that currency. On the other hand, if the Australian dollar falls against a foreign currency, Lisa’s business may find it more costly to operate in that country. <p>Economic activity</p> <ul style="list-style-type: none"> • Economic activity involves the production, distribution, buying and selling of products and services. • When operating globally, Lisa’s business would need to be aware of the host country’s gross domestic product rates. The strength of economic activity can significantly affect a business’ growth and profits. • If the overseas country is experiencing an economic expansion, Lisa’s business would experience stronger sales, as consumers would be more confident to spend on Lisa’s products. Similarly, if the country is experiencing lower economic activity, consumer confidence levels would be low, and Lisa’s business might not experience strong sales of her product. 	
Accept other relevant answers.	

Section Two: Extended answer

40% (50 Marks)

Question 7

(25 marks)

- (a) Describe
- two**
- benefits of innovation for Natasha's business. (4 marks)

Description	Marks
For each benefit of innovation for Natasha's business (2 x 2 marks)	
Describes the benefit.	2
State the benefit.	1
Total	4
<p>Answers could include:</p> <p>Financial gain:</p> <ul style="list-style-type: none"> Natasha's podcasts, use of Freelancer, YouTube channel and website may lead to increased income or new income channels through the creation of a new market, or capture a greater market share by adding features such as her podcast on improving the quality of vegetable gardens and the technology used, her customer demand can be maintained or increased. <p>Expansion of global market presence:</p> <ul style="list-style-type: none"> the competitive advantage created by innovation can be translated into global competitiveness innovation could lead to expansion the use of social media, website, podcasts and YouTube channel means more global exposure technology such as e-commerce, groupware, cloud computing, distribution and payment systems make the business more likely to be successful in global markets (use of applications [apps], in this case freelancer, website, podcasts, YouTube, social media – Facebook, Instagram). <p>Increased market share:</p> <ul style="list-style-type: none"> innovation may result in a new way of managing, delivering and creating her vegetable garden business Natasha's business could enhance its public image and, potentially, consumer demand and loyalty, through environmental management innovation such as improved technology to reduce its carbon footprint, reduce waste and better manage pollution and by promoting its commitment to sustainability. 	
Accept other relevant answers.	

Question 7 (continued)

(b) Explain **two** factors that may impact the success of Natasha’s innovation. (6 marks)

Description	Marks
For each factor that may impact the success of Natasha’s innovation (2 x 3 marks)	
Explains the factor.	3
Describes the factor.	2
States a relevant fact.	1
Total	6
<p>Answers could include:</p> <p>Timing:</p> <ul style="list-style-type: none"> • innovation is more likely to succeed during times of prosperity • consumers are more likely to try Natasha’s service/product if they have more discretionary income and consumer confidence is high • if there is potential demand for Natasha’s vegetable gardens, consumers are more likely to invest in her service because of the low risk • in stronger economic times, Natasha is more likely to take on the risk of dedicating time, money and focus to creating something new. <p>Cost:</p> <ul style="list-style-type: none"> • innovation requires investment of time and money, either from retained profits or from external funding such as loans, shares, etc. • financing innovation may take time away from her core business of building the vegetable gardens, such as time to develop her website, record tutorials and modules. This can put pressure on the core business • investment in innovation research and development can be significant, therefore requires appropriate financial resources. <p>Marketing strategy:</p> <ul style="list-style-type: none"> • a business must align its production and marketing strategies • the marketing strategy will be most impactful if Natasha uses a variety of public relations, advertising and promotion strategies to reflect the innovation (her podcasts and YouTube Channel) to distinguish her brand and service from competitors • a marketing strategy will need to communicate Natasha’s service quality, value for money, and the benefits of her vegetable garden, horticulture podcast, YouTube channel and website • marketing strategies may impact success in relation to how well Natasha builds consumer awareness and interest, how well she educates consumers about her service and how well she positions her business in terms of reputation for quality. <p>Technology:</p> <ul style="list-style-type: none"> • technological invention can provide stimulus for innovation • new technology will enable Natasha’s business to do something it previously could not, and gives it a platform to change the way it does business, such as using Freelancer to launch her business and the use of YouTube, podcasts and her website • adoption, implementation, maintenance, and development of her own technology skills will assist in her operations. If she is unable to use technology this could have negative impacts on her business success • a level of investment is required for Natasha, including podcast equipment, development of her website, and the horticulture technology, tools and equipment she uses. <p>Accept other relevant answers.</p>	

- (c) Prepare a SWOT for Natasha using Freelancer to start her business, and evaluate whether it is a viable idea. (12 marks)

Description	Marks
For each element of the SWOT (4 x 2 marks)	
States two or more facts relating to the stimulus material.	2
States one fact relating to the stimulus material.	1
Subtotal	8
Evaluation	
Evaluates whether Natasha should use Freelancer to start her business.	4
Explains whether Natasha should use Freelancer to start her business.	3
Describes whether Natasha should use Freelancer to start her business.	2
States whether Natasha should use Freelancer to start her business.	1
Subtotal	4
Total	12
<p>Answers could include:</p> <p>Strengths (internal):</p> <ul style="list-style-type: none"> • recently completed online horticulture course • previously worked in marketing and public relations – thus has strong understanding of marketing a business • knows she needs to be innovative. <p>Weaknesses (internal):</p> <ul style="list-style-type: none"> • lacks experience in horticulture as she has only just completed a course • not confident with the financial and legal side of running a small business • has never run her own business before • investment of time and money for her website, YouTube, podcast. <p>Opportunities (external):</p> <ul style="list-style-type: none"> • expand her business through social media with her marketing skills • low barriers to entry • no necessary qualifications or experience • flexibility of hours • great way to test her business ideas, with minimal investment • development of her website, YouTube Channel and Podcast to gain more clients. <p>Threats (external):</p> <ul style="list-style-type: none"> • competitors • Freelancer as an app may take a high commission • income is uncertain • long-term sustainability of work is questionable. <p>Evaluation:</p> <ul style="list-style-type: none"> • the idea for Natasha to start her business on Freelancer is a viable idea due to: <ul style="list-style-type: none"> ▪ her recent completion of a horticulture course ▪ her previous work in marketing and public relations ▪ the ease of starting her business through Freelancer ▪ the low barriers to entry ▪ no necessary qualifications and experience ▪ opportunities to expand her business using social media. <p>There is minimal investment, thus it is a good way to test to see if her business would be successful. Her weaknesses can be overcome by starting small and developing her experience and seeking advice and completing research about legalities and financial planning. From the above SWOT analysis there are enough strengths and</p>	

Question 7 (continued)

opportunities for Natasha to give this a business opportunity a go. She can easily overcome her weaknesses through time and experience and her marketing skills will help distinguish herself from competitors. Natasha should use Freelancer to start her horticulture business. She has many opportunities to develop her business and build on her client base through her website membership in the future.
Accept other relevant answers.

- (d) Explain how evaluation and control will be required to form part of Natasha’s strategic plan if her business is to succeed. (3 marks)

Description	Marks
Explains how evaluation and control will be required for Natasha’s business success as part of her strategic plan.	3
Describes how evaluation and control will be required for Natasha’s business success as part of her strategic plan.	2
Outlines how evaluation and control will be required for Natasha’s business success as part of her strategic plan.	1
Total	3
<p>Answers could include:</p> <p>Control is measuring activities, timelines, and resource consumption; analysing deviations and correcting processes/outcomes.</p> <p>Evaluation is the process of evaluating the performance and feeding back information into decision-making for the next strategic planning cycle.</p> <ul style="list-style-type: none"> • Natasha will need to monitor her profile on Freelancer regarding enquiries and bookings, and then assess the amount Freelancer charges for commission • she will also need to evaluate her marketing and pricing strategies to see if they are being successful. If not, she will need to create new action plans • she may want to observe her success on Freelancer, then once developing a customer base, just using Instagram and a webpage to market her business rather than using Freelancer as a platform • if she is gaining traction with her podcasts and YouTube channel, she may be able to launch her website membership. That could expand her business to be a global venture. 	
Accept other relevant answers.	

Question 8

(25 marks)

- (a) Explain
- three**
- benefits of home grown products to the Australian economy. (9 marks)

Description	Marks
For each benefit of home grown products to the Australian economy (3 x 3 marks)	
Explains the benefit.	3
Describes the benefit.	2
Identifies the benefit.	1
Total	9
<p>Answers could include:</p> <p>Greater profits:</p> <ul style="list-style-type: none"> Greater sales of home grown products overseas leads to greater profits for the business and these profits staying in Australia. <p>Increased employment:</p> <ul style="list-style-type: none"> Greater sales lead to more employment in the home country. This provides residents with more income to spend. <p>Increase in government revenue:</p> <ul style="list-style-type: none"> Greater profits from increased sales will result in increases in taxation collection. This can be used for essential services, such as schools, hospitals, roads and infrastructures, to benefit the people living in the home country. Lower unemployment levels mean less crime, less social welfare and the subsequent increase in the collection of income taxes for the government. <p>Social benefits:</p> <ul style="list-style-type: none"> Greater opportunity for innovation, such as research and development. <p>Accept other relevant answers.</p>	

- (b) Describe
- two**
- government incentives that encourage Australian businesses to engage in international trade. (4 marks)

Description	Marks
For each government incentive that encourages Australian businesses to engage in international trade. (2 x 2 marks)	
Describes the incentive.	2
Outlines the incentive.	1
Total	4
<p>Answers could include:</p> <p>Government grants:</p> <ul style="list-style-type: none"> provide financial assistance to help encourage export development to other countries are used to reduce upfront costs for businesses that want to expand internationally. This makes expansion more financially viable examples include Austrade and Export Market Development Grants. <p>Taxation:</p> <ul style="list-style-type: none"> concessions, such as exports, being exempt from GST the Duty Drawback Scheme allows exporters to claim refunds on customs duty they have paid tax incentives for research and development expenditure through the Australian Taxation Office. <p>Accept other relevant answers.</p>	

Question 8 (continued)

- (c) Describe **two** features of the Australia New Zealand Closer Economic Relations Trade Agreement (ANZCERTA). (4 marks)

Description	Marks
For each feature of ANZCERTA (2 x 2 marks)	
Describes the feature.	2
States a fact about the feature.	1
Total	4
<p>Answers could include:</p> <ul style="list-style-type: none"> • strengthens the broader relationship between Australia and New Zealand • develops closer economic relations between the member states through a mutually beneficial expansion of free trade between New Zealand and Australia • eliminates barriers to trade between Australia and New Zealand in a gradual and progressive manner, under an agreed timetable and with a minimum of disruption • develops trade between New Zealand and Australia under conditions of fair competition. 	
Accept other relevant answers.	

- (d) Analyse **one** benefit and **one** challenge to Australian-owned businesses as a result of free trade agreements (FTAs). (8 marks)

Description	Marks
Benefit	
Analyses a benefit of FTAs to Australian-owned businesses.	4
Explains a benefit of FTAs to Australian-owned businesses.	3
Describes a benefit of FTAs to Australian-owned businesses.	2
States a benefit of FTAs to Australian-owned businesses.	1
Subtotal	4
Challenge	
Analyses a challenge of FTAs to Australian-owned businesses.	4
Explains a challenge of FTAs to Australian-owned businesses.	3
Describes a challenge of FTAs to Australian-owned businesses.	2
States a challenge of FTAs to Australian-owned businesses.	1
Subtotal	4
Total	8
<p>Answers could include:</p> <p>Benefits:</p> <ul style="list-style-type: none"> • There could be increased profits due to Australian-owned businesses like Jensenze selling more products by exporting internationally, with fewer restrictions. • Greater market share and access to overseas markets, in this case the New Zealand market. • The harmonisation of Trans-Tasman food standards through Australia New Zealand Food Authority (ANFA) agreement means lower compliance costs and fewer regulatory barriers. • FTAs can stimulate economic growth in Australia, reducing unemployment and increasing the country's gross domestic product. Thus, overall there is higher consumer confidence and they are able to spend more money, which is beneficial to small businesses. <p>Challenges:</p> <ul style="list-style-type: none"> • There could be increased competition in Australia from foreign-owned businesses so that Australian businesses like Jensenze, would have more competitors to compete with locally. • Jensenze's market share in Australia could be reduced due to overseas competitors from businesses that enter the market due to the FTAs. • Businesses like Jensenze could become less competitive due to there being higher labour costs in Australia. • This could put pressure on small businesses if they were not prepared to expand globally. Jensenze, in this case, would not feel too much pressure if it expands into the New Zealand market. <p>Accept other relevant answers.</p>	

Question 9

(25 marks)

- (a) Propose a social media campaign idea that EduOz.com could develop to launch its business in a global market. (3 marks)

Description	Marks
Proposes a social media campaign idea for EduOz.com.	3
Describes a social media campaign.	2
States a fact about social media campaigns.	1
Total	3
<p>Answers could include:</p> <ul style="list-style-type: none"> • EduOz.com should have a presence amongst the main social media platforms like Facebook, Instagram, LinkedIn. The most common way companies do this is by creating a short video about the benefits of the product which pops up in people's feeds. At the end of the video, there would be a button where a prospective customer can click to find out more and proceed to provide contact details (phone or email). • LinkedIn would be another very suitable, place where EduOz.com can create a campaign. LinkedIn also has a 'learning' section on its user interface. Perhaps EduOz may want to provide a free sample of an online topic for users to try. EduOz.com may also want to sponsor a popular podcast also. 	
Accept other relevant answers.	

- (b) Explain the implication of standardisation or adaptation in relation to **both** product features **and** product name when marketing EduOz.com courses globally. (6 marks)

Description	Marks
Product features	
Explains the implications surrounding the standardisation/adaption of product features.	3
Describes the implications surrounding the standardisation/adaption of product features.	2
Identifies the implications surrounding the standardisation/adaption of product features.	1
Subtotal	3
Product name	
Explains implications surrounding the standardisation/adaption of product names.	3
Describes implications surrounding the standardisation/adaption of product names.	2
Identifies implications surrounding the standardisation/adaption of product names.	1
Subtotal	3
Total	6
<p>Answers could include:</p> <p>Product features (standardisation)</p> <ul style="list-style-type: none"> English as a language has a global functionality. It is the most common language used in business, so it may make sense to standardise its course which would then negate the cost of making alternative versions in different languages. As business environments (political, economic, social, technological) change, online courses may also need to be updated. Therefore, having just one language to deal with would be easier and cost effective. <p>Product features (adaption)</p> <ul style="list-style-type: none"> Businesses may choose to adapt a product's features in some way so that customers can fully utilise the value of the product. An obvious technological example are the language options on smart phones. In the entertainment industry, Australian-made animation cartoon products have been successfully translated to Mandarin because of potential volume of customers. EduOz.com may also want to follow this example to expand its potential customer base. The product features of the online course may also need to be adapted to suit the business regulations of the particular country where a budding entrepreneur may want to set up their business. However, this could impact on the cost of making different versions of the course, and therefore, it could impact on profit margins. <p>Product name (standardisation)</p> <ul style="list-style-type: none"> A uniform policy on the product name can enable a consistent and coherent brand message across various cultures. However, care must be taken to ensure that the name does not cause offence to local culture, and that the translation is not embarrassing. This may damage the brand quality of the product. 	

Question 9 (continued)

Product name (adaption)

- Adapting the name to the local culture of the market segment may resonate positively to the end consumer and create opportunities for brand loyalty.
- However it could cost time and money in terms of packaging or promoting a product by having to constantly change the name of the product according to the various geographical market segments.
- Also your global brand value could be diluted if you keep changing the product name.

Accept other relevant answers.

- (c) Analyse how **two** cultural considerations might impact EduOz.com's global business practice in developing courses. (8 marks)

Description	Marks
For each cultural consideration (2 x 4 marks)	
Analyses how the cultural consideration might impact EduOz.com's global business practice in developing courses.	4
Explains how the cultural consideration might impact EduOz.com's global business practice in developing courses.	3
Describes how the cultural consideration might impact EduOz.com's global business practice in developing courses.	2
Outlines the cultural consideration.	1
Total	8
<p>Answers could include:</p> <p>Levels of education</p> <ul style="list-style-type: none"> EduOz.com may need to make a decision to target recent school leavers who are just out of high school, or perhaps adults who already have a formal qualification and want another skillset in order to become entrepreneurs. The market segment of EduOz.com would have to have a basic level of English literacy if they are to understand most of the topic content, as it is written in English. There may need to be some translation of some key words so that students are able to understand certain key concepts. <p>Customs</p> <ul style="list-style-type: none"> Customary greetings to students could be included in some course content that is suited to local cultures of international students, such as 'As-Salaam-Alaikum' (peace be with you) for Islamic countries or 'nihao' for the countries that have Chinese speaking students (Mandarin and Cantonese). EduOz.com developers will have to be careful not to stereotype certain cultures and seek advice as to the best way to communicate with students from diverse cultures. <p>Business etiquette</p> <ul style="list-style-type: none"> The EduOz.com course could include content for entrepreneurs looking to do business in other foreign countries, so it would pay to learn about the way different culture's view notions of introductions/relationships, business card provision, being on time/punctuality, gifts, socialising expectations, working hours, handshakes and dress codes. <p>Communication protocols</p> <ul style="list-style-type: none"> EduOz.com developers need to pay attention to how they convey their messages. For instance, some cultures may value directness and brevity, while other cultures may prefer a more indirect and nuanced communication. Even though the course is written in English, understanding the importance of subtle non-verbal communication between cultures is crucial in international business. <p>Accept other relevant answers.</p>	

Question 9 (continued)

- (d) Examine how **both** the level of consumer demand **and** competitor activity could determine the feasibility of EduOz.com expanding into a foreign market. (8 marks)

Description	Marks
Level of consumer demand	
Examines how the level of consumer demand could determine the feasibility of the business expanding into a foreign market.	4
Explains how the level of consumer demand could determine the feasibility of the business expanding into a foreign market.	3
Describes how the level of consumer demand could determine the feasibility of the business expanding into a foreign market.	2
Identifies how the level of consumer demand could determine the feasibility of the business expanding into a foreign market.	1
Subtotal	4
Competitor activity	
Examines how competitor activity could determine the feasibility of the business expanding into a foreign market.	4
Explains how competitor activity could determine the feasibility of the business expanding into a foreign market.	3
Describes how competitor activity could determine the feasibility of the business expanding into a foreign market.	2
Identifies how competitor activity could determine the feasibility of the business expanding into a foreign market.	1
Subtotal	4
Total	8
<p>Answers could include:</p> <p>Level of consumer demand</p> <ul style="list-style-type: none"> • Price: from an economic point of view, price can determine the level of demand for goods and services. EduOz.com must consider at what price customers in international markets are willing to pay. • Scale of demand: it is estimated that by 2025, one billion students from around the globe will be actively seeking education and skill development. • Economic growth: owners should monitor GDP levels in the various countries they would expand to. Increased GDP may mean more availability of disposable income, which makes it fertile ground to establish operations there. • Product quality: the online education platform must be able to work well in all operating system and internet browser contexts (e.g., iOS, Windows, Chrome, Mozilla, Safari). The quality of the product must also be dynamic so that it works on desktops and mobile devices. • Marketing: EduOz.com’s branding efforts could also influence demand if people are persuaded to believe in the benefits the online product may provide them. Perhaps some testimonials from satisfied customers may be appropriate in establishing credibility. <p>Competitor activity</p> <ul style="list-style-type: none"> • ‘Globally, the online learning industry is increasing rapidly with many regional education hubs being established by competing international learning institutions’. • Competition within the Southeast Asian online education industry would be fierce. Competitors from Southeast Asian regions may have a significant competitive advantage in that they would have the resources available to translate into different languages, including Mandarin. • Aspects of the competitor activity could be to scan those that are offering similar online learning products and the degree of market share they are currently holding. 	

- EduOz.com would want to know who the new and old players in the market are. As well as growth rates of all the competition in order to evaluate who are the biggest threats.
- Competitor activity in terms of marketing strategies would be a very important measure of feasibility, such as the occurrences where pricing wars happen or social media platforms where a high volume of advertising is taking place.

Accept other relevant answers.

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- Question 8(c)** Department of Foreign Affairs and Trade. (n.d.). *Australia-New Zealand Closer Economic Relations Trade Agreement*. Retrieved September, 2022, from <https://www.dfat.gov.au/trade/agreements/in-force/anzcerta/Pages/australia-new-zealand-closer-economic-relations-trade-agreement>
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- Question 8(d)** Dot point 3 adapted from: Department of Foreign Affairs and Trade. (n.d.). *Australia-New Zealand Closer Economic Relations Trade Agreement*. Retrieved September, 2022, from <https://www.dfat.gov.au/trade/agreements/in-force/anzcerta/Pages/australia-new-zealand-closer-economic-relations-trade-agreement>
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