**Business Educators Western Australia (Inc)**

**2019**

**BUSINESS MANAGEMENT AND ENTERPRISE**

**UNIT 3**

**ATAR course examination 2019 Marking Key**

Marking keys are an explicit statement about what the examining panel is expected 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 (10 marks)

1. Discuss the significance of deregulation of the financial market in driving global business development. (4 marks)

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| --- | --- |
| **Description** | **Marks** |
| Discuss the significance of deregulation of the financial market in driving global business development | 4 |
| Comments on the significance of deregulation of the financial market in driving global business development | 3 |
| Makes a general statement about deregulation of the financial market in driving global business development | 2 |
| Makes a general statement about deregulation | 1 |
| **Total** | **4** |
| Answers could include:    **deregulation of the financial markets**   * deregulation has been successful, it has increased economic freedom, opened up new markets, increased competition and enhanced the flexibility and dynamism of the Australian economy. * enabling greater access to international capital * relevance*:* opportunity to develop offshore operations in a global market. | |
| Accept any other correct, logical answer. | |

1. Describe the role of the World Trade Organisation and consumer purchasing and spending patterns in driving global business development. (3 marks)

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| --- | --- |
| **Description** | **Marks** |
| Describes the role of the World Trade Organisation in driving global business development | 3 |
| Comments on consumer purchasing and spending patterns in driving global business development | 2 |
| Makes a general statement about global business development | 1 |
|  | 1 |
| **Total** | **3** |
| Answers could include:   * **World Trade Organisation (WTO) regulations and sanctions**   ◦ removal of trade barriers enabling consumers to purchase goods internationally and increasing exporter and importer activity in domestic markets  ◦ relevance: removal of trade barriers facilitates successful historical trade activities | |
| Accept any other correct, logical answer. | |

1. Describe the role of consumer purchasing and spending patterns in driving global business development. (3 marks)

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| **Description** | **Marks** |
| Describes the role of consumer purchasing and spending patterns in driving global business development | 3 |
| Comments on the role of consumer purchasing and spending patterns in driving global business development | 2 |
| Makes a general statement about global business development | 1 |
| **Total** | **3** |
| Answers could include:   * **consumer purchasing and spending patterns**   ◦ increased understanding, acceptance and diversification of cultures, means consumers globally have increasingly similar tastes  ◦ customers more willing to purchase foreign products (product demand)  ◦ relevance: globalisation has facilitated global purchasing of products and produce; consumers are prepared and able to pay for quality produce | |
| Accept any other correct, logical answer. | |

## Question 2 (10 marks)

1. Briefly explain the role and benefits of innovation in improving products, processes and services. (4 marks)

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| --- | --- |
| **Description** | **Marks** |
| Briefly explains the role and benefits of innovation in improving products, processes and services. | 4 |
| Comments on the role and benefits of innovation in improving products, processes and services. | 3 |
| Comments on the role and benefits of innovation in improving products, processes and services. | 2 |
|  | 1 |
| **Total** | **4** |
| Answers could include:    The role and benefits of innovation in, processes and services would include where they could be entrepreneurial in their business as innovation is about the improvement of their existing business activities and products/services.  • increase profits  • reduce costs  • improve productivity  • create competitive advantage  • take advantage of technological advancement  • extend product life cycle. | |
| Accept any other correct, logical answer. | |

1. Discuss **three** benefits of innovation for business. (6 marks)

|  |  |
| --- | --- |
| **Description** | **Marks** |
| For each of the three benefits: | |
| Discusses a benefit that of innovation for a business | 2 |
| States a benefit | 1 |
| **Total** | **6** |
| Answers could include:     * **financial gain**  product innovation, e.g. new and/or more products to sell  process innovation e.g. productivity gains * **expansion of global market presence**   innovation can be a driver of business growth  innovation can give a business a competitive edge over its foreign rivals   * **increased market share**  innovation can assist brand switching with the producing of more appealing/innovative products and hence increase market share  competitive advantage | |
| Accept any other correct, logical answer. | |

## Question 3

1. Discuss the impact of globalisation on the domestic market. (4 marks)

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| --- | --- |
| **Description** | **Marks** |
| Discuss the impact of globalisation on the domestic market. | 4 |
| Discuss the impact of globalisation on the domestic market. | 3 |
| Discuss the impact of globalisation on the domestic market. | 2 |
| Makes a statement about globalisation | 1 |
| **Total** | **4** |
| Answers could include:  Globalisation has melted national borders, free trade has enhanced economic integration and the information and communications revolution has made geography and time irrelevant.  Loss of domestic revenue  • decline in manufacturing industry within Australia reduces GDP  • changing of job roles within Australia from manufacturing to more skilled distribution and design jobs.  • changing external economic conditions impact domestic revenue  Spread of skills and technology  • changing of job roles within Australia from manufacturing to more skilled sales jobs, distribution (supply chain/logistics jobs) and design jobs  Reduction in taxation revenue for Government to fund public programs  • companies benefit from the public goods and infrastructure provided by the  taxation dollars. If no taxation is paid then the ability to maintain this infrastructure  is compromised  • reduced tax reduces costs and the ability to utilise transfer pricing may attract  large corporates which increases employment opportunities and generates  individual income tax revenue.  Accept any other correct, logical answer  the global demand for and ability to pay accordingly, may impact the supply to the local market  ◦ implications – globalisation may have negative impacts on local market supplies and increase local prices for trepang  tax  the global demand for and ability to pay accordingly, may impact the supply to the local market  ◦ implications – globalisation may have negative impacts on local market supplies and increase local prices for trepang | |
| Accept any other correct, logical answer. | |

1. Explain how globalisation has impacted on employment levels and on the spread of skills and technology in developing countries. (6 marks)

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| --- | --- |
| **Description** | **Marks** |
| Explains how globalisation has impacted on employment levels and on the spread of skills and technology in developing countries. | 6 |
| Comments on how globalisation has impacted on employment levels and on the spread of skills and technology in developing countries. | 4 |
| Comments on globalisation has impacted on employment levels in developing countries.  OR  Comments on and on the spread of skills and technology in developing countries. | 3 |
| Makes a general statement about the role of globalisation in developing countries. | 2 |
| Makes a general statement about skills and technology or employment levels in developing countries. | 1 |
| **Total** | **6** |
| Answers could include:   * **employment levels in developing countries and in developed countries**   ◦ production requirements (infrastructure, skilled labour) needed to compete in an industry  ◦ implicationsfor the business – current knowledge and skills have been sustainable, however leap to operating in a global market from northern Australian operation would be significant     * **global spread of skills and technology**   ◦ many of the generic global business skills and technology are well established throughout Asia, however specialised knowledge and skills are often held locally such as business models, cultural knowledge  ◦ implications – much of the cultural knowledge of harvesting the trepang in a sustainable way is held with the Aboriginal and Torres Strait Islander people. However, the technology skills in terms of the land operations and logistics would be dependent on the availability of internationally competitive suppliers and related industries and would need to be shared throughout the global supply chain. | |
| Accept any other correct, logical answer. | |

## Question 4

* 1. Outline **two** factors that determine the feasibility of expanding into a foreign market.           . (4 marks)

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| --- | --- |
| **Description** | **Marks** |
| Outlines **two** factors that determine the feasibility of expanding into a foreign market. | 4 |
| Outlines one factors that determines the feasibility of expanding into a foreign market. | 3 |
| Makes reference to the feasibility about expanding into a foreign market and provides a relevant example | 2 |
| Makes a general statement about foreign markets | 1 |
| **Total** | **4** |
| Answers could include:    Level of demand by consumers   * ability and number of potential customers, including frequency of purchase * have enough potential customers to warrant investment of expansion   Consumption patterns   * changing trends of consumers   Competitor activity   * refers to the number of competitors in the market and their market share | |
| Accept any other correct, logical answer. | |

1. Explain **three** roles of ethics in global business decisions. (6 marks)

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| --- | --- | --- |
| **Description** |  | **Marks** |
| Explains three roles of ethics in global business decisions |  | 6 |
| Explains two roles of ethics in global business decisions |  | 4 |
| Explains one roles of ethics in global business decisions |  | 2 |
| Makes a general statement about ethics in global business decisions |  | **1** |
|  | **Total** | **6** |
| Answers could include:  Environmental responsibility  The role of environmental responsible decisions in a global business:   * inform ways and practice that contribute to more sustainable patterns of living * decisions are futures-oriented, focusing on protecting environments and creating a more ecologically and socially just world through informed action.   Outsourcing  The role of ethical decisions when global businesses outsource include:   * being guided by the business’ CSR policy for all outsourcing activities * developing relationships with businesses who adhere to similar CSR codes of practice.   The use of offshore labour  The role of ethical decisions should include the:   * awareness of the host countries’ labour regulations and workplace conditions * awareness of labour vulnerability/exploitation * need to deliver the global business’ (hotel) own values and human rights in all their locations globally |  |  |
| Accept any other correct, logical answer. |  |  |

## Question 5

1. Discuss the importance of managing diversity as a strategy for business growth. (4 marks)

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| --- | --- | --- |
| Explains the importance of managing diversity linking various strategies to business growth | | 4 |
| Explains the importance of managing diversity linking one strategy to business growth | | 3 |
| Outlines managing diversity strategies | | 2 |
| Identifies a diversity strategy | | 1 |
| **Total** | | **4** |
| Answers could include: | | |
| **Diversity strategies** | **Links to business growth** | |
| Global business environment means dealing with a variety of customers, suppliers and employees = importance to minimise conflict. | * strong relationship with suppliers and workforce, more productive as business grows * openness/communication leads to better ideas and methods * stakeholders willingness to do more business | |
| Ability to manage diversity leads to a greater understanding of needs and wants of customers, suppliers and employees. | * with the understanding of needs and wants, customers are more satisfied = increased sales * with the understanding of needs and wants of the employee = motivated employees will promote creativity * with the understanding of needs and wants of suppliers = productive relationships. | |
| Accept any other correct, logical answer. | | |

1. Outline **three** reasons for resistance to change. (6 marks)

|  |  |
| --- | --- |
| **Description** | **Marks** |
| Outlines three reasons for resistance to change. | 6 |
| Outlines two reasons for resistance to change. | 4 |
| Outlines one reasons for resistance to change. | 2 |
| Makes a general statement about the resistance to change. | 1 |
| **Total** | **6** |
| Answers could include:  **financial costs**:  • costs associated with introducing new technology  • cost/benefit of the change and if it is worthwhile  • costs associated with the investment in the inventory of old cameras and equipment    **staff attitude**:  • fear of change of direction of the business  • fear of the unknown  • self interest  • misunderstanding  **managerial inertia**:  • The business may not be able to keep up with market trends and changes and thus ensure that the business remains competitive  • The business may not have time to review operations e.g. ask questions such as whether improved customer service can be achieved and how it might be implemented; do they need to review the scope of their e-commerce activities and change the way in which they operate their business?  • The business may feel that if they embrace technology, job security may become an issue for them due to lack of technology skills within the business. | |
| Accept any other correct, logical answer. | |

**Question 6**

(a) Explain **two** sources of financial risk in export markets. (4 marks)

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| --- | --- |
| **Description** | **Marks** |
| Explains **two** sources of financial risk in export markets | 4 |
| Comments on **two** sources of financial risk in export markets | 3 |
| Explains **one** sources of financial risk in export markets | 2 |
| Identifies a financial risk or makes a statement about financial risk | 1 |
| **Total** | **4** |
| Answers could include:  **Currency fluctuations**  • export markets mean that at least one party is converting its currency into another, therefore a business will have increased risk in terms of economic fluctuations  • Business will need to have greater financial/economic understanding of both local and export market financial environments, and the interactions between these two environments.  **Non-payment of monies**  • more difficult for Business to recoup monies offshore as opposed to onshore; this could include legal, time, cost, effort, and the knowledge to do this  • less influence/assistance for institutions such as ACCC due to jurisdiction, influence, hence greater individual business risk for a business  • greater risk in terms of a business having the correct legal documentation to minimise potential financial risk  • increased complexity of supply chain, hence a businesses 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 | |
| Accept any other correct, logical answer. | |

1. Explain the terms hedging and insurance and distinguish between these strategies for minimising financial risk in export markets. (6 marks)

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| --- | --- |
| **Description** | **Marks** |
| Explains the terms hedging and insurance and distinguishes between these strategies for minimising financial risk in export markets. | 5-6 |
| Comments on the terms hedging and insurance and attempts to distinguish between these strategies for minimising financial risk in export markets. | 3-4 |
| Comments on the terms hedging and insurance | 2 |
| Makes a general statement about financial risk | 1 |
| **Total** | **6** |
| Answers could include:  i**nsurance** – export credit insurance, political risks insurance, transit or shipping insurance  **hedging** – a financial approach whereby a financial instrument is used to offset potential gains/losses, hence can be implemented to minimise risk. Examples of financial instruments can include insurance, forward purchasing/contracts, financial swaps, options, stocks, exchange-traded finds, derivative products, futures contracts. | |
| Accept any other correct, logical answer. | |

## Section Two: Extended answer 40% (50 Marks)

## Question 7 (25 marks)

1. Explain what is meant by the term e-commerce? (2 marks)

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| **Description** | **Marks** |
| Describes the role of e-commerce in a global environment | 2 |
| States a fact about e-commerce | 1 |
| **Total** | **2** |
| Answers could include:     * e-commerce is the trading or goods and services via the internet . | |
| Accept any other correct, logical answer. | |

1. Outline how e-commerce can assist April to maintain relationships with overseas distributors (4 marks)

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| --- | --- | --- |
| **Description** |  | **Marks** |
| Outlines how e-commerce can in maintaining relationships with overseas distributors |  | 4 |
| Makes a comment about how e-commerce can assist in maintaining relationships with overseas distributors |  | 3 |
| Makes a general statement about e-commerce and distribution |  | 2 |
| Makes a general statement about e-commerce |  | 1 |
|  | **Total** | **4** |
| Answers could include:  e-commerce supports transfers of information and/or financial transactions globally  e.g. dissemination of a marketing strategy or the development of an electronic payment  system  the internet supports business activities to operate 24/7 in a global environment  access allows business to operate in a global environment on both a B2B and B2C basis  supports B2B and B2C business for new products | | |
| Accept any other correct, logical answer. |  | |

1. Discuss the rationale for and benefits of **three** global strategic alliances. (8 marks)

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| --- | --- |
| **Description** | **Marks** |
| Discuss the rationale for global strategic alliances | 2 |
| Makes a statement on the rationale for global strategic alliances | 1 |
|  |  |
| **Sub-total** | 2 |
| Discuss in detail the benefits of **three** global strategic alliances | 6 |
| Discuss the benefits of **two** global strategic alliances OR Comments on the benefits of **three** global strategic alliances | 4 |
| Comments on the benefits of **one** global strategic alliances | 2 |
| Makes a general statement about global strategic alliances | 1 |
| **Sub-total** | 6 |
| **Total** | **8** |
| Answers could include:  • strategic alliances are designed as collaborative strategies between businesses in a range of forms over a pre-determined timeframe developed for mutual benefit  • dependent on the nature of the alliance, the businesses in the alliance share staff, customers, resources and operations systems and knowledge – this can be a benefit to partners  • the aim of any strategic alliance is to develop synergies and thus create competitive advantage greater than the individual partners  • benefit is to generate greater income from the alliance compared to individual partners  • when considering strategic alliances April Showers would need to consider the strategic reason for her developing any alliance, that is, why she would do this, the type of alliance best suited to her business needs (outsourcing, acquisition, merger, joint venture, franchising), what she would gain/the benefits from the alliance (lower staff costs, access to local skilled staff, lower infrastructure costs for her printing and design business, local knowledge sharing, greater access and/or lower costs to raw materials, access to new/greater markets, finally increased revenue). | |
| Accept any other correct, logical answer. | |

1. Explain **three** internal factors that drive change in a global environment. (6marks)

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| --- | --- |
| **Description** | **Marks** |
| Explains **three** internal factors that drive change in a global environment | 6 |
| Explains **two** internal factors that drive change in a global environment | 4 |
| Explains **one** internal factors that drive change in a global environment | 2 |
| Makes a statement about change in a global environment | 1 |
| **Total** | **6** |
| Answers could include:  Driving factors (forces) are those that apply pressure for a change to occur. It is important for business owners to understand the forces of change in the internal and external environments as it might affect their business and how it should be run.  **internal factors that drive change:**  • 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 may initiate change to improve working conditions and/or skill development  • introduce new technology for efficiency and/or cost savings. | |
| Accept any other correct, logical answer. | |

1. Explain what is meant by the term standardisation and discuss **one** advantage

and **one** disadvantage of standardisation when applying elements of the

marketing mix to global brands. (5 marks)

|  |  |
| --- | --- |
| **Description** | **Marks** |
| Explains what is meant by the term standardisation and discuss **one** advantage and **one** disadvantage of standardisation when applying elements of the marketing mix to global brands. | 5 |
| Outlines what is meant by the term standardisation and discuss **one** advantage and **one** disadvantage of standardisation when applying elements of the marketing mix to global brands. | 4 |
| Explains what is meant by the term standardisation and makes a comment about **one** advantage and **one** disadvantage of standardisation when applying elements of the marketing mix to global brands. | 3 |
| Makes a statement about standardisation and makes reference to **one** advantage OR **one** disadvantage of standardisation when applying elements of the marketing mix to global brands. | 2 |
| Makes a generals statement about standardisation or marketing mix | 1 |
| **Total** | **4** |
| Answers could include:  Standardisation:   * provides a consistent message * allows economy of scales for packaging etc. * customers are visually aware of same brand in different markets * by selling one unified product lacks uniqueness – may not be as competitive against local products/businesses * limits flexibility that can have a negative reaction by neglecting local requirements.   **Disadvantage of standardization**  Makes products lose their uniqueness. This is because if an organization builds its customer base on customers that value its unique products; standardization of its products would mean that the business would lose some of its former customer base  Advantages of standardisation:  Quality control – guarantees the customer a uniform experience  Reduction in costs  Marketing | |

## Question 8 (25 marks)

1. Discuss **three** factors that determine the feasibility of expanding into a foreign market   
    (6 marks)

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| --- | --- |
| **Description** | **Marks** |
| Discusses **three** factors that determine the feasibility of expanding into a foreign market | 6 |
| Discusses **two** factors that determine the feasibility of expanding into a foreign market | 4 |
| Discusses one factor that determine the feasibility of expanding into a foreign market | 2 |
| Makes a statement about expanding into a foreign market | 1 |
| **Total** | **6** |
| Answers could include:   * ability and number of potential customers  frequency of purchase   have enough potential customers to warrant investment of expansion  potential customers must be able to afford quality Australian products   * Consumption patterns   changing trends of consumers  Australian products due to quality –   * Competitor activity   refers to the number of competitors in the market and their market share  Free Trade Agreement (FTA) reducing barriers | |
| Accept any other correct, logical answer. | |

1. Explain the benefits to *‘Photo Shop’* of having a global brand (4 marks)

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| --- | --- |
| **Description** | **Marks** |
| Explains the benefits of having a global brand | 4 |
| Comments on the benefits of having a global brand | 3 |
| Provides an example of a global brand and makes a brief statement about the global brand | 2 |
| Makes a brief comment about global brands OR provides an example of a global brand | 1 |
| **Total** | **4** |
| Answers could include:    Benefits include:  **consistency** – enables a business to communicate a consistent message to customers in all markets resulting in stronger brand awareness and positioning  low risk – *‘Photo Shop’* can use marketing strategies (promotion and advertising) that have worked in Australia  **lower cost** – *‘Photo Shop’* will be able to achieve economies of scale by  using the same advertising and packaging in in Asia.  Multiple teams for research and marketing strategy are not needed, a centralised team of people will develop marketing strategies for all markets, thus quicker and less expensive  **easier to manage** – a standardised approach will be less complex than working with multiple advertising agencies, marketing teams and different strategies  **better differentiation** – a consistent global brand will stand out from the competition as consumers will see the same logo, colours, product name and advertising. | |
| Accept any other correct, logical answer. | |

1. Explain the role of ethics in global business decisions with specific reference to environmental responsibility. (6 marks)

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| --- | --- |
| **Description** | **Marks** |
| Explains the role of ethics in global business decisions with specific reference to environmental responsibility.: | 6 |
| Comments on the role of ethics in global business decisions with specific reference to environmental responsibility. | 4 |
| Comments briefly on ethics linking to environmental responsibility. | 2 |
| Makes a general statement about ethics OR environmental responsibility. | 1 |
| **Total** | **6** |
| Answers could include:  ethics informs global business practices so as to achieve economic and social/ cultural goals  •The role of environmental responsible decisions in a global business:  inform ways and practice that contribute to more sustainable patterns of living  •decisions are futures oriented, focusing on protecting environments and creating a more ecologically and socially just world through informed action.  • minimise harm to the environment  • inputs – energy and water  • outputs – emissions and waste  • corporate social responsibility  • global reporting initiative (GRI)  • triple bottom line  • mandatory standards including: Clean Energy Act, National Greenhouse and Energy Reporting | |
| Accept any other correct, logical answer. | |

1. Discuss the benefits of home grown/developed products (5 marks)

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| --- | --- |
| **Description** | **Marks** |
| Discusses the benefits of home grown/developed products | 5 |
| Comments on the benefits of home grown/developed products | 3 |
| Makes a comment about grown/developed products and provides an example of a homegrown/developed product | 2 |
| Makes a general statement about home grown/developed products OR provides a relevant example of a home grown/developed products | 1 |
| **Total** | **5** |
| Answers could include:    Benefits could include:   * greater sales of home-grown products overseas leads to greater profits for the business and these profits staying in Australia * greater sales leads to more employment in the home country   lower unemployment levels means less crime, less social welfare and the subsequent increase in the collection of income taxes for the government. This can be used for essential services such as schools, hospitals, roads and infrastructures to benefit the people living in the home country   * greater profits from increased sales will result in increases in taxation collection. Governments can use taxation collected to benefit people living in the home country. Accept | |
| Accept any other correct, logical answer. | |

1. Outline and explain **two** home government incentives for international trade that may be available to *‘Photo Shop’.* (6 marks)

|  |  |
| --- | --- |
| **Description** | **Marks** |
| Outlines and explains **two** home government incentives for international trade that may be available | 6 |
| Comments on **two** home government incentives for international trade that may be available | 4 |
| Comments on one home government incentives for international trade that may be available | 2 |
| Makes a general comment about government incentives | 1 |
| **Total** | **6** |
| Answers could include:  **grants:**  • financial assistance provided by home governments to encourage export development e.g. Export Market Development Grant (EMDG) – financial assistance program for aspiring and current SME Australian businesses to develop export markets, administered by Austrade  **taxation:**  • tax concessions for export markets e.g. exports of goods and services from Australia are generally GST-free (conditions apply) • Duty Drawback Scheme enables exporters to obtain a refund on customs duty paid on imported goods  • tax incentives are given to businesses by the Australian Taxation Office, such as offsets for expenditure on research and development, tax incentives for start-ups, tax  incentives for innovation  **other government incentives can include:**  • Export Finance and Insurance Corporation (EFIC) Export Finance Guarantee – Australian government export credit agency, secures finance and minimises risk of payments for Australian exporters  • Austrade (Australian Trade and Investment Commission) also assists business by: ◦ providing information about international markets and trends ◦ arranging meetings with potential clients and partners ◦ providing ongoing support such as information and advice to assist Australian businesses to reduce time, cost and risk associated with exporting. | |
| Accept any other correct, logical answer. | |