**Business Educators of Western Australia (Inc.)**

**2022 Semester One Examination**

**Question/Answer Booklet**

**BUSINESS MANAGEMENT**

**AND ENTERPRISE**

**ATAR**

**Unit 3**

Student Name:

School: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Time allowed for this paper**

Reading time before commencing work: Ten minutes

Working time for paper: 3 hours

**Materials required/recommended for this paper**

*To be provided by the supervisor*

This Question/Answer Booklet

*To be provided by the candidate*

Standard items: Pens, pencils, eraser, correction fluid/tape (if allowed), ruler, highlighters

Special items: Calculator approved for use in ATAR examinations

**Structure of this paper**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Section | Number of questions available | Number of questions to be attempted | Suggested working time (minutes) | Marks available | Percentage of Exam |
| Section OneShort Answer | 6 | 6 | 100 | 59 | 60 |
| Section TwoExtended Answer | 3 | 2 | 80 | 50 | 40 |
| **Total marks** | 100 |

*For markers’ use only*

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| Section/Question | Marks allocated | Marks achieved | Allocated weighting | % achieved |
| ***Short answer – attempt SIX questions*** |   |   |   |   |
| 1 | 5 |   |   |   |
| 2 | 10 |   |   |   |
| 3 | 10 |   |   |   |
| 4 | 15 |   |   |   |
| 5 | 10 |  |  |  |
| 6 | 9 |  |  |  |
| **Total Marks Allocated** | 59 |   | **60%** |   |
| ***Extended answer – attempt TWO questions*** |   |   |   |   |
| 7 | 25 |   |   |   |
| 8 | 25 |   |   |   |
| 9 | 25 |   |   |   |
| **Total Marks Allocated** | 50 |   | **40%** |   |
| **EXAM TOTAL** |  |  | **100%** |  |

**Section One: Short Answer 60% (59 Marks)**

This section has **six** questions. Answer all **six** questions. Write your answers in the space provided.

Spare pages are included at the end of this booklet. They can be used for planning your responses and/or as additional space if required to continue an answer.

* + Planning: If you use the spare pages for planning, indicate this clearly at the top of the page.
	+ Continuing an answer: If you need to use the space to continue an answer, indicate in the original answer space where the answer is continued, i.e. give the page number. Fill in the number of the question(s) that you are continuing to answer at the top of the page.

Suggested working time for this section is 100 minutes.

**Question 1** **(5 marks)**

Outline the rationale for outsourcing, and explain the role of ethics for business in decision making related to outsourcing.

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**Question 2** **(10 marks)**

1. Outline how non-payment of monies is a source of risk in export markets, and explain how documentation may minimise this risk. (5 marks)

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1. Analyse the relationship between tax havens and transfer pricing. (5 marks)

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**Question 3** **(10 marks)**

(a) *In October 2021 Australia submitted its second request for the establishment of a panel to examine China's imposition of anti-dumping and countervailing duties (charges) on imported Australian wine. (WTO, 2021)*

Explain the role of the World Trade Organisation (WTO) with reference to trade in wine between Australia and China. (4 marks)

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(b) Explain how deregulation of the financial market aids global business development. (3 marks)

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(c) Explain the role of e-commerce in global business expansion. (3 marks)

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## Question 4 (15 marks)

(a) Explain the purpose of Kotter’s 8 step change management model. (3 marks)

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(b) Describe stages three, five and seven of Kotter’s 8 step change management model. (6 marks)

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(c) Describe **one** internal and **two** external factors that drive change in a global environment. (6 marks)

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**Question 5 (10 marks)**

(a) Aesop Technologies has created a software solution for the medical industry. The software allows individuals to upload their COVID information directly to a secure portal, allowing easy access to vaccination information, medical history, and associated details. This will streamline booking and appointment procedures. This technology has been adopted in Europe and North America.

 Describe **two** benefits of innovation relevant to Aesop Technologies. (4 marks)

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(b) With reference to Aesop Technologies, explain how both cost and technology could limit the success of innovation. (6 marks)

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**Question 6 (9 marks)**

(a) Analyse the relationship between the role of ethics in relation to environmental responsibility, and financial growth and loss minimisation, as factors driving global business development. (5 marks)

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(b) Describe **two** ways that managing diversity can become a strategy for growth in global business. (4 marks)

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## End of Section One

**Section Two: Extended Answer 40% (50 marks)**

This section contains **three** questions. You must answer **two** questions. Write your answers in the space provided.

Spare pages are included at the end of this booklet. They can be used for planning your responses and/or as additional space if required to continue an answer.

* + Planning: If you use the spare pages for planning, indicate this clearly at the top of the page.
	+ Continuing an answer: if you need to use the space to continue an answer, indicate in the original answer space where the answer is continued, i.e. give the page number. Fill in the number of the question(s) that you are continuing to answer at the top of the page.

Suggested working time for this section is 80 minutes.

**Question 7 begins on the next page**

**Question 7 (25 marks)**

Vegalicious is a designer and producer of premium plant-based foods. The company was founded on the principles of compassion and sustainability. It is staffed by a passionate team that shares the same philosophy. The company specialises in fast research, development, prototyping and manufacturing of allergen-aware and gluten-free plant-based foods. Vegalicious has established a strong presence in the Australian market through supplying a range of independent supermarkets, grocers and cafes. The company also allows customers to buy direct from its website.

The CEO of the company, William Harris, recently attended trade webinars organised by Austrade, outlining growing market opportunities for products like oat milk, macadamia milk and vegan cheese. The market for these products is growing in countries like Singapore and Korea, which both have relatively low unemployment and high levels of per capita income, as consumers seek to follow diets that resonate with customer values and lifestyles. The market is still quite niche, predominantly in urban areas, as these are considered luxury products. Harris was encouraged by the presence of free trade agreements between both Australia and Korea, and Australia and ASEAN.

Advice from Austrade discussed during the trade webinars included carefully considering the colours and designs used in marketing products in Asia as there is significant competition in the market, and packaging makes a difference. Austrade also recommended establishing relationships with local public relations companies to ensure the correct social media channels are used to aid promotion.

William, as CEO of the company, is looking to further expand the business into new markets; however, he is seeking advice on the suitability and profitability of the venture.

Refer to the source information above and your own knowledge to answer the following questions.

(a) Describe **one** benefit and **one** challenge which may be encountered by Vegalicious as a result of free trade agreements. (4 marks)

(b) With reference to the source information, explain how consumer purchasing and spending patterns drive global business development. (3 marks)

(c) Describe **two** features of the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA), outlining how **one** of these would be relevant to Vegalicious in the proposed expansion. (5 marks)

(d) Describe how Vegalicious could use **two** host country or home government incentives to aid its expansion into Korea and Singapore. (4 marks)

(e) Discuss **three** factors that determine the feasibility of Vegalicious expanding into foreign markets. (9 marks)

**Question 8 (25 marks)**

Sun Solutions is an Australian renewable energy company that has developed systems allowing small communities to power themselves without the need to be part of a larger grid. The company uses its own innovative technology and battery storage units to provide a self-contained solar network that can provide power to communities of up to 2000 people. The company has an established market in Australia and in central Asia, including Azerbaijan and Kazakhstan.

Recently, Sun Solutions’ CEO, Simone Godwin, was contacted by PV Power, a Chinese government-owned power company seeking to form a strategic alliance to adopt renewable technologies as part of existing contracts to supply power to Myanmar, with further possibilities in the future for locations in mainland China. Myanmar is a developing country in Asia with many remote communities which would benefit from self-contained electricity grids. Unfortunately, there has recently been a military coup in Myanmar, where the democratically elected government was replaced by military rule. This has led to international sanctions imposed on the country.

In a recent media report Simone stated “while the opportunity to create an alliance with such a large player in the energy market as PV Power is an amazing opportunity that could provide power to many communities throughout Asia, we are concerned about the political situation in Myanmar and the impact that working in the country may have on our corporate image around the world. We are also concerned about the pay and conditions of workers in these expanding markets. We will need some time to analyse the possibilities presented by the project before making any decisions.”

Refer to the source information above and your own knowledge to answer the following questions.

(a) Explain the role of innovation in improving products and processes for Sun Solutions. (3 marks)

(b) Distinguish the differences between acquisitions, mergers, and joint ventures as forms of strategic alliances. (6 marks)

(c) Describe how both the financial costs and cultural incompatibility of mergers and takeovers can lead to resistance to change, with reference to Sun Solutions.

 (4 marks)

(d) Explain the impact of globalisation on employment levels in developing countries, with reference to the role of ethics in using offshore labour for Sun Solutions. (4 marks)

(e) Draw and apply Lewin’s Forcefield Analysis model to Sun Solutions, justifying if it should form an alliance and expand into Myanmar. (8 marks)

**Question 9 (25 marks)**

There has been an explosion of Australian-style coffees around the world. From Macao to Melbourne, Los Angeles to Lisbon, you’ll find flat whites on the menu. Milky Way Coffee Managing Director and third-generation coffee maker, Richard Jardine, is keen to pounce on the growing demand for an Australian brew. Milky Way Coffee offers unique Australian experiences with not only coffee, but also food and desserts, using Australian ingredients. Its signature desserts include lemon myrtle lamingtons and pavlova.

The business has successfully franchised its brand in all capital cities in Australia and is now seeking to take advantage of the explosion of Australian coffee around the world. The recent signing of a free trade agreement between Australia and the United Kingdom makes London and Manchester the most favourable cities to start the expansion. Milky Way Coffee is also looking to expand into Ireland, and then the United States. Outlets provide a uniquely Australian experience with décor and art in theme with the Australian outback. However, the business is concerned about the impact of COVID restrictions on eating in café’s, which at present is 75% of business turnover.

Milky Way is also concerned about the recent appreciation in the value of the Australian dollar against both the British Pound and the US Dollar, and the availability of suitably qualified staff in various locations. Richard Jardine also is concerned about the brand image. “We are proud of our start as a family business”, says Jardine. “It means we approach the business differently to a huge multinational. We are considered a destination of choice in Australia where we can easily source the ingredients for our products, making us affordable to most consumers. As we expand, we need to consider where we fit in the highly competitive European coffee market.”

Refer to the source information above and your own knowledge to answer the following questions.

(a) Describe **three** benefits to Milky Way Coffee of becoming a global brand. (6 marks)

(b) Describe to Milky Way Coffee the financial risk involved in currency fluctuations, and explain a strategy for minimising that risk in export markets. (5 marks)

(c) Describe how both the global spread of skills and technology, and international cooperation, may impact on the expansion of Milky Way Coffee. (4 marks)

(d) Justify standardisation or adaptation when applying elements of the marketing mix for Milky Way Coffee in relation to both product features and positioning. (6 marks)

(e) Recommend to Richard Jardine if the business should continue to expand the franchise model as it expands internationally. (4 marks)

**End of questions**

First extended response question selected:

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# Acknowledgements

World Trade Organisation. (2021, October 26). *World Trade Organisataion News*.