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

ATAR course examination, 2019

Question/Answer booklet

BUSINESS MANAGEMENT AND ENTERPRISE

Please place your student identification label in this box

WA student number: In figures

In words

Time allowed for this paper

Reading time before commencing work: ten minutes
Working time: three hours

Materials required/recommended for this paper

To be provided by the supervisor
This Question/Answer booklet

Number of additional answer booklets used (if applicable):

To be provided by the candidate
Standard items: pens (blue/black preferred), pencils (including coloured), sharpener, correction fluid/tape, eraser, ruler, highlighters

Special items: non-programmable calculators approved for use in this examination

Important note to candidates

No other items may be taken into the examination room. It is **your** responsibility to ensure that you do not have any unauthorised material. If you have any unauthorised material with you, hand it to the supervisor **before** reading any further.

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Structure of this paper

Section	Number of questions available	Number of questions to be answered	Suggested working time (minutes)	Marks available	Percentage of examination
Section One Short answer	6	6	100	60	60
Section Two Extended answer	3	2	80	50	40
				Total	100

Instructions to candidates

1. The rules for the conduct of the Western Australian external examinations are detailed in the *Year 12 Information Handbook 2019*. Sitting this examination implies that you agree to abide by these rules.

2. Write your answers in this Question/Answer booklet.

3. You must be careful to confine your answers to the specific questions asked and to follow any instructions that are specific to a particular question.

4. Supplementary pages for planning/continuing your answers to questions are provided at the end of this Question/Answer booklet. If you use these pages to continue an answer, indicate at the original answer where the answer is continued, i.e. give the page number.

Section One: Short answer **60% (60 Marks)**

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

Supplementary pages for planning/continuing your answers to questions are provided at the end of this Question/Answer booklet. If you use these pages to continue an answer, indicate at the original answer where the answer is continued, i.e. give the page number.

Suggested working time: 100 minutes.

Question 1 **(10 marks)**

In a changing world, businesses must adapt their products, processes and services in a global economy in order to generate wealth. Using your knowledge of global businesses, answer the following questions.

(a) Describe **two** benefits of innovation for a business. (4 marks)

One: _____

_____

_____

_____

_____

_____

Two: _____

_____

_____

_____

_____

_____

Question 1 (continued)

(b) Outline the rationale for and identify **two** benefits of each of the following global strategic alliances.

(i) Acquisition (3 marks)

Rationale: _____

_____

Benefit one: _____

_____

Benefit two: _____

_____

(ii) Franchising (3 marks)

Rationale: _____

_____

Benefit one: _____

_____

Benefit two: _____

_____

Question 2 **(10 marks)**

When planning international expansion, businesses must research a variety of complex factors that may affect their success.

(a) Identify and explain an economic factor that can impact business operations in the global market. (4 marks)

(b) Explain the impact that technology, specifically e-commerce, has on a business operating in a global environment. (3 marks)

Question 2 (continued)

Expanding into a global market requires a business to understand the impact of legal systems on business operations in each new market.

(c) Explain what a business might need to consider in relation to patent registrations when expanding into a global market. (3 marks)

Question 3 **(5 marks)**

The process of creating a product is just as important as the final product itself.

(a) Explain the purpose of production management systems. (3 marks)

(b) Outline the features of product development. (2 marks)

Question 4 **(10 marks)**

Smart watches are continually improving in terms of style, quality and functionality. Today there are several attractive options available globally from technology companies and fashion brands to suit the various customer tastes and preferences.

(a) Consider how consumer purchasing and spending patterns drive global business development. (4 marks)

(b) (i) Explain the features of quality assurance. (3 marks)

(ii) Explain the features of quality improvement. (3 marks)

Question 5 **(15 marks)**

Sersee Designs is an interior design business operating in a global market. It is undergoing organisational change, including a recent leadership restructure, and is experiencing some resistance to change from its employees.

(a) Outline **two** reasons for resistance to change. (4 marks)

One: _____

_____

_____

_____

Two: _____

_____

_____

_____

(b) Explain how Kotter's 8 Steps change management model could be used to prepare the employees for change at Sersee Designs. (3 marks)

_____

_____

_____

_____

_____

_____

_____

_____

_____

(c) Describe Steps 2 and 3 of Kotter's 8 Steps change management model to the Sersee Designs' leadership team. (4 marks)

Step 2: _____

Step 3: _____

(d) Select **one** leadership trait and justify its need in a cross-cultural setting. (4 marks)

Question 6 **(10 marks)**

Throwngames Ltd manufactures clothing for basketball, baseball and netball. The company has been in operation for 15 years, of which the past five years have been profitable. The Chief Executive Officer of Throwngames Ltd attributes the success of the company to the thorough analysis of its financial information at the end of the financial year, because this allows the finance team to identify areas in need of attention.

Below are the profitability ratios for Throwngames Ltd for the end of the 2018 and 2019 financial years. Refer to these ratios in your answers to the questions which follow.

Ratio	2018	2019
Gross profit	9.5%	12%
Profit	6%	4%
Expense	3%	5%
Return on equity	4.5%	3.5%

(a) Comment on the return on equity ratio from 2018 to 2019. (2 marks)

(b) Outline the purpose of the expense ratio and describe **one** possible reason for the change in this ratio from 2018 to 2019. (4 marks)

(c) Distinguish between the gross profit ratio and the profit ratio and explain how one can increase while the other decreases. (4 marks)

End of Section One

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

This section contains **three** questions. You must answer **two** questions. Write your answers on the pages provided following Question 9.

You may make reference to other relevant case studies you have studied during the year.

Suggested working time: 80 minutes.

Question 7 **(25 marks)**

Health and fitness is a multimillion dollar industry. More and more people are aware of the importance of healthy eating and daily exercise. People of all ages spend money on gym memberships, personal training and group fitness classes, books, clothing, sporting equipment and much more.

Jettaya is a triathlete with a degree in sports and rehabilitation science and wants to profit from this expanding industry. She has recently created an online fitness program, healthy eating diet plan and clothing line so she can tap into the industry.

Jettaya understands the importance of being innovative to differentiate her product and service in this heavily saturated market. She realises that technology is a powerful tool for creating a profile for herself and to market her products and services in Australia and overseas. Jettaya has also conducted market research and has decided to manufacture her clothing line in China due to the cheaper labour costs and materials and the fact that the free trade agreement between China and Australia brings many benefits.

Jettaya realises that she needs to create a strategic vision and be innovative and creative for her business to become a success. She has come to you to ask for some advice and tips about how to create a successful global business.

- Explain the role and benefits of innovation in improving products in relation to Jettaya's business. (4 marks)
- For innovation to be a success there are a number of factors to consider. Examine **two** of these factors in relation to Jettaya's chosen industry. (6 marks)
- Prepare a brief proposal for a social media campaign that uses technology and could help Jettaya grow her business in a global market. (3 marks)
- Analyse **two** ethical practices in global business that Jettaya should be aware of and present ways in which she could adopt these practices for long-term business success. (8 marks)
- Recommend whether Jettaya should focus on the Australian domestic health and fitness market or penetrate the overseas market as well. Justify your recommendation. (4 marks)

Question 8 **(25 marks)**

Utterly Uggalicious is an Australian business that sells sheepskin boots. Currently the wool for the boots is sourced from Australia and New Zealand to ensure the highest-quality materials are used. The boots are manufactured in Australia and sold locally.

Utterly Uggalicious has been operating for five years and has experienced a huge increase in the demand for its products. It believes this is due to their high quality and ethical production policies.

As the business has become more and more popular, Utterly Uggalicious has had to significantly increase production, employ more staff and look for a bigger manufacturing location. While the business is keen to continue to use Australian and New Zealand materials, it is considering the advantages of moving its production offshore. Hence, the business has started to research the benefits of moving its wool processing and manufacturing to Asia.

In making this strategic decision, the business must also consider the negative human and environmental factors that may impact Utterly Uggalicious. Currently, the business has a corporate social responsibility strategy in place; however, a move to Asia could hinder the business' ability to follow this strategy.

- State **three** features of the Australia New Zealand Closer Economic Relations Trade Agreement (ANZCERTA). (3 marks)
- Globalisation has impacted international cooperation and domestic markets. Analyse how these might impact Utterly Uggalicious' decision to move its operations to Asia. (6 marks)
- Advise Utterly Uggalicious on the role of ethics in global business decision-making in relation to the outsourcing of labour versus offshore labour. (6 marks)
- Consider how **two** political factors could impact on the business' operations in Asia. (6 marks)
- Justify to Utterly Uggalicious why it would be advisable to move its production to Asia. (4 marks)

Question 9 **(25 marks)**

Aussie-Homestead Foods has been supplying the restaurant and retail markets for several years. After reading the following article, its management is considering the establishment of a native foods division and is currently in discussions with potential buyers in other countries.

Native bush food demand outstripping supply

The demand for Australian native foods across the country is by far exceeding supply, according to the industry's peak body, Australian Native Food and Botanicals (ANFAB), who is encouraging new producers to enter the industry and existing growers to plant more crops. A spokesperson says, "We're a supply-poor industry at the moment. The buyers are there; Asia is our neighbour and their interest in our native food products for culinary use is huge".

An Australian exporter has been growing finger limes on her property at Possum Creek, in the far north coast of New South Wales, for more than 15 years. She started exporting her crop to the European Union (EU) 10 years ago. There has also been Asian interest in finger limes coming from Korea, Taiwan, Singapore and Hong Kong. "The fine food market in Asia has just gone nuts, absolutely nuts, and it's a lot closer to home", she said.

Established native food growers say there is plenty of room for growth in the industry. One grower who has been in the industry since 2000 exports lemon myrtle around the world. Korea is his biggest market for herbal tea, with some further interest from Japan and France. The potential for growth in the industry is limitless. Another Australian exporter says about her products, "The potential for our native plant products is enormous and everybody and anybody, especially foreigners who taste or see the food, fall in love with the food instantly".

- Outline **two** cultural considerations that Aussie-Homestead Foods would need to consider while undertaking discussions with potential buyers, if it plans to enter the native foods export industry. (4 marks)
- Propose a mission statement and **one** key objective for Aussie-Homestead Foods' native foods division as part of its strategic plan to enter this export industry. (4 marks)
- Analyse the features of the bargaining power of suppliers and the threat of new entrants listed in Porter's Five Forces Model in relation to Aussie-Homestead Foods exporting products to Asia. (8 marks)
- Justify whether you would standardise or adapt elements of the marketing mix of Aussie-Homestead Foods, if it decides to enter an international market. (5 marks)
- Recommend an Australian Government incentive to help businesses trade in the global marketplace. Justify your recommendation. (4 marks)

End of questions

Question number: _____

Question number: _____

Question number: _____

Question number: _____

Question number: _____

Question number: _____

Question number: _____

Question number: _____

Question number: _____

Question number: _____

Question number: _____

Supplementary page

Question number: _____

Supplementary page

Question number: _____

Supplementary page

Question number: _____

Supplementary page

Question number: _____

ACKNOWLEDGEMENTS

Question 9 Adapted from: Honan, K. & McCarthy, M. (2017, August 30). *Native bush food demand outstripping supply says industry as more growers encouraged.* Retrieved May, 2019, from https://www.abc.net.au/news/rural/2017-08-30/native-bush-food-demand-outstripping-supply-says-industry/8855058

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