



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



## ATAR course examination, 2021

### Question/Answer booklet

# BUSINESS MANAGEMENT AND ENTERPRISE

Place one of your candidate identification labels in this box.  
Ensure the label is straight and within the lines of this box.

WA student number: In figures

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In words

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### Time allowed for this paper

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

Number of additional  
answer booklets used  
(if applicable):

### 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 (blue/black preferred), pencils (including coloured), sharpener, correction fluid/tape, eraser, ruler, highlighters

Special items: up to three calculators, which do not have the capacity to create or store programmes or text, are permitted in this ATAR course 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.



**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	5	5	100	58	60
Section Two Extended answer	3	2	80	50	40
<b>Total</b>					100

**Instructions to candidates**

1. The rules for the conduct of the Western Australian external examinations are detailed in the *Year 12 Information Handbook 2021: Part II Examinations*. Sitting this examination implies that you agree to abide by these rules.
2. Write your answers in this Question/Answer booklet preferably using a blue/black pen. Do not use erasable or gel pens.
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.

**See next page**

**Section One: Short answer**

**60% (58 Marks)**

This section has **five** 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**

**(14 marks)**

The past decade has seen an expansion of business into the global marketplace.

- (a) Explain how the following factors drive global business development. **(6 marks)**

World Trade Organisation (WTO) regulations and sanctions

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Consumer purchasing and spending patterns

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**Question 1** (continued)

(b) Analyse the impact globalisation has had on international cooperation. (4 marks)

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(c) Ethics plays a role when making global business decisions. Describe **two** ethical actions a business could decide to take to improve its environmental responsibility. (4 marks)

One: \_\_\_\_\_

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Two: \_\_\_\_\_

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**Question 2****(11 marks)**

Designing and manufacturing a product of quality requires businesses to be committed to careful planning and management.

- (a) Outline the purpose of production management systems. (2 marks)

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- (b) Identify **three** features of quality assurance. (3 marks)

One: \_\_\_\_\_

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Two: \_\_\_\_\_

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Three: \_\_\_\_\_

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- (c) Identify **three** features of quality improvement. (3 marks)

One: \_\_\_\_\_

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Two: \_\_\_\_\_

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Three: \_\_\_\_\_

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**Question 2** (continued)

- (d) Explain how technology is used in global markets to distribute products. (3 marks)

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**Question 3**

**(10 marks)**

In order for businesses to grow and prosper globally, they need to consider opportunities to expand their operations through global strategic alliances.

- (a) Describe the rationale for the following global strategic alliances. (6 marks)

Acquisitions

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Mergers

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Joint ventures

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**Question 3** (continued)

(b) (i) Outline **two** benefits of franchising. (2 marks)

One: \_\_\_\_\_

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\_\_\_\_\_

Two: \_\_\_\_\_

\_\_\_\_\_

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\_\_\_\_\_

(ii) Outline **two** benefits of outsourcing. (2 marks)

One: \_\_\_\_\_

\_\_\_\_\_

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Two: \_\_\_\_\_

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**Question 4****(13 marks)**

A free trade agreement (FTA) is a treaty between two or more countries. As of 2021, Australia has 15 FTAs in force.

- (a) One of Australia's FTAs is the ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA). State **three** features of the AANZFTA. (3 marks)

One: \_\_\_\_\_

\_\_\_\_\_

Two: \_\_\_\_\_

\_\_\_\_\_

Three: \_\_\_\_\_

\_\_\_\_\_

- (b) Describe **two** challenges to Australian owned businesses as a result of FTAs. (4 marks)

One: \_\_\_\_\_

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Two: \_\_\_\_\_

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**Question 4** (continued)

- (c) Australian owned businesses will need to consider factors that determine the feasibility of their expansion into foreign markets. Explain **two** of these factors. (6 marks)

One: \_\_\_\_\_

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Two: \_\_\_\_\_

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**Question 5**

**(10 marks)**

Financial ratios provide businesses with valuable information about their performance.

- (a) Describe the purpose of the following financial ratios. (4 marks)

Current ratio: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Debt to equity ratio: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

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**Question 5 (continued)**

- (b) Zwenda’s Kitchen is a popular food franchise across Australia. The franchise has been in operation for 10 years, of which the past nine years have been profitable. Management is concerned about the current economic environment and the decline in customers across the restaurants.

Use the information in the table below to interpret the profit ratio and the expense ratio for the management of Zwenda’s Kitchen. (6 marks)

<b>Ratio</b>	<b>2020</b>	<b>2021</b>	<b>Industry average (2021)</b>
Profit ratio	22%	16%	20%
Expense ratio	28%	42%	33%

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**End of Section One**

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**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 8.

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

Suggested working time: 80 minutes.

**Question 6****(25 marks)**

Laffitaya is an Australian business that produces high-end hiking and camping clothing. The clothing offers protection from all weather elements that hikers may encounter. It offers insulation, breathable technology, waterproof performance and is lightweight for all hiking and camping conditions. The manufacturing process of the clothing is labour intensive to ensure the garments meet the quality controls of Laffitaya's management.

The Chief Executive Officer (CEO) of Laffitaya, Quinn, is looking to expand into the Asian market by merging with a Singaporean outdoor supplies business, ExDex Outdoors. The news of the merger has caused many employees in both businesses to be nervous, as they have heard rumours about potential job losses, leadership restructuring and changes to policy in relation to leave entitlements and daily procedures. There has also been talk of increased financial costs associated with the merger, which is creating concern among employees.

Harrison, the operations manager at Laffitaya, is travelling to Singapore to meet with the team at ExDex Outdoors to implement the processes that are used in Australia to ensure the highest standards are maintained in the production of the clothing. Harrison is very efficient and always meets quality control targets. He is also known for his direct nature and tends to talk down to staff, making decisions alone rather than having open communication with his team.

Laffitaya's CEO, Quinn, is concerned that Harrison may not be aware of cultural considerations required to conduct successful business negotiations in Singapore. Quinn has therefore organised a meeting with Harrison to discuss potential communication strategies to ensure that the best outcome for Laffitaya is achieved.

Referring to the case study and your own knowledge, prepare a report or essay in which you answer the questions below.

- (a) Describe **two** leadership traits that Harrison or Quinn should implement in a cross-cultural setting. (4 marks)
- (b) Explain **two** benefits of Harrison adapting his leadership style from autocratic to situational. (6 marks)
- (c) Explain how managerial inertia and financial costs could cause resistance to the change within Laffitaya. (6 marks)
- (d) Quinn requires guidance to implement the changes within the business:
  - describe Step 4 and Step 5 of Kotter's 8 Steps change management model
  - apply these steps to Laffitaya
 and advise Quinn on how Laffitaya could build on these changes. (9 marks)

**See next page**

**Question 7**

**(25 marks)**

Smoothex is a Perth company specialising in producing organic skin care and make-up for men and women. It currently has two stores in Perth. Founded in 2010 by Chief Executive Officer (CEO) Rani, Smoothex began by producing 100% natural make-up and has expanded its range to now include daily essentials such as facial cleansers, creams and serums. The business' main ingredients are locally sourced coconut oil, rose water, sandalwood and lemon myrtle. From 2018, the business has ensured that its products are vegan to cater for this fast-growing market sector. Smoothex prides itself on being environmentally sustainable and a supporter of various local charities.

Smoothex has tailored its products to suit a wide range of skin types and conditions, and has been advertising through its social media pages of Facebook and Instagram. The products have grown in popularity due to the business' online skin care and make-up tutorials, which it posts on these platforms. Rani has noticed increased engagement from consumers in South-East Asia, in particular a growing customer base in Indonesia and Malaysia. Due to the success of Smoothex, Rani is thinking of opening stores in both Indonesia and Malaysia.

Smoothex believes that entering these South-East Asian markets will be a sound business decision, in particular due to the growing number of females who are becoming a part of the workforce in these countries. This means there is likely to be a high demand for Rani's skin care and make-up products. With low inflation and all-time low interest rates in Australia, Smoothex would be able to access funding to invest in these overseas markets. Fluctuations in the exchange rates between the three nations have also been low, and both Indonesia and Malaysia are members of the Association of South East Asian Nations (ASEAN). Rani is also aware that Australia has free trade agreements (FTAs) with both Indonesia and Malaysia and is keen to take advantage of these benefits.

Referring to the case study and your own knowledge, prepare a report or essay in which you answer the questions below.

- (a) Countries have different legal systems that regulate competition. Explain how patent registrations could impact the business operations of Smoothex in Indonesia and Malaysia. (3 marks)
- (b) Explain how Smoothex could demonstrate ethical practices in corporate social responsibility (CSR) and environmental sustainability in Indonesia and Malaysia, giving examples. (6 marks)
- (c) Analyse **two** cultural considerations that could affect the success of Smoothex in the Indonesian and/or Malaysian markets. (8 marks)
- (d) Explain how the following economic factors impact the business operations of Smoothex in the global market:
- economic activity
  - discretionary spending
- and describe how these could affect the likelihood of Smoothex expanding into Indonesia and Malaysia. (8 marks)

**See next page**

## Question 8

(25 marks)

In some parts of the world, people have been spending more time at home, which has led to increased spending on interior design. Market trends in Australia and Europe have seen a rise in expenditure on home accessories and decor such as new furniture, artwork and plants.

Matilda has operated a successful homewares store in Perth selling rugs, cushions, wall hangings and furniture. She also operates an online store selling her products around Australia. She has seen a surge in online sales over 2020 and early 2021, leading her to consider expanding her business.

After reading a European ecommerce report in 2020 stating that 'European shoppers are spending more time shopping online', Matilda has decided to provide the European market access to her online store. The article also mentioned that 'online marketplaces in Europe have attracted significant traffic and seen high visitor engagement that has translated into sales'.

She understands that her products, processes and services need to be innovative. She wants to ensure that her products are unique, luxurious and of the highest quality. Her processes in terms of her website, ordering and delivery need to be seamless and her customer service will need to be excellent in order to stand out from competitors. Matilda has decided that she also needs to investigate technology that is available to assist her to successfully sell her products to the European market. She is willing to invest money into her business operations in order to ensure that she has the best opportunity to be profitable in her expansion.

Matilda also needs to evaluate her competitive position in the international market to see whether she will be able to compete successfully. She has come to you (as a business advisor) to ask for advice.

Referring to the case study and your own knowledge, prepare a report or essay in which you answer the questions below.

- (a) Describe **three** benefits of innovation for Matilda's business. (6 marks)
- (b) Explain to Matilda how timing and cost may have an impact on the success of innovation in her business. (6 marks)
- (c) Assess the way in which technology can assist Matilda to expand into the European market. (4 marks)
- (d) Discuss what Matilda needs to consider if she were to expand to Europe, applying the following forces from Porter's Five Forces:
- availability of substitutes
  - bargaining power of buyers
- and advise whether she should expand her online business into Europe. (9 marks)

End of questions

Question number: \_\_\_\_\_

Lined area for writing the answer to the question.

















Question number: \_\_\_\_\_

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## ACKNOWLEDGEMENTS

### Question 8

Paragraph 3 adapted from: Perry, J. (2020). *European ecommerce report shows marketplace growth, key trends*. Retrieved May, 2021, from <https://pattern.com/blog/europe-ecommerce-report-shows-marketplace-growth-key-trends/>

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