



BUSINESS MANAGEMENT AND ENTERPRISE

ATAR course examination 2023

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% (61 Marks)

Question 1

(10 marks)

(a) Outline **two** sources of financial risk in export markets.

(4 marks)

Description	Marks
For each source of financial risk (2 x 2 marks)	
Outlines a source of financial risk	2
Identifies a financial risk	1
Total	4
<p>Answers could include:</p> <p>Currency fluctuations:</p> <ul style="list-style-type: none"> • refers to changes in the exchange rate of a currency relative to another currency; these fluctuations can result in an exporter losing money • exchange rates are determined by the supply and demand of a currency in the foreign exchange market • factors that influence the supply and demand of a currency include a country's economic and political conditions, interest rates, inflation and market expectations. <p>Non-payment of monies:</p> <ul style="list-style-type: none"> • refers to a situation where one party fails to fulfil its obligation to pay money to another party • can have significant financial consequences for the party owed money, especially if they rely on the payment to meet their own financial obligations • to avoid non-payment, it is important to establish clear payment terms and conditions upfront, including deadlines, methods of payment, and consequences for non-payment. <p>Accept other relevant answers.</p>	

- (b) Outline, using an example for each, how an exporting business can use technology in global markets for the following. (6 marks)

- E-commerce
- Distribution of products

Description	Marks
For each (2 x 2 marks)	
Outlines how an exporting business can use technology for e-commerce/distribution of products in global markets	2
States a fact about how an exporting business can use technology for e-commerce/distribution of products in global markets	1
Subtotal	4
Example (2 x 1 mark)	
Uses an example to show how an exporting business can use technology for e-commerce/distribution of products in global markets	1
Subtotal	2
Total	6
<p>Answers could include:</p> <p>E-commerce:</p> <ul style="list-style-type: none"> • involves the use of websites where potential customers can view and purchase inventory • allows a domestic business to enter global markets without having a physical presence in a target country • the growth of e-commerce and the use of mobile devices have enabled better communication between staff, customers and suppliers around the world. <p>Examples:</p> <ul style="list-style-type: none"> • customers can customise a business's website with a chosen currency and language to enhance their shopping experience • businesses can use social media to sell their products online, allowing them to access a global market. <p>Distribution of products:</p> <ul style="list-style-type: none"> • technology can be used to communicate directly with customers globally through email and websites • technology can be used to help track inventory and automate distribution in global markets • technology in transportation will aid the transfer of products from domestic to international markets. <p>Examples:</p> <ul style="list-style-type: none"> • GPS technology can be used to track data in real-time, making tracking faster and more efficient • increased access to data and collaboration in supply chains using technology such as Zoom or Teams to assist. 	
Accept other relevant answers.	

Question 2

(11 marks)

- (a) Describe the role of ethics in global business decisions when businesses choose to use offshore labour. (2 marks)

Description	Marks
Describes the role of ethics in global business decisions when businesses choose to use offshore labour	2
Identifies the role of ethics in global business decisions when businesses choose to use offshore labour	1
Total	2
Answers could include: <ul style="list-style-type: none"> • businesses should be aware of their ethical role in the use of offshore labour, and be aware of the host country's labour regulations and workplace conditions • through policies and procedures businesses should consider their ethical actions and decisions when operating offshore • businesses should avoid the use of sweatshops where workers are paid little for their work, are forced to work unpaid overtime or to work with no breaks. Accept other relevant answers.	

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

Description	Marks
Explains how deregulation of the financial market drives global business development	3
Describes how deregulation of the financial market drives global business development	2
States a fact about deregulation of the financial market	1
Total	3
Answers could include: <ul style="list-style-type: none"> • deregulation will allow businesses to source funding for their business operations for lower costs in overseas markets • deregulation makes funding more accessible/less expensive, allowing businesses to expand globally • deregulation is the reduction of legislation and laws imposed by the government on a financial market. Therefore, deregulation drives global business growth as business processes and procedures become easier and more cost efficient • deregulation of financial markets allows industries to operate businesses more freely and businesses to make decisions more efficiently since there is a reduction of legislation in the financial markets. Accept other relevant answers.	

(c) Explain an impact of globalisation on each of the following. (6 marks)

- Employment levels in developing and developed countries
- The global spread of skills and technology

Description	Marks
For each (2 x 3 marks)	
Explains the impact of globalisation	3
Describes the impact of globalisation	2
Identifies a fact about an impact of globalisation	1
Total	6
<p>Answers could include:</p> <p>Employment levels in developing and developed countries:</p> <ul style="list-style-type: none"> • employment levels in developing countries are generally lower than developed countries • globalisation has allowed businesses to have more applicants to choose from when they advertise jobs as they can access an international market • the higher the unemployment level, the greater the opportunities for global businesses to pay lower wages, thus having the potential to increase profit margins. This also means domestic workers may lose out on job opportunities due to cheaper labour overseas • low unemployment in most developed countries means that wages are higher and there are less applicants to choose from when jobs are advertised. This drives globalisation towards developing countries because labour costs are lower. <p>The global spread of skills and technology:</p> <ul style="list-style-type: none"> • global spread of skills leads to greater sharing of ideas and education • e-commerce and improved security and privacy allows for businesses to sell products and services internationally and widen their markets • if the required skill sets are not available in a particular country, due to globalisation, businesses can choose to employ international candidates, diversifying teams, hence providing a global spread of skills • communication technology is developing at a rapid rate, including in developing countries. Ease of communication allows businesses in different countries to work together to achieve goals. For example, transport technology (in the form of shipping containers) improved as more goods were transported. 	
Accept other relevant answers.	

Question 3

(8 marks)

(a) Outline a role of innovation in improving processes.

(2 marks)

Description	Marks
Outlines a role of innovation in improving processes	2
States a fact about how innovation can improve processes	1
Total	2
<p>Answers could include:</p> <ul style="list-style-type: none"> • innovation can change and improve how a business operates and/or manufactures, distributes and markets its products • can occur when businesses change current processes involving the way they produce or deliver a product • product innovation can also occur when businesses adopt new ways of producing, for example, using automation instead of hiring people • innovation in a business's process can increase its efficiency and reduce costs of production, thereby increasing profit levels. <p>Accept other relevant answers.</p>	

(b) Explain how innovation can lead to the expansion of a global market presence.

(3 marks)

Description	Marks
Explains how innovation can lead to the expansion of a global market presence	3
Outlines how innovation can lead to the expansion of a global market presence	2
States a fact about how innovation can lead to the expansion of a global market presence	1
Total	3
<p>Answers could include:</p> <ul style="list-style-type: none"> • innovation can drive business growth and allow domestic businesses to expand into overseas markets, enhancing global market presence • innovation can give businesses a competitive edge and ensure that they are visible in global markets as they offer new and different products/practices • innovation can lead to a business's success in global markets when it engages with more technologies, for example to enhance its website/app to ensure a smooth online experience for its customers • innovation may allow a business to use more technologically advanced methods for e-commerce, distribution/supply change, packaging and payment systems thereby allowing it to have an increased presence in global markets. <p>Accept other relevant answers.</p>	

(c) Explain how technology can have an impact on the success of innovation. (3 marks)

Description	Marks
Explains how technology can have an impact on the success of innovation	3
Describes how technology can have an impact on the success of innovation	2
States a fact about how technology can have an impact on the success of innovation	1
Total	3
<p>Answers could include:</p> <ul style="list-style-type: none"> • the way a business manages technology can impact the success of innovation. Management with a strategic outlook and relevant expertise may be able to engage with the innovation process better and ensure its success • technological development may lead to disruptive innovation and, therefore, create a whole new market and disrupt the leaders in the existing markets • technological discoveries or inventions may allow a business to do something they could not do before and give them the platform to change their business. The advancement of the internet allows businesses to sell their products online and digitise their distribution process. 	
Accept other relevant answers.	

Question 4

(12 marks)

- (a) Outline the purpose of the strategic planning process. (2 marks)

Description	Marks
Outlines the purpose of the strategic planning process	2
Identifies a fact about the strategic planning process	1
Total	2
<p>Answers could include:</p> <ul style="list-style-type: none"> • the strategic planning process guides managers when they are making decisions regarding the allocation of resources • it involves various stakeholders of a business and the purpose of the process is to build commitment upon goals and objectives • the purpose could be to analyse the external and internal environments, to develop a mission statement, identify goals and objectives and to come up with strategies. <p>Accept other relevant answers.</p>	

- (b) Name and describe the environmental scan that can be used to analyse the macro-environment of a business. (3 marks)

Description	Marks
Names the environmental scan that can be used to analyse the macro-environment of a business	1
Subtotal	1
Describes the environmental scan	2
States a fact about the environmental scan	1
Subtotal	2
Total	3
<p>Answers could include:</p> <p>Environmental scan = PEST</p> <ul style="list-style-type: none"> • a PEST analysis is a strategic planning tool that evaluates the political, economic, social and technological factors that could impact a business • a business can assess the major external factors that may impact its operations and overall business success in a particular market • the PEST analysis will gauge how the external factors may impact the overall profitability and success of a business. Hence, it is an important tool in the strategic planning process. <p>PEST analysis has four factors, each may assess the following:</p> <ul style="list-style-type: none"> • Political (P): tax laws, industrial relations laws, environmental regulations, consumer protection, trade regulations, stability and relationships of foreign governments • Economic (E): interest rates, inflation, unemployment, growth, discretionary spending, currency fluctuations • Social (S): population growth, religious beliefs, lifestyles, community expectations for safety, value for money and ethics • Technological (T): rate of change, automation, research and development. 	

- (c) Explain the impact security and privacy issues have on business operations in global markets. (3 marks)

Description	Marks
Explains the impact security and privacy issues have on business operations in global markets	3
Describes the impact security and privacy issues have on business operations in global markets	2
States the impact security and privacy issues have on business operations	1
Total	3
<p>Answers could include:</p> <ul style="list-style-type: none"> • due to the increase in hacking and scams, businesses need to ensure they keep up-to-date with security software and ensure they do not publicly share customer information • loss of income and customer data can damage a business' reputation and can be impacts of poor security practices and privacy breaches • as a result businesses should increase investment in secure online payment methods, such as PayPal, to ensure secure payment methods. It does require business to invest money into privacy and security software • businesses should also review/audit their policies and procedures to safeguard against potential security and privacy threats. 	
Accept other relevant answers.	

Question 4 (continued)

- (d) Explain, using an example, how **one** political factor may affect Australian business operations in a global market. (4 marks)

Description	Marks
Explains one political factor which may impact on Australian business operations in a global market	3
Describes one political factor which may impact on Australian business operations in a global market	2
Identifies one political factor which may impact on Australian business operations in a global market	1
Subtotal	3
Uses an example to show how one political factor may impact on Australian business operations in global markets	1
Subtotal	1
Total	4
<p>Answers could include:</p> <p>Stability of foreign governments:</p> <ul style="list-style-type: none"> • lack of political stability in a particular country will affect business operations • unstable countries may have riots, protests, looting and general disorder, which will disrupt business operations. Whereas countries with more stable governments will be more attractive for Australian business operations • Australian businesses should assess how stable a foreign government is, for example know what type of government the country has, how the business may be impacted by changes in the government and also the legal environment within that country. <p>Relationship of foreign governments with the Australian government:</p> <ul style="list-style-type: none"> • the diplomatic and economic relationship Australia has with a particular country will also impact business operations. This may impact businesses in a positive or negative manner, depending on the relationship • if the relationship is positive, for example, with New Zealand, as there is a free trade agreement, this provides excellent business opportunities and makes it easier for businesses to conduct operations • if the relationship is strained with a country, this would provide difficulty in business operations. In recent years the relationship between Australia and China has been strained, causing changes in regulations and issues with import and exports in trade, creating issues for Australian businesses operating in China. <p>Accept other relevant answers.</p>	

Question 5

(11 marks)

- (a) Outline the purpose of basic financial ratios. (2 marks)

Description	Marks
Outlines the purpose of basic financial ratios	2
States a fact about basic financial ratios	1
Total	2
Answers could include: <ul style="list-style-type: none"> • a management tool for judging the financial performance of a business • to assess if the financial performance has improved compared to another period of time • to compare the performance of a business against its competitors and the actual figures with projected budget figures • to analyse and assess a business's financial position • to assist in decision making. Accept other relevant answers.	

- (b) With specific reference to the relevant ratio(s) and data provided, assess the performance of each company in relation to its liquidity and stability. (6 marks)

Description	Marks
For each (2 x 3 marks)	
References ratios and data	1
Assesses the performance of Company A	1
Assesses the performance of Company B	1
Total	6
Answers could include: <p>Liquidity is assessed using the current ratio:</p> <ul style="list-style-type: none"> • this ratio measures the liquidity of the business • Company A has 180% of current assets compared to current liabilities • Company B has 80% of current assets compared to current liabilities • this indicates that Company A should be able to pay off all of their short-term debts, whereas Company B will find it hard to pay off their short-term debts • current ratio is the primary measure of a company's liquidity. The higher the ratio, the more liquid the company. <p>Stability is assessed using the debt to equity ratio:</p> <ul style="list-style-type: none"> • this ratio measures the percentage of the business's financing that comes from creditors and investors • a higher debt to equity ratio indicates outside financing, such as bank loans • the debt to equity ratio is calculated by dividing total liabilities by total equity. A debt to equity ratio of 50% would mean that investors and outsiders have an equal stake in the business's assets • Company A has a debt to equity ratio of 64% compared to 95% for Company B, meaning Company A is less reliant on outside sources of funding than Company B. Accept other relevant answers. Note: accept dollar conversions.	

Question 5 (continued)

- (c) From the results in the table on page 12, identify which company is more profitable. Justify your answer. (3 marks)

Description	Marks
Identifies Company B is more profitable	1
Subtotal	1
Justification	
Justifies why Company B is more profitable	2
States a fact about Company B's profitability	1
Subtotal	2
Total	3
Answers could include: <ul style="list-style-type: none"> • Company B has a higher profit ratio (15%) compared to Company A (12%) • Company B has a higher return on equity (12%) compared to Company A (10%) Accept other relevant answers.	

Question 6

(9 marks)

Explain the impact of the following on global business practice.

- Levels of education
- Holidays and celebrations
- Communication protocols

Description	Marks
For each (3 x 3 marks)	
Explains the impact on global business practice	3
Describes the impact on global business practice	2
States a fact about the impact on global business practice	1
Total	9
<p>Answers could include:</p> <p>Levels of education:</p> <ul style="list-style-type: none"> • a country with higher levels of education would mean citizens earn a higher disposable income and will more likely purchase a business's products • would determine whether the local staff require further training and induction within the business • a shortage of people with the required education and skills may impact a business's success. A business would then need to attract overseas employees using attractive financial packages. <p>Holidays and celebrations:</p> <ul style="list-style-type: none"> • local holidays and celebrations can have an impact on a business's marketing campaigns. Social media can be used to promote holiday sales or using a celebration as a background to sell products • there may be opportunities for businesses that operate overseas to create new products and services based on local holidays and celebrations, to gain a larger market share • businesses need to factor local holidays and celebrations into project schedules and timeframes to ensure success in overseas countries in which they choose to operate. <p>Communication protocols:</p> <ul style="list-style-type: none"> • it will be important for a business to know and demonstrate the correct communication protocols to display professionalism and respect for business partners • understanding subtle non-verbal communication between cultures will be necessary. For instance, a firm handshake or making direct eye contact could be unusual or even offensive to foreign colleagues • where possible, businesses should research the professional protocols required when operating in overseas markets and ensure that staff are attentive to body language. 	
Accept other relevant answers.	

Section Two: Extended answer

40% (50 Marks)

Question 7

(25 marks)

- (a) Describe **two** benefits to Giacomo and Chris of having a global brand. (4 marks)

Description	Marks
For each benefit (2 x 2 marks)	
Describes a benefit of having a global brand	2
Identifies a benefit of having a global brand	1
Total	4
<p>Answers could include:</p> <ul style="list-style-type: none"> • consistency: enables Giacomo and Chris’s business to communicate a consistent message to customers in all markets, resulting in stronger brand awareness and positioning • low risk: Giacomo and Chris could use marketing strategies, such as promotion and advertising • lower cost: Giacomo and Chris’s business will be able to achieve economies of scale by using the same advertising and packaging. Multiple teams for research and marketing strategy will not be needed, a centralised team of people will develop marketing strategies for all markets, thus saving time and money • easier to manage: Giacomo and Chris should use a standardised approach which will be less complex than working with multiple advertising agencies, marketing teams and different strategies • better differentiation: Giacomo and Chris should use a consistent global brand for their business so it will stand out from the competition as consumers will see the same logo, colours, product name and advertising. 	
Accept other relevant answers.	

- (b) Explain whether Giacomo and Chris should standardise **or** adapt the business's corporate slogan to the South-East Asian market. (3 marks)

Description	Marks
Explains whether Giacomo and Chris should standardise or adapt	3
Describes whether Giacomo and Chris should standardise or adapt	2
Identifies a fact about standardisation or adaptation	1
Total	3
<p>Answers could include:</p> <p>Standardisation:</p> <ul style="list-style-type: none"> Giacomo and Chris could use a corporate slogan that is short and memorable and/or is a phrase that represents a company's brand identity and values ensures that the slogan is consistently used across all marketing and branding materials for Giacomo and Chris's business, including advertising, social media, website, and other communication channels helps to reinforce the message of the slogan of Giacomo and Chris's business and makes it easier for customers to identify and remember the brand can be an important part of Giacomo and Chris's business's branding strategy and can help to create a strong and recognisable brand image that resonates with customers. <p>Adaptation:</p> <ul style="list-style-type: none"> means Giacomo and Chris could modify their existing business slogan to better suit the needs of the target audience or to reflect changes in the business's brand identity or values should be done carefully by Giacomo and Chris to ensure that the modified version still maintains the essence of the original slogan of their business, while reflecting the changes that have occurred Giacomo and Chris's business should ensure that the adapted slogan is consistent with the rest of the brand identity and messaging, including visual elements, tone of voice, and brand personality can be a useful strategy for keeping Giacomo and Chris's business's brand fresh and relevant, and for maintaining a strong connection with the target audience over time. 	
Accept other relevant answers.	

Question 7 (continued)

- (c) Explain **two** factors to Giacomo and Chris that determine the feasibility of expanding into foreign markets. (6 marks)

Description	Marks
For each factor (2 x 3 marks)	
Explains a factor to Giacomo and Chris that determines the feasibility of expanding into foreign markets	3
Describes a factor to Giacomo and Chris that determines the feasibility of expanding into foreign markets	2
States a fact that determines the feasibility of expanding into foreign markets	1
Total	6
<p>Answers could include:</p> <p>Level of demand by consumers:</p> <ul style="list-style-type: none"> • ability and number of Giacomo and Chris’s business’s potential customers, including frequency of purchase • Giacomo and Chris’s business’s potential customers must be able to afford the product • the lack of interest may limit Giacomo and Chris’s business’s products and/or size of other potential markets • Giacomo and Chris’s business would need to have sufficient potential customers to warrant investment of expansion. <p>Consumption patterns:</p> <ul style="list-style-type: none"> • Giacomo and Chris need to be aware of the changing trends of consumers and that consumers may be searching out more authentic cultural experiences • consumers may be looking for more alternative regimes/treatments when it comes to wellness treatments • wealthier countries may consume more luxury or ‘wants’ and this may be beneficial for Giacomo and Chris’s wellness business • Giacomo and Chris need to be aware that consumption patterns may change depending on a country’s economic conditions. <p>Competitor activity:</p> <ul style="list-style-type: none"> • refers to the number of competitors in the market and their market share • an analysis of Giacomo and Chris’s business’s competitors should include importers, local businesses and any online sellers • competitor activity that will support Giacomo and Chris’s market entry could include few competitors and the unavailability of wellness centres • competitor activity that will hinder Giacomo and Chris’s market entry could include many competitors and the presence of well-established wellness centres. 	
Accept other relevant answers.	

- (d) Advise Giacomo of **three** other leadership traits he needs to adopt for the wellness centres to be successful in this cross-cultural setting. (12 marks)

Description	Marks
For each leadership trait (3 x 4 marks)	
Advises Giacomo of a leadership trait he needs to adopt for the wellness centres to be successful in this cross-cultural setting	4
Explains to Giacomo a leadership trait he needs to adopt for the wellness centres to be successful in this cross-cultural setting	3
Describes to Giacomo a leadership trait he needs to adopt	2
Identifies a fact about a leadership trait	1
Total	12
<p>Answers could include:</p> <p>Skilled communicator:</p> <ul style="list-style-type: none"> it is important for Giacomo to identify the best method of communication in the different markets, situations and people Giacomo needs to process and have the ability to exchange information accurately and timely, and to actively listen Giacomo needs to understand that it is more difficult in a cross-cultural setting due to language barriers, but if multiple languages can be spoken to convey messages this is an important advantage. <p>Socially aware:</p> <ul style="list-style-type: none"> Giacomo needs to have an awareness of relationships, thus leading to the ability to understand the needs of his team members Giacomo needs to develop an understanding of other social and cultural customs which will enable him to establish trust and long-lasting business relationships Giacomo needs to use his emotional intelligence to be able to perceive and understand complex emotions and to regulate his own emotions to communicate well in new markets. <p>Skilled decision maker:</p> <ul style="list-style-type: none"> it is essential for Giacomo to know when to make decisions quickly if required, but also be able to balance the risk in decision making to avoid damage to the business this trait is needed in a new cross-cultural setting as there is no history of past actions and performance to follow or provide advice the situation/cross-cultural context is new/different/more complex; therefore, Giacomo will often be required to make decisions quickly, and often in the absence of full or limited available information. <p>Future thinker:</p> <ul style="list-style-type: none"> Giacomo needs to have a long-term vision of where the business is headed, so incremental planning can take place and the business is proactive, rather than reactive in its responses the ability for Giacomo to see the larger global picture, implement the vision on a global scale, and being open to possibilities which would provide an inclusive work environment required in a new cross-cultural setting Giacomo needs to be able to motivate people by explaining to them how their daily achievements or setbacks will contribute to the future success of the business. 	

Question 7 (continued)

Responsible:

- Giacomo needs to be independent, accountable, accept authority and be more aware that actions have consequences
- this trait is needed in a new cross-cultural setting to understand where pre-established ideas or the 'same old' consensual view of reality cannot be relied upon, to understand where adaptation or new ideas are required, and to demonstrate that they can think for themselves, often seeing new perspectives, real purpose and outcomes
- Giacomo needs to have the ability to take control and be answerable in a new cross-cultural setting.

Accept other relevant answers.

Note: a maximum of 2 marks per trait can be achieved if candidate refers to the 'motivational' and 'self-disciplined' traits.

Question 8

(25 marks)

- (a) Explain how Woodyz and Beards R Us could uphold the minimum standards of labour by the International Labour Organisation, including the use of child labour, if the businesses enter the South African market. (3 marks)

Description	Marks
Explains how Woodyz and Beards R Us could uphold the minimum standards of labour	3
Describes how Woodyz and Beards R Us could uphold the minimum standards of labour	2
States a fact about the minimum standards of labour	1
Total	3
<p>Answers could include:</p> <ul style="list-style-type: none"> the International Labour Organisation (ILO) is a United Nations' agency dealing with labour issues, particularly international labour standards and decent work for all workers in sweatshops, workers are paid little for their work, are forced to work unpaid overtime with no breaks, and are punished for any mistakes or for working slowly. Woodyz and Beards R Us must ensure that they pay their workers fair pay Woodyz and Beards R Us should adhere to fair wages, and occupational and health regulations for their workers in order to ensure long-term business success and to maintain a good public image the ILO understands that children may have to work and Woodyz and Beards R Us need to ensure strict standards and prevent the exploitation of children Woodyz and Beards R Us need to be aware of the ILO's Minimum Age Convention which states that 13 to 15-year-olds should only engage in light work around their schooling; 15 years is the minimum age for work; 18 years is the minimum age for any hazardous work. 	
Accept other relevant answers.	

Question 8 (continued)

- (b) Describe **two** sources of external funding that Woodyz and Beards R Us could use to assist them in their expansion into the South African market. (4 marks)

Description	Marks
For each source of external funding (2 x 2 marks)	
Describes the source of external funding	2
States a fact about the source of external funding	1
Total	4
<p>Answers could include:</p> <p>Venture capital:</p> <ul style="list-style-type: none"> • this involves investment in small to medium-sized businesses that have a strong growth potential, normally at the start of a business idea • the amount borrowed can be paid back over a number of years. <p>Secured loans:</p> <ul style="list-style-type: none"> • this type of finance is obtained from a bank or other financial intermediary that can be for short-term or long-term • interest charges can be fixed or variable on the am amount borrowed is paid back over a nominated period of time. <p>Financial institutions:</p> <ul style="list-style-type: none"> • these include banks, finance companies, merchant banks, life insurance companies and general insurance companies • financial institutions provide various short-term and long-term loan options for Woodyz and Beards R Us. <p>Government:</p> <ul style="list-style-type: none"> • can offer financial support to businesses or industries by providing government grants • the one-off payment to businesses is beneficial as they do not need to be repaid. 	
Accept other relevant answers.	
Note: a maximum of 1 mark per source external funding can be achieved if candidate refers to 'share capital' and 'debenture'. No marks awarded for 'trade credit'.	

- (c) Explain how the economic factors of discretionary spending and interest rates could affect Woodyz and Beards R Us's business operations in the South African market. (6 marks)

Description	Marks
For each of the economic factors (2 x 3 marks)	
Explains how the economic factor could impact Woodyz and Beards R Us's business operations	3
Describes how the economic factor could impact Woodyz and Beards R Us's business operations	2
States a fact about how the economic factor could impact business operations	1
Total	6
<p>Answers could include:</p> <p>Discretionary spending:</p> <ul style="list-style-type: none"> • Woodyz and Beards R Us would need to do accurate and timely market research to determine discretionary spending habits and patterns of current and developing global markets • Woodyz and Beards R Us would need to determine consumer confidence levels in the new market to see if consumers would purchase Woodyz and Beards R Us products if brought to this market • Woodyz and Beards R Us would need to identify where its target markets are where consumers have sufficient disposable income to afford its products when these are brought to the market. <p>Interest rates:</p> <ul style="list-style-type: none"> • these may have an impact on spending patterns in global markets and may impact global expansion, especially when it comes to the development of infrastructure • when businesses have access to finance with lower interest rates in other countries, they are able to more easily manage their repayments and reduce their costs • Woodyz and Beards R Us can increase its level of investment but must be cautious if interest rates rise to enable it to manage its financial operations and global expansion. 	
Accept other relevant answers.	

Question 8 (continued)

- (d) 'A joint venture between Woodyz and Beards R Us, would be more beneficial to both businesses than a merger.'

For each of the strategic alliances mentioned in this statement, outline the rationale and discuss the benefits. (12 marks)

Description	Marks
For each strategic alliance (2 x 2 marks)	
Outlines the rationale of the strategic alliance	2
States a fact about the rationale of the strategic alliance	1
Subtotal	4
For each strategic alliance (2 x 4 marks)	
Discusses the benefits of the strategic alliance	4
Explains the benefits of the strategic alliance	3
Describes the benefits of the strategic alliance	2
States a fact about the benefits of the strategic alliance	1
Subtotal	8
Total	12

Answers could include:

Merger:

Rationale: A merger occurs when two businesses combine to become one merged business with the view to gaining an operational or financial advantage.

Benefits:

- there is potential to still maintain some control of each of Woodyz and Beards R Us businesses while being more financially stable and with greater support
- there are increased financial benefits through better access to marketing which has the potential for increased profits
- there could be a potential to lower costs and increased profits, if both Woodyz and Beards R Us reduce their individual or combine their marketing and other operational costs
- Woodyz and Beards R Us could produce more products and in a greater variety, thus increasing their market share
- Woodyz and Beards R Us may enjoy greater efficiencies as they have access to shared facilities, resources and knowledge from both teams.

Joint venture:

Rationale: A joint venture would allow both businesses to develop a new project while still focusing on their individual core businesses.

Benefits:

- allows for the sharing of business' costs which allow Woodyz and Beards R Us to earn higher profits
- will enable Woodyz and Beards R Us access to a larger target market and customer bases which have already been established by each individual business
- this is an effective strategy because it does not change the existing businesses and can reduce the impact and demands on Woodyz and Beards R Us
- joint venture management can focus on the project instead of existing management taking on additional challenges or responsibilities
- once a project ends, the joint venture can be wound down and assets distributed according to joint venture ownership.

Accept other relevant answers.

Question 9

(25 marks)

- (a) Explain
- one**
- external factor that could drive change in this global business. (3 marks)

Description	Marks
Explains an external factor that could drive change in this global business	3
Describes an external factor that could drive change in this global business	2
Identifies an external factor that could drive change in business operations	1
Total	3
<p>Answers could include:</p> <p>Political and legal external factors:</p> <ul style="list-style-type: none"> • changing legislation and the legal requirements of individual countries can drive change in a global business environment • 'international border restrictions, regulations and legislation have decreased' hence more people are travelling, increasing rooms booked and memberships to their loyalty program. <p>Social external factors:</p> <ul style="list-style-type: none"> • evolving social norms can drive change as people's expectations and consumption behaviours change • 'people have the confidence to travel internationally once again' • international events may drive change in a global business environment • 'popular events are back on, such as the Australian Open and the Formula 1 Grand Prix'. <p>Accept other relevant answers.</p>	

Question 9 (continued)

- (b) Describe the term ‘managerial inertia’ and explain why it has become a reason for resistance to change in Wendy’s organisation. (5 marks)

Description	Marks
Describes the term ‘managerial inertia’	2
States a fact about the term ‘managerial inertia’	1
Subtotal	2
Explains why managerial inertia has become a reason for resistance to change for Wendy	3
Outlines why managerial inertia has become a reason for resistance to change for Wendy	2
Makes a general comment about resistance to change	1
Subtotal	3
Total	5
<p>Answers could include:</p> <p>Managerial inertia:</p> <ul style="list-style-type: none"> • occurs due to managers’ reluctance to the change due to factors, such as unfamiliarity, lack of understanding and motivation, poor communication of the vision, dislike of disruptions or uncertainty, lack of security, costs or the process of change itself and a preference to continue with the status quo. <p>Reasons for resistance to change:</p> <ul style="list-style-type: none"> • ‘Wendy would like to move their head office in the Asia Pacific area to focus on increasing membership and customer service within that region’, but staff ‘are also unhappy with the change of head office to Singapore’. • ‘Everyone within each team can apply if interested, no matter the time at the organisation and/or experience’, hence, ‘some more experienced employees within the company have expressed disappointment and frustration that junior members of staff can apply for this promotional position creating resistance to change and arguments within the teams. 	
Accept other relevant answers.	

- (c) Discuss **one** way in which Wendy can implement managing diversity as a strategy for business growth. (4 marks)

Description	Marks
Discusses a way Wendy can implement managing diversity as a strategy for business growth	4
Explains a way Wendy can implement managing diversity as a strategy for business growth	3
Describes a way Wendy can implement managing diversity as a strategy for business growth	2
States a way Wendy can implement managing diversity as a strategy	1
Total	4
<p>Answers could include:</p> <ul style="list-style-type: none"> managing diversity can be a strategy for business growth as it enables a business to have employees who possess a wide range of talents, skills, experience and ideas, leading to business growth. The diversity amongst the staff will enable the potential for higher levels of creativity and innovation, hence being a strategy for business growth. Diversity leads to better understanding of client needs which then leads to increased client loyalty, sales and profit diversity includes employing people from a range of genders, ages, ethnicity, cultural and religious backgrounds and also includes employing people who may have differences in educational levels, skills, socioeconomic backgrounds, personality, geographic locations and family situations when Wendy is selecting her new Training and Development Coordinators, she needs to ensure that she chooses a diverse range of people who have a wide range of experience, skills, gender, ethnicity, age and backgrounds. This will ensure a dynamic team is selected that will bring a variety of ideas, creativity, and innovation to create further growth within the business. 	
Accept other relevant answers.	

Question 9 (continued)

- (d) Apply Steps 6, 7 and 8 of Kotter’s 8 Steps change management model to Wendy’s new Training and Development Coordinator roles. Advise how she can use this model to prepare staff for the upcoming changes. (13 marks)

Description	Marks
For each step (3 x 3 marks)	
Applies the step to Wendy’s new Training and Development Coordinator roles	3
Describes the step in relation to the new roles	2
States a fact about the step	1
Subtotal	9
Advice	
Advise how Wendy can use Kotter’s model to prepare staff for upcoming changes	4
Explains how Wendy can use Kotter’s model to prepare staff for upcoming changes	3
Describes how Wendy can use Kotter’s model to prepare staff for upcoming changes	2
States how Wendy can use Kotter’s model	1
Subtotal	4
Total	13
<p>Answers could include:</p> <p>Step 6: Create short-term wins</p> <ul style="list-style-type: none"> Wendy needs to create short-term targets where success can be achieved. This could be based around her loyalty program membership goals, employing the new roles and the first success training trips to Singapore Wendy could achieve this by choosing early targets carefully, as failure to achieve these targets will hinder any future success and commitment of her team. <p>Step 7: Build on the change</p> <ul style="list-style-type: none"> to achieve long-term change, Wendy needs to build on what has gone well and identify where they can improve Wendy needs to achieve this by ensuring that any changes are regularly reviewed and improved upon; ensuring all policies are updated; seeking feedback from her staff and identifying where new changes are not being followed. <p>Step 8: Anchor the changes in corporate culture</p> <ul style="list-style-type: none"> to make any change stick, it needs to become part of the core of Wanders Hotels values and goals. Wendy needs to make continuous efforts to ensure that the change is seen in every aspect of the business Wendy needs to implement this step by celebrating her team’s success regularly; emphasising that success has come from the change; and ensuring that her Training and Development team are widely informed of the changes and can take help their team confidently with queries. <p>Advice for Wendy:</p> <p>Kotter’s 8 Steps change management model is an 8-step model that provides guidelines for the successful implementation of change. The model will allow for Wendy to have a clear idea about how to manage change and to effectively communicate the change to her employees. Kotter argues that involvement of staff instils commitment to the change. The model can be used to reduce resistance to change that Wendy is experiencing with her decision to allow everyone to apply for the new Training and Development Coordinator roles and creating a new head office in Singapore. By Wendy applying each of the 8 steps to her changes within the business she will reduce the amount of resistance, create a vision for her employees and steps towards successful implementation of change.</p> <p>Accept other relevant answers.</p>	

ACKNOWLEDGEMENTS

- Question 8(a)** Dot point 1 information from: International Labour Organization. (n.d.). *About the ILO*. Retrieved September, 2023, from <https://www.ilo.org/global/about-the-ilo/lang--en/index.htm>
- Question 9(d)** Steps 6–8 information from: Mind Tools. (2012). *Kotter's 8-Step Change Model*. Retrieved August, 2023, from <https://www.mindtools.com/a8nu5v5/kotters-8-step-change-model>

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