



BUSINESS MANAGEMENT AND ENTERPRISE

ATAR course examination 2017

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% (60 Marks)

Question 1

(10 marks)

(a) Describe a benefit of having a global brand.

(2 marks)

Description	Marks
Describes a relevant benefit of having a global brand	2
States a relevant fact about having a global brand	1
Total	2
<p>Benefits include:</p> <p>consistency – enables a business to communicate a consistent message to customers in all markets resulting in stronger brand awareness and positioning</p> <p>low risk – Foxtrot can use marketing strategies (promotion and advertising) that have worked in Australia</p> <p>lower cost – Foxtrot will be able to achieve economies of scale by using the same advertising and packaging in New Zealand and 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</p> <p>easier to manage – a standardised approach will be less complex than working with multiple advertising agencies, marketing teams and different strategies</p> <p>better differentiation – a consistent global brand will stand out from the competition as consumers will see the same logo, colours, product name and advertising.</p> <p>Accept any other correct, logical answer.</p>	

- (b) Explain why Foxtrot Transportable Housing may need to consider adapting its product name and product features in its marketing mix when expanding to Asia. (4 marks)

Description	Marks
Product name:	
Explains consideration/s	2
States a relevant fact	1
Product features:	
Explains consideration/s	2
States a relevant fact	1
Total	4
<p>Considerations could include:</p> <p>product name:</p> <ul style="list-style-type: none"> • language and cultural differences need to be considered when deciding whether the name Foxtrot Transportable Housing can be used in Asia • business may fail or have difficulty if it has not done its research to understand the culture • Foxtrot should research to see what its name translates to; if it does not translate well it will have to adapt the name to suit the Asian market e.g. it could possibly be translated into something offensive • a similar product name may already exist. <p>product features:</p> <ul style="list-style-type: none"> • different cultures place different significance on colours. For example, in Asia white is the colour of funerals, while it is the colour of weddings in Western cultures. Light blue in Asia is a symbol of death. Foxtrot should limit the use of these colours in its housing designs in Asia • difference in climate – some materials may be better suited for building in different countries; Foxtrot may need to consider this • different laws and regulations and requirements such as electrical sockets, may impact Foxtrot’s requirements in Asia compared to New Zealand or Australia. <p>Accept any other correct, logical answer.</p>	

Question 1 (continued)

- (c) Describe **two** ways in which Foxtrot Transportable Housing could use technology in global markets. (4 marks)

Description	Marks
For each of the two ways:	
Describes a way the technology can be used in global markets	2
Identifies a way of using technology in global markets	1
Total	4
<p>Uses of technology in global business could include:</p> <p>distribution of products:</p> <ul style="list-style-type: none"> • Foxtrot can communicate directly with customers globally through email and their website • technology can be used to help track inventory • technology in transportation will aid the transfer of the housing equipment and delivery methods <p>e-commerce:</p> <ul style="list-style-type: none"> • Foxtrot can have a website where potential customers can view their houses • they can also customise the website to their chosen currency and language <p>social media campaigns:</p> <ul style="list-style-type: none"> • this can be an effective tool to help promote Foxtrot's product by posting photos of their housing developments/granny flats • Foxtrot can build a presence through social media and create a web presence to be a magnet for potential customers. 	
Accept any other correct, logical answer.	

Question 2

(10 marks)

- (a) Outline for Aaron the purpose of a production management system for his café. (2 marks)

Description	Marks
Outlines the purpose of a production management system for the café	2
States a relevant fact about a production management system for the café	1
Total	2
<p>Purpose of production management systems:</p> <div style="border: 1px dashed gray; padding: 10px; margin: 10px auto; width: 80%;"> <p>For copyright reasons this text cannot be reproduced in the online version of this document, but may be viewed at www.businessdictionary.com/definition/production-management.html</p> </div>	
Accept any other correct, logical answer.	

- (b) Justify why just-in-time is a suitable inventory control technique for Veggie Fresh Café. (4 marks)

Description	Marks
Describes just-in-time and justifies its suitability for Veggie Fresh Café with a detailed explanation	4
Describes just-in-time and writes a brief explanation as to why it is suitable for the Veggie Fresh Café	3
Describes just-in-time	2
States a fact about just-in-time	1
Total	4
<p>Just-in-time is an inventory control technique based on inventory being received when supplies are needed as part of the production process, resulting in finished products being delivered to customers as soon as the items are produced. This eliminates the need for inventory storage, waste and associated costs.</p> <p>This is a suitable inventory control technique for a fresh produce supplier, such as the Veggie Café for two reasons:</p> <ol style="list-style-type: none"> 1. When the café is ordering supplies: <ul style="list-style-type: none"> • the cafe will have fresh supplies delivered just-in-time/on time when they are needed, thus requiring less storage space such as refrigerators and pantry space, therefore less costs • it allows for seasonality of supplies • minimises perishability of fresh supplies, therefore less waste 2. When a customer places an order: <ul style="list-style-type: none"> • they pay upfront so the business has the funds for the materials and the production costs • the order is filled e.g. a sandwich is made and delivered straight to the customer so no storage is required at the end of the production process, thus eliminating storage requirements and potential waste. 	
Accept any other correct, logical answer	

Question 2 (continued)

- (c) Outline **two** advantages and **two** disadvantages of the just-in-case inventory control technique. (4 marks)

Description	Marks
Outlines two advantages of just-in-case inventory control	2
Outlines one advantage of just-in-case inventory control	1
Outlines two disadvantages of just-in-case inventory control	2
Outlines one disadvantage of just-in-case inventory control	1
Total	4
<p>Answers could include:</p> <p>Advantages:</p> <ul style="list-style-type: none"> • ensures there is always inventory on hand to meet the demands of customers • businesses hold large volumes of inventory just-in-case there are changes in demand or supply • allows for economies of scale in purchase of supplies • reduces down-time in production as there is no delay in inventory from suppliers. <p>Disadvantages:</p> <ul style="list-style-type: none"> • higher cost of holding more inventory • higher cost and greater space for storage of inventory • funds tied up in large volume of inventory • opportunity cost of money due to it being tied up in inventory • changing consumer spending patterns, trends and preferences. <p>Accept any other correct, logical answer.</p>	

Question 3

(10 marks)

- (a) Describe **one** leadership style and why it may need to be adapted in a cross-cultural setting. (3 marks)

Description	Marks
Describes a leadership style and explains why it may need to be adapted in a cross-cultural setting	3
Describes a leadership style and writes a limited explanation as to why it may need to be adapted in a cross-cultural setting	2
Identifies a leadership style without explaining why it may need to be adapted in a cross-cultural setting	1
Total	3
<p>Answers could include:</p> <p>autocratic style:</p> <ul style="list-style-type: none"> • makes all decisions alone • degree of centralised authority • usually one-way communication <p>Adapting to cross-cultural setting – may need to consider degree of decision-making autonomy relative to cross-cultural norms in the new global setting.</p> <p>participative style (democratic):</p> <ul style="list-style-type: none"> • encourages employees to become actively involved in the decision-making process • degree of decentralised authority • communication is a two-way process <p>Adapting to cross-cultural setting – may need to consider the degree of employee participation versus directive leadership relative to cross-cultural norms in the new global setting.</p> <p>situational style (contingency):</p> <ul style="list-style-type: none"> • selects the management style most appropriate to the given situation <p>Adapting to cross-cultural setting – this style would appear to work well in a cross-cultural setting when developing a new global location for the business.</p> <p>Accept any other correct, logical answer.</p>	

Question 3 (continued)

(10 marks)

(b) Explain **one** leadership trait needed in a cross-cultural setting.

(3 marks)

Description	Marks
Explains a leadership trait, applying it to a cross-cultural setting	3
Describes a leadership trait, with limited application to a cross-cultural setting	2
Identifies a leadership trait without applying it to a cross-cultural setting	1
Total	3
<p>Answers could include:</p> <p>skilled communicator:</p> <ul style="list-style-type: none"> • process or ability to exchange information accurately and timely, active listening • more difficult in a cross-cultural setting due to language barriers <p>socially aware:</p> <ul style="list-style-type: none"> • an awareness of relationships, thus leading to the ability to understand the needs of team members • the ability to understand leads to the ability to establish trust and long-lasting business relationships. This is what the business would be aiming for in a new cross-cultural setting, to achieve success. <p>skilled decision maker:</p> <ul style="list-style-type: none"> • knows when to make decisions quickly if required, but also 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, decisions are often required to be made speedily and often in the absence of full or limited available information <p>future thinker:</p> <ul style="list-style-type: none"> • has a long-term vision of where the business is headed, so incremental planning can take place and the business is pro-active, rather than reactive in its responses • can see the larger picture, implement the vision, usually not confined to conventional thinking and open to possibilities which would provide an inclusive work environment required in a new cross-cultural setting <p>self-discipline:</p> <ul style="list-style-type: none"> • able to control own emotions and have intelligence in dealing with a crisis or adverse situations • needed in a new cross-cultural setting as it helps to provide greater certainty for staff and avoids inappropriate responses, both very important in a new cross-cultural setting <p>responsible:</p> <ul style="list-style-type: none"> • ability to be independent, accountable, accept authority and more aware that actions have consequences • 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; understand where adaptation or new ideas are required; demonstrate they can think for themselves, often seeing new perspectives, real purpose and outcomes. Thus have the ability to take control and be answerable in a new cross-cultural setting <p>motivational:</p> <ul style="list-style-type: none"> • ability to use psychological forces/motivate people to strive for certain goals rather than simply act on orders; that is, to determine the direction of a person's behaviour, level of effort and persistence in the face of obstacles • it is needed in a new cross-cultural setting to provide motive, direction and support for staff while recognising differences in intrinsic and extrinsic motivations, rewards and punishments in different cultural settings. <p>Accept any other correct, logical answer.</p>	

- (c) Management is the process of ‘getting things done through other people to achieve the goals and objectives of the business’. Local culture plays an important role in management around the world. Outline **two** cultural considerations in global business practice. (4 marks)

Description	Marks
For each of the two cultural considerations:	
Outlines a cultural consideration on global business practice	2
Identifies a cultural consideration on global business practice	1
Total	4
Considerations could include: <ul style="list-style-type: none"> • levels of education (e.g. availability of skilled/non-skilled labour) • customs (e.g. organisational culture, dress code) • holidays and celebrations (e.g. number of public holidays varies between countries, which affects business costs and productivity) • religious beliefs (e.g. relates to work practices such as uniform and facilities layout and design – prayer rooms) • business etiquette (e.g. greetings, gift giving, gender) • communication protocols (e.g. status, hierarchy, modes of communication). 	
Accept any other correct, logical answer.	

Question 4

(10 marks)

- (a) Describe a difference that could impact business operations in global markets in each of the areas of patent registrations and product liability. (4 marks)

Description	Marks
Patent registrations:	
Describes the difference	2
States a relevant fact	1
Product liability:	
Describes the difference	2
States a relevant fact	1
Total	4
Answers could include: <ul style="list-style-type: none"> • patent registrations and other intellectual property protections: to protect IP globally businesses should consider applying for a patent in each different country in which it intends to operate, or register a patent in multiple countries under the PCT (Patent Cooperation Treaty). The same needs to be considered with Trademarks e.g. registration under the Madrid Protocol • product liability laws and warranties: operating in different countries with different laws and regulations makes managing product liability risk complex. Different policies and regulations must be considered according to where a business operates. Accept any other correct, logical answer.	

- (b) Describe the role of corporate social responsibility in ethical practice for a global business. (2 marks)

Description	Marks
Describes the role of CSR	2
States a fact about CSR	1
Total	2
Answers could include: <p>Corporate social responsibility (CSR):</p> <ul style="list-style-type: none"> • is the voluntary commitment of businesses to include in their business (corporate) practices economic, social and environmental considerations which are beyond those required by legislation • the role of CSR is for a business to achieve its business goals in the context of the broader system in which it operates, thus giving due consideration to the community and environment of a range of stakeholders. Accept any other correct, logical answer.	

- (c) Describe **one** source of internal finance and **one** source of external finance available to Australian companies. (4 marks)

Description	Marks
Internal source:	
Describes a source of finance	2
Identifies a source of finance	1
External source:	
Describes a source of finance	2
Identifies a source of finance	1
Total	4
<p>Answers could include:</p> <p>Internal source:</p> <ul style="list-style-type: none"> • retained profits/earnings – profit that the company keeps (retains) after paying taxes and dividends. The company does not have to rely as much on borrowing which will incur an interest charge <p>External sources:</p> <ul style="list-style-type: none"> • debentures – are issued by a company as a long-term loan to the debenture-holder. Debentures provide a long-term source of finance without the business losing any control. Debenture-holders do not have a voting right • share capital – the funds raised from selling shares in a limited company. This can generate a large sum of finance for the company. This is the main source of finance for limited companies • trade credit – allows a business to buy now and pay later. Time period depends on the terms of credit; businesses may have between 30 and 60 days to pay for the items purchased. Trade credit assists in managing a business’s cash flow • venture capital – 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 • secured loans – finance 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 loan. The amount borrowed is paid back over a nominated period of time • financial institutions – banks, finance companies, merchant banks, life insurance companies and general insurance companies provide various short-term and long-term external sources of finance • government – governments can offer financial support to businesses or industries by providing government grants, providing one-off payments that do not need to be repaid. For many businesses, government grants may be difficult to receive. <p>Accept any other correct, logical answer.</p>	

Question 5

(10 marks)

- (a) Explain a benefit of home grown/developed products, such as didgeridoos designed and made by Indigenous Australians. (3 marks)

Description	Marks
Explains a benefit of Indigenous Australian didgeridoos as a home grown/developed product	3
Writes a limited explanation of a benefit of Indigenous Australian didgeridoos as a home grown/developed product	2
States a relevant fact about a home grown/developed product	1
Total	3
<p>Answers could include:</p> <p>Benefits could include:</p> <ul style="list-style-type: none"> • increased income to local indigenous businesses through the sales of authentically crafted and designed didgeridoos • generation of money through local Indigenous Australian communities (multiplier effect) • creation of employment opportunities for Indigenous Australians in areas such as design, production, sales and distribution of the didgeridoos • local economic development and prosperity from income and employment opportunities • increased cultural awareness from within the local community in terms of knowledge and pride in culture • recognition of high Australian standards, quality and authentic Indigenous Australian products • increased cultural awareness and recognition of high quality Australian products could lead to opportunities and/or innovative ideas to pursue other home/grown/developed Indigenous Australian-crafted products. <p>Accept any other correct, logical answer.</p>	

(b) Outline **two** home government incentives for international trade. (4 marks)

Description	Marks
For each of the two incentives:	
Outlines information about an incentive for international trade	2
Identifies an incentive for international trade	1
Total	4
<p>Answers could include:</p> <p>grants:</p> <ul style="list-style-type: none"> • 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 <p>taxation:</p> <ul style="list-style-type: none"> • 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 <p>other government incentives can include:</p> <ul style="list-style-type: none"> • 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: <ul style="list-style-type: none"> ◦ 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. <p>Accept any other correct, logical answer.</p>	

Question 5 (continued)

- (c) Describe **one** factor that might determine the feasibility of expanding didgeridoo sales in European markets. (3 marks)

Description	Marks
Describes a factor relevant to didgeridoo sales in European markets and how the factor affects the feasibility of sales expansion	3
Writes a limited description of a factor relevant to didgeridoo sales and expansion in European markets	2
Identifies a factor relevant to didgeridoo sales in European markets	1
Total	3
<p>Factors could include:</p> <p>level of demand by consumers:</p> <ul style="list-style-type: none"> • ability and number of potential customers, including frequency of purchase • enough potential customers to warrant investment of expansion • potential customers must be able to afford quality, authentic Indigenous Australian didgeridoo products • the lack of the cultural, musical link of Swiss horn may limit interest in product and/or size of other potential European markets <p>consumption patterns:</p> <ul style="list-style-type: none"> • changing trends of consumers • consumers wanting authentic products such as those crafted by Indigenous Australians • consumers are looking for more alternative health regimes/treatments (benefits to breathing of playing didgeridoo); increasing research stating the health benefits of playing didgeridoo • consumers are searching out more authentic cultural experiences <p>competitor activity:</p> <ul style="list-style-type: none"> • refers to the number of competitors in the market and their market share • countries such as China make didgeridoos, however, these are not the same quality as authentic Indigenous Australian-crafted musical instruments. <p>Accept any other correct, logical answer.</p>	

Question 6

(10 marks)

(a) Outline **one** source of financial risk in export markets.

(2 marks)

Description	Marks
Outlines a source of financial risk in export markets	2
Identifies a source of financial risk in export markets	1
Total	2
Answers could include: <ul style="list-style-type: none"> • currency fluctuations – the change that occurs in the dollar value of one country’s currency relative to another country’s currency. Currency fluctuations can result in an exporter losing money • non-payment of monies – not being paid for the goods or services supplied to the export market. Accept any other correct, logical answer.	

(b) Describe **two** strategies Elk and Frazer could consider to minimise financial risk in export markets.

(4 marks)

Description	Marks
For each of the two strategies:	
Describes a strategy that could minimise financial risk	2
Identifies a strategy without stating how it could minimise financial risk	1
Total	4
Answers could include: <p>documentation – using letters of credit or pre-payment options will protect against payment default by importers</p> <p>insurance – provides protection against risk to exporters selling their products on credit</p> <p>hedging (forward) – against currency fluctuations or the value of the currency (the exchange rate) changing over a period of time.</p> Accept any other correct, logical answer.	

Question 6 (continued)

- (c) Describe the rationale for and benefit of **one** type of global strategic alliance for Elk and Frazer if they wanted to develop an operation in Asia. (4 marks)

Description	Marks
Identifies a type of global strategic alliance and describes both its rationale and its benefit as it applies to the scenario	4
Identifies a type of global strategic alliance and describes both its rationale and its benefit	3
Identifies a type of global strategic alliance and writes a description of either its rationale or its benefit	2
Identifies a type of global strategic alliance	1
Total	4
<p>Answers could include:</p> <p>Global strategic alliances include:</p> <p>outsourcing – moving non-core activities from internal operations of a business to an external party to carry out the activity</p> <ul style="list-style-type: none"> • Benefits of outsourcing – cost effective and more efficient by using a specialist in the nominated field to be outsourced. Allows the business to focus on their core competencies <p>acquisition – also known as a takeover. When one business buys another by purchasing a major stake in the target company. This results in gaining access to a larger potential market</p> <ul style="list-style-type: none"> • Benefits of an acquisition – increased customer base that could result in greater market share for the business, increased financial benefits, reduced research and development costs, reduced competition, economies of scale, greater efficiencies and the potential for increased profits <p>merger – merging with a foreign business can help gain access to overseas markets</p> <ul style="list-style-type: none"> • Benefits of a merger – see ‘acquisition’ above <p>joint venture – an arrangement where two or more businesses join forces to become one entity for a particular purpose or project</p> <ul style="list-style-type: none"> • Benefits of a joint venture – takes advantage of local knowledge of the market or labour expertise. There could be savings in costs and time with a business that is already established in the market <p>franchise – a business allows other businesses to trade under its name in return for a fee and a share of the revenue generated</p> <ul style="list-style-type: none"> • Benefits of a franchise to a franchisee – run a new business with an established brand name, training, equipment and expertise provided, significant economies of scale and potential global advantage in large-scale advertising. <p>Accept any other correct, logical answer.</p>	

Section Two: Extended answer

40% (50 Marks)

Question 7

(25 marks)

- explain to the CEO **two** benefits of innovation for Domino’s Pizza business (6 marks)

Description	Marks
For each of the two benefits:	
Explains a benefit of innovation as it applies to the Domino’s case study	3
Writes a limited explanation of a benefit of innovation as it applies to the Domino’s case study	2
Identifies a benefit of innovation	1
Total	6
<p>Answers could include:</p> <p>Innovation can lead to: improved economic outcomes, survival and growth, increased employment, improved skills in the workforce, better management of environmental impact.</p> <p>financial gain:</p> <ul style="list-style-type: none"> • may lead to increased income or new income through the creation of a new market or capture of more market share • may prolong the product life cycle by delaying the decline stage • by adding features or improving quality, customer demand can be maintained or increased (pizza tracking, Pizza Mogul) <p>expansion of global market presence:</p> <ul style="list-style-type: none"> • the competitive advantage created by innovation can be translated into global competitiveness • innovation could lead to expansion e.g. to Italy • technology such as e-commerce, groupware, online ordering, distribution and payment systems make the business more likely to be successful in global markets (use of application [app], Twitter, website) <p>increased market share:</p> <ul style="list-style-type: none"> • innovation may result in a new product e.g. create your own pizza – Pizza Mogul/delivery systems (online tracking) and thus capture a new market • Domino’s can enhance its public image and, potentially, consumer demand and loyalty, through environmental management innovation. Improved technology to reduce the carbon footprint, reduce waste and better manage pollution promotes its commitment to sustainability and being green e.g. 100% recyclable pizza boxes. This increases consumer awareness and competitive advantage as Domino’s is seen to be environmentally friendly. <p>Accept any other correct, logical answer.</p>	

Question 7 (continued)

- explain the benefits Domino’s will experience from product and process innovation (6 marks)

Description	Marks
Product innovation:	
Explains the benefits of product innovation as it applies to the Domino’s case study	3
Writes a limited explanation of the benefits of product innovation as it applies to the Domino’s case study	2
States a relevant fact about product innovation	1
Process innovation:	
Explains the benefits of process innovation as it applies to the Domino’s case study	3
Writes a limited explanation of the benefits of process innovation as it applies to the Domino’s case study	2
States a relevant fact about process innovation	1
Total	6
<p>Answers could include:</p> <p>product innovation:</p> <ul style="list-style-type: none"> product innovation refers to changing and improving features, materials or functions of a product or service product innovation may create a fad product innovation may respond to existing customer demand in a new and better way or anticipate market trends e.g. tracking delivery of pizza, creating an app, use of twitter, Pizza Mogul – creating interest and loyalty from customers <p>process innovation:</p> <ul style="list-style-type: none"> process innovation is about changing and improving how a business operates, distributes and markets its product reduced waste, time and costs leads to sustained profits innovation may involve a less expensive manufacturing process – in this case better ways of cooking and delivering pizza process innovation may reduce cost and increase production capacity e.g. be able to make more pizza and deliver faster may result in a better way to interact with customers – social media, online purchasing and payment methods e.g. Domino’s app and Twitter. <p>Accept any other correct, logical answer.</p>	

- outline how Domino’s innovation in technology assists ethical practice in achieving environmental sustainability (3 marks)

Description	Marks
Outlines the relationship between Domino’s innovation, ethical practice and achievement of environmental sustainability	3
Makes a link between Domino’s innovation and ethical practice in environmental sustainability	2
States a relevant fact about Domino’s environmental sustainability practice	1
Total	3
<p>Answers could include:</p> <ul style="list-style-type: none"> businesses today are making an effort to put sustainable practices into action through innovation improved technology can assist businesses to protect the environment and to create green initiatives, thus gaining positive public image and goodwill for their brand green initiatives can save money by reducing packaging materials, minimising transportation costs and using energy-efficient lighting Domino’s has used innovation by: <ul style="list-style-type: none"> ‘driving its way to a greener business’ e.g. electronic scooters and cars encouraging staff to be more environmentally aware encouraging staff to save energy reducing waste and emissions promoting recycling. 	
Accept any other correct, logical answer.	

Question 7 (continued)

- explain how the factors of cost and technology have impacted the success of innovation for Domino's Pizza (6 marks)

Description		Marks
For each of the two factors:		
Explains how the factor and its impact on the success of innovation as it applies to Domino's case study		3
Makes a link between the factor and its impact on the success of innovation		2
States a relevant fact		1
Total		6
Answers could include:		
Cost	Technology	
<ul style="list-style-type: none"> innovation requires investment of time and money either from retained profits or from external funding such as loans, shares, etc. 	<ul style="list-style-type: none"> technological invention can provide stimulus for innovation e.g. GPS Driver Tracker, Domino's Robotic Unit 	
<ul style="list-style-type: none"> financing innovation allocates people and money to a project and takes resources away from existing operations. This can put pressure on the core business and decreases the resources available for operating and marketing existing product 	<ul style="list-style-type: none"> new technology enables a business to do something they previously could not and gives them a platform to change the way they do business e.g. Domino's app, order online, track delivery, use Twitter 	
<ul style="list-style-type: none"> the losses from the innovation can have an impact on the business as a whole and jeopardise its survival 	<ul style="list-style-type: none"> how Domino's manages its technology will have an impact on the success of its innovation 	
<ul style="list-style-type: none"> Domino's could spend a lot of money on projects such as Pizza Mogul and end up losing money as it may not be popular. 	<ul style="list-style-type: none"> if the tracking system or app does not work effectively it may cause problems, however, if it is successful it could create a competitive advantage. 	
Accept any other correct, logical answer.		

- recommend to the CEO whether expansion into Italy is a desirable option. (4 marks)

Description	Marks
Makes a logical recommendation using comprehensive, relevant evidence from the Domino's case study	4
Makes a recommendation using relevant evidence from the Domino's case study	3
Makes a recommendation outlining a reason for or against Domino's expansion	2
Makes a relevant statement	1
Total	4
<p>Factors that could be considered:</p> <ul style="list-style-type: none"> • new technology provides stimulus for innovation. It enables Domino's a platform for change e.g. use of GPS tracking systems, ordering online through an app • customers' expectations have increased with new technologies. They demand high quality communication through social media. It is important Domino's responds to this expectation and change in consumer wants (Domino's has created an app, interactive website, uses Twitter, and emoji's) • customers expect engaging content and online experiences, innovative commerce tools and applications, and sustainable practices such as being environmentally friendly. Technology assists these expectations • Domino's has demonstrated its commitment to ethical practice through the use of electronic scooters, cars and educating its staff – environmental sustainability • technology has resulted in Domino's being more environmentally friendly (energy saving, 'driving to greener business', reducing carbon emissions) which may assist its brand and match customers' expectations in relation to ethical practice • the pizza market in Italy may already be saturated • the history, culture and authenticity of pizza market in Italy may be too hard to penetrate <p>Factors that could be included in the final decision:</p> <ul style="list-style-type: none"> • in Italy the use of apps and tracking systems will be important • the ability to change language, location, currency will impact upon success • if innovation is used regarding technology, environmental sustainability and ethical practice, Domino's does have the potential to be successful in its expansion to Italy • advises whether to expand to Italy, stating why and relating the recommendation to technology. 	
Accept any other correct, logical answer.	

Question 8

(25 marks)

- outline why it is vital that businesses be aware of the internal and external factors that drive change (4 marks)

Description	Marks
Outlines why businesses should be aware of the factors that drive change	3-4
States a relevant fact about why a business should be aware of internal and external factors that drive change	2
States a relevant fact about why a business should be aware of internal or external factors that drive change	1
Total	4
<p>Answers could include:</p> <p>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.</p> <p>external factors that drive change:</p> <ul style="list-style-type: none"> customers, competition, legislation, society’s expectations and globalisation political decisions can have a huge impact on a business by changing tax laws or regulatory regimes environment factors <p>internal factors that drive change:</p> <ul style="list-style-type: none"> 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.	

- outline **two** reasons why Bob’s dad may be resistant to change (4 marks)

Description	Marks
For each of the two reasons:	
Outlines a relevant reason for resistance to change	2
Lists a relevant reason for resistance to change	1
Total	4
<p>Answers could include:</p> <p>financial costs:</p> <ul style="list-style-type: none"> 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 <p>staff attitude:</p> <ul style="list-style-type: none"> fear of change of direction to his business fear of the unknown self interest misunderstanding <p>managerial inertia:</p> <ul style="list-style-type: none"> he may not be able to keep up with market trends and changes and thus ensure that the business remains competitive he 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? he may feel that if they embrace technology, job security may become an issue for him due to lack of technology skills. <p>Accept any other correct, logical answer.</p>	

- explain why Kotter’s 8 Steps change management model facilitates change (3 marks)

Description	Marks
Explains that the model provides guidelines and how these guidelines facilitate change	3
Explains that the model provides guidelines and a limited explanation about how these guidelines facilitate change	2
States a relevant fact about the model’s guidelines	1
Total	3
<p>Answers could include:</p> <p>Facts could include:</p> <ul style="list-style-type: none"> an 8-step model that provides guidelines for the successful implementation of change Kotter’s 8 Steps change management model allows for managers to have a clear idea/vision about how to manage, in eight steps, any change process this model allows for thoughtful planning and insightful implementation Kotter argues that involvement of staff breeds commitment to the change. <p>Accept any other correct, logical answer.</p>	

Question 8 (continued)

- apply the first **three** steps of Kotter’s 8 Steps model to guide the camera shop into the digital age (6 marks)

Description	Marks
For each of the three steps:	
Applies the relevant step to the case study	2
Correctly states the relevant step	1
Total	6
Change management model:	
<ul style="list-style-type: none"> • Set the stage: <ol style="list-style-type: none"> 1. Create a sense of urgency – help others see the need for change and the importance of acting immediately <p>Bob will need to communicate/discuss with his Dad the current position of the camera shop. A SWOT analyses will allow Bob to identify the opportunities and the threats that could arise from implementing the changes recommended by him</p> <p>Opportunities (external) – new customer base with the introduction of new camera technology and access to an international market will the sell off ‘old’ cameras to collectors</p> <p>Threats (external) – new cameras stores (competitors) catering to customer demand for new technology</p> 2. Pull together the guiding team (a guiding/powerful coalition) – make sure that the group guiding change has leadership skills, communication skills, analytical skills and authority <p>Seek advice from key people who will ensure that the direction the change takes is correct</p> <p>Employ professionals and people with expertise to guide Bob and his dad through the change process</p> • Decide what to do: <ol style="list-style-type: none"> 3. Develop the change vision and strategy – clarify how the future will be different from the past and make the future a reality <p>Develop strategic goals and objects before the team takes further action. The desired end-result should be clearly stated and the reasons for change communicated e.g. to increase sales of new digital cameras by 10% in the next six months.</p> 	
Accept any other correct, logical answer.	

- draw and apply Lewin’s Forcefield Analysis to the camera shop and recommend whether or not to adopt change by embracing the digital age. (8 marks)

Description	Marks
Applies to the case	1–2
Makes decision to change/not change	1
Allocates weightings (Stage 3)*	1
Draws Lewin’s Forcefield analysis (Stage 3)*	1–2
Lists relevant forces against change (Stage 2)*	1
Lists relevant forces for change (Stage 1)*	1
Total	8

* example for markers’ benefit only.

Camera shop

Diagram includes: forces for change, forces against change, articulated decision column (middle column).

Recommendation to adopt change through embracing the digital age based on Lewin’s Forcefield Analysis (forces for change = 14 and forces against change = 11, therefore greater forces for change).

Accept any other correct, logical answer.

Question 9

(25 marks)

- explain the purpose of the strategic planning process and why it is important for a growing business such as hers. Include in your answer the key features of a strategic plan (6 marks)

Description	Marks
Explains the purpose of the strategic planning process	2
States a relevant fact about the strategic planning process	1
Subtotal	2
Explains the importance of the strategic planning process to a growing business	2
States a relevant fact about the importance of the strategic planning process to a growing business	1
Subtotal	2
Identifies the key features of a strategic plan	2
Identifies a feature of a strategic plan	1
Subtotal	2
Overall total	6
<p>Answers could include:</p> <p>Purpose of strategic planning:</p> <ul style="list-style-type: none"> to establish overall goals for a business and to develop a plan to achieve these goals the outcome is called a strategic plan it is a formal process involving stepping back from the day-to-day operations of the business and deciding the direction to take the business; what are its priorities? <p>Why strategic planning is important to growing businesses (e.g. Amy's):</p> <ul style="list-style-type: none"> when deciding to grow the business it means taking risks that come with business growth; by working through a formal process such as strategic planning, Amy can reduce and manage those risks this includes identifying where Amy wants to take her business and how she will get there as the size and complexity of Amy's business increases, her strategy will need to become more sophisticated Amy will need to review her strategy, collect and analyse a wide range of business data, such as information about how her business operates, developments in her current and potential markets, PEST information relevant to the importing of her silk-bedding products from China therefore, based on the above facts, it would be wise for Amy to review her strategic plan to support the proposed developments and growth of her business. <p>Key features of strategic planning involves:</p> <ul style="list-style-type: none"> defining mission and objectives environmental scanning strategic formation and implementation evaluation and control <p>Accept any other correct, logical answer.</p>	

- explains why managing diversity should be included in Amy’s strategy for business growth (3 marks)

Description	Marks
Explains why managing diversity should be included in Amy’s strategy and links to business growth	3
Writes an explanation about managing diversity in Amy’s business	2
States a fact about managing diversity	1
Total	3
<p>Answers could include:</p> <p>Global business environment means dealing with a variety of customers, suppliers and employees:</p> <ul style="list-style-type: none"> strong relationships with suppliers and workforce ensures a more productive working environment as the business grows openness in communication leads to better ideas and methods leading to stakeholders’ willingness to do more business with Amy’s business <p>Ability to manage diversity leads to a greater understanding of needs and wants of customers, suppliers and employees:</p> <ul style="list-style-type: none"> customers – are more satisfied, which leads to increased sales employees – are more motivated, and promotes creativity in the workforce suppliers – supports productive relationships. <p>Accept any other correct, logical answer.</p>	

Question 9 (continued)

- construct a PEST analysis for Amy’s business (8 marks)

Description	Marks
For each of the four PEST factors:	
Outlines the factor and its relevance to Amy’s business	2
States a fact relevant to Amy’s business	1
Total	8
<p>Answers could include:</p> <p>Factors considered in the PEST analysis:</p> <p>political: (tax laws, industrial relations laws, environmental regulations, consumer protection, trade regulations, stability and relationships of foreign governments)</p> <ul style="list-style-type: none"> introduction of free trade agreements (FTAs) – opening trade opportunities for China international relationships improving due to trade agreements e.g. Australia and China continually improving political relationships through the FTA agreement <p>economic: (interest rates, inflation, unemployment, growth, discretionary spending, currency fluctuations)</p> <ul style="list-style-type: none"> growth potential in Western markets – increase demand for silk growth in Chinese market – successful global businesses emerging increase in production of quality silk products <p>social: (population growth, religious beliefs, lifestyles, community expectations for safety, value for money and ethics)</p> <ul style="list-style-type: none"> increase in popularity of silk-bedding products in Western markets improved reputation of silk products due to ‘thermal qualities, light weight’ etc. natural products, no use of chemicals in processing, environmental responsibility consumers more confident to do online shopping through PayPal <p>technological: (rate of change, automation, research and development)</p> <ul style="list-style-type: none"> e-commerce allowing to sell products online e.g. eBay, Etsy, business websites – faster, efficient open to a global market ability to market through social media campaigns improved technology leads to faster shipping, better payment methods, safer ways of payment and delivery tracking systems. <p>Accept any other correct, logical answer.</p>	

- describe **one** benefit and **one** challenge for Australian businesses as a result of free trade agreements (FTAs) (4 marks)

Description	Marks
Describes a relevant benefit to Australian businesses	2
States a relevant benefit to Australian businesses	1
Describes a relevant challenge for Australian businesses	2
States a relevant challenge for Australian businesses	1
Total	4
<p>Answers could include:</p> <p>Benefits of free trade agreements (FTAs) could include:</p> <ul style="list-style-type: none"> removal of trade barriers on the movement of goods, services, labour and capital tariff reductions and elimination of behind-the-border barriers economic cooperation opportunities to tap into international supply chains increased productivity, contribution to GDP growth fosters competition and innovation. <p>Challenges of free trade agreements could include:</p> <ul style="list-style-type: none"> struggle to live up to expectations as FTA benefits often oversold given the increasing number of FTAs, economies face increasing challenges regarding their use, scope and impact domestic producers and level of competition from cheap imports acceptable standards e.g. food standards political, trade and economic security issues. <p>Accept any other correct, logical answer.</p>	

Question 9 (continued)

- recommend to Amy whether or not you consider that importing silk products from China is a desirable business proposition. (4 marks)

Description	Marks
Makes a logical recommendation using comprehensive, relevant evidence from the case study	4
Makes a recommendation using relevant evidence from the case study	3
Makes a recommendation outlining a reason for or against the proposition	2
States a relevant fact about the proposition	1
Total	4
<p>Factors that could be considered in the recommendation:</p> <p>Synthesising responses into a recommendation could include:</p> <ul style="list-style-type: none"> • a positive impact of globalisation, hence identifying an opportunity of which Amy could take advantage • a benefit/trends of current/future FTA agreements • ability to acknowledge and manage diversity along the entire supply chain; Amy may have heritage/cultural links/understanding to build upon • draw out key points from the PEST analysis <p>Factors that could be included in the final decision:</p> <ul style="list-style-type: none"> • the answer is summarised in the last sentence of the case (Amy thinks that growth in Western markets, customer demand for natural products, introduction of FTAs, and the increase in production of quality silk products from China provides the basis for a successful global business) • candidates need to expand on these points in detail from their responses to justify their decision • for those reasons, it would be recommended that Amy pursue this product import opportunity. 	
Accept any other correct, logical answer.	

ACKNOWLEDGEMENTS

- Question 2(a)** Adapted from: Luthra, V. (n.d.). [Definition of production management]. Retrieved August, 2017, from www.businessdictionary.com/definition/production-management.html ©2007-2011 Vijay Luthra and BusinessDictionary.com. All rights reserved.
- Question 3(b)** Adapted from: George, J. M. & Jones, G. R. (2012). [Definition of work motivation]. Retrieved September, 2017, from www.diva-portal.org/smash/get/diva2:944047/FULLTEXT01.pdf
- Question 7** Information from: Domino's. (2017). *Technology and Innovation*. Retrieved April, 2017, from www.dominos.com.au/inside-dominos/technology
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