



ATAR course examination, 2018

Question/Answer booklet

BUSINESS MANAGEMENT AND ENTERPRISE

Please place your student identification label in this box

Student number: In figures

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In words

Time allowed for this paper

Reading time before commencing work: ten minutes

Working time: three hours

Materials required/recommended for this paper

To be provided by the supervisor

This Question/Answer booklet

Number of additional
answer booklets used
(if applicable):

To be provided by the candidate

Standard items: pens (blue/black preferred), pencils (including coloured), sharpener, correction fluid/tape, eraser, ruler, highlighters

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

Important note to candidates

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

Structure of this paper

Section	Number of questions available	Number of questions to be answered	Suggested working time (minutes)	Marks available	Percentage of examination
Section One Short answer	6	6	100	65	60
Section Two Extended answer	3	2	80	50	40
Total					100

Instructions to candidates

1. The rules for the conduct of the Western Australian external examinations are detailed in the *Year 12 Information Handbook 2018*. Sitting this examination implies that you agree to abide by these rules.
2. Write your answers in this Question/Answer booklet.
3. You must be careful to confine your answers to the specific questions asked and to follow any instructions that are specific to a particular question.
4. Supplementary pages for planning/continuing your answers to questions are provided at the end of this Question/Answer booklet. If you use these pages to continue an answer, indicate at the original answer where the answer is continued, i.e. give the page number.

Section One: Short answer**60% (65 Marks)**

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

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

Suggested working time: 100 minutes.

Question 1**(12 marks)**

Great leaders have vision and integrity and can be described as being outstanding strategic planners. However, these leadership qualities are sometimes not enough for successful business decision-making in a global environment. It is equally important for leaders to be ethical to ensure long-term management success in their businesses.

- (a) Describe **three** leadership traits that are beneficial for successful management in a cross-cultural setting. (6 marks)

One: _____

Two: _____

Three: _____

Question 1 (continued)

- (b) Describe why a global business leader might adapt their autocratic leadership style in a cross-cultural setting. (2 marks)

- (c) Leaders in business are expected to act ethically. Describe **two** different ways in which a leader might demonstrate ethical global business decisions. (4 marks)

One: _____

Two: _____

Question 2

(10 marks)

Uber has collaborated strategically with many international businesses in countries such as Russia, Australia and the United States. Volvo, a Swedish vehicle manufacturer, and Uber recently announced a \$300 million joint venture to develop self-driving cars.

- (a) What is the rationale for a joint venture? Describe **one** benefit of this type of strategic alliance. (3 marks)

Rationale: _____

Benefit: _____

Question 2 (continued)

- (b) Describe **two** ways in which a joint venture might use technology to enhance its success in a global market. (4 marks)

One: _____

Two: _____

- (c) Explain why it is important to manage diversity as a strategy for business growth. (3 marks)

Question 3**(11 marks)**

The export of skin care products, for men and women, to China has shown vigorous growth. This is due to the increase in disposable income in China. As a result, an Australian skin care business is investigating the possibility of developing an online retail store to export its skin care products to China.

- (a) Outline **two** sources of financial risk that this skin care business might encounter in trading with China. (4 marks)

One: _____

Two: _____

Question 3 (continued)

- (b) Describe **two** strategies the Australian skin care business might employ to minimise financial risk in an export market. (4 marks)

One: _____

Two: _____

- (c) Explain a legal consideration that the Australian skin care business would need to consider before exporting products to China. (3 marks)

Question 4**(10 marks)**

In Australia, one purpose of the Department of Foreign Affairs and Trade is the establishment of an expanding network of free trade agreements across the world.

- (a) Outline the role of free trade agreements. (2 marks)

- (b) Describe a benefit and a challenge that free trade agreements might have for Australian-owned businesses. (4 marks)

Benefit: _____

Challenge: _____

Question 4 (continued)

- (c) Describe **two** incentives that the Australian Government provides to encourage international trade. (4 marks)

One: _____

Two: _____

Question 5

(12 marks)

David’s Electric Boards and Blades has gained increased recognition for its newly-designed and produced electric skateboards for the Asian market. Recently, David has decided to relocate his manufacturing plant from Australia to Taiwan to capitalise on opportunities to expand his market share.

- (a) Outline **two** factors that drive global business development. (4 marks)

One: _____

Two: _____

- (b) Describe a tax minimisation strategy that a global business might adopt. (2 marks)

Question 5 (continued)

- (c) Explain **two** impacts of globalisation, other than tax minimisation, that might affect David's operations in Taiwan. (6 marks)

One: _____

Two: _____

Question 6**(10 marks)**

Jay has just concluded a second year of trading as Jay's Bike Clinic, a bicycle service and repair business, located in a Perth suburb. He has collected two years of financial data but is unsure as to how to understand his business' performance and determine whether there is an opportunity for growth.

- (a) Define the purpose of basic financial ratios for Jay. (2 marks)

- (b) Name and describe the financial ratio Jay would use to measure the stability of his business. (2 marks)

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

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

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

Suggested working time: 80 minutes.

Question 7**(25 marks)**

Daisy has been operating a surf and yoga camp in the small beach town of Yallingup in Western Australia. She is very happy with the success of the business, which attracts both local and international tourists. She is thinking of expanding to Bali, Indonesia. This appears to be an ideal location, due to its popularity as a holiday destination, the availability of affordable flights, diverse culture, good surf and the fact that there are already established surf and yoga camps successfully operating in Bali. Daisy has also learned the Indonesian language during her past visits to Bali. She decides she needs to assess the strategic direction of her business and will need to consider whether it is worth expanding overseas.

Through market research, Daisy has discovered Bali has a multi-religious population, with a rich dance and music culture. She has also found that it is important to build relationships before starting business negotiations. Australia and Indonesia are strategic partners and cooperate in a range of areas, including politics, economics, tourism and education.

Referring to the source information and your own knowledge, prepare a report or essay addressing the following:

- explain to Daisy the purpose of the strategic planning process (3 marks)
- describe **two** political factors that might affect her business operations in Bali (4 marks)
- explain **two** cultural considerations that might affect the success of Daisy's surf and yoga camp (6 marks)
- as part of the strategic planning process, prepare a SWOT analysis for Daisy's surf and yoga camp (8 marks)
- recommend to Daisy whether the expansion of her surf and yoga camp to Bali would be a desirable option. Justify your recommendation. (4 marks)

Question 8

(25 marks)

Watch Out Clothing, located in Western Australia, is a very successful clothing business that commenced trading and enjoyed significant growth during the mining expansion. Its business vision is to produce innovative, high quality clothing and personal protective equipment. Its range of clothing includes high-vision safety shirts, jackets and work boots at reasonable prices. Innovations in its clothing range include breathable fibres, quick drying fabrics and flame-resistant technology.

The owners are considering expanding into the Asian market as a result of the downturn of the mining industry in Western Australia. Singapore's construction industry has experienced a strong growth period and has similar occupational safety and health laws that require workers to wear personal protective clothing. Watch Out Clothing is aware of the long-standing business relationships between Singapore and Australia. To ensure the quality of the innovative products manufactured by Watch Out Clothing, operations would remain in Australia.

Referring to the source information and your own knowledge, prepare a report or an essay addressing the following:

- describe **two** benefits of home grown products to the Australian economy (4 marks)
- describe **two** benefits of innovation for Watch Out Clothing (4 marks)
- explain **one** feature of the ASEAN-Australia-New Zealand Free Trade Agreement and how this feature could benefit Watch Out Clothing (5 marks)
- construct a political and legal, economic, socio-cultural and technological (PEST) analysis to assess the viability of Watch Out Clothing expanding its operations into Singapore (8 marks)
- recommend to the owners of Watch Out Clothing whether expansion into Singapore would be a desirable option. Justify your recommendation. (4 marks)

Question 9**(25 marks)**

My Ethical Eats Ltd manufactures clean and healthy food products for restaurants in the Fremantle and Perth areas. It specialises in cold beverages and manufactures a range of snack foods, soups and healthy frozen meals. The business has an excellent reputation for using locally-sourced organic products and implementing ethical work practices. My Ethical Eats Ltd is recognised by its bold packaging and simple, colourful logo.

The business is growing and the owners are considering purchasing new manufacturing equipment to cater for the increase in demand for their food products. The new equipment would meet local production needs as well as providing for future expansion overseas. The funding of the new manufacturing equipment has caused cash flow concerns for the owners. In addition, the growing demand for the company's products has raised some concerns, including the maintenance of the company's reputation for producing high-quality products and ethical work practices throughout this expansion.

Referring to the source information and your own knowledge, prepare a report or an essay addressing the following:

- outline **three** sources of funding that could be suitable for the purchase of the new manufacturing equipment (6 marks)
- justify an inventory control technique that would be suitable for My Ethical Eats Ltd's growing business (4 marks)
- explain **two** features of quality management that My Ethical Eats Ltd would need to consider if it was to purchase the new manufacturing equipment (6 marks)
- explain why and how My Ethical Eats Ltd could adapt its marketing mix in the future to cater to its potential global brand (5 marks)
- recommend to My Ethical Eats Ltd whether purchasing the new manufacturing equipment would be desirable for expanding operations internationally. Justify your recommendation. (4 marks)

End of questions

ACKNOWLEDGEMENTS

Question 2

Introductory text information from: Hensel, A. (2016, August 18). *Volvo and Uber announce \$300 million joint venture to develop self-driving cars*. Retrieved August, 2018, from <https://venturebeat.com/2016/08/18/volvo-and-uber-announce-300-million-joint-venture-to-develop-self-driving-cars/>

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