GOOD ANSWER GUIDE FOR BUSINESS MANAGEMENT AND ENTERPRISE ATAR EXAMINATION 2018

BUSINESS EDUCATORS OF WESTERN AUSTRALIA, INC

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INTRODUCTION AND ACKNOWLEDGEMENTS

Why was this Good Answer Guide prepared?

BEWA has received feedback from members that they have seen Good Answer Guides (GAGs) used successfully in other subject areas. Teachers have said that it is an extremely useful strategy to use GAGs during the course revision stage. This allows their students to see authentic examination candidates' answers considered to be of a 'good' standard.

Who may access this Good Answer Guide?

This Good Answer Guide (GAG) is available for the exclusive purchase, on a cost recovery basis, for financial BEWA members to use with their Business Management and Enterprise (BME) students. The once-only purchase price entitles teachers to make sufficient copies for each of their students, but does not entitle them to make any additional copies. There is no entitlement to share the GAG with other teachers or students in other schools, even if they are in a small group moderation relationship. Each member school must purchase their own copy. Once purchased, the teacher may use the GAG from year to year with their student cohort for that year. However, it should be noted that future syllabus changes could affect the accuracy of some of the content in this GAG.

How was this Good Answer Guide compiled?

The School Curriculum and Standards Authority (SCSA) contacted the top performing 2018 ATAR BME examination candidates to seek permission for BEWA to use their scripts for this Good Answer Guide. BEWA was then given access to the scripts of those candidates who gave their permission. It should be noted that almost all candidates gave their permission.

Experienced BME examination markers were then engaged to select 'good' answers to each of the questions on the 2018 BME examination paper. The markers made their selections from the scripts of the top 20 candidates in the 2018 cohort.

It should be noted that even though the answers selected were the best of the answers in this top 20 group, they may not be perfect answers that gained full marks. Teachers should reference the marking key written by the examining panel of the 2018 BME examination to see perfect answers that would have gained full marks.

The markers have endeavoured to select two 'good' answers and made annotations to demonstrate why the answers are 'good'. However, for some questions it was considered only one answer was deemed to be sufficiently 'good' for this GAG.

Acknowledgements

BEWA would like to thank SCSA and the top 20 candidates in the 2018 ATAR Business Management and Enterprise Examination for making these examination scripts available.

BEWA wishes to acknowledge the significant contributions of Matthew Pavisich and Lachlan Rogers to the compilation of the Good Answer Guide for the 2018 ATAR Accounting and Finance Examination. Matt and Lachy are currently completing the Bachelor of Commerce at The University of Western Australia and undertook the compilation of the Good Answer Guide as part of the internship unit WILG2201 Professional Experience Practicum. Both successfully undertook their Accounting and Finance studies at Trinity College, East Perth.

In addition, BEWA wishes to acknowledge the contribution of Mr Peter Robinson from the UWA Business School who supervised Matthew and Lachlan for this project and without whose commitment this Good Answer Guide would not have been possible.

BEWA also thanks the 2018 BME examination markers who were engaged for this project and the BEWA Committee members who have contributed to editing this GAG.

SECTION 1: SHORT ANSWER QUESTIONS

Question 1

Examines leadership traits that would be beneficial in a cross-cultural setting; the adaptation required of an autocratic leadership style in a cross-cultural setting and the different ways in which a leader may demonstrate ethical global business decisions.

Question 1 (a): Response 1

Describe three leadership traits that are beneficial for successful management in a cross-cultural setting.

Top 20 Answer	Annotations
One: ~~Skilled Communicator~~ Being a skilful communicator is a leadership trait that is highly beneficial for success within cross cultural settings. The ability to convey and explain ideas and objectives is an important skill for management, even more so when across cultural and language barriers.	Describes a skilled communicator and applies to cross cultural settings, mentioning language barriers.
Two: Social awareness is a valuable leadership trait within cross cultural settings because it enables leaders to analyse and respond to the different social situations. Being socially aware means having an understanding of the societal expectations around you, this is important cross-culturally.	Describes social awareness and relates it to understanding societal expectations in a different culture.
Three: Being a future thinker is a leadership trait that helps leaders successfully manage cross cultural operations. Operations ~~cross~~ on an international level often involve long term commitments and decisions making it valuable to think ahead.	Describes future thinkers in relation to long-term commitments and decisions. Links future thinking to operations at an international level.

Question 1 (a): Response 2

Describe three leadership traits that are beneficial for successful management in a cross-cultural setting.

Top 20 Answer	Annotations
One: A leadership trait that ~~are~~ is beneficial for successful management in a cross-cultural setting is skilled communicator. A leader must be articulate in communicating goals and objectives, send clear signals about what needs to be done and listen to others' feedbacks and ideas. This is important to ensure employees from different cultures understand their responsibility and reduces resistance to change.	Provides a detailed description of a skilled communicator and relates it to employees from a different culture understanding their responsibilities.
Two: Another leadership trait in crosscultural setting is a leader must be socially aware. A leader must listen intently and pick up empathetically to the unspoken and intuitive clues. They must grasps others' emotion and perspective. It is important as employees from different cultures will feel that their ideas are valued and acted upon and foster employee morale.	Describes a socially aware leader and relates it to employees from different cultures being listened to, their opinions valued and increased employee morale.
Three: Besides, a leadership trait that is beneficial in cross cultural setting is responsible. A leader must ~~to~~ own up themselves and to their actions. ~~Ev~~ They will take all the consequences, even the bad ones. This is important as employees in different cultures may have misunderstandings, so a true leader must be responsible and take the blame even if it was an employee's fault to gain respect.	Describes a responsible leader, relating it to misunderstandings and respect from employees from different cultures.

Question 1 (b): Response 1

Describe why a global business leader might adapt their autocratic leadership style in a cross-cultural setting.	
Top 20 Answer	**Annotations**
A Global business leader would adapt their leadership style to the social norms of the culture they are in. Some cultures value a Democratic leadership which involves involving employees in decision making, so leader would follow this style. They also would Adapt it as other people might be more familiar in the culture they are moving to so it would be best to let them have input into decision Making and ideas.	Describes reasons why a global business leader would adapt the leadership style, linking it to social norms and values. Suggests that a democratic style would allow employees to have input into decisions and ideas.

Question 1 (b): Response 2

Describe why a global business leader might adapt their autocratic leadership style in a cross-cultural setting.	
Top 20 answer	**Annotations**
The autocratic leadership style is one that involves one way communication and a strong hierarchy. This leadership style isn't always effective so a global business leader may take on a situational ~~approa~~ leadership style, adapting their approach to different teams depending on cultural values, level of experience, and the work environment.	Defines autocratic leadership and describes why it isn't always effective. Suggests a situational leadership style due to possible cultural values, levels of experience and work environment.

Question 1 (c): Response 1

<table>
<tr><th colspan="2">Leaders in business are expected to act ethically. Describe two different ways in which a leader might demonstrate ethical global business decisions.</th></tr>
<tr><th>Top 20 Answer</th><th>Annotations</th></tr>
<tr><td>One: A leader might demonstrate ethical global business decision through environmental sustainability. It involves taking action and making decision in the interest of protecting the natural world, with particular emphasis on preserving the capability of the environment to support human life. A leader can commit to environmental sustainability through green initiative such as reducing packaging material, minimizing transportation cost, energy-efficient lighting.

Two: A leader may demonstrate ethical global business decision through corporate social responsibility. It is a self-regulatory mechanism whereby a company actively monitors the society, environment, ethical practices, global trends and legal standards for compliance. A leader may act ethically by offering positive working environment for workers, donating funds to local non-profit organization and use environmental safe material, under the corporate social responsibility initiative.</td><td>Describes how environmental sustainability could be achieved, providing specific examples of decisions that leaders could take through green initiatives, such as reducing packaging and energy efficient lighting.

Describes how a leader could demonstrate ethical decision-making through the use corporate social responsibility by providing a positive work environment, making NFP donations and using environmentally safe materials.</td></tr>
</table>

Question 1 (c): Response 2

<table>
<tr><th colspan="2">Leaders in business are expected to act ethically. Describe two different ways in which a leader might demonstrate ethical global business decisions.</th></tr>
<tr><th>Top 20 Answer</th><th>Annotations</th></tr>
<tr><td>One: An ethical global business decision is the business does not use child labour ~~as~~ in accordance to International Labour Organization (ILO). A ~~be~~ leader must ~~a~~ follow the ~~ILO~~ ILO Minimum Age Convention and ILO Worst Forms of Child Labour Convention. A leader must not hire children below 15 ~~ages~~ years old and must eliminate slavery practices

Two: Another ethical global business decision is the ~~be~~ leader should ~~be~~ maintain environmental sustainability which is ~~t~~ making decisions and taking actions that are in interest of ~~pre~~ protecting the natural world, with particular emphasis on ~~support~~ preserving the capability of environment to support human life. A leader should manage environmental sustainability proactively in their supply chain, such as not doing business with suppliers who illegally harvest timber.</td><td>Identifies not using child labour as an ethical decision and relates the decision to following regulations from the ILO.

Correctly defines environmental sustainability and provides an example of an ethical decision.</td></tr>
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Question 2

Examines the rationale and benefits of joint ventures; how technology may be used to enhance a joint venture's success in a global market and the importance of managing diversity in a global setting.

Question 2 (a): Response 1

What is the rationale for a joint venture? Describe one benefit of this type of strategic alliance.

Top 20 Answer	Annotations
Rationale: A joint venture is ~~wh~~ a strategic alliance where two or more businesses come together for a ~~short~~ particular project. The businesses remain seperate and can focus on core activities but ~~form a~~ pool resources ~~for a~~ ~~to~~ for a particular project/purpose.	Provides a detailed rationale for a joint venture.
Benefit: Joint ventures are beneficial because it provides a businesses with the access to resources, technology, and equipment that they may need for a particular project without them having to invest as much. Objectives can be accomplished with less risk due to the support of the other business involved.	Describes a benefit: access to resources, technology and equipment without having to invest as much money, hence less risk with a second business involved.

Question 2 (a): Response 2

What is the rationale for a joint venture? Describe one benefit of this type of strategic alliance.

Top 20 Answer	Annotations
Rationale: A joint venture is when two or more businesses join forces to become a single for a certain purpose or project. Entering a joint venture with a foreign business gives a company access to local knowledge and customers in the target country.	Correctly explains the rationale for a joint venture.
Benefit: Joint ventures provide a business with skills and technology they may not have already had access to. By joing forces with another company, the specialised employees with certain skills, ~~at~~ as well as the business's technology is put towards the project or purpose of the joint venture. Hence, this is beneficial in assisting the business and project.	Describes access to specialised skills and technology when joining forces with another organisation.

Question 2 (b): Response 1

Describe two ways in which a joint venture might use technology to enhance its success in a global market.	
Top 20 Answer	**Annotations**
One: A Joint venture may use social media to enhance its success. This is a range of websites and applications to take part in social networking. The Joint venture could set up a social media account such as instagram to gain exposure to social media users from all over the world. It will allow the companies to respond quickly to customers and offer attractive promotions.	Describes social media as a form of technology that a joint venture might use, providing specific examples about Instagram to gain exposure from users all over the world. Also describes the ability to respond quickly to customers.
Two: The companies could also set up an e-commerce site to sell the product online. This allows global consumers to research and purchase the product from the comfort of their homes. It will allow the companies to access customer information to refine marketing strategies to attract consumers globally	Describes e-commerce as a benefit, globally allowing customers to research and purchase products online.

Question 2 (b): Response 2

Describe two ways in which a joint venture might use technology to enhance its success in a global market.	
Top 20 Answer	**Annotations**
One: A joint venture could use social media to enhance its success in a global market. Having high quality social media content may turn the joint venture's web presence into a magnet for potential customer. The joint venture can use social media to respond quickly to customer's question. For example, social media such as Instagram, Facebook and Twitter has the messanging function for the joint venture to reply to customers and public.	Describes how a joint venture could use social media to enhance its success, highlighting the ability to respond to customers through Instagram, Facebook and Twitter.
Two: A joint venture could use techonology such as e-commerce to enhance its success in a global market. E-commerce is the use of online system and technologies to conduct its business. Internet allows joint venture business activities to operate 24/7 in a global environment on both a business-to-business and business-to-customer basis. For example, e-commerce such as secure online payment system encourage customer to trust the business, ease global access and purchase and collect information to refine marketing strategy.	Describes e-commerce and how it could be used to operate the business 24/7. Provides an example regarding online payment systems, increasing customers trust and ease of access.

Question 2 (c): Response 1

Explain why it is important to manage diversity as a strategy for business growth.	
Top 20 Answer	**Annotations**
Diversity refers to a range of traits such as age, religion culture, gender, disabilitys, working hours and beliefs. By ~~putting~~ having a diverse group of people together it can create new ideas and perspectives for the business. It also allows business such as volo and uber to under stand wants and needs of consumers. Through managing diversity business can ~~greate~~ create strong relationship with ~~ana~~ supplies, motivate employies and satisfy customers needs and wants. This is accomplishable through a diverse group as they can can relate to a larger group of people. Uber and volo are from two different countries so they are diverse in their cultures which can bring together greater ideas.	Defines diversity and relates the concept to creating new ideas and perspectives, linking it to understanding customers. Links managing diversity to creating strong relationships with suppliers, motivating employees and satisfying the needs and wants of customers. Explains that different cultures can bring together greater ideas.

Question 2 (c): Response 2

Explain why it is important to manage diversity as a strategy for business growth.	
Top 20 Answer	**Annotations**
By managing diversity is a strategy for business growth because it helps to provide different views, opinions and skill sets within the company. Diversity helps to enhance global opportunities as a diverse work place can help to improve the strategies used as a different ideas can be utilised. For example by managing diversity if a company was looking to expand into China and it currently had Chinese workers it could ask these workers for their opinion and insight into the most culturally appropriate and respectful way to do so.	Explains that managing diversity is an opportunity to provide different views, opinions and skills. Outlines how diversity can enhance global opportunities through a diverse workplace utilising different ideas. Uses an example to explain how using a Chinese insight might help with being culturally appropriate and respectful.

Question 3

Examines the financial risks that an Australian skin care business might encounter in trading with China; the strategies that an Australian skin care business might employ to minimise financial risk in an export market and the legal consideration an Australian skin care business would need to consider before exporting products to China.

Question 3 (a): Response 1

Outline two sources of financial risk that this skin care business might encounter in trading with China.

Top 20 Answer	Annotations
One: One financial risk is currency fluctuations. Currency fluctuations occur when the currency exchange rate between two countries rises and falls, creating uncertainty in profits and expenses. If ~~an~~ the Australian skin care business arranges to export products to China for a set price on a certain date and the exchange rate changes they risk losing profit. Two: Non payment of Monies is another financial risk that the skin care business may face when trading with China. Due to distance, payment methods, and different laws it can be hard to track money globally and there is the risk that customers can order a product ~~and~~ causing the business to spend money manufacturing it, only for the customer not to pay for it.	Correctly identifies currency fluctuations and non-payment of monies as a financial risk. Describes how currency fluctuations could impact the skin care business in relation to potentially losing profit. Describes how the skin care business could be at risk of a customer not paying the money owed, and then the difficulty the business would have in tracking money globally.

Question 3 (a) Response 2

Outline two sources of financial risk that this skin care business might encounter in trading with China.

Top 20 Answer	Annotations
One: Non-payment of monies is a source of financial risk. The Australian business may not receive payments from their Chinese buyers for the shipment due to a range of reasons including; the company buying the skin care product goes insolvent, or because the company decides not to pay because the shipment is taking too long. Two: currency fluctuations is a source of financial risk, as if an exchange rate takes an unfavourable turn, the company will find themselves losing money due to a weak dollar. If the Australian dollar becomes unfavourable for buyers in China, they may look elsewhere for a cheaper product, causing the business to lose sales.	Identifies non-payment of monies and currency fluctuations as sources of financial risk. Outlines each financial risk, describing the impact it may have on the business when trading with China.

Question 3 (b): Response 1

Describe two strategies the Australian skin care business might employ to minimise financial risk in an export market.	
Top 20 Answer	**Annotations**
One: To protect against non-payment of monies, the business can get insurance. There are three types; export credit insurance protects the business if the buyer becomes insolvent and is unable to make the payment, political risk insurance protects the good against loss or damage in a country experiencing civil war or unrest, (see page 2a) Two: Hedging removes the uncertainty and risk associated with currency fluctuations. Foward hedging involves setting an exchange rate that will be used when the payment is to be made instead of the current exchange rate. Option hedging involves setting an agreed upon rate that can be used at the time of payment, or can be discarded if the current exchange rate is more favourable.	Correctly identifies insurance and hedging as strategies for minimizing financial risk. Provides a detailed description of each strategy.

Question 3 (b): Response 2

Describe two strategies the Australian skin care business might employ to minimise financial risk in an export market.	
Top 20 Answer	**Annotations**
One: The business can apply for insurance to minimise the risk of non-payment. Insurance includes Export Credit Insurance, Political risk insurance (for when there is an unstable governmen and Transit or Shipping insurance which covers damages to goods during transit. Two: To hedge against loss due to currency variations, the business could use hedging. Forward hedging is when an agreed exchange rate is negotiated prior to the transaction and Option hedging is when there is an agreed exchange rate, however, if on the day of the transaction, the exchange rate is more favourable, the transaction can use ~~that~~ instead.	Correctly identifies non-payment of monies and currency fluctuations as a source of financial risk. Provides a detailed description of each financial risk, describing the impact it may have on the business when trading with China.

Question 3 (c): Response 1

Explain a legal consideration that the Australian skin care business would need to consider before exporting products to China.	
Top 20 Answer	**Annotations**
The Australian skincare business would need to consider differences regarding competition regulations in China, including product liability and patent registrations. The Australian business must consider the laws regarding product liability in China to remove the liklihood of being liable for damage to a consumer and having to pay compensation. The Australian company must also register for a patent through the World Intellectual Property Organisation covering 148 countries. This ensures the product is not being copied and also ensures protection to maintain individuality and uniqueness within China to gain competitive advantage.	Correctly identifies product liability and patent registrations as legal considerations. Explains how to register for a patent and the reasons why it is important, linking it to gaining competitive advantage.

Question 3 (c): Response 2

Explain a legal consideration that the Australian skin care business would need to consider before exporting products to China.	
Top 20 Answer	**Annotations**
One legal consideration is product liability. Product liability is the general obligation that a business has to provide compensation for loss associated with the use of their product. For the skin care product, if a consumer ~~were~~ were to have an allergic reaction or incur a rash due to its use then the business will have to compensate the consumer. The business must be aware of the product liability laws in other countries in order to not contravene them and end up in a costly legal battle. A business can apply for product liability insurance which will cover for the compensation.	Correctly identifies product liability as a legal consideration. Explains reasons why it is important and the consequences to the business if not considered.

Question 4

Examines the role of free trade agreements, the benefits and challenges a free trade agreement might have for Australian-owned businesses and the incentives provided by the Australian Government to encourage international trade.

Question 4 (a): Response 1

Outline the role of free trade agreements.	
Top 20 Answer	**Annotations**
Free Trade Agreement is an interational treaty between countries to reduce barriers on trade and support stronger commerical ties and facilitates stronger economic integration between partiipating countries. Free Trade Agreement remove both tariff and non tariff barriers between countries such as import duties, licensing rules and tax.	Outlines the role of free trade agreements, highlighting reducing barriers, stronger economic integration and removing tariffs.

Question 4 (a): Response 2

Outline the role of free trade agreements.	
Top 20 Answer	**Annotations**
A free trade agreement is an international treaty that reduces or eliminates barriers to trade and investment. it serves to form trading regions between countries and therefore enhance the interconnectedness of countries. FTAs provide cost-efficient trade and therefore promote the movement of goods and capital across international borders	Outlines the role of free trade agreements, highlighting elimination of trade barriers, enhancing interconnectedness of countries and the movement of goods and services across international borders.

Question 4 (b): Response 1

Describe a benefit and a challenge that free trade agreements might have for Australian-owned businesses.	
Top 20 Answer	**Annotations**
Benefit: Free trade agreements provide Australian businesses with the opportunity to expand into global markets and penetrate a new market, therefore increasing the firms market share. FTAs allow a companies product to be accessed by a larger market	Describes the opportunity to expand into global markets as a benefit, relating it to penetrating a new market and increasing market share.
Challenge: Free trade agreements make it increasingly difficult for Australian businesses to compete with multinational companies that have an international presence through trading overseas, therefore creating an uneven playing field.	Describes the difficulty Australian businesses might have competing with multinational companies as a challenge.

Question 4 (b): Response 2

Describe a benefit and a challenge that free trade agreements might have forAustralian-owned businesses.	
Top 20 Answer	**Annotations**
Benefit: Access to larger markets – FTA's benefit Australian owned businesses because it provides a larger potential export market for their good. This larger market can lead to increased sales and ultimately increased profit. It also benefits Australian business by providing a larger market to source cheaper inputs for production from reducing total cost of production.	Describes access to a larger export market as a benefit, linking it to increased sales and profits.
Challenge: Increased competition – However FTA's challenge Australian owned businesses as within the domestic market they now need to compete against lower priced international competitors aswell. To deal with this Australian owned businesses need to reduce costs and improve production efficiency in order to remain competitive in the market.	Describes increased competition as a challenge, recognising the impacts it may have on an Australian business, such as reducing costs and improving efficiency to remain competitive.

Question 4 (c): Response 1

Describe two incentives that the Australian Government provides to encourage international trade.	
Top 20 Answer	**Annotations**
One: The Export Market Development Grant (EMDG) is an Austrade administered grant that provides ~~a~~ ~~of~~ Australian businesses with up to 50% reimbursement on all elligible ~~ex~~ marketing and promotion activities. the business must have spent more than $15000 on eligible promotion activities and be making less than $50 0000 a year to apply. Two: The Research and Development tax offset is ~~an~~ administered by the Australian Government and ~~ref~~ inudues an offset on taxes spent on all ~~research~~ costs associated with research and development. this incentive isn't strictly for international trade but it can apply depending on the industry.	Describes in detail the Export Market Development Grant. Describes the Research and Development tax offset as an incentive, detailing how it encourages international trade.

Question 4 (c): Response 2

Describe two incentives that the Australian Government provides to encourage international trade.	
Top 20 Answer	**Annotations**
One: One of the incentive is Export Market Development Grant (EMDG) scheme. EMDG provide organisation with substantial cash rebates on overseas marketing expenditure. It provide reimbursement of approximately 50% of eligible overseas marketing expenditure incurred to a maximum amount of $150000 per annum. Applicants must be Australian resident entities with total annual income less than A$50 million and spend at least $15000 in overseas marketing. Two: The next incentive is TRADEX. TRADEX allow importers to gain an upfront exemption from duties and GST on eligible imported goods that are intended for export. Export can be done by the importers or a third-party. The goods can be exported as importation, subjected to a process or treatment then export or incorporated into other goods that are for export.	Describes in detail the Export Market Development Grant and how it encourages international trade. Describes how the Tradex Scheme is an incentive for international trade.

Question 5

Examines the factors that drive global business development, the tax minimisation strategies that a global business might adopt and two impacts of globalisation, other than tax minimisation, that might affect the relocation of an Australian manufacturing plant to Taiwan.

Question 5 (a): Response 1

Outline two factors that drive global business development.

Top 20 Answer	Annotations
One: Deregulation of the financial market refers to the reduction of government policy and regulations over banks and financial institutions. This drives global business development as it improves the convenience and ability for capital to be moved across international borders and therefore facilitates foreign investment and business development.	Outlines the deregulation of the financial market. Makes links to how it drives global business by improving convenience and the ability to move capital across international borders.
Two: The World Trade organisation is an intergovernmental organisation that operates to open trade for the benefit of all. It aims to set in place regulations and sanctions that ensure trade runs smoothly, predictably and efficiently. This will assist David's Electric Boards and Blades as he will be able to easily expand his market share through international trade.	Outlines the role of the World Trade Organisation (WTO) and how it assists businesses to expand through international trade.

Question 5 (a): Response 2

Outline two factors that drive global business development.

Top 20 Answer	Annotations
One: ~~Financial Growth Opportunities and loss Minimisation:~~ World Trade Organisation: The WTO regulates and ensures that all businesses globally are upholding and following the set rules and regulations for trading. This is done through Conductors that create the rules and regulations, Monitors that watch over businesses to ensure they're following the rules and regulations and Tribunals that act as a court of law for businesses. Contin Suppf On	Outlines the role of the WTO, regulating and ensuring businesses upholding setting rules and regulations for trading.
Two: Consumer Purchasing and Spending Patterns: knowledgeable savvy customers have the ability to compare product quality and price online which allows David's business to earn a larger market share and earn more revenue as he can use the e-commerce systems to internationally trade his product with ensuring secure payment methods and privacy and security for consumers.	Outlines consumer purchasing and spending patterns, highlighting customers' ability to make online comparisons of the quality and price of products. Describes how e–commerce facilitates secure payment methods and privacy, helping to drive global business.

Question 5 (b): Response 1

Describe a tax minimisation strategy that a global business might adopt.	
Top 20 Answer	**Annotations**
A tax minimisation strategy that a global business might adopt is using tax haven which are countries with ~~low~~ ~~o~~ secretive taxes and financial system ~~fe~~ and low taxes for non-residents and foreign owned companies. Companies create a parent company in the tax haven or use complex accounting arrangements to transfer global earnings to the tax haven.	Provides a detailed description of a tax haven as a tax minimisation strategy.

Question 5 (b:) Response 2

Describe a tax minimisation strategy that a global business might adopt.	
Top 20 Answer	**Annotations**
Tax havens. These are countries will secretive tax laws and low tax rates for non-residents and foreign business. In these countries, there is a lack of exchange of information with the government and financial organisations. Therefore, businesses wanting to minimise tax will set up in an offshore tax haven.	Describes tax havens as a tax minimisation strategy. Highlights that the level of secrecy and lack of exchange of information with the government and financial organisations might create a potential benefit for a business.

Question 5 (c): Response 1

Explain two impacts of globalisation, other than tax minimisation, that might affect David's operations in Taiwan.

Top 20 Answer	Annotations
One: One of the impact is global spread of skills and knowledge. Globalisation spreads the knowledge of new invention, innovations, technology and business model. International companies are investing in and encouraging Taiwan government to educate, train and support to build a supply of skilled local workers. David's Electric Board and Blades can take advantage of these Taiwan workers with specific skills in road, construction, local language, culture knowledge and business. Two: The next impact is domestic market. Domestic market is a market within a country's own border and trading is aimed at single market. With globalisation, it provides more opportunities of David's operations. David has increased access to product and suppliers to expand his product line, manage cost and increase choice for consumer. David's Electric Boards and Blades can access to low cost manufacturing and labour in Taiwan to increase his profit margin.	Explains the impact of a global spread of skills and knowledge. Relates the impact (skilled local workers) back to the case study and the effect the impact it has on the business. Explains the impact of a domestic market. Describes the positive effects of globalization on the domestic market in relation to the case study.

Question 5 (c): Response 2

Explain two impacts of globalisation, other than tax minimisation, that might affect David's operations in Taiwan.

Top 20 Answer	Annotations
One: An impact of globalisation ~~is~~ that might affect David's operations in Taiwan is international cooperation which is two or more actors form ~~an~~ a joint operation with shared resources. Through international cooperation and FTAs, David's business can work together with Taiwan businesses on official coproduction, taking advantage of government support from respective countries. This can lead to David's business strengthening ties and cooperation with Taiwan businesses. Two: Another impact of globalisation that might affect David's operations in Taiwan is global spread of skills and knowledge of technology. Globalization spreads new inventions, innovations, business models and technology. International companies are investing in and encouraging Taiwan government to ~~buil~~ support and build a supply of skilled workers. David's business can then take advantage of ~~skil people~~ workers specialized in local language, culture and technology in Taiwan to be successful.	Explains international cooperation as an impact through the development of strategic alliances and FTA's. Highlights the effects of government support, strengthening ties and cooperation between countries. Describes the global spread of skills as an impact. Identifies the potential benefits that a skilled workforce could bring to the business.

Question 6

Examines the purpose of basic financial ratios for a small Australian business, the name and description of a financial ratio that a business owner would use to measure the financial stability of their business and the interpretation of financial ratios for the business for the past two years.

Question 6 (a): Response 1

Define the purpose of basic financial ratios for Jay.

Top 20 Answer	Annotations
Financial ratios are a commonly used tool to assess a business liquidity, profitability, reliance on debt and its effectiveness ~~of~~ on resource utilization. It allows ~~the business~~ Jay's business to spot developing trends by comparing current figures with the entity's past performance. It also allow ~~the business~~ Jay's Bike Cinic to compare its performance with the industry average ~~to~~ resulted from the performance of competitors that also provide similar bike repair services as Jay's Bike Cinic to ~~ider~~ determine its profitability among the industry.	Correctly defines the purpose of financial ratios, describing comparison of current figures with past performance, and comparing them with industry averages.

Question 6 (a): Response 2

Define the purpose of basic financial ratios for Jay.

Top 20 Answer	Annotations
The purpose of basic financial ratios is to highlight the financial position of the business in regards to profitability, liquidity and stability. Furthermore they ~~are~~ are able to identify any areas of concern for the business. Finally, ratios are able to help in decision making for a business	Defines the purpose of financial ratios as highlighting the financial position of the business in relation to profitability, liquidity and stability. Links to decision-making.

Question 6 (b): Response 1

Name and describe the financial ratio Jay would use to measure the stability of his business.	
Top 20 Answer	**Annotations**
The financial ratio Jay would use to measure the stability of his business is debt to equity ratio which indicates whether ~~the~~ the business is high or low gearing. If the debt to equity ratio is high, it means the business is heavily reliant on debts for operating funds. When the debt to equity ratio is too high, it can affect Jay's business as debt repayment drains cash.	Correctly names the debt to equity ratio. Describes the situation where debt to equity is high, the business is too heavily reliant on debts and the effect this could have on the business.

Question 6 (b): Response 2

Name and describe the financial ratio Jay would use to measure the stability of his business.	
Top 20 Answer	**Annotations**
Debt to equity ratio. This determines whether Jay's business relies more heavily on debt than equity to finance operations, and the ability of it to survive in the long term. It can indicate whether the business uses more borrowed funds ~~mo~~ or Jay's investment to operate. It shows how highly geared a business is.	Correctly names the debt to equity ratio. Describes the impact of a business heavily relying on borrowed funds, linking it to a business's ability to survive in the long term.

Question 6 (c): Response 1

Interpret the results of Jay's Bike Clinic's financial ratios from the past two years, as shown in the table below.

Top 20 Answer	Annotations
The ratios show the profitability of Jay's business – that is the ability of the business to make an acceptable amount of profit in relation to other figures. The profit ratio for 2016 shows that for every $1 of net sales, Jay's Bike Clinic earned $0.11 of profit. However in 2017, this fell to $0.09 profit for every $1 of net sales. This indicates that expenses ~~or~~ increased in proportion to sales from 2016 to 2017. Jay needs to control and reduce expenses. He could also increase gross profit to assist in ~~t~~ increasing profit. The return on equity ratio of 2016 indicates that for every $1 of profit, the business invested $0.03 from capital into the business. In 2017, this increased to $0.042. This suggests that the business became more effective at generating profit on the capital invested. It ~~also~~ indicates that the return made by ~~Jay~~ the owner on their investment in Bike Clinic became more substancial from 2016 to 2017.	Correctly interprets the profit ratio. Explains that for every $1 of sales, there are earnings of 0.11c profit. Compares the figures from 2016 to 2017. Provides an explanation for why there may have been a decrease, linking it to increased expenses. Provides a suggestion to control and reduce expenses. Correctly interprets the return on equity ratio, providing a comparison between 2016 and 2017. Interprets the results stating 'business became more effective at generating profit on capital invested'.

Question 6 (c): Response 2

Interpret the results of Jay's Bike Clinic's financial ratios from the past two years, as shown in the table below.

Top 20 Answer	Annotations
One of the financial ratio is profit ratio. Profit ratio measure a business's profitability after all expenses has been paid. In 2016, Jay's Bike Clinic has $0.11 of profit for each $1.00 income earned. In 2017, Jay's Bike Clinic has $0.09 of profit for each $1.00 of income earned. The profit ratio of Jake's Clinic has decreased 3% from 11% to 9%, from $0.11 to $0.90 for each $1.00 of income. This is due to the increase in Jay's Bike Clinic expenses of $29500 from $76500 in 2016 to $106000 in 2017 is greater than the increase in fees income of $26000 from $106000 in 2016 to $132000 in 2017. This is a negative indicator as the increase in expense has lead to decrease in profitability, profit ratio of Jake's Bike Clinic. The next ratio is return on equity ratio. It is the percentage of return of owners on their investment in the company. The return on equity ratio increased 1.2% from 3% in 2016 to 4.2% in 2017. The return on investment to owner increased 1.2% in the past two years. This is due to the fees income increase of $26000 from $106000 in 2016 to $132000 in 2017 is greater than increase in owner's equity. This is a positive indicator as the owners are getting higher return of dividends.	Defines the profit ratio and then compares the figures from 2016 and 2017. States that profit has dropped and provides a reason by comparing the expenses. Concludes that this is a negative indicator, where the increase in expenses has resulted in a decrease in profitability. Defines the return on equity ratio. Explains that there has been a 1.2% increase due to the fees income increasing. Provides a reason why it has increased and concludes that this is a positive indicator because the owners are getting higher returns.

SECTION 2: EXTENDED ANSWER QUESTIONS

Question 7

Case study about a small surf and yoga camp business owner contemplating expanding her business to Bali.

The questions cover the purpose of the strategic planning process, the political factors that might affect business operations in Bali, the cultural considerations that may affect the success of the business in Bali, the undertaking of a SWOT analysis of the proposed business and whether or not the expansion of the business would be recommended, and the justification for this advice being given.

Question 7 (a): Response 1

Explain to Daisy the purpose of the strategic planning process.

Top 20 Answer	Annotations
a) The strategic planning process serves to create overall goals and objectives for the business, and set strategies to be implemented in the business to achieve these goals. It involves stepping back from day-to-day activities and assessing the direction of the business for the future. Aspects of the strategic planning process include creating goals from the business's mission and objectives, examining the internal and external environment of the business, and creating strategies based upon the environmental scan. The overall goal is to improve an aspect of the business.	Explains the purpose of the strategic planning process, linking it to goals and objectives, and stepping back from the day to day operations to assess the direction of the business. Identifies aspects of the strategic planning process and links to creating strategies to improve the business.

Question 7 (a): Response 2

Explain to Daisy the purpose of the strategic planning process.	
Top 20 Answer	**Annotations**
As the owner of surf and yoga camp business in Yallingup, W.A., Daisy has been very successful in attracting both local and international tourists. ~~But~~ Due to the various favourable conditions that she has identified in Bali, Daisy intends to expand her business globally to this location. Various aspects should be considered to determine whether it is worth expanding overseas. The strategic planning process involves stepping back from day-to-day operations to determine the direction of a business. It involves determining the priorities and future of a company. By doing this, Daisy can involve all stakeholders of her company. The strategic planning process allows a business to manage the risks associated with business growth, as a business becomes larger and more complex. It's purpose is to build committment to the agreed upon goals of the business.	Explains how the strategic planning process could help Daisy decide whether to expand her business. States that there are risks associated with business growth and how the strategic planning process could help identify and manage these.

Question 7 (b): Response 1

Describe two political factors that might affect her business operations in Bali.	
Top 20 Answer	**Annotations**
b) When expanding to an overseas market, Daisy should be aware of the stability of the foreign government, and the relationship of the Australian government with the foreign government. Based on Daisy's market research, Indonesia and Australia have a strong relationship built on cooperating in areas such as politics, economics, tourism and education. This will help Daisy in here venture to Bali as the already existing relationship between the two governments will ensure her expansion overseas is successful ~~and~~ as the Indonesian government will be willing to enhance their tourism industry with Daisy's yoga and surf camps. In addition to this, the success of Daisy's expansion to Bali is influenced by the stability of the Indonesian government. Operating in a country with an unstable political environment may jeopardise the success of her business in Bali. However, due to Indonesia having a strong political and economic status built on tourism, Daisy's business should operate successfully.	Correctly identifies stability of foreign government and the relationship of the Australian government with a foreign government as political factors. Provides facts from the case study relating to Indonesia and Australia's strong relationship and how that will assist Daisy's business. Outlines the risks if the political relationship was unstable. However, identifies Indonesia possessing a strong political and economic status.

Question 7 (b): Response 2

Describe two political factors that might affect her business operations in Bali.	
Top 20 Answer	**Annotations**
The stability of the Indonesian government may impact Daisy's operations in Bali. Political instability can create the conditions for poverty and civil ~~war~~ unrest, which ~~a~~ can negatively impact business success, as consumers are not in a position to purchase luxury products and services. Also, Daisy may be affected by operations risks. This could impact her business if the Indonesian government has ~~polit~~ healthy, safety or environmental policies which prevent Daisy from providing her Yoga and Surfing services. Another political factor which may impact Daisy's business in the relationship of the Indonesian government with the Australian government. For example, if there is a conflict between the two, either may retaliate by imposing economic restrictions between them; this may result in Daisy having difficulties in expanding. However in contrast, the ~~Au~~ ASEAN Australia New Zealand Free Trade Agreement includes Indonesia, showing that the relationship between the two countries is relatively stable. This is promising for Daisy.	Correctly identifies stability of foreign government and the relationship of the Australian government with a foreign government as political factors. Explains how political stability could impact the business. Relates the example to the case study. Explains the impact of the relationship between the Indonesian and Australian government and concludes that the relationship is stable.

Question 7 (c): Response 1

Explain two cultural considerations that might affect the success of Daisy's surf and yoga camp.

Top 20 Answer	Annotations
The first cultural consideration that may impact Daisy's operations is business etiquette. Indonesia will have their own set of manners and etiquette that is vital during business dealings. For example, Daisy already discovered that she needs to build relationships before starting negotiations. There may be many more of these etiquettes that Daisy needs to research. If she didn't abide by them, ~~she~~ it could come across as offensive and ruin her chances at making business deals. It is vital for her to know the correct etiquette to make business relationships in Bali for success.	Correctly identifies business etiquette as a cultural consideration. Explains business etiquette and relates the effect it could have on Daisy's business. Explains the importance of building relationships, and the impact it could have on success if she doesn't abide by the cultural consideration.
A second cultural consideration is local holidays and celebrations. Since Bali ~~is~~ has a multi-religous population, Daisy must be aware of religous celebrations and festivals that may impact marketing strategies or business activities. She must understand that during these festivals or religous days it could be difficult for staff to meet deadlines and shedule business meetings. She may be able to advertise her business at local celebrations to show that her company respects the local culture and attract customers to her business.	Correctly identifies holidays and celebrations as a cultural consideration. Describes the potential effects these could have on the business. Provides an example of how it may impact Daisy's business and how she can manage it.

Question 7 (c): Response 2

Explain two cultural considerations that might affect the success of Daisy's surf and yoga camp.	
Top 20 Answer	**Annotations**
One cultural consideration that could have an impact on the success of ~~B~~ Daisy's surf and yoga camp is the value placed on, and existence of holidays and celebrations, within Indonesia that differ from the ones Daisy is used to within Western Australia. Holidays and celebrations can ~~have a~~ present both threats and opportunities to businesses. Business can be slowed or halted due to employees leaving to celebrate, and expenses can temporarily increase due to holiday wage rates. Holidays and celebrations also create an opportunity for marketing campaigns that address the values of consumers. If Daisy familiarises herself with the holidays that are part of the Indonesian culture she can use this knowledge in shaping activities and marketing for her camp. Another cultural consideration is business etiquitte and communication protocols. If Daisy wishes to expand into Bali, Indonesia she will need to form relationships with potential partners, clients, and suppliers within Indonesia. Understanding the etiquitte followed in business meetings and operations would allow Daisy to respectfully craft relationships with other business owners and stakeholders. Her ability to speak the language is already a large advantage but doing some more research into how to greet people, exchange business cards, and conduct herself, would be valuable.	Identifies holidays and celebrations as a cultural consideration that may affect the business. Explains how the cultural consideration may impact the business in relation to employees. Links the importance of the cultural consideration to the success of the business. Identifies business etiquette and communication protocols as a cultural consideration. Explains the consideration, linking it to building respectful relationships. Links to the case study, mentioning Daisy's ability to speak Indonesian and the potential effect that could have.

Question 7 (d): Response 1

As part of the strategic planning process, prepare a SWOT analysis for Daisy's surf and yoga camp.

Top 20 answer	Annotations
Strengths - Daisy's business provides a fun and recreational experience that is systemised to suit any type of person between any age, ~~Good~~ gender and race. This allows for higher profits and brand image. - The businesses working model is already set up and successful which allows for an easier migration into Bali as she doesn't need to build the business from scratch, this is assisted with Daisy's knowledge of the Indonesian language.	Explains two relevant (internal) strengths supporting Daisy's expansion to Bali.
Weaknesses - Set communication between the Yallingup employees and ~~cust~~ customers may be effective here but need to be altered for Bali to better suit their cultures communication style. - Continuous upgrading of surfboards and yoga equipment, especially if damaged regularly. May create high expenses for Daisy's business.	Provides an example of one well explained (internal) weakness.
Opportunities - Bali is a very popular holiday destination with good surf which allows Daisy to have predicted success in the popularity of the business due to its ~~high demand~~ large market. - Bali has a rich dance and music culture that can be incorporated into her yoga sessions to incorporate the Indonesian culture and authenticity.	Explains two (external) opportunities Bali presents for Daisy's business.
Weaknesses - There are already surfing and yoga camps set up in Bali which increases Daisy's competition and crease into the new market which could cause profit losses due to a lack of customers. - The two cultures are very different which	Explains two (external) threats; however, these are incorrectly labelled as 'weaknesses'.

Question 7 (d): Response 2

As part of the strategic planning process, prepare a SWOT analysis for Daisy's surf and yoga camp.	
Top 20 Answer	**Annotations**
d) A SWOT analysis examines the internal and external influences pressing the business, allowing Daisy to recognise where to minimise threats and how to maximise strengths and opportunities.	Describes a range of strengths, linking them to the case study. However, not all are relevant to the internal business environment.
STRENGTHS - Daisy knows how to speak the local language which can improve public image - Prime location for surfing which will enhance the experience of the camp - Excellent location for tourism so will build a strong customer base - Availability of affordable flights will attract customers - International tourists are already visiting her camp in Yallingup - conducted extensive market research so is aware of how the business should operate.	
OPPORTUNITIES - Very high chance of success in Bali due to availability of cheap flights, popular holiday destination and good surf - The high rates of tourism means the company will not be abnormal to the environment - Expand to other locations if the current business generates an adequate amount of revenue	Describes three (external) opportunities relevant to Daisy's business.
WEAKNESSES - Not a high level of awareness due to being located in a small town - Only form of advertising is word of mouth - Having to learn more languages as customers may speak a language other than Indonesian	Identifies (internal) weaknesses that could impact Daisy's business.
THREATS - Already a large industry of well established yoga and surf camps so there is a high level of competitor activity - Failure to successfully expand to Bali due to a high level of competitor activity	Describes one (external) threat, linking it to the case study.
The SWOT analysis shows that Daisy has more strengths and opportunities in comparison to weaknesses and threats, showing that her business will most likely succeed, and that she has a strong base of strengths to establish her business in Bali.	

Question 7 (e): Response 1

Recommend to Daisy whether the expansion of her surf and yoga camp to Bali would be a desirable option. Justify your recommendation.

Top 20 Answer	Annotations
It is my recommendation that Daisy expands her business to Bali as she has access to a stable and well known foreign government, she can easily incorporate training and knowledge of local customs religions and education levels into her business operations and she has shown to know the Indonesian culture along with strengths and opportunities that can highly benefit her business operations and profits. such as a solidified and effective working model and a large market for surf and yoga businesses. I also believe she can employ techniques to decrease her weaknesses and threats such as improved training and customer loyalty services to improve her brand loyalty and identity.	Makes a logical conclusion that daisy expands her business to Bali. Provides four reasons why the expansion would be successful, providing links to the case study. Suggests alternatives to reduces threats and weaknesses.

Question 7 (e): Response 2

Recommend to Daisy whether the expansion of her surf and yoga camp to Bali would be a desirable option. Justify your recommendation.

Top 20 Answer	Annotations
WHAT SHOULD DAISY DO? The decision for Daisy as to whether she should expand to Indonesia should be declined. This is because she is already succeeding in her local market and there is a steady and consistent demand. In contrast in Bali at the moment there is high tourist numbers but this could change in an instant as a result of severe natural disaster or terrorist attack which is more likely in Indonesia than Australia furthermore people are willing to pay less for services in Indonesia than Australia, so even though demand is larger, profit may be smaller. In the end Daisy should stick to Yallingup because it has a lot more future stability than potential uncertainty that exist in Bali.	Makes a recommendation supported by three relevant reasons why it would not be ideal to expand the business. Makes clear links to the case study.

Question 8

Case study about a successful Australian protective clothing company deciding whether to expand the distribution of its products into Singapore.

The questions examine the benefits of home 'grown' products in the Australian economy, the benefits of innovation to the business, the features of the ASEAN-Australia-New Zealand Free Trade Agreement and how theses could benefit the Australian company, the undertaking of a (PEST) analysis, the viability of expanding operations into Singapore, whether or not the expansion of the business would be recommended, and the justification for this advice being given.

Question 8 (a): Response 1

Describe two benefits of home-grown products to the Australian economy.

Top 20 Answer	Annotations
a) A benefit of home grown products to the Australian economy ~~it is~~ it's good for family and friends. There is a direct correlation between consumer purchasing pattern and employment, ~~&~~ local economic development and prosperity. When Australians purchase ~~Aus~~ Australian goods, they are keeping their family and friends employed. It comes down to the consumers — ~~the~~ businesses and customers that purchase things every day, to consciously purchase Australian-made goods.	Identifies employment, local economic development and prosperity as a benefit of home grown products. Identifies sustainable revenue and profitability as a benefit.

Question 8 (a): Response 2

Describe two benefits of home-grown products to the Australian economy.

Top 20 Answer	Annotations
a) One of the benefits of home grown products is it is good for Australians. Australians farmers, fishermen, processers and manufactures make some of the best product in the world. When Australians are buying home-grown products, they are not only supporting local economy and job but also getting high quality products and produce. Home-grown products in Australia comes with warranty and should the customer need spare parts or servicing, the supplier is only a phone call away. They can have confidence in the product and know that whatever they are buying do not travel around the world before it reaches their house.	Explains two benefits of home grown products, relating the response to the Australian economy.

Question 8 (b): Response 1

Describe two benefits of innovation for Watch Out Clothing.

Top 20 Answer	Annotations
b) A benefit of innovation ~~of~~ for Watch Out clothing is financial gain. Watch out clothing can have increased or new income ~~to~~ by creating a new market or capturing more market share. ~~They~~ Innovation also prolongs the product life cycle. By adding new features to its products or improving its ~~its~~ performance quality, watch out clothing can maintain or increase customers demand. This will increase sales and generate profit.	Describes how innovation can create financial gain for the business by prolonging a product lifecycle, or creating an increase in customer demand due to the introduction of new features and quality.
Another benefit of innovation to Watch Out Clothing is expansion of global market presence. An innovation can be marketed to the world if ~~it's~~ its intellectual property driving it is protected. This prevents others from copying Watch Out Clothing's innovative products and allows the company to gain a competitive advantage. ~~Global competitiveness~~ Competitive advantage translates into global competitiveness. The success of innovation leads to other options for Watch Out Clothing such as franchising and licensing	Describes how innovation can lead to a global market presence. States if the product has intellectual property, competitive advantage can be achieved and may potentially lead to franchising and licensing.

Question 8 (b): Response 2

Describe two benefits of innovation for Watch Out Clothing.	
Top 20 Answer	**Annotations**
b) one of the benefits of innovation for watch out clothing is financial gain. The innovation of clothing such as breathable fibres, quick drying fabrics and flame-resistant technology help increased their income or create a new income source through creating a new market of protective clothing or capturing of more market share. It also extend watch out clothing's product life cycle by delaying the onset of decline stage. By adding innovative features such as breathable, flame-resistant, quick drying and safe, and improvements on performance of product, Watch Out Clothing can maintain and increase their customer demand and leads to sales growth.	Correctly explains financial gain as a benefit, using specific examples from the case study.
The next benefit is expansion of global market presence. The innovation of breathable fibres, quick drying fabrics and flame-resistant technology can be marketed to the world if the intellectual property of their innovations is protected. This provide watch out clothing a competitive advantage and prevents its competitors from copying the innovation design. The competitive advantage of watch out clothing translates into global competitiveness. Technology also make expansion for watch out clothing possible such as e-commerce, groupware, online distribution and payment system.	Describes competitive advantage and expansion of global market presence as a benefit.

Question 8 (c): Response 1

Explain one feature of the ASEAN-Australia-New Zealand Free Trade Agreement and how this feature could benefit Watch Out Clothing.	
Top 20 Answer	**Annotations**
c) A feature of ASEAN-Australia-New Zealand Free Trade Agreement (AANZFTA) is extensive ~~tar~~ tariff reductions and ~~er~~ elimination of commitments. ~~ff~~ Eliminate tariffs on 96% of the goods when entering the ASEAN region by 2020. ~~The~~ AANZFTA-certified goods have their taxes reduced when the enter ASEAN countries. This will promote exports as it reduces taxes and costs for a business. An ~~expor~~ Australian exporter can enjoy higher profitability with taxes reduced. Consumers will have more choices in the market and can obtain goods and service at a lower price. For example, dairy products' tariffs are phased to 0% except for Indonesia, Philippines and Malaysia products.	Explains the elimination of tariffs as a feature, providing correct details. Explains the benefits in detail, with the use of an example.
This feature could benefit Watch Out Clothing as this feature allows Watch Out Clothing to export their products to Singapore at a lower cost ~~a~~ as long as their goods are AANZFTA-certified. ~~Rubber~~ Some of the materials used ~~are~~ ~~tax~~ have ~~b~~ low taxes, which ~~treats~~ reduces Watch Out Clothing's production cost. As a result, Watch Out Clothing can export their products to Singapore ~~easily~~ and increase their profitability. They will incur lesser costs if taxes are reduced. These costs savings ~~ar~~ can be passed down to consumers via end selling price. This will also generate more consumer demand, increase sales and profit.	Relates the benefits to Watch Out Clothing's business operations.

Question 8 (c): Response 2

Explain one feature of the ASEAN-Australia-New Zealand Free Trade Agreement and how this feature could benefit Watch Out Clothing.	
Top 20 answer	**Annotations**
c) one of the feature of ASEAN - Australian - New Zealand - Free Trade Agreement (AANZFTA) is extensive tariff reduction and elimination commitments. AANZFTA eliminate 96% of all tariffs of Australian exports to ASEAN nations by 2020. All AANZFTA certified goods have their tariff reduced when they enter ASEAN nations. This feature benefit watch out Clothing as their export into Singapore, one of the ASEAN nations, can have the tariff reduced. with reduced tariff on their exports, it reduces Watch Out Clothing's cost of production. The reduced tariff makes Watch out clothing's export into Singapore cheaper and more attractive to Singapore consumers. Hence, watch out clothing will enjoy more demand for their innovative clothing from Singapore market and enjoy higher sales.	Correctly explains extensive tariff reduction as a feature of the ASEAN Free Trade Agreement. Discusses some benefits for Watch out Clothing and the impact it may have on the business.

Question 8 (d): Response 1

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.

Top 20 Answer	Annotations
d) PEST analysis is used to analyze the macroenvironment of the business. For the political factor, Singapore has a stable democratic government that welcomes foreign businesses and investment. The ~~is operations ato~~ country's ~~does not~~ government does not ~~at~~ nationalize private businesses by taking over offshore property. The relationship between Singapore and Australia's government is in good terms, ~~as a~~ with the ASEAN-Australian-New Zealand Free Trade Agreement in place, making it less costly for Watch Out Clothing to export its products. Therefore, Watch Out Clothing ~~can~~ can expand its business in Singapore as the country is politically safe and supports business operations.	Overall, provides a detailed response for each element of the PEST, linking the factors back to the case study and discussing the impacts they may have. Provides a detailed overview of several political factors including: Singapore's democratic government, foreign business and investment, AESEAN FTA, and the positive relationship between Singapore and Australia.
In terms of economic factor, Singapore has a high ~~GD~~ Gross Domestic Profit (GDP) where the population has high level of disposable income. The interest rate in Singapore is high, which means it is attractive for foreign businesses such as Watch Out Clothing to deposit and invest money in Singapore as the rate of return from saving is high. ~~However, the inflation rate in A Singapore~~ Hence, Watch Out Clothing should expand to Singapore as ~~s~~ the country has more ~~disposa~~ discretionary income to spend on goods. The business can increase its selling price in Singapore as the level of living is high, which will increase profit.	Describes GDP, disposable income and interest rates and how this could impact the business.
In terms of socio-cultural ~~se~~ factor, Singaporeans are open to foreign goods and services and willing to try new or foreign products. In Singapore, ~~cotte~~ there is a diversity culture so Watch Out Clothing must consider cultural factors when expanding into Singapore. The literacy rate in Singapore is high so Watch Out Clothing can use promotional materials with ~~bt~~ written descriptions. ~~Singaporean families have less children~~ As ~~Singaporeans~~ there is a large population with middle class income who are open to trying new products, it is ~~a~~ viable for Watch Out Clothing to expand into Singapore.	Discusses socio-cultural factors, including Singapore's large middle class and the impact this may have on the business.

Question 8 (d): Response 1 [continued]

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.	
Top 20 Answer	**Annotations**
In terms of technological factors, Singapore has advanced technologies such as stable internet and the usage of personal computer and mobile devices are common among Singaporeans. Singaporeans also use e-commerce websites and social media to purchase products online. Therefore, ~~8~~ Watch Out Clothing can expand into Singapore by using technologies such as digital distribution of products which results in lower costs.	Describes a variety of technological factors that may positively impact the business.

Question 8 (d): Response 2

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.	
Top 20 Answer	**Annotations**
d) PEST analysis is used to analyze the macro-environment of a business. Each factors identified are analysed in terms of their impact on business operations. For the political and legal factor, the political stability of Singapore is assessed. Singapore's politics has been stable since its independence and there has no drastic political changes over the decades in Singapore. Hence, the political risk faced by Watch Out Clothing's operations is low. Besides, Singapore has the safety and health law and regulations that required workers to wear personal protective clothing. This factor represent a demand for Watch Out Clothing's protective equipment and clothing range. Hence, the political-legal factor reflects a great viability of Watch Out Clothing expanding its operations into Singapore. For economic factor, Singapore has experienced strong economic growth over the years. Particularly, Singapore's construction industry has experienced a strong growth period. This indicates that it is less likely that Watch Out Clothing's expansion into Singapore will fail due to economic downturn. With strong potential economic growth, it benefits Watch Out Clothing's expansion through increasing demand for personal protective equipment and clothing as construction growth increases. Hence, the viability of Watch Out Clothing expanding its operations into Singapore is great according to economic factor.	For each element of the PEST provides comprehensive detail, use of specific examples and links to the case study study.

Question 8 (d): Response 2 [continued]

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.	
Top 20 Answer	**Annotations**
The next factor is socio-cultural factor. Although Singapore has cultural differences with Australia, the residents of Singapore and Australia speak the same language which is English. This reduces the language barrier between Watch Out clothing and Singapore's customers, government officials and partners during their expansion. Beside, Singapore has high standard of living and has been seen to be increasing. This means that there will be higher demand for housing, which leads to increasing construction. Thus, demand for Watch Out Clothing's personal protective equipment will be strong. Overall, the socio-cultural factor indicates the great viability of Watch Out Clothing expanding into Singapore. For the technological factor, Singapore is a technology-advanced and developed country. Singapore business and consumers are well adapted in technology such as production machiery, online system and ecommerce. The advance development of technology in Singapore represent an opportunity for Watch Out Clothing to expand their production, innovate new products and acquire new skills if it expand to Singapore. Hence, it is said that Watch Out Clothing's viability of expanding its operations into Singapore is great due to Singapore's technology advance.	Demonstrates clear understanding of the impact of each element and how it may affect the business.

Question 8 (e): Response 1

Recommend to the owners of Watch Out Clothing whether expansion into Singapore would be a desirable option. Justify your recommendation.	
Top 20 Answer	**Annotations**
e) Watch Out Clothing's expansion into Singapore would be a desirable option. This is because the consumer purchasing and spending pattern has changed in Singapore. Singaporeans are more likely to try new or foreign products as their income has risen and living standards have improved. Singaporeans are also health and safe-conscious customers so Watch out clothing ~~is~~ ~~has~~ can meet the demand of customers there. Besides, as technology is advanced in Singapore, watch out Clothing can digitally distribute their products which avoids time, cost, risk involved in distributing products. They can use online websites to communicate directly with customers instead of having ~~a~~ ~~a~~ to go through wholesalers. ~~watch out Clothing~~ As there is AANZFTA in place, Watch out Clothing can expand to Singapore at a lower cost, which increases profitability. ~~They can expor~~	Makes a clear recommendation, drawing on a variety of evidence from the case study, ranging from consumer spending patterns, culture, technology and political factors.

Question 8 (e): Response 2

Recommend to the owners of Watch Out Clothing whether expansion into Singapore would be a desirable option. Justify your recommendation.	
Top 20 Answer	**Annotations**
e) The expansion into Singapore of Watch Out Clothing is recommendated. This is because Singapore is a relatively stable in political aspect country with increasing economic growth. Hence, Watch Out Clothing's expansion into Singapore is less likely to fail with high potential demand. Singapore's safety and health laws that require workers to wear personal protective equipment represent a guaranteed and strong demand for Watch Out Clothing's high vision safety shirts, jackets and work boots. Beside, Singapore is a strategic geographical location for Watch Out Clothing in Australia. The distance between Australia and Singapore are closer compared to other Asian countries. The small difference in time zones represent Singapore as a better choice than other Asian countries. Hence, deliveries, communication and decision that take place between Watch Out Clothing in Australia and Singapore will not be greatly affected. Overall, Watch Out Clothing is strongly recommended.	Makes a logical recommendation, supported by several relevant reasons why it would be a desirable option. Uses specific examples from the case study and clear reasoning to justify the recommendation.

Question 9

Case study about an Australian company purchasing new manufacturing equipment to cater for increased domestic demand and to service future overseas markets.

The questions examine the sources of funds to finance the purchase of new manufacturing equipment, the identification and justification of an inventory control technique suited to a growing business, the features of quality management to be considered if the new manufacturing equipment was to be purchased, an explanation of why and how the marketing mix could be adapted to cater for its potential global brands, whether the purchase of new manufacturing equipment would be desirable to expanding operations internationally, and the justification for this advice being given.

Question 9 (a): Response 1

Outline three sources of funding that could be suitable for the purchase of the new manufacturing equipment.

Top 20 Answer	Annotations
My Ethical Eats Ltd is a food manufacturer producing healthy, clean foods for restaurants. The business ~~to~~ ~~to~~ prides itself on being ethical and using locally sourced products. Future expansion appears likely for the business. Venture capital is one source of funding My Ethical Eats could use. This is when a wealthy individual or business provides a long-term loan to a business in return for a percentage of the profit earned. This useful as it can be paid back over a long period of time, however dilutes ownership as venture-capitalists have some control in decision-making.	Correctly identifies venture capital as an external source of finance. Highlights that this can be paid back over a long period of time. Shows understanding by also mentioning the disadvantages of this form of finance.
My Ethical Eats could also purchase new equipment using retained profits. This is the amount left over after tax and dividends have been paid. It is then used for debt repayment, asset purchasing (such as manufacturing equipment) and funding operations. This is an internal source of funding and thus does not generate interest, and the business maintains control.	Identifies retained profits as an internal source of finance.
Alternatively, My Ethical Eats could use share capital to raise funds for equipment. This is when a publicly listed company sells shares to the public. ~~By~~ Shareholders are then entitled to dividends if the manager ~~decides~~ decides the business can afford it. By not paying dividends, My Ethical Eats can raise funds for equipment.	Correctly identifies share capital as an external source of funding and discusses the selling of shares to raise funds to purchase the equipment.

Question 9 (a): Response 2

Outline three sources of funding that could be suitable for the purchase of the new manufacturing equipment.	
Top 20 Answer	**Annotations**
9a) A source of funding that could be suitable for the purchase of new equipment is debentures. Debentures are ~~Retained profits is the profits kept in the company~~ medium-to-long term debt format used by large companies to borrow money from the public. Debentures are loans with that are payable on a fixed rate date with agreed interest. Like shares, debentures can be sold on an open market but debenture holders have no voting rights.	Identifies debentures, share capital and retained profits as sources of funding; however, incorrectly assumes that retained profits is in cash form.
Another source of funding is share capital. Share capital is the money invested in the company by shareholders. In return for their investment, shareholders gain an entitlement to the company's ownership. Shareholders receive returns through the payment of dividends. Dividend is not mandatory – it is up to My Ethical Eats Ltd's board to decide. By not paying dividends, profits can be retained in the business.	Describes each source of finance and why it would be suitable.
Another source of funding is retained profits. Retained profits is the profits kept in the company rather than paid out to shareholders. Retained profits is cheap as no interest to be paid. It is also flexible as they are left in the business as cash at bank and can be withdrawn anytime.	

Question 9 (b): Response 1

Justify an inventory control technique that would be suitable for My Ethical Eats Ltd's growing business.	
Top 20 answer	**Annotations**
The just-in-time inventory control technique involves a business not stocking large amounts of inventory. Instead, a customer places an order, and then the company sources, manufactures and delivers it. This technique is suited to My Ethical Eats as it would allow the business to be flexible and ~~respons~~ responsive to requests from restaurants in Fremantle and Perth; Changes in season often result in new menus and My Ethical Eats could respond to this ~~by~~ with the just-in-time method. Also, this technique reduces inventory costs, as warehouse space and staff are not required. Hence it could assist with cashflow for the business and help them to purchase new equipment and expand.	Correctly describes JIT as an inventory control technique. Justifies why JIT is suitable: allowing the business to be flexible and responsive, reducing inventory costs, warehouse space, reduction in staff and how it would assist in cash flow.

Question 9 (b): Response 2

Justify an inventory control technique that would be suitable for My Ethical Eats Ltd's growing business.	
Top 20 Answer	**Annotations**
b) An inventory control technique that would be suitable for my Ethical Eats Ltd is just-in-time ~~inventory~~ inventory control technique where a customer place an order, the company orders the material, manufactures or sources the product and delivers it to the customer. Just-in-time is suitable ~~as~~ because of storage. My Ethical Eats use raw materials such as ~~food~~ vegetables and meat that cannot be stored for a long time. By using just-in-time, the business can reduce the risk of holding damaged stock and prevent the possible loss of sales. Another reason why just-in-time is suitable is because of ~~supplier location. As the supplier of of the reduced space can be used on for productive purposes and~~ supplier location. As the supplier is located near the business, delivery time is quick and orders can reach My Ethical Eats Ltd in a short time with less risk of goods delayed or damaged. Frequent deliveries will not be costly for My Ethical Eats as the cost of raw materials ~~and~~ is not ~~a~~ so expensive and suppliers are located nearby.	Identifies JIT as a suitable inventory control method and provides a brief description. Provides multiple reasons why JIT would be suitable: storage, reduce risk of holding damaged stock, preventing loss of sales, local suppliers.

Question 9 (c): Response 1

Explain two features of quality management that My Ethical Eats Ltd would need to consider if it was to purchase the new manufacturing equipment.

Top 20 Answer	Annotations
Quality control is concerned with testing and sampling the products at the end of the production process. It involves ~~for~~ identifying faulty products ~~here~~ during the production process. Quality control ensures that products meet customer and quality requirements before reaching the customer. For Ethical Eats, purchasing new equipment would require the business to sample and test products produced to ensure they meet specified requirements. ~~Quality improvement is the systematic process of reducing and eliminating rework and waste~~ Quality assurance is concerned with preventing poor quality at the beginning of the production process. It is about getting things rights the first time, rather than correcting problems. Quality assurance informs customers that their product was manufactured at a high, set standard. For My Ethical Eats, purchasing new equipment could assist with improving quality assurance, as new, updated technology would provide better quality products.	Explains the features of quality control and how this could impact the purchase of new equipment. Provides a detailed description of quality assurance and explains its features in relation to purchasing the equipment. .

Question 9 (c): Response 2

Explain two features of quality management that My Ethical Eats Ltd would need to consider if it was to purchase the new manufacturing equipment.

Top 20 Answer	Annotations
c) My Ethical Eats Ltd should consider quality control and quality assurance to maintain its image and fund the new equipment. Quality control involves creating specifications and a criteria that the products being produced must conform to. The specifications involve producing products of the highest quality, and that meet customer needs. ~~When a product is produced, it must be compared to the criteria to ensure it meets requirements and is of a standard to sell to customers.~~ Quality control occurs at 3 stages; specifications, raw materials, and finished product. As mentioned, specifications involve setting the criteria for the products. Raw material refers to the fact that high quality inputs produce high quality outputs, and so raw materials must be managed and controlled. The finished product must be assessed and evaluated to determine if it meets the detailed criteria, and is of a standard ready to sell to customers	Correctly identifies quality control and quality assurance as features of quality management. Provides a comprehensive description of quality control. Details the three stages of quality control.
~~Another~~ My Ethical Eats Ltd should consider quality assurance as it will remove the likelihood of defaults occurring in the production system. The new equipment would remove the possibility of defaults occurring as well as improve efficiency. However, if a default were to occur, the business must implement systems and procedures to deal with the issue. For example, the business should undergo a PDCA cycle, PLAN: identify the problem and plan how to solve it DO: implement the strategy into business operations CHECK: monitor the performance of the strategy ACT: make corrective changes if the issue is still occurring, or permanently implement the strategy into business operations.	. Provides a comprehensive description of quality assurance.

Question 9 (c): Response 2 [continued]

Explain two features of quality management that My Ethical Eats Ltd would need to consider if it was to purchase the new manufacturing equipment.	
Top 20 Answer	**Annotations**
These aspects of quality ~~control~~ management along with the new ~~the~~ manufacturing equipment will ensure the business maintains its public image for producing high quality products in an ethical manner.	.

Question 9 (d): Response 1

Explain why and how My Ethical Eats Ltd could adapt its marketing mix in the future to cater to its potential global brand.	
Top 20 Answer	**Annotations**
My Ethical Eats would firstly need to develop a corporate slogan, then translate this and ensure it translates well when going global. Then, the product names of the various foods they manufacture would need to be translated; in this case, the business would adapt the name by translating it into the respective language and ensuring it does not translate into anything offensive. Also, similar products names may already exist in this country, so My Ethical Eats should take that into account. Product features also need to be adapted, including the packaging. The different climates of countries may impact freshness of food being delivered, so the business may need to adapt this depending on location. Also, the ~~bold~~ colourful logo should be checked to ensure the colours used are not offensive in ~~the~~ other countries, or have negative connotations. The positioning may also need to be adapted. In some cultures, ethical production is highly valued, so ~~#~~ promoting the products as ethically sourced and produced would be effective. However, in other cultures this may not be the case. Hence, My Ethical Eats could focus on marketing the products as being healthy as the main ~~#~~ focus. The purpose of adapting the business's marketing mix is to show respect for local cultures in different countries. It improves public image of a business and leads to greater customer satisfaction.	Suggests corporate slogan, product name, product features and positioning as elements of the marketing mix that should be adapted. Provides specific examples of how the elements could be adapted. Provides a detailed discussion on each element relating it to the case study.

Question 9 (d): Response 2

Cal Explain why and how My Ethical Eats Ltd could adapt its marketing mix in the future to cater to its potential global brand.

Top 20 Answer	Annotations
gestures or words in other countries which could have impacted their global success and profit. They can change the corporate slogan by changing the language to fit the specific globalised country or research and ensure that the slogan ~~dont~~ doesn't mean something different in that country. Product Name - The name of the product My Ethical Eats Ltd may be offensive or unrecognisable in global markets therefore changing it to better suit the global brand will increase a positive public image. This can be done by adjusting the word "Ethical" in the title to better suit a more relaxed culture. Product Features - With the bold packaging and simple, colourful logo, the brand's features may not fit in with global ~~be~~ climates that may respond more positively to duller colours. The brand can make their colours more monochromatic to better suit other foreign markets. Product Positioning - How the product appears in the mind of the consumers can be adapted between countries to better suit the local quality and pricing standards. If My Ethical Eats Ltd were to charge high prices in the third world countries such as Iraq then they wouldn't have any consumers, therefore the resources used to make the product need to be specifically placed and of a certain quality depending on the country.	Explains each element of the marketing mix in detail, demonstrating a clear understanding. Provides relevant suggestions to adapt each element, relating it to the case study.

Question 9 (e): Response 1

Recommend to My Ethical Eats Ltd whether purchasing the new manufacturing equipment would be desirable for expanding operations internationally. Justify your recommendation.

Top 20 Answer	Annotations
My Ethical Eats appears to be a successful growing business with great potential. After securing more funding through sources such as venture capital, the business should be able to expand globally. It is reccommended that the company purchases the manufacturing equipment as this would greatly improve overall quality and growth of the business. By doing so, My Ethical Eats could generate more profit overall and use this to expand operations internationally. In addition to this, concerns emerging regarding the quality of My Ethical Eat's products would be reduced and eliminated, as the new manufacturing equipment would improve overall quality.	Makes a logical recommendation to purchase the equipment. Provides reasons to why this would be a positive recommendation. Links the decision to improving quality and the growth of the business.

Question 9 (e): Response 2

Recommend to My Ethical Eats Ltd whether purchasing the new manufacturing equipment would be desirable for expanding operations internationally. Justify your recommendation.

Top 20 Answer	Annotations
e) The purchasing of the new manufacturing equipment would be decirable option for expanding operations internationally for My Ethical Eats Ltd. This is because the ~~pur~~ new equipment would increase production of the business and generate economies of scale. This would lower the average cost of production and give My Ethical Eats Ltd ~~the~~ a competitive advantage ~~to~~ than other competitors. As the cost of production is low, the business can ~~reduce~~ pass on these savings to customers via end selling price and increase demand of customers. ~~The pur~~ This will generate sales and profit for the long-term for the business. Besides, by purchasing new manufacturing equipment, the quality of My ~~Eat~~ Ethical Eats Ltd will increase as processes are automated. This means that the products will be produced effisiently with better quality than using ~~to~~ labour as human error is more likely to occur than machine error when	Makes a logical recommendation to purchase the equipment. Provides reasons why it would be a desirable option to purchase the equipment: increase production, competitive advantage, increase quality and efficiency, generate more sales and long-term profit. Relates the answer back to the case study.