

Marking Guide for the Topic Study and Examination Questions

These are suggested responses and general pointers for discussion. Topic study questions are designed to form the basis for further classroom discussion and extension.

YEAR 12 ATAR UNIT 3

Chapter 5: Unit 3 Environment Activities

Topic study

1. What are 2 reasons for globalisation?

Creates employment and investment in developing countries and increased revenue for governments, creates a platform and international relationships that can be used to build global standards for fair trade, environmental protection and human rights, promotes competition which leads to better choices and prices for consumers and businesses, improves the quality and growth of education and training, improves the standard of living.

2. What are 2 reasons against globalisation?

Free trade creates vulnerable countries that do not have protections for local businesses and workers, Globalisation widens the gap between the rich and the poor where wealthy countries and corporations exploit low pay and conditions, International companies exploit the lack of environmental protection in some countries, Globalisation promotes a single culture as the basis for marketing a way of life; encouraging values of materialism and individualism and impacting on cultural diversity.

3. Discuss 2 reasons why businesses consider global growth.

Higher profits and market access in global markets, Reduced technological barriers to movement of goods, services and factors of production, Countries with lower labour and production costs, Extending product life cycles by marketing products in other countries.

4. Why is a low cost country advantageous for global growth?

An Australian wholesaler or retailer may go to a low cost country to manufacture goods. The opportunity to increase their profit margin and make a business opportunity viable drives global business.

5. Explain 2 technologies a business could use for global growth.

Internet, email, mobile phones, media and communication networks.

6. What is offshoring?

Locating business functions in overseas countries to reduce costs.

7. Why do businesses use tax havens?

It results in less taxes paid to the government where the business is operating.

8. How does Austrade assist businesses wanting to expand overseas?

Austrade also assists businesses by:

- providing information about international markets and trends
- arranging meetings with potential clients and partners
- providing ongoing support and information.



9. What is the role of the World Trade Organisation?

The WTO sets standards for international trade and for countries participating in Free Trade Agreements.

10. What is dumping?

Dumping involves selling products that are considered unsafe or unhealthy in countries that do not have the same product safety laws as the home country.

11. Discuss the ethical dilemma involved with outsourcing labour.

The ethical dilemma comes in when a business is outsourcing functions to a country that has poor pay and conditions and weak laws for workplace safety. Even though it is acceptable and may be legal for people to work under those conditions should an Australian business benefit from it?

12. Discuss the ethical dilemma involved with environmental responsibility.

An ethical dilemma for business owners and managers exists because of different environmental regulations in different countries. An Australian business may be able to save money and manufacture goods or mine resources at a lower cost because a country does not have the level of environmental protection as in Australia. Should that business exploit the weaker protection regime for profit while they damage the environment?

13. What is a Free Trade Agreement (FTA)?

Free trade agreements are made between countries and to form trading regions. They reduce and standardise regulations of international business.

14. List 3 examples of FTAs Australia is part of.

Australia Chile, ASEAN, US, Thailand, Singapore, China, NZ.

15. How can the removal of tariffs assist Australian businesses overseas?

Reduce the price of Australian exports so they are more competitive with local products.

16. What is M-commerce?

Using mobile devices as a platform for selling products and services.

17. What are 2 examples of eBusiness methods?

Communicate with customers, clients and suppliers via email and SMS. Send emails to other businesses to order products and services.

18. What are 2 concerns that have been identified with m-commerce?

Spam and scams, Privacy, Informed consumers, Consumer debt.

19. What are 2 examples of ecommerce strategies?

Local market URL, Branded website, Wholesale online, International shipping.

20. What is ecommerce?

Using information technologies to buy and sell products and services and to implement marketing strategies.

Chapter 10: Unit 3 Management Activities

Topic study

1. What are the two options for entering an overseas market?

Standardising their marketing mix or adapting the marketing mix to the local preferences and market characteristics.

2. Describe 2 benefits of a global brand

Consistency, Low risk, Lower cost, Easier to manage, Better differentiation.

3. What are 2 things included in a feasibility study?

Assessing the total market size, assessing competitors in the target market, assessing capital requirements to launch and sustain the business, consider the experience and expertise of staff and partners.

4. What is the difference between primary and secondary data?

Primary – based on research and observation. **Secondary** – available in published form based on research other people have done.

5. What are two approaches to adapting strategies for international markets?

Use domestic strategies internationally with no change. Adapt strategies based on generalisations about a region, eg. Europe, South East Asia. Adapt strategies to countries based on national market research. Adapt strategies to regions or target markets in countries based on market research.

6. List three advantages of strategic alliances.

- Quick access to a new market
- Reduce competition by forming an alliance with competitors
- Larger market share
- Increase sales and income
- Gain new expertise and technology
- Access research and development for business development
- Increase the range of products and services
- Share operating costs and working capital
- Access established distribution channels
- Gain greater knowledge of customs and culture in other countries and regions
- Build greater global brand awareness.

7. What are 2 disadvantages of strategic alliances?

- May take on the weaknesses of the partner eg lack of management expertise, unmotivated staff, high costs
- Less efficient communication in a larger multinational business
- Increased conflict over decisions and allocation of business resources
- Making the alliance work takes time and energy away from the core business activity
- Loss of control over product quality, operating costs, employees etc.

8. What is a hostile acquisition?

It is hostile because the purchase is attempted without the consent or approval of existing management and directors.

9. What is a merger?

A merger is when the shareholders of two companies become the shareholders of a new merged company.

10. What is a joint venture?

A joint venture is an alliance where the businesses involved start up an independent company.

11. List two risks in international transactions.

- delays in payment or non-payment
- loss or damage in transit
- loss due to exchange rate variations
- increased transportation costs.

12. Explain one type of insurance used in international transactions.

Export Credit Insurance, Political Risks Insurance, Transit or Shipping Insurance.

13. What is hedging?

Hedging is a method to reduce losses from exchange rate variations. The basic idea of hedging is to make an investment that makes a return that can be used to offset any losses from another investment.

14. What are two forms of hedging?

Forward, Option.

15. What documentation is used to manage international transaction risks?

Documentary letter of credit, Documents against payment.

16. What are two things innovation can lead to?

- Improved economic outcomes
- Survival and growth
- Increased employment
- Increased exports
- Improved skills in the workforce
- New ways of working such as virtual work groups
- Better management of environmental impact

17. What is process innovation?

Changing and improving how a business operates and/or manufactures, distributes and markets its products and services.

18. What is product innovation?

Changing and improving the features, materials or functions of a product or service.

19. List two benefits of innovation.

Financial gain, Expansion of global market presence, Increased market share.

20. What are two factors that impact on the success of innovations?

Timing, cost, marketing strategy, technology, intellectual property protection.

Chapter 13: Unit 3 People Activities

Topic Study

1. Successful change depends on what two aspects?

The business, the people.

2. What are 3 examples of change in a workplace?

- new products and services
- sacking people to cut costs
- outsourcing
- starting business online
- entry into a strategic alliance
- significant change in laws and regulations
- international expansion
- a move into franchising
- buying and selling businesses.

3. What are two examples of critical success factors that can increase the likelihood of successful change?



4. *What three things should management consider to overcome resistance to change?*

- why the change is occurring
- sound rationale for the change
- the most strategic time to make the change.

5. *What are two causes of resistance to change?*

- financial costs
- inertia of managers and owners
- cultural incompatibility in mergers/takeovers
- staff attitude
- ripple effects
- loss of control
- poor timing.

6. *What are two things management can do to prepare staff for change?*

Prepare for change, communicate the change, ensure involvement, provide support, show leadership.

7. *Describe the three stages of Lewin's change process.*

Unfreeze, change, freeze.

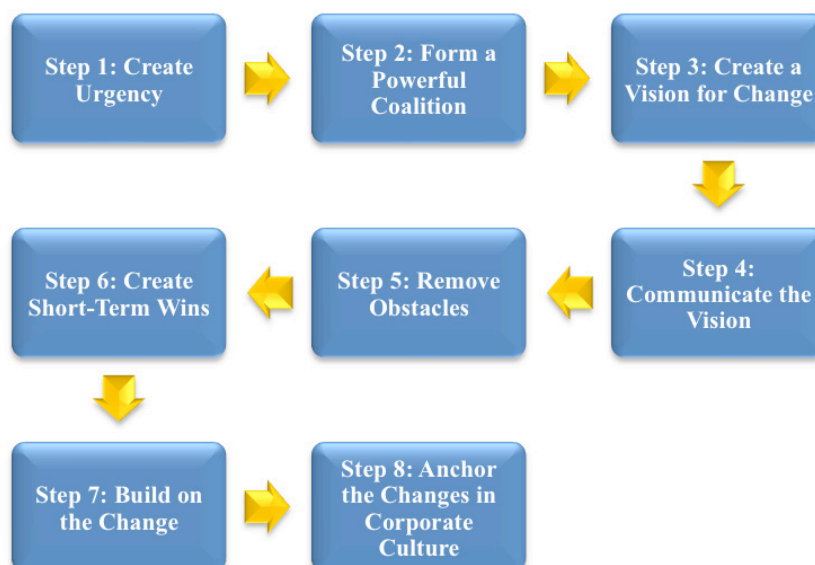
8. *What are 3 main factors that cause change to be unsuccessful?*

- poor planning
- lack of skills and experience of the change team
- poor leadership by the change agents
- lack of communication throughout the process
- lack of coordination among managers.

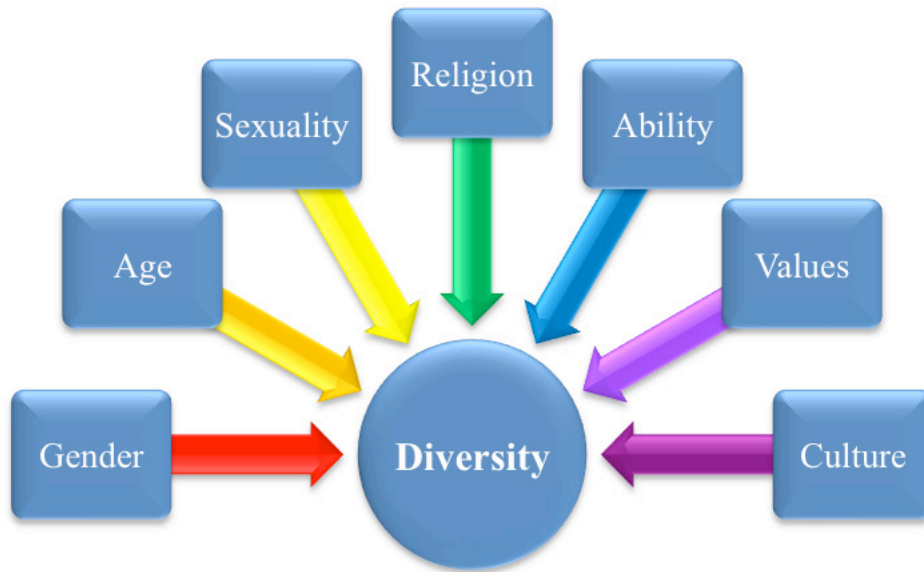
9. *What is Force Field Analysis?*

Force field analysis is a method to analyse and compare the forces of change.

10. *List the eight steps of Kotter's change process.*



11. What are three aspects of diversity?



12. What are two ways to use diversity in the workplace for business success?

- Expand and form new markets
- Advertise in community languages
- Use bilingual staff for sales campaigns and to train other staff on cross-cultural communication
- Include images of customers from a range of backgrounds in advertising material
- Use cultural festivals as marketing opportunities
- Market products popular in ethnic niche markets to mainstream Australia which has become increasingly open to new experiences and styles
- Employ professional bilingual staff for international business trips
- Use bilingual staff to provide client service in the first language of customers
- Develop translated information for service information and instructions for use.

13. What is an example of legislation that impacts on the management of diversity?

- Australian Human Rights Commission Act
- Age Discrimination Act
- Sex Discrimination Act
- Racial Discrimination Act
- Racial Hatred Act
- Disability Discrimination Act
- Workplace Gender Equality Act 2012
- Fair Work Act and National Employment Standards (NES)
- State-based anti-discrimination and OH&S laws.

14. What is an example of a strategy to build a culture that values diversity?

- ensure everyone is heard
- make it safe to propose ideas
- give employees authority to make decisions
- share credit for success
- give constructive feedback
- implement feedback from staff.

15. What is the Workplace Gender Equality Act 2012?

The Workplace Gender Equality Act 2012 requires private sector employers with 100 or more employees to submit a report to the Workplace Gender Equality Agency detailing the gender mix of staff at all levels of the organisation and the strategies in place to achieve gender equity in the workplace.

Chapter 14: Unit 3 Examination Questions

Short answer questions

Question 1

i. What is globalisation? What are two opportunities globalisation may offer an Australian company?

1 mark for definition, 1 mark for each example.

Globalisation is the growing interdependence among nations and encompasses a range of areas such as: trade, investment, technology, the flow of capital, movement of labour.

Examples – Higher profits and market access in global markets, Reduced technological barriers to movement of goods, services and factors of production, Countries with lower labour and production costs, Extending product life cycles by marketing products in other countries.

ii. What are three ways technology can assist a company to expand globally?

1 mark for each example.

Communication and sharing of information, online shopping for global reach, online payment systems and banking, social media to promote products and services, digital distribution of products.

iii. Explain how transfer pricing is used to minimise tax in a global market.

1 mark for each point

- A company overcharges a part in a country with high tax.
- The overcharging results in high income and profit in a country with no or low tax.
- And low profit in a country with higher tax rates.
- Resulting in an on paper transfer of profit from where it is earned to a low tax country.

Question 2

i. What are ethics? Discuss why global business may create an ethical dilemma.

1 mark for definition, 3 marks for discussion.

Ethics are the standards a person and a company applies to its decisions and working relationships.

Discussion – different rules in different countries, profit/financial gain from exploiting differences in laws and standards, different cultures have different views about bribery and corruption.

ii. What is offshore labour? How can offshore labour create ethical difficulties for an Australian company?

1 mark for definition, 2 marks for effect.

Offshore labour is used when a company uses a contractor in a foreign company to perform a function or supply goods. A company may also set up a subsidiary in another country.

A country may have low wages, poor working conditions and weak safety regulations. A choice is made whether to make profit from disadvantaged workers or use other suppliers.

iii. Discuss another example of how operating globally can create an ethical problem.

1 mark for definition, 2 marks for effect.

Environmental responsibility, outsourcing, dumping, bribery.

Question 3

i. What is standardisation when entering a foreign market? Include an example.

2 marks for a definition, 1 mark for an example.

Use domestic strategies internationally with no change, standardise strategies across foreign markets but treating all markets as the same.

eg. advertising, product names, positioning, features, slogans, ingredients.

ii. Explain the alternative to standardisation for market entry. Include an example.

2 marks for a definition, 1 mark for an example

- Adapt strategies to regions or target markets in countries based on market research.
- Adapt strategies based on generalisations about a region.

eg. advertising, product names, positioning, features, slogans, ingredients.

iii. Discuss the difference between standardisation and adaptation using product and positioning.

2 marks for each discussion.

Product – adapting ingredients, offered features, name, packaging, slogan, price, colours

Positioning – adapt to different cultures and values.

Question 4

i. What is a 'strategic alliance'?

2 marks for the definition.

A strategic alliance is when two or more businesses form a partnership for a project, business venture or for the long term to create a new business. Strategic alliance is a strategy of collaboration between businesses for mutual benefit.

ii. Explain the difference between a merger and an acquisition.

2 marks for identifying characteristics of each.

Acquisition – a business buys another that has been operating.

Merger – a merger is when the shareholders of two companies become the shareholders of a new merged company.

iii. Explain the difference between joint venture and franchising. 4 marks

2 marks for identifying characteristics of each.

Joint venture – a joint venture is an alliance where the businesses involved start up an independent company.

Franchising – the franchisee gains through access to an established, proven business model and brand awareness.

Question 5

i. What are two risks a company faces when involved in international transactions?

2 marks for each risk with explanation.

- delays in payment or non-payment
- loss or damage in transit
- loss due to exchange rate variations
- increased transportation costs.

ii. How can insurance be used to manage risk in international business? What is an example of a risk that can be insured against?

2 marks for explanation of the use of insurance, 1 mark for an example.

Insurance can be used to mitigate loss as a result of these risks. Insurance won't stop something from happening but if it does, insurance can minimise the financial loss.

Export credit insurance, Political risks insurance, Transit or Shipping insurance.

iii. What is hedging? What are two forms of hedging that could be used to manage foreign exchange risk?

2 marks for definition, 1 mark for 2 examples.

Hedging is a method to reduce losses from exchange rate variations. The basic idea of hedging is to make an investment that makes a return that can be used to offset any losses from another investment. Exporters would hedge against unfavourable changes in exchange rates.

Forward, Options.

Question 6

i. Discuss the difference between process innovation and product innovation.

2 marks for each definition.

Process innovation – changing and improving how a business operates and/or manufactures, distributes and markets its products and services. An emerging process innovation is cloud computing. Companies are using it to increase efficiency and reduce costs.

Product innovation – changing and improving the features, materials or functions of a product or service.

ii. Discuss two benefits innovation can bring to an international business. 4 marks

2 marks for each benefit.

Financial gain, expansion of global market presence, increased market share.

iii. How can intellectual property protection help a business exploit innovation? 2 marks

2 marks for the answer.

A company is more likely to benefit from an innovation if they can prevent competitors from using it too. Protecting the design through a patent, copyright or a registered design will stop competitors from making and launching their own versions and benefiting from the time and money another company invested in the innovation.

Question 7

i. Discuss two reasons why there may be resistance to change in a workplace.

2 marks for each reason and explanation

- **Financial costs:** a change may be so significant that it involves rebuilding the whole business, in which case the financial cost will be great.
- **Inertia of managers and owners:** in business, inertia is about being stuck in a routine because it has worked in the past.
- **Cultural incompatibility in mergers/takeovers:** cultural differences can create barriers to effective communication, the growth of working relationships and building a common understanding of the company.
- **Staff attitude:** staff may feel that they do not have the skills to learn new systems and processes. They may resist because of their fear of failure.
- **Other** – poor timing, loss of control, ripple effects.

ii. Describe how Force Field Analysis is used.

1 mark for general definition, 1 mark for forces for change, 1 mark for forces against change, 1 mark for discussion about how the forces can be responded to, for example overcome forces against change to make success more likely.

Force field analysis is a method to analyse and compare the forces of change. It is a tool that can be used as part of the unfreezing stage to help employees understand the need for change.

Ideas for forces are brainstormed and recorded. Then the forces are reviewed and the most important kept and rated according to their importance. The rating could be out of 5 or 10, the higher the rating the more impact the force has on the proposed change.

The analysis also assists management to develop action plans that exploit the forces for change and reduce the forces against change.

iii. Why is it important to create a sense of urgency for successful change?

2 marks for an answer that includes more than one reason.

People will be motivated for change if they understand why they should do it and the costs or risks if they don't change. Communicate the problems and reasons for change and get people talking about it, sharing ideas. They must be convinced that change is necessary.

Question 8

i. What is diversity in the workplace? List two examples of how a workplace can be diverse.

2 marks for the definition.

Diversity refers to the range of traits a group of people have; gender, age, language, ethnicity, cultural background, disability, sexual orientation or religious belief. Diversity also includes the many differences people have in educational level, skill level, socio-economic background, personality, geographic location and family situation.

1 mark for each example.

ii. What are two laws that regulate the management of diversity.

1 mark per example.

- Australian Human Rights Commission Act
- Age Discrimination Act
- Sex Discrimination Act
- Racial Discrimination Act
- Racial Hatred Act
- Disability Discrimination Act
- Workplace Gender Equality Act 2012.

iii. What are two ways a diverse workforce can help a business expand globally?

2 marks per example.

- better understands the diverse community and consumers in the marketplace
- more effectively market to consumers from different backgrounds
- converse in the same language, reduce misunderstanding and more easily identify the needs of the customer
- if they share the same language, negotiations are more effective. Staff knowledge of the culture of the target market will also help refine marketing strategies
- a workplace that is free from discrimination will decrease staff turnover and help build high employee satisfaction and loyalty
- workers with different qualifications, backgrounds, and experiences will lead to effective problem solving on the job.

Extended answer questions

These answers are suggested responses and a guide for marking. Other answers and explanations are acceptable and allocation of marks is based on assessor judgements.

Question 1

Diversity management is key to growth in the competitive global marketplace. Companies cannot compete if they lack cultural intelligence. Companies must embrace diversity and build a workplace that reflects the diverse community in which they operate.

i. Discuss four differences an Australian company may find when they expand into foreign markets. (4 marks)

Half marks if differences are identified, full marks if there is an explanation. For example – religious, customs, laws and regulations, economic conditions, language, education levels.

ii. Explain three ways a company can adapt their marketing strategies to compete more effectively in global markets. (6 marks)

Half marks if ways are identified, full marks with explanations and/or examples. For example – language in advertising and packaging, product names and slogans, positioning, features and ingredients, distribution, pricing.

iii. Describe four ways Australian managers can develop their cultural intelligence. (4 marks)

1 mark for each example. For example – travel, study countries and their cultures, learn languages, talk to people from the target countries, build working relationships with people from target countries.

iv. Discuss two risks an Australian company faces when operating internationally and how these risks can be managed. (6 marks)

Export risks, non-payment, loss or damage in transit, currency fluctuations. Insurance, payment terms, digital distribution, local retailers, hedging.

Question 2

'To build and sustain brands people love and trust, one must focus—not only on today but also on tomorrow. It's not easy...but balancing the short and long term is key to delivering sustainable, profitable growth—growth that is good for our shareholders but also good for our consumers, our employees, our business partners, the communities where we live and work, and the planet we inhabit.'

Irene Rosenfeld, CEO Kraft

Analyse and discuss the above quotation in relation to:

i. Three benefits of globalisation. (6 marks)

For and Against Chapter 1.

ii. Three impacts of globalisation. (6 marks)

Half marks if identified. Full marks with explanations and/or examples. Spread of skills and technology, employment levels, international cooperation, domestic market, tax minimisation.

iii. Ethics and how ethics are different to laws and regulations in a global marketplace. (4 marks)

Ethics – standards of conduct, morals, based on beliefs and values. Laws and regulations are compulsory and standards and rules set by governments, ethics are how a person works with and applies those rules and standards.

iv. Two ethical issues global businesses face. (4 marks)

Half marks if identified, full marks if explained/examples. Tax minimisation, offshore labour, outsourcing, environmental management, dumping, bribery.

Question 3

The Nobel Prize-winning economist Professor Joseph Stiglitz has warned Australia of hidden dangers in the proposed free trade agreement called the TPP, or Trans-Pacific Partnership:

'This trade agreement is not just lowering tariffs but setting the rules of the game for the 21st century. Rules about regulation, rules about drugs. These are really critical aspects for the running of our society, affecting our health, our environment.'

i. Outline what a free trade agreement is and what it aims to do. Give an example of a free trade agreement that includes Australia. (4 marks)

Globally national governments negotiate a standardisation of laws and regulations between countries. Trade negotiations result in governments committing to free trade agreements. Free trade agreements are made between countries and to form trading regions. ASEAN, Chile, Singapore, China, ANZCERTA, Thailand, US, PACER (official titles or identifying which countries an agreements has been signed with is acceptable).

ii. Explain how tariffs have an impact on trade between countries. (2 marks)

Two or more countries agree to standardise customs duties and tariffs, to reduce them or remove them. This means that each country can export their produce to other countries and sell it at a similar price as local produce.

iii. Discuss two ways an Australian business could benefit from a free trade agreement. (4 marks)

Free Trade Agreements can create opportunities for Australian exporters and investors to expand their businesses into overseas markets. They can provide access to overseas markets in all areas of trade such as goods, services and investment. Access to markets and the reduction in tariffs increases the competitiveness of Australian businesses. As part of any Free Trade Agreement, Australia and trading partners must remove trade barriers to make it easier and less expensive for imports.

iv. Outline what the Investor State Dispute Settlement (ISDS) involves. Explain why there is concern about the ISDS. Give an example of an issue that involves ISDS. (6 marks)

ISDS is a part of multinational Free Trade Agreements. It is a process where foreign countries have the right to access an international tribunal if they believe government laws and regulations have impacted on their investments and ability to earn income. It is something that can also be accessed by Australian companies operating in other countries.

Provision for ISDS is known as a 'trojan horse'. An agreement is signed, that has in the detail, a provision for a company to sue a government for losses they believe were caused by that government. There is concern because it means that governments may be prevented from taking action.

Plain tobacco packaging in Australia and Ireland, Chemtura Corporation in Canada, Vattenfall in Germany.

v. Discuss whether Australia should enter into free trade agreements or use laws and regulations to protect Australian businesses from foreign competition. (4 marks)

For – entry into markets, level playing field, opportunities for growth. Against – ISDS, increased domestic competition, better to protect domestic industries in tough economic times.

Question 4

New technological developments are creating totally new industries. These breakthroughs have come from advances in nanotechnology, research and development, and mobile technology. Companies are tackling these changes by attempting to anticipate how they will affect consumer trends. The implication for innovation in technology is there will be fewer barriers for virtual businesses, more competition and the ability to use technology to create and enter new global markets.

i. What is innovation? Describe two types of innovation. (5 marks)

Innovation is about creating something new and improving existing systems, products and processes. It can be a radical change or change built from incremental improvements. An outcome of innovation is the continuous improvement of products, processes and systems.

Types – product, process, disruptive.

ii. Describe two benefits of innovation. (4 marks)

2 marks for identifying, full marks for explanation. Financial gain, Expansion of global market presence, Increased market share.

iii. Innovation involves change. Outline two tools a company could use to prepare their staff for change. (6 marks)

2 marks for identifying the tools (by name or description). 3 marks for explanation of both. Force Field Analysis, Kotter's 8 Steps.

iv. Discuss three reasons for resistance to change. (5 marks)

1 mark for identifying a reason (by name or description), 3 marks for explanations and examples. Poor timing, loss of control, ripple effects, staff attitude, cultural incompatibility in mergers/takeovers, inertia of managers and owners, financial costs.