

Non cumulative

3 hrs long

Write answers in pen, fill scantron with pencil

Exam Structure

- Case study (55 marks)
 - 3 questions
- Short Answer (10 marks)
 - 2 questions
- M/C (20 marks)
 - 20 questions

Seven factors

- Economic
- Global
- Political
- Social
- Technological
- Sustainability
- Labour

Political

Roles of government

1. Regulator
 - Deregulation
2. Tax collector
 - Personal Income Tax
 - Harmonized sales tax
 - Property tax
 - Corporate Income Tax
3. Business Owner
 - LCBO (example of **provincial crown corporation**)
 - CBC (example of **federal crown corporation**)
 - Privatization
4. Guardian of Business (Corporate Welfare)
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For	Against
May help to save jobs Supports canadian business Will harm related industries Protecting industries it sees as vital Controls prices	Companies may come to depend on gov support- sends message that they're rewarding bad business practices Use of taxpayers' money May be promoting a political agenda Creates an uneven playing field(why do some business receive government aid while others

	don't?)
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Global

Globalization

- Integration of global economies

Trade

- Difference between free trade and customs union?
 - **Free trade** involves the removal of tariffs and nontariff trade barriers on goods and services on international trade in goods and services among the member countries. Given that this form involves the lowest degree of regional economic integration, there is greater member autonomy with regard to such issues as how it chooses to deal with nonmembers.
- **A customs union** involves the removal of trade barriers on international trade in goods and services among member countries. However, given that this form involves a somewhat greater degree of economic integration, there is less member autonomy with regard to such issues as how it chooses to deal with nonmembers and what types of barriers it should construct against nonmember countries
- **Which has a higher level of economic integration?**
 - A customs union has a greater degree of economic integration
- What is free trade?
 - Involves the removal of tariffs and nontariff trade barriers on goods and services
 - Tariffs?
 - Tax or duty to be paid on a particular class of imports or exports
 - Protectionism?
 - Protecting a country's domestic economy and businesses through restriction on imports
 - Canada's historic supply management of Canadian dairy industry
 - Protectionist policies emerged from
- What is NAFTA?(changed to USMCA now)
 - An agreement to remove trade barriers between Canada, the United States, and Mexico
 - Aimed to produce a common market among the members
- Trade Surplus= When you export more than you import
- Trade deficit = when you import more than you export
- Comparative advantage = When you trade something they need and receive something you need
- Foreign direct investment
 - Involves the purchase of physical assets or an amount of share ownership in a company from another country to gain a measure of management control
 - Etc. China investing in Alberta oil sands
- Outsourcing and Offshoring
 - **Outsourcing** involves hiring external organizations to conduct work in certain functions of the company

- **Offshoring** is the relocation of a business process from one country to another
- Pull vs. Push factors
 - **Pull factors**
 - Potential for sales growth
 - Obtaining needed resources
 - **Push factors**
 - Force of Competition
 - Shift toward democracy
 - Reduction in trade barriers
 - Improvements in technology
- Rise of MNCs
 - What is it?
 - Operates in multiple countries and is comprised of a home country and a host country
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Advantages	Disadvantages
Jobs Encourage economic development Offer management expertise Introduce new technologies. Provide financial support	MNCs have no allegiance to the host country Profits are returned to the home country Decision-making can be highly centralized MNCs can be difficult to control

Technological

Industry life Cycle

1. **Introductory**
 - High degree of innovation
 - lots of R&D
 - High fragmentation
2. **Growth**
 - Dominant design
 - Larger growth
 - Shakeout (smaller firms exiting)
 - Economies of scale
3. **Maturity**
 - Slow growth
 - Incremental Improvements
 - Increased Advertising
 - Price wars
 - Increased competition
4. **Decline**
 - Shifting consumer tastes

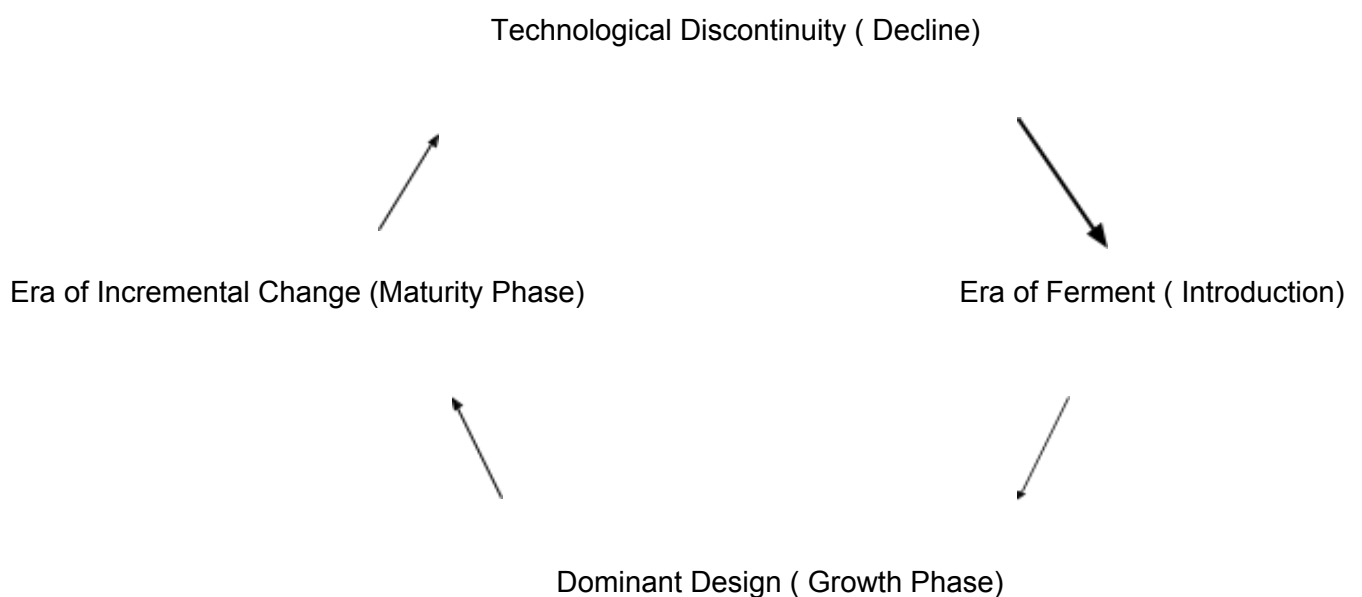
- Sales start to slow or decline
 - Alternatives to managing decline phase
 - Consolidation
 - Pursue a niche
 - Early exit
 - Maintain a leadership stance

Evolution of technology

- **Radical innovation**
 - Disruptive to existing industry
- **Incremental Innovation**
 - New and improved version of something

Model of Punctuated Equilibrium

- This model is similar to the industry life cycle model



Economic

1. Mixed Economy (canada's economy)
 - Mix of more than one economic system
 - While most industries are the work of private enterprise, the Canadian government may be considered partly socialist in its control of certain industries such as Canada Post, utilities (for example, water), and some public lands
2. Communism(Most government control)
 - Government owned essentially all of the country's resources, and economic decisions were made centrally
 - Government decided which goods and services were produced and in what quantities

3. Capitalism
 - Free market system in which individuals can decide to be employees or owners of their own business
4. Free Market (least government control)
 - ???

Different types of competition

- Pure
 - Ideal form of competition
 - Characterized by four traits
 1. Large number of buyers and sellers act independently
 2. Product or service is similar to or the same as other products and services available in the market leaving **lowest price as key decision-making factor for the consumer**
 3. No barriers to entry
 4. Market determines the price, not the company
- Monopoly
 - When only one company produces a particular product or service in a given market and, as a result, there are no competitors
 - As the sole producer, a company is a price setter—it is able to determine the selling price of its products or services
- Oligopoly
 - When only a few competitors dominate an industry
 - Price setters
 - Fierce competition
 - High barriers to entry such as capital costs
- Monopolistic
 - Large number of companies compete with one another, offering products and services that are differentiated at least in a minor way
 - Differentiation strategies include branding, style or design, and advertising

Indicators of economic health

- Low unemployment rate
- Good currency rate
- Low interest rate
- Low national debt

Social

1. End-point ethics(Utilitarianism)

- To determine right or wrong, one must examine the “end result” or “likely consequences” of an action
 - Tangible economic outcomes(shareholder profit)
 - Intangible economic outcomes (happiness or profit)
- Must achieve **greatest amount of good for greatest # of people**
- **Limitations**
 - Process is ignored

- Impact on stakeholders is difficult to measure

2. Rule Ethics

- An action is ethical if it follows the rules
 - Rules and principles that guide behaviour
- Limitations
 - Can't be applied universally
 - Too subjective ie. Whose rules

Corporate Social Responsibility

- What is it?
 - Obligations or responsibilities of an organization that involve going beyond the production of goods or services at a profit and the requirements of competition, legal regulations, or customs.
 - Social responsibility involves an obligation to create policies, make decisions, and engage in actions that are desirable in terms of society's values and objectives.
 - Four different levels
 - Economic responsibilities(have to)
 - Make profits
 - Legal responsibilities (required to)
 - Honor all relevant laws
 - Ethical responsibilities (expected to)
 - Engage in business practices that are in line with what society considers acceptable
 - Philanthropic responsibilities (should do)
 - Ronald Mcdonald house

Labour

???