

Using ALARM in Business Studies

In Business Studies, ALARM can be used to write your business report for Section III and extended response for Section IV of the HSC Examination. A discriminating feature of a strong response is to ***applies theory to business situations and draw out implications***. In addition, a sustained extended response in Business Studies also requires actual or hypothetical business case studies, logically explained arguments and clear judgements if required by the key term. The ALARM matrix below enables you to do this.

Identify	Description	Explanation	Relate Other Implications / Perspectives	Evaluation
Write a TOPIC SENTENCE, which includes the <u>cause</u> , <u>effect/s</u> and <u>judgement</u> (if required)	Describe the business situation – <i>who, what, where, when, why?</i>	Explain <i>how/why</i> the cause leads to the effect.	Explain <u>other</u> effect/s (e.g. positive / negative, short run / long run, other implications)	Write a LINKING SENTENCE, providing an overall <u>judgement</u> with a link back to the question.
	Business Report – use the sentence stems to describe information from the stimulus. Extended Response – describe an actual OR hypothetical case study.	- Relate <u>cause</u> and <u>effect</u> by: • applying business theory to produce a logical explanation – i.e. provide a sequential <i>step-by-step</i> process. • using active verbs to draw out implications • using language for an explanation - Include any evidence of impact (data/statistics), if appropriate.		
		<i>...results in...</i> <i>...leads to...</i> <i>...because...</i> <i>...due to...</i> <i>...as / so ...</i> <i>...since...</i>	<i>Also...</i> <i>Additionally...</i> <i>Furthermore...</i> <i>However...</i> <i>On the other hand,...</i> <i>Nevertheless...</i>	<i>Effective / Effective to a <u>large</u> extent</i> <i>Moderately effective / Effective to <u>some</u> extent</i> <i>Ineffective / Effective to a <u>limited</u> extent</i>

Active Verbs to Show Effect / Impacts / Implications

Active verbs can be used to show the effect, impact or implication of an issue, influence, strategy or process – i.e. the cause/concept described in your paragraphs. The active verbs can be used to develop a cause-and-effect sequence. Relevant active verbs in Business Studies include:

Active Verbs to Show Impact – Explanation Writing			
achieves	enforces	lessens	prevents
addresses	establishes	limits	promotes
assists	expands	lowers	reduces
contributes	exposes	maintains	represents
compels	facilitates	mandates	resolves
creates	generates	maximises	restricts
decreases	hedges	minimises	segments
develops	incentivises	motivates	strengthens
diminishes	imposes	offsets	sustains
disincentivises	improves	permits	transitions
diverts	increases	positions	weakens
encourages	influences	protects	worsens
Previous / Historical Impacts – i.e. CAN be supported with evidence of impact Add the suffix <u>-ed</u> to the active verb, for example, increased, decreased, improved, prevented. The working capital management strategy of sale-and-lease back <u>increased</u> the business' current ratio and <u>improved</u> its liquidity.			
Current Impacts – i.e. MAY be supported with evidence of impact SO FAR The active verb remains the same – no changes made. The increase in the National Minimum Wage under the Fair Work Act 2009 (Cwth) <u>compels</u> businesses to increase remuneration paid to workers, however, <u>worsens</u> business expenses. Hedging using derivatives forward exchange contracts <u>reduces</u> the risk of an exchange rate depreciation and <u>maximises</u> business profitability.			
Future Impacts – i.e. CANNOT be supported with evidence of impact Add ONE of the following words below (each representing varying degrees of modality) and remove the 'S' from the end of the active verb. <u>This is often used to respond to a 'recommend' key directive.</u> • <u>will</u> – highly likely to happen, for example will divert... • <u>should</u> – likely to happen, for example, should achieve... • <u>could / may</u> – possibility of happening, for example, could / may stimulate... • <u>will not / won't</u> – unlikely to happen, for example, won't strengthen... The place/distribution strategy of exclusive distribution will <u>position</u> the product as high quality and should <u>achieve</u> a greater brand awareness for the business. The Operations process of high volume and low variety will <u>achieve</u> economies of scale for business and should <u>sustain</u> the competitive advantage of cost leadership. This should be used for issues, influences, strategies or processes <u>which have not yet had any impact.</u>			

Evaluate the effectiveness of [insert KBF] strategies used to improve [insert KBF] management.

Note: NOT all the questions ask you to make a judgement about “effectiveness”! Your judgement for each body paragraph needs to match the language used in the question! (i.e. “important”, “appropriate”, “reliant”, “dependent” etc.)

Identify	Description	Explanation	Relate Other Implications / Perspectives	Evaluation
Write a TOPIC SENTENCE, which includes the <u>cause</u> , <u>effect/s</u> and <u>judgement</u> (if required)	Describe the business situation using an <u>actual</u> OR <u>hypothetical</u> case study – <i>who, what, where, when, why?</i>	Explain <i>how/why</i> the cause leads to the effect.	Explain <u>other</u> effect/s (e.g. positive / negative, short run / long run, other implications)	Write a LINKING SENTENCE, providing an overall <u>judgement</u> with a link back to the question.
The working capital management strategy of sale-and-lease back is mostly effective in achieving the financial objective of liquidity. <i>Note: This strategy has already happened with evidence of impact. The active verbs have been written in past tense.</i>	In response to cashflow problems due to the COVID-19 pandemic, Qantas entered into a sale-and-lease back agreement with LOGOS Property group in 2021, by selling 13.8 hectares for \$802 billion.	This increased Qantas’ value of current asset because the selling of non-current asset enlarged Qantas’ cash at bank. As a result, this improved Qantas’ current ratio and its ability to repay its current liabilities as they fall due. Evidence of impact is shown through an increase in the current ratio from 0.45 : 1 in 2021 to 0.53 : 1 in 2022. This improved Qantas’ working capital and liquidity.	However, Qantas will need to lease back the land to conduct its business operations, which <u>may decrease</u> Qantas’ profitability due to the increased operating expenses. Also, selling the land reduced the value of Qantas’ total assets, decreasing the overall value of the business.	Thus, the strategy of sale-and-lease back is mostly effective in achieving the financial objective of liquidity.
The Operations strategy of leading-edge technology is effective in achieving services differentiation. <i>Note: This strategy has not yet been implemented with future impacts. The active verbs have been written in</i>	In response to the quality expectations of customers travelling overseas who want to arrive at their destination in a shorter amount of time, and the expectation by customers that businesses implement environmentally sustainable practices in their	It <u>should improve</u> the performance objective of speed due to the shorter travel times offered as part of the business’ service, whilst less noise relative to other airlines and Qantas’ lower carbon footprint <u>should achieve</u> the performance objective of	However, in the short-term, Qantas <u>will</u> incur a large cost in purchasing this leading-edge technology, increasing Qantas’ operating expenses, and reducing Qantas’ overall profitability.	Therefore, the strategy of leading-edge technology is effective in achieving a competitive advantage of services differentiation.

<i>future tense, with lower modality.</i>	transformation process, Qantas purchased 12 Airbus A350s in 2022 to allow 20-hour non-stop flights from Sydney to London or New York as part of its 'Project Sunrise' initiative. The aircrafts emit less noise pollution and less Co2 emissions, burning 25 per cent less fuel compared to other aircrafts.	quality. This <u>might</u> allow Qantas to achieve a competitive advantage of goods/services differentiation, increase its revenue and improve its profitability.		
The marketing strategy of e-marketing is effective in achieving the marketing objective of increased market share. <i>Note: This strategy is currently being implemented with ongoing impacts. The active verbs have been written in the present tense.</i>	Due to greater customer demand for convenience, Woolworths uses its App, which is linked to the 'Rewards' loyalty program, to inform customers about promotional material, and discounted products that they have previously purchased.	It attracts existing customers to purchase from their supermarket due to the intensive targeted and personalised promotional information, which increases repeat purchases and sales revenue. Customers would prefer to purchase from Woolworths instead of competitors such as Coles, which increases Woolworth's market share and improves its profitability.	However, the retention of a customer's historical data is unethical and may be seen as an invasion of privacy by customers, which <u>may</u> harm Woolworth's reputation and goodwill, and <u>might</u> reduce Woolworth's sales revenue and profitability.	Thus, the strategy of e-marketing is mostly effective in achieving the marketing objective of increased market share.

Structure of an Extended Response in Business Studies

An extended response in Business Studies should include 3 sections – an **introduction**, **body paragraphs** and a **conclusion**.

*NOTE: You need at least **THREE body paragraphs** for an adequate extended response.*

How to write an introduction

An introduction should have FOUR sentences maximum.

- Sentence 1: Address/answer the question.
- Sentences 2- 4: Provide a specific ONE sentence reason why that answers the question.

E.g.

- Question about influences – what is the impact of each influence?
- Question about strategies – why is each strategy effective?
- Question about processes – how could the process be impacted/improved?

Sample:

Assess the impact of influences on Operations management.

1 The ability of Operations Management (OM) to achieve a competitive advantage (CA) is affected by external influences. 2 The influence of technology can improve OM's Performance Objective (PO) of speed but also increase the cost. 3 Moreover, the influence of corporate social responsibility (CSR) will improve OM's PO of quality and dependability. 4 Furthermore, the influence of legal regulation could increase OM's cost and decrease customisation.

How to write a conclusion

A conclusion should have FIVE sentences maximum.

- Sentence 1: Address/answer the question by summarizing your overall judgement/opinion.
- Sentences 2: State that recommendations are needed.
- Sentence 3- 4: From your essay, identify TWO areas that need improvements (i.e. TWO negative impacts / reasons for ineffectiveness) and provide ONE way they can be improved (ONE sentence each)
- Sentence 5: State that the overall effectiveness of HR will improve.

Sample:

Assess the impact of influences on Operations management.

1. Overall, as shown through the case studies provided, external influences have a mostly **positive** impact on Operations. 2. However, OM needs to better respond to some key influences. 3. It is recommended that that Operations respond more effectively to the **legal influence** by being compliant with the legislation to reduce potential fine cost. 4. Also, Operations should better respond to the **technology influence** by achieving economies of scales to reduce cost. 5. In doing so, Operations will more effectively respond to external influences to achieve the strategic role.

Examples of body paragraphs

Evaluate the effectiveness of financial management strategies used to improve business performance.

The working capital management strategy of **sale-and-lease back** is **mostly effective** in achieving the financial objective of **liquidity**. In response to cashflow problems due to the COVID-19 pandemic, Qantas entered into a sale-and-lease back agreement with LOGOS Property group in 2021, by selling 13.8 hectares for \$802 billion. Due to selling the non-current asset, this **increased** Qantas' cash at bank and the value of Qantas' current assets. This increased Qantas' value of current asset because the selling of non-current asset enlarged Qantas' cash at bank. As a result, this **improved** Qantas' current ratio and its ability to repay its current liabilities as they fall due. Evidence of impact is shown through an increase in the current ratio from 0.45 : 1 in 2021 to 0.53 : 1 in 2022. This **improved** Qantas' working capital and liquidity. **However**, Qantas will need to lease back the land to conduct its business operations, which may **increase** Qantas' operating expenses and might **decrease** its overall profitability. **Also**, selling the land **reduced** the value of Qantas' total assets, **decreasing** the overall value of the business. Thus, the strategy of **sale-and-lease back** is **mostly effective** in achieving the financial objective of **liquidity**.

Evaluate the effectiveness of strategies used to achieve a competitive advantage in Operations management.

The Operations strategy of **leading-edge technology** is **effective** in achieving **services differentiation**. In response to the quality expectations of customers travelling overseas who want to arrive at their destination in a shorter amount of time, and the expectation by customers that businesses implement environmentally sustainable practices in their transformation process, Qantas purchased 12 Airbus A350s in 2022 to allow 20 hour non-stop flights from Sydney to London or New York as part of its 'Project Sunrise' initiative. The aircrafts emit less noise pollution and less Co2 emissions, burning 25 per cent less fuel compared to other aircrafts. It should **improve** the performance objective of speed due to the shorter travel times offered as part of the business' service, whilst less noise relative to other airlines and Qantas' lower carbon footprint should also **achieve** the performance objective of quality. This might **allow** Qantas to achieve a competitive advantage of goods/services differentiation, **increase** its revenue and **improve** its profitability. **However**, in the short-term, Qantas will incur a large cost in purchasing this leading-edge technology, **increasing** Qantas' operating expenses, and **reducing** Qantas' overall profitability. Therefore, the strategy of **leading-edge technology** is **effective** in achieving a competitive advantage of **services differentiation**.

Evaluate the effectiveness of strategies used to achieve marketing objectives.

The marketing strategy of **e-marketing** is **effective** in achieving the marketing objective of increased **market share**. Due to greater customer demand for convenience, Woolworths uses its App, which is linked to the 'Rewards' loyalty program, to inform customers about promotional material, and discounted products that they have previously purchased. It **attracts** existing customers to purchase from their supermarket due to the intensive targeted and personalised promotional information, which **increases** repeat purchases and sales revenue. Customers would prefer to purchase from Woolworths instead of competitors such as Coles, which **increases** Woolworth's market share and **improves** its profitability. **However**, the retention of a customer's historical data is unethical and may be seen as an invasion of privacy by customers, which may **harm** Qantas' reputation and goodwill, and might **reduce** Woolworth's sales revenue and profitability. Thus, the strategy of **e-marketing** is **mostly effective** in achieving the marketing objective of increased **market share**.

Practice questions - attempt to write an introduction for the following questions.

Analyse the relationship between comparative ratio analysis and strategies in financial management.

Assess strategies used in response to external influences on financial management.

Analyse the relationship between performance objectives and Operations strategies.

Assess global strategies used to achieve a competitive advantage in Operations Management.

Assess strategies used in response to external influences on Marketing.

Discuss the impact of external influences on Marketing Management.