

2011 Business Management GA 3: Examination

GENERAL COMMENTS

Most students answered all questions on the 2011 Business Management examination and wrote thorough answers. Many students were familiar with the course content and had learned key terms, definitions and theories, which they were able to incorporate into their answers.

However, some students often simply relayed their knowledge without addressing the question being asked. Application of key knowledge to the case study material continues to be a problem, with many students being either too general or not referring to the material at all.

Question 1a.

Marks	0	1	Average
%	31	69	0.7

Corporate culture is the shared values and beliefs of the people of the organisation. It can be official (written) or real (unwritten).

This question was generally well answered, with most students being able to express a clear understanding of corporate culture. Some students used an example to assist their explanation, although students need to ensure that the example supports the answer and is not the basis of it.

The following is an example of a high-scoring answer.

Corporate culture refers to the shared values and beliefs which are held within an organisation. They can influence the management style, communication within the organisation and the working relationship amongst staff.

Question 1b.

Marks	0	1	2	Average
%	32	30	38	1.1

Methods that can be used to develop an organisation's corporate culture include:

- training and development
- promotion
- appraisals
- employ externally
- change management style
- alter priorities such as budgets
- change style of dress and language.

This question required students to describe a method that management could use to develop corporate culture, including an explanation of how this would happen. Many students were able to identify a method but did not go on to explain how it might develop corporate culture. The question asked for only one method, but a number of students listed more than one and did not address the other parts of the question. As a general rule, if only one method is asked for, only the first method stated in the response will be marked.

The following is an example of a high-scoring answer.

One way that management can develop corporate culture is through rituals. This involves management establishing social gatherings and developing habits which are unique to the organisation. If management develops rituals, employees will feel valued as they are part of the organisations customs and behaviours. This can lead to a much more positive corporate culture.

Question 1c.

Marks	0	1	2	3	4	Average
%	28	17	28	17	11	1.7

In comparison, both theories have higher-level and lower-level needs. Herzberg's hygiene factors are similar to Maslow's physiological and safety factors. Herzberg's motivational factors or satisfiers are similar to Maslow's higher-

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level needs of social, esteem and self-actualisation. The key difference is that Maslow believes that the lower-level needs will still motivate, while Herzberg does not. Herzberg says if these lower-level needs are met the employee is not motivated, they are simply not dissatisfied.

It was pleasing to see that most students had an understanding of both motivational theories. However, the question did not ask for an explanation of them, it asked students to compare and contrast the two theories. Many students simply explained both theories, which did not address the question. Students are reminded to answer the question that has been asked.

The following is an example of a high-scoring answer.

Maslow's and Herzberg's theories of motivation both are concerned with how to increase motivation of staff, which is the factors or practices that drive an individual to perform at their best. Maslow's theory of motivation states that there are 5 stages of needs that need to be satisfied in order. These range from extrinsic or lower order needs such as physiological and safety and security needs to higher order intrinsic needs such as social, esteem and self-actualisation needs. Whereas Herzberg suggested that there were only 2 types of needs and that motivation and dissatisfaction were created by separate factors. Similarly to Maslow he identified extrinsic needs (hygiene factors) such as pay and job security and conditions, however, he stated that these would only provide no dissatisfaction and would not motivate staff. This is contrasted to Maslow's theory, because he stated that extrinsic needs acted as motivators and were essential. Herzberg believed that in order to motivate staff, intrinsic needs needed to be satisfied (motivation factors) which consisted of sense of achievement and recognition. This is similar to Maslow's higher order needs such as self-actualisation. Herzberg only highlighted 2 needs yet Maslow identified 5 and Maslow believed that extrinsic factors could motivate yet Herzberg disagreed.

Question 1d.

Marks	0	1	2	3	4	Average
%	22	15	33	11	20	1.9

Performance indicators that could be used to measure staff morale include:

- level of staff turnover
- level of staff absenteeism
- level of staff satisfaction as measured by the results of a staff survey.

The question required students to describe the performance indicator and then justify its use in measuring staff morale. For example, a measure of staff morale is staff turnover. Staff turnover measures the number of employees who leave an organisation over a period of time – usually a year. Staff turnover measures staff morale as employees who are unhappy (with low morale) tend to look for jobs in other organisations, so if the level of staff turnover is high it suggests low staff morale.

Many students were able to determine appropriate performance indicators but did not describe the measure or justify how it might measure staff morale. It is worth noting that the performance indicator chosen had to be a direct measure of staff morale to be acceptable in this case. Many students chose a performance indicator that had an indirect or distant link to morale, such as market share or customer complaints, and this was not accepted.

The following is an example of a high-scoring answer.

A performance indicator is a device used to measure the effectiveness and efficiency of an organisation.

One performance indicator that a HRM may use to measure staff morale is the level of staff absenteeism. This measures the number of employees over a period of time who take time off work. A high number may mean employees are not happy with conditions within the workplace and may indicate low staff morale. Whereas little absenteeism may indicate staff are satisfied with their position.

A second performance indicator that a HRM may use to measure staff morale may be the level of staff turnover. Staff turnover measures the number of employees leaving an organisation. A high number may indicate that staff morale is low and that they are unsatisfied with their job and working conditions and therefore leave the organisation. A low number may indicate staff morale is positive and employees are happy with their workplace conditions.

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Question 1e.

Marks	0	1	2	3	4	5	6	Average
%	4	7	14	20	25	18	12	3.6

Induction is the orientation of new staff into the organisation. It introduces them to policies, key staff, physical facilities and how the organisation operates. An effective induction program will increase confidence, improve productivity and establish good working relationships between employees and employers, resulting in the likelihood of the employee remaining with the organisation long term.

Training is the skilling of staff to enable them to perform their roles more effectively. Development is similar but with a forward-looking focus. These both lead to increased staff motivation and allow an employee to see a career path within the organisation. Both improve productivity and flexibility due to the multi-skilling of staff.

This question was well handled by students. Most were able to demonstrate a clear understanding of induction, and training and development. However, as in other parts of the examination, many students struggled to address the latter part of the question, which required them to discuss how these practices assisted in managing staff effectively.

The following is an example of a high-scoring answer.

Induction refers to all the processes undertaken by Southern Industries to introduce employees to an organisation. Induction programs can give new staff a sense of belonging and give the organisation an opportunity to convey its organisational values and morals to new staff. By explaining what is expected of employees during the process of an induction, it assists in the management of staff by outlining employees' responsibilities. In this way, employees have a clear sense of what is expected of them and consequently, will reach expected performance levels more quickly. An induction program may also include being introduced to existing employees and watching a video about the organisation. This can be done to reflect a positive image of the organisation to new employees meaning they harbour higher levels of morale from an early stage.

Training refers to the process of providing employees with the required skills and knowledge to perform a task. Development can also be implemented, which is the process of providing employees with the knowledge required to advance in the organisation and increase their responsibilities. By giving staff the opportunity for growth and increased knowledge, employees are likely to feel valued within the organisation. It can lead to increased motivation and consequently increased productivity levels. Hence, through these training and development programs, which may include on the job mentoring, watching an educational workplace video, or attending an external conference, management encourages its employees to reach their capabilities and strive towards the attainment of organisational objectives, hence, improving Southern Industries' management of its staff.

Question 2a.

Marks	0	1	2	3	4	Average
%	13	20	26	24	17	2.1

Positive contributions included significant job creation, need for infrastructure, research and development, more likely to export and benefits from economies of scale.

Negative contributions included significant carbon emissions, anti-competitive behaviour such as price fixing, outsourcing to overseas countries, importing raw materials and downsizing resulting in job losses.

This question was reasonably well handled by most students. Many students were able to identify both positive and negative contributions of large-scale organisations to the economy. However, they often did not address how these had an impact on the economy. To answer the question fully, students needed to address the benefit or negative impact on the economy. Students should ensure that they also talk about large-scale organisations in this context. For example, most organisations provide employment, but what distinguishes large-scale organisations is that they provide a significant amount of employment because of their size.

The following is an example of a high-scoring answer.

One positive contribution of LSO's to the economy is employment - LSO's employ around 33% of the workforce in Australia. This leads to increased employment rates which in turn means people have more money to spend. People spend more and the businesses do well, expanding and hiring more people - this has a multiplier effect throughout the economy. Because of their large revenue LSO's are more likely to undertake research and development. The knowledge gained is used by LSO's and smaller businesses to create new products and new ways of doing things. This enables them to sell more contributing to higher levels of gross domestic product (GDP).

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LSO's can often outsource parts of their manufacturing or processes overseas. This means less jobs in Australia and more payments going out which detracts from the Australian economy and can lead to a current account deficit in Australia's balance of payments. LSO's can also cause damage to the environment through their activities e.g. pollution. This not only damages the environment but can reduce productivity and can cost in terms of repairs which may be necessary.

Question 2b.

Marks	0	1	2	3	4	5	Average
%	38	13	9	10	9	21	2

The steps in the planning process are:

1. define objective
2. devise strategies to achieve objective
3. select preferred option
4. implement strategy
5. evaluate (modify if necessary).

Many students struggled with this question. Some students confused the question with the levels of planning (strategic, tactical and operational). While this was accepted it still required students to show that there was a process, so there needed to be links between the three levels, which many students did not discuss. Other students only discussed the SMART principles, which is not a planning process but forms part of the first stage of the planning process.

The following is an example of a high-scoring answer.

Planning refers to defining objectives and determining strategies to achieve these objectives. The planning process consists of 5 steps.

The first step is to define objectives, which involves outlining what the organisation wants to achieve compared to competitors and where in the market it wants to be. The next step is to outline the facts. This is done by analysing the environment and can be done using a SWOT analysis. This consists of determining and examining the organisations internal strengths and weaknesses and external opportunities and threats. Step three is develop alternative strategies, which means determine possible ways of achieving the objectives, for example new policies, rewards or training. Then it requires management to select and implement one strategy. This involves identifying the most appropriate strategy that is most effective and putting it into action. Finally, the last step is to monitor and evaluate the strategy deciding if objectives are being met and taking corrective action if not.

Question 2c.

Marks	0	1	2	3	4	5	Average
%	37	12	15	15	12	8	1.8

The most appropriate layout for the manufacture of furniture is the process layout, where the facility is arranged so that equipment and workstations are grouped together according to their function or the task they carry out. Furniture manufacturing will require the use of large tools or implements that may need to be fixed to the floor or bench, and therefore have limited or no mobility. The inputs will need to be brought to these stations to have work completed on them.

Product layout is where the facility is arranged so that equipment and workstations are in a line in order to provide a sequence of specialised tasks. The manufacture of furniture usually involves making a standardised product in large volumes. This is best suited to a production line process.

The three design and layout strategies are process layout, product layout and fixed position layout, and these were the only three strategies accepted. Describing the decision-making process about the geographical location of the facility is not a design and layout strategy and was not accepted. Many students confused the names and features of these layouts by naming their preferred choice as a process, for example, but then described the product layout. Often the justification for the preferred layout was also weak. While it is not essential for students to have an in-depth understanding about how furniture is manufactured, there needed to be an attempt to link the preferred layout to the manufacturing of furniture. The most successful responses were able to link the need to manufacture a standardised product in large numbers to the product layout or the need to manufacture different types of furniture to the process layout.

The following is an example of a high-scoring answer.

Freda's furniture manufacturing company would be best suited to the Process layout. The process layout is where similar functions are grouped together in work cells and products move from cell to cell as each stage of production is completed. This

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enhances cooperation and communication between departments and allows flexibility to adjust products to suit customer needs. For example, there could be work cells in Freda's company such as the measuring and cutting cell, the assembling cell, the rendering cell and the painting cell. Each item of furniture would be transported between cells after each stage is complete. The reason why the process layout would be best suited for manufacturing furniture is so that each specific item can easily be customised to meet customer demands because furniture is not a standardised product. This process therefore increases productivity and allows for better communication and cooperation between cells. Also, the whole production line does not need to be shut down if there are problems in one cell, increasing productivity.

Question 2d.

Marks	0	1	2	3	4	5	6	Average
%	23	12	15	17	15	10	8	2.5

Inputs are human skills and effort, raw materials, facilities, machinery and equipment. Ethical and socially responsible management practices at this phase include fair dealing with suppliers, using environmentally sustainable inputs, supply of inputs from ethical and socially responsible suppliers, staff-friendly facilities and technology, and minimising the use of energy as an input.

Processing is the transformation stage that inputs undergo to become outputs. Ethical and socially responsible management practices include respectful employment practices, OH&S, customer relations and appropriate disposal of waste.

Outputs are the finished good or service provided by the organisation for sale. Ethically and socially responsible practices include honest marketing, product reliability, product safety and customer health, benefit to society and sensitivity to community values.

Successful students often started their response by defining the key terms they would address in their answer; this practice is encouraged. However, in some cases this caused students to have difficulties with this question as many started their answer by defining inputs, processes, outputs, ethics and social responsibility, then gave examples of each. In many cases this formed almost half of the answer and did not directly answer any part of the question asked.

This question was generally poorly answered, and it seemed that many students struggled to think of effects of ethical and socially responsible management practices for all three elements. Often students simply reiterated the same impact for all three. Many successful responses were able to link the business of the furniture manufacturer to each of the three stages and provide appropriate examples, which further demonstrated their understanding.

The following is an example of a high-scoring answer.

Social responsibility refers to commitment to society beyond legal obligations and ethics refers to deciding what is right and wrong in terms of moral standards. Inputs refer to materials used in production such as nails, wood, time and money. Being ethical and socially responsible with the use of inputs could include purchasing from socially responsible suppliers that do not exploit or purchasing environmentally sustainable materials. This would mean that inputs are more expensive but would also result in increased customers and market share. Processes refer to transforming resources (inputs) into goods and services (outputs) being ethical and socially responsible in processes could involve reducing waste by recycling, changing disposal of waste methods and reducing pollution in processes. This may mean slower production but will increase profit in the long run. Outputs refer to the final outcome, what the customer pays for. Being socially responsible with outputs could mean ensuring that products are reliable, fit for their stated purpose and benefit society in some way, without causing harm to customers. This could involve quality management such as quality control which could slow down productivity because it is time consuming but since customers often prefer buying from these organisations it will result in increased customers, sales, market share and competitiveness. Therefore being ethical and socially responsible leads to increased profitability.

Question 2e.

Marks	0	1	2	3	4	Average
%	24	24	27	16	10	1.7

OH&S is the responsibility that employers have to ensure that the workplace is safe for employees and that all possible steps are taken to minimise harm. Freda's employees will expect her to communicate clearly and immediately to minimise danger, and to provide appropriate training to ensure they know how to work safely.

Job security is the belief that the employee will not lose their job either through being made redundant or being dismissed. Freda's employees will need to feel some stability in the employment relationship – enough to develop a relationship where employees believe their efforts will be rewarded. This fosters a supportive culture where employees are prepared to contribute more than a minimal effort.

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Many students found this question difficult, mainly because they seemed to be unsure what the question was asking them to do. Consequently, many students simply wrote about employee expectations. The question, however, was asking students how Freda would need to address these expectations, so it required students to explain procedures/practices she would need to put in place to meet those expectations. Successful responses talked about her need to meet legal requirements for OH&S, to train staff to be safe and provide posters/signage to remind staff of the importance of workplace safety. They then talked about the need to establish contracts of employment and to operate her business in a way that would ensure its success, which would lead to greater job security.

The following is an example of a high-scoring answer.

Employees expect that organisations provide workplaces which abide by occupational health and safety requirements. Freda will need to ensure that her workplace is OH&S compliant and may even want to ensure it exceeds these requirements. Freda, due to employee expectations, will need to inspect recent legislative changes in the OH&S legislation to therefore confirm that employees are safe and expectations are met.

Freda needs to ensure that employees feel as though their jobs are not at risk. This involves Freda having to guarantee that employees will not be retrenched due to economic conditions, lower overseas wages, or technological advances. Freda will need to form a human resources plan which considers supply and demand of labour and future employee needs to ensure employees have job security.

Question 2f.

Marks	0	1	2	3	4	Average
%	20	16	26	17	20	2

Negotiation is a process of discussion and bargaining between two or more people, with the aim of resolving conflict and arriving at a mutually agreeable outcome. At the commencement of her business Freda will need to negotiate with suppliers about the provision of inputs and her new employees about the terms and conditions of their employment. Decision making is the process of identifying the options available and then choosing a specific course of action. Freda will need to make decisions about the factory, types and amounts of furniture to manufacture, machinery and equipment to purchase, lines of authority, layout of the factory, etc.

Time management involves the ability to prioritise tasks, set deadlines, review progress and delegate. Freda will inevitably be busy and as a result will need to prioritise tasks and meet deadlines to ensure business objectives are met.

Delegation is the transfer of authority and responsibility from a manager to an employee to carry out specific activities. By delegating tasks Freda will be able to concentrate on the significant responsibilities and tasks without having to deal with the less important responsibilities.

The most commonly used skills cited by students in their responses were negotiation, time management, decision making, stress management and problem solving. It was good to see other skills, such as technical skills, analytical skills and visionary skills, being utilised effectively. Students were able to identify skills and explain them, but they struggled to relate them to the situation of establishing a new business. Students are encouraged to know more than two skills. This then will allow them to select the most appropriate ones to meet the needs of the question. For example, some students selected emotional intelligence. It is difficult to justify the use of emotional intelligence at the commencement of a business, and therefore it was difficult for students who chose emotional intelligence to achieve full marks for this question. It is also suggested that students as part of their examination preparation create definitions for key terms that do not involve those terms as the basis of the definition. For example, a number of students defined stress management as the management of stress. This is not an appropriate description of that skill.

The following is an example of a high-scoring answer.

Negotiation refers to the process of bargaining between two or more people to reach a desired outcome. As Freda will be employing over 250 people, she is involved in human resource management and as such will be required to negotiate enterprise agreements or individual contracts of employment if she uses a decentralised approach to employee relations. Negotiation would be a key skill to ensuring both herself and her employees were satisfied with their conditions of employment.

Freda would need good time management skills, which involve prioritising tasks in order to meet deadlines. As Freda would need to ensure all areas of the business were ready to start operating on the day of the opening of the business, time management is essential to ensure the business can operate upon opening.

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Question 3a.

Marks	0	1	Average
%	17	83	0.9

A policy is a set of broad guidelines to be followed by all employees when dealing with important areas of decision making and action and must be consistent with an organisation's objectives.

This question was very well answered and showed that students had a good grasp of their glossary definitions for this examination.

The following is an example of a high-scoring answer.

A policy is a set of regulations, rules and procedures that essentially govern how an organisation is run and operates. A policy might be devised for anything, such as workplace bullying.

Question 3b.

Marks	0	1	2	3	4	Average
%	51	12	15	12	10	1.2

Both the centralised and decentralised approaches deal with terms and conditions of employment. Both use awards as the minimum terms and conditions of employment for an entire industry.

Differences include that the decentralised approach has terms and conditions of employment that are determined at the enterprise level while centralised is for the entire industry. With the decentralised approach there is a stronger link between productivity and terms and conditions of employment than with a centralised approach that does not have a link. Decentralised approaches are more flexible than centralised approaches.

This question was very poorly answered. Most students still have difficulty understanding the differences between the approaches to employee relations and have even more difficulty expressing an understanding of them. The question required them to highlight the similarities and differences between both and many students did not address this – they simply tried to explain both.

The following is an example of a high-scoring answer.

Up until the 1990's a centralised system was used which involved governments and tribunals setting the wage determination for different industries. In recent times the approach to employee relations has become more decentralised with individual organisations bargaining and negotiating with employees at an enterprise level. Similarities between the two approaches to employee relations include that both make use of Awards, which set out the minimum pay and working conditions of different industries. However, in a centralised system these awards were industry-wide and were used as the main type of wage determination and contract. However, in a decentralised system the awards are essentially a 'safety net', acting as minimum standards, yet ultimately they are superseded by other contracts such as enterprise bargaining approaches. Another similarity is that in both systems unions have played a vital role. In the centralised system unions were the catalyst to improving working conditions and wages. The decentralised system also incorporates unions as key players in enterprise bargaining, however, their power has diminished to a degree as contracts are now made on an enterprise level.

Question 3c.

Marks	0	1	2	3	Average
%	44	22	19	15	1.1

Manufactured goods can be stored; services are consumed as they are created. Goods are tangible; services are intangible. Goods can be standardised; services are often tailored. Goods have minimal customer contact; services have high customer contact.

This question was not very well answered, despite many students seeming to have an understanding of the differences between both service and manufacturing industries. It is important to note that if students are asked to outline differences then their discussion must directly show that there is a difference. For example, a manufacturing business creates an output that is tangible, while a service organisation creates an output that is intangible.

The following is an example of a high-scoring answer.

Manufacturing organisations transform inputs into tangible products that can be touched and stored, whereas service organisations transform inputs into intangible services.

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In a service, production and consumption usually occur simultaneously, for example getting a haircut, whereas in the production of a good they are quite separate.

A service allows for a high degree of customer interaction as it is often tailored to a customers needs, whereas a good is often standardised and mass produced.

Question 3d.

Marks	0	1	2	Average
%	40	30	29	0.9

Low-risk practices include communication, empowerment, work teams and providing support such as counselling. The benefits of these are that employees will feel secure and motivated while going through a change process.

The most successful responses named a low-risk practice and then discussed how it would lead to effective change management. For example, two-way communication allows employees to ask questions and make contributions to the change process. By allowing them to take part they are given a sense of ownership of the changes and consequently this reduces resistance to the change. However, many student responses to this question were far too general and unspecific in their approach.

The following is an example of a high-scoring answer.

Low-risk strategies generally refer to practices used by management that are less likely to cause anxiety or fear in relation to change. Some examples include using two-way communication to discuss changes and also involving employees in the change. A benefit would be that it builds trust and cohesion between employees and management. Therefore resistance and anxiety from employees are likely to be reduced, which enhances effectiveness of change management.

Question 4

Marks	0	1	2	3	4	5	6	7	8	9	10	Average
%	18	5	6	8	15	15	14	9	6	3	2	4.2

- Step 1: create an urgency for change – this arises from threats or opportunities and is needed to make the business more competitive.
- Step 2: form a powerful guiding coalition – this is a team that works together to manage the change process.
- Step 3: create a vision for change – this is the ultimate goal of the process and should be motivational.
- Step 4: communicate the vision – staff need to share the vision and have some understanding of how it will be achieved.
- Step 5: remove obstacles and empower others – management should encourage the behaviour that supports the change including risk taking. Structures and practices that hinder change have to be removed. Empowering others focuses on the relationship between management and staff and the degree of involvement of the employees in the organisation. Training and development may be necessary.
- Step 6: create short-term wins – management need to build stages where progress can be observed, recognised and rewarded.
- Step 7: build on the change – old structures and practices that block further progress must be changed and momentum can be used to produce ongoing change.
- Step 8: anchor the change in the culture – management reinforces the link between the changes and future success, promoting a corporate culture that supports the new behaviour. Addresses the internal target for change of corporate culture. It also suggests that ongoing change is necessary, and creating a culture within the organisation that recognises the need for ongoing change is an impact.

Globalisation is a significant change issue that will impact on the internal environment of an organisation. Outsourcing tasks overseas will impact on the structure of the organisation and its use of technology. It will also impact on job descriptions and job specifications of employees, it may alter work teams, and it may require greater coordination of input of materials.

Most students seemed to know Kotter's theory of change management and were able to identify some steps in this process, although many listed rather than explained them. Most students also had a significant change issue, such as globalisation, technology or mergers and acquisitions, or an organisational example such as Linfox or Qantas, that they were able to use in their response. However, many students did not discuss how the use of Kotter's theory would impact on the internal environment of an organisation. Students should read the question carefully and thoughtfully to make

sure they identify all elements of a multi-part question and respond to each part appropriately. Students also need to ensure that the example is there to illustrate their theoretical discussion, not as the primary part of their response.

The following is an example of a high-scoring answer.

Kotter's theory of change management outlines a series of steps necessary to undertake to implement change successfully. Toyota moved towards becoming environmentally sustainable which impacted on the internal environment. Environmental sustainability refers to using the earth's resources at a rate that can be replenished naturally to meet the needs of future generations.

To implement this change, Toyota used Kotter's theory of change management. The first step was to establish a sense of necessity. This involves examining the market conditions and the organisation's position in the market and highlighting the importance for the change. By outlining the opportunity or benefits of the change, employees are more likely to support it. Toyota did this by using a SWOT analysis to highlight its internal strengths and weaknesses and external opportunities and threats. Toyota also expressed how moving towards environmental sustainability would result in greater percentage of market share and increased profitability.

The next step of Kotter's theory is to form a guiding group. This involves establishing a team of people with relative respect and authority to act as facilitators by providing unobtrusive assistance to help achieve objectives. Toyota formed a 'sustainability committee' which acted as facilitators. This committee consisted of both employees and managers. The committee helped other employees support the change.

The third step is to create a vision. This involves highlighting where in the market the organisation is headed, its aspirations and what it wants to become in relation to its competitors. As well as identifying strategies to achieve objectives, aiming to increase commitment and cooperation among employees, Toyota's sustainability committee met monthly to discuss strategies and they created the vision 'to be the most admired and respected company'. This provided employees with guidance for their behaviour.

The fourth step is to communicate the vision. This involves using a number of different communication channels to notify as many stakeholders as possible about the change. Toyota communicated the vision by using an environmental report which outlined the reasons for the change (to become more competitive) the advantages of the change (increased profitability) and how stakeholders would be effected. Toyota also outlined the new vision using posters and its website. By communicating the change this reduced fear for change by employees and reduced their resistance for change, meaning that it was more likely to be successful.

The effective use of Kotter's change management theory can cause changes to the internal environment, for example, changing Human Resource Management and management styles as well as corporate culture. This is because a new vision and new objectives are put in place which affects the policies and procedures of an organisation and therefore how it operates, how employees think and behave (attitudes) and how they go about day to day tasks.

After Toyota successfully adopted environmentally sustainable practices, its internal environment completely changed. The human resource management had to change. For example, Toyota's recruitment and selection procedures were adjusted as job specifications were altered. Toyota changed selection criteria to fit the new corporate culture. Employees had to be re-trained and developed to adopt environmentally sustainable skills. As new technologies were implemented such as CIM (Computer integrated manufacturing) redundancies were made and new termination procedures were put in place, for example, outplacement services. Toyota developed new reward and recognition programs including 'work group environmental awards'. These were used to motivate employees to work towards achieving objectives and support change. The corporate culture in the internal environment was also changed, as employees and managers attitudes and beliefs were influenced and shifted to reflect environmental sustainability. Finally, policies and procedures were changed - water saving policies, recycling policies and reduced pollution policies were put into place which changed the day to day operations of Toyota. Toyota also adopted a participative management style to allow employee input, ideas and opinions which changed interaction between managers and employees.