



**Victorian Certificate of Education  
2017**

Name: \_\_\_\_\_

Teacher's name: \_\_\_\_\_

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# **BUSINESS MANAGEMENT**

## **Written examination**

**2017**

**Reading time: 15 minutes**

**Writing time: 2 hours**

## **QUESTION AND ANSWER BOOK**

### **Structure of book**

| <i>Section</i> | <i>Number of questions</i> | <i>Number of questions to be answered</i> | <i>Number of marks</i> |
|----------------|----------------------------|-------------------------------------------|------------------------|
| A              | 6                          | 6                                         | 50                     |
| B              | 5                          | 5                                         | 25                     |
|                |                            |                                           | Total 75               |

- Students are to write in blue or black pen.
- Students are permitted to bring into the examination room: pens, pencils, highlighters, erasers, sharpeners and rulers.
- Students are NOT permitted to bring into the examination room: blank sheets of paper and/or correction fluid/tape.
- No calculator is allowed in this examination.

### **Materials supplied**

- Question and answer booklet.
- Additional space is available at the end of the book if you need extra paper to complete an answer.

### **Instructions**

- Write your **student number** in the space provided above on this page.
- All written responses must be in English.

**Students are NOT permitted to bring mobile phones and/or any other unauthorised electronic devices into the examination room.**

## SECTION A

### Instructions for Section A

Answer **all** questions in the spaces provided.

#### Question 1 (4 marks)

When evaluating business performance, it is important to use key performance indicators that are appropriate for the area of business performance under review.

- a.** Define 'key performance indicators.

1 mark

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- b.** Propose and justify **one** key performance indicator a business would use to assess its performance in regard to the management of employees.

3 marks

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Distinguish between quality control and quality assurance. Discuss the use of **one** of these quality management strategies in optimising the effectiveness and efficiency of operations.

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### Question 3 (4 marks)



Describe **two** performance management strategies that the owner/manager of this hypothetical business could use to address the issues with Employee B's performance.

[illegible]

A-Z Advertising Pty. Ltd. is a medium-sized business operating out of Melbourne and Sydney. The company provides advertising support and design services to businesses seeking an "innovative edge" in their product promotions. The business has experienced significant growth in its number of clients over the past 12 months based on a growing reputation as an industry leader in quality and creativity. However, the business is struggling to keep pace with this growth. Recently, clients have begun complaining about delays in service delivery and a decline in the usually high standard of quality produced by A-Z's talented designers. The owners are meeting to discuss options going forward.

- [illegible]

6 marks

[illegible]

- c. Explain how the objectives of private companies such as A-Z Advertising differ from the objectives of a social enterprise. 2 marks

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- d. Describe **one** strategy management at A-Z Advertising could use to take advantage of domestic or global business opportunities. Discuss how this strategy could help the business maintain its image as an industry leader in advertising design services. 4 marks

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Public servants at Centrelink, Medicare and Child Support will up the stakes in their long-running fight with the Department of Human Services (DHS) over pay and conditions...The agency's staff could strike from 30 minutes to a day each time in the fresh wave of industrial action, which the Community and Public Sector Union has blamed on the DHS' unwillingness to compromise in negotiations. But the department says the move will not change its offer in talks for a new enterprise agreement'.

a. Outline the role of the Human Resource Manager as a participant in workplace relations and discuss **two** management skills that could assist them in addressing the current situation at the Department of Human Services.

6 marks

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- Describe **both** mediation and arbitration and justify the use of **one** of these approaches to dispute resolution between the CPSU and DHS.

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Change is a continuous and evolving process, which creates many new opportunities and challenges for business. In this continuously changing world, the businesses that learn and adapt the quickest have the greatest chance of achieving set business objectives.

- Promoting driving forces for change
- Promoting the use of leadership in change management
- Promoting the use of low-risk strategies to overcome employee resistance to change.

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This image shows a single sheet of white paper with horizontal ruling lines. The lines are evenly spaced and run across the width of the page. There are no margins, text, or other markings on the paper.

## SECTION B – Case study

### Instructions for Section B

Use the case study provided to answer the questions in this section. Answers must apply to the case study. Answer **all** questions in the spaces provided.

### Case Study

Tiny Tots Pty. Ltd. is a manufacturer of children's educational toys established in 1997 by Janelle Clarke. Now the CEO of Tiny Tots, Janelle identified an opportunity in the market for children's educational toys in 1996 after becoming a new mum, establishing the business as a sole trader. In 2011, Tiny Tots was awarded the Parents' Choice Foundation Toy of the Year Award in recognition of having 'the safest, highest quality and most educational children's toys'.

On the back of this success, Janelle and her senior management team decided to expand operations into Asia and take advantage of growing demand, particularly in China. Due to rising labour costs in Australia, senior management made the decision in 2012 to shift production of Tiny Tots' toys to China, seeking a cost advantage over new rivals in the market. However, since relocating production offshore, the business has experienced a severe decline in performance. Below is a summary of Tiny Tots' performance over the past five years. Senior management have held a crisis meeting to discuss performance concerns, and have identified the following issues:

- Employees in the new factory in China do not have the necessary skills to manage operations effectively;
- Low levels of employee motivation due to poor working conditions;
- A perception among Australian-based retailers that Tiny Tots is not fulfilling its corporate social responsibilities in moving manufacturing off-shore.
- An increasing number of toys being damaged during shipping and handling from China;
- A lack of transference of Tiny Tots' cultural values and traditions from Australia to China.

| Key performance indicator                      | 2012-13<br>financial<br>year | 2016-17<br>financial<br>year |
|------------------------------------------------|------------------------------|------------------------------|
| Net profit                                     | \$5.9 million                | - \$0.8 million              |
| Percentage of market share<br>(Australia)      | 7%                           | 8%                           |
| Percentage of market share (China)             | 0.8%                         | 0%                           |
| Percentage of waste generated in<br>production | 3%                           | 15%                          |
| Labour costs                                   | \$6.4 million                | \$2.9 million                |
| Rate of staff turnover                         | 12%                          | 28%                          |

Outline **three** differences between the operations management of service businesses and manufacturing businesses such as Tiny Tots.

[illegible]

Discuss how adopting the principles of Lean Management could assist Tiny Tots in meeting its corporate social responsibility considerations.

[illegible]

Justify a management style that would be appropriate for Janelle to use when addressing the current decline in performance at Tiny Tots.

[illegible]

Evaluate two management strategies (**other than lean management**) that Tiny Tots could implement in response to trends evident in its key performance indicators. Propose and justify the most appropriate strategy for Tiny Tots to implement. Refer to the data provided in your answer.

[illegible]

Explain how businesses such as Tiny Tots can achieve a competitive advantage through Porter's generic strategies.

[illegible]

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**Clearly number all responses in this space.**

[illegible]