

COMPAK

BUSINESS MANAGEMENT UNITS 3 AND 4

Business Management Units 3 and 4 practice exam and suggested answers

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The following practice exam for VCE Business Management Units 3 and 4 consists of two sections. Section A has short-answer and extended-answer questions, including questions with multiple parts. One of the extended-answer questions is worth 10 marks. This section is worth a total of 50 marks. Section B consists of short-answer and extended-answer questions based on a case study. This section is worth a total of 25 marks. Suggested answers to this practice exam follow the question and answer book.

All 15 questions are compulsory. The command/task words in each question, the corresponding number of marks allocated and the number of lines provided after each question give a guide to the appropriate length of responses. Additional space is provided at the end of the question and answer book.

Please note that the questions and answers have no official status. Teachers are advised to preview and evaluate all practice exam material before distributing it to students.

Name: _____ Teacher: _____

BUSINESS MANAGEMENT UNITS 3 AND 4

Practice 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	10	10	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 white-out liquid/tape.
- No calculator is allowed in this examination.

Materials supplied

- Question and answer book.
- Additional space is available at the end of the book if you need extra paper to complete an answer. Clearly label all answers with the appropriate question number.

Instructions

- Write your name and your teacher's name in the spaces 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 (2 marks)

Outline **one** advantage of a business operating as a private limited company and **one** advantage of a business operating as a partnership.

Question 2 (4 marks)

Using a business case study from the past four years, explain a potential conflict that might exist between **one** stakeholder from within the business and **one** stakeholder from outside the business.

Question 3 (2 marks)

- a. Describe the role of a human resource manager in the workplace. 1 mark

- b. Describe the role of employer associations in the workplace. 1 mark

Question 4 (4 marks)

- a. Using Porter's Generic Strategies (1985), describe the key characteristics of the differentiation approach as a strategy to position a business for the future. 2 marks

- b. Outline how a business you have studied this year has successfully adopted **one** of Porter's approaches (including differentiation) to position the business for the future. 2 marks

Question 5 (10 marks)

Read the following information and use it to answer the questions below.

Orchid Centre is a business that provides customers with alternative health services. Shannon is the owner of Orchid Centre and she is a chiropractor.

Shannon earns revenue from two sources—from working in her chiropractic practice and from renting out space in the building to the other health practitioners. She also provides the other health practitioners with administrative support that includes reception services and financial record keeping, in return for a monthly fee. Other than sharing receptionists and administrative support, each health practitioner's business operates independently.

Over a six-month period, Shannon has noticed that her afternoon shifts on Wednesdays and Thursdays have fewer patient bookings compared to the afternoon shifts on Mondays and Tuesdays. She is confused about this as many of her patients have reported feeling frustrated that they have not able to get a booking between 5.00 pm and 7.00 pm on Wednesday and Thursday afternoons. The naturopath, George, who works at Orchid Centre, has also received similar complaints from his patients, who are told by a receptionist that late afternoon bookings on these days are not available. As a result, George has lost several patients to another naturopath who works extended hours. Shannon is concerned that George might not renew his rental contract, which is due expire in two months, as a result of dissatisfaction with the receptionist service.

All health practitioners work five-hour shifts from 2.00 pm to 7.00 pm on Monday to Thursday. On Fridays the centre closes at 5.30 pm. Shannon suspects that the receptionists who work the Wednesday and Thursday afternoon shifts want to finish promptly at 7.00 pm, so they avoid booking people for appointments later in the day.

A survey of clients has shown that the customer service provided by the receptionists is seen as poor. Shannon has received complaints that the receptionists are rude, unhelpful and slow.

TABLE 1: AVERAGE NUMBER OF PATIENT APPOINTMENTS PER PRACTITIONER (AFTERNOON SHIFT)

Practitioner	Monday	Tuesday	Wednesday	Thursday	Friday
Chiropractor (Shannon)	32	33	25	26	15
Naturopath (George)	8	9	6	6	3
Other practitioners	10	8	18	15	5

a. Define the term 'performance management'.

1 mark

b. Identify and justify **one** appropriate key performance indicator (KPI) that Shannon could use to measure the quality of customer service.

2 marks

c. Propose and justify **one** performance management strategy Shannon could implement to improve the performance of the receptionists who work on Wednesday and Thursday afternoons.

3 marks

- d. Explain how Shannon could apply **one** of the following motivation theories to encourage her receptionists to improve the quality of their services.

Indicate with a tick (✓) the motivation theory to be considered in your response:

- ☐ Hierarchy of Needs (Maslow)
- ☐ Goal Setting Theory (Locke and Latham). 4 marks

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Question 6 (3 marks)

Explain the role of the Fair Work Commission in resolving workplace disputes.

[illegible]

Question 7 (6 marks)

With reference to Lawrence and Nohria's Four Drive Theory, analyse **two** motivation strategies a manager could apply to decrease rates of staff absenteeism and levels of staff turnover, and increase the productivity of a business.

[illegible]

Question 8 (6 marks)

Minh manages a team of employees at a holiday resort. He has established an objective to improve staff productivity by 15% within 12 months. The staff are generally very experienced, with most having been in their role for many years.

Recommend and justify the most appropriate management style Minh could adopt to improve staff performance and productivity.

[illegible]

Question 9 (3 marks)

Identify **one** of Senge's Learning Organisation principles (disciplines) and explain how the application of that principle (discipline) can assist a business to implement a change.

[illegible]

Question 10 (10 marks)

With reference to a business case study from the past four years, outline the driving and restraining forces for change in that business and explain how the business has used Lewin's Three Step Change Model to plan for new business opportunities in domestic or global markets.

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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.

Read the following case study, including Table 2 on page 14, and answer the questions below.

Arrow is one of Australia's most profitable discount department stores. Of Arrow's 25 000 employees, 700 work in the national office in Melbourne and the rest are employed in the business's 100 retail outlets. Arrow's vision is to provide customers with the highest quality products at the most competitive prices. The business has adopted the strategy of offering lower prices than its competitors, to gain a competitive advantage.

To achieve its vision, Arrow endeavours to improve efficiency in its operations, increase the number of sales and cultivate a corporate culture of valuing key stakeholders (employees, customers and partners). The business recognises that customers look for the best possible products at the lowest prices. Customer surveys show that more people compare prices and shop online rather than shop at the bricks-and-mortar business in person.

During the past 18 months, two large international discount department stores, Lola and Q&T have entered the market as competitors to Arrow. Potentially this competition could affect Arrow's ability to maintain its current market share over the next five years. Other Australian-owned competitors in the market are also concerned about the effect Lola and Q&T will have on the discount department store market. Arrow management recognises a need to improve the competitiveness of its business.

Arrow manufactures several home-brand products, including clothes, furniture and sporting equipment, and has recently shifted its manufacturing plant from China to Indonesia in order to maximise operational efficiency and continue reducing prices. This change will reduce shipping costs and shipping times as Indonesia is geographically closer to Australia than China. In addition, Indonesia has the advantage of paying lower minimum wages than China, manufacturing processes are of a higher standard in Indonesia than China, and deliveries can be made directly from factories to stores, cutting out the cost of an intermediary.

Arrow is also implementing a range of other strategies to improve competitiveness. These include laser cutting of clothing and furniture fabrics to minimise waste, price tagging of products in the factory, rigorous testing of products to minimise the return of faulty products and the use of computer-aided design software to streamline the design and manufacturing processes of its products. The business is also committed to investing in its ecommerce capabilities to better meet customer demand, including online shopping and 'click-and-collect' services.

Arrow is dedicated to protecting the health and wellbeing of its workers in Indonesia and has demonstrated this commitment by paying workers above the minimum wage and providing free meals during working hours.

Question 1 (2 marks)

Describe the relationship between operations management and Arrow's business objectives.

Question 2 (3 marks)

Describe the key elements of the operations system at Arrow. Provide **one** specific example of each element.

Question 3 (4 marks)

Explain **two** strategies that Arrow could implement to improve the efficiency and effectiveness of its operations.

Question 4 (10 marks)

Examine the following table.

TABLE 2: PERFORMANCE OF SELECTED DISCOUNT DEPARTMENT STORES
(1 APRIL 2016–31 MARCH 2017)

Store	Market share (%)	Sales turnover (\$AUD)	Growth (%)
Arrow	13.34	1 100 000 000	13
Big D	9.94	820 000 000	-15.8
DisCo	7.80	643 000 000	-25.7
Fat Henry's	3.06	252 000 000	1.1
Lola	27.90	2 300 500 000	23
Q&T	37.96	3 130 000 000	25
Overall	100.00	8 245 500 000	20.6

- a.** Key performance indicators (KPIs) provide data to analyse the performance of a business. Using key performance indicators, analyse how Arrow's focus on Porter's (1985) lower cost approach to strategic management has affected the business's ability to maintain a competitive advantage over its competitors. 6 marks

[illegible]

- b. Propose and justify **two** KPIs that could be used to measure Arrow's commitment to its stakeholders.** 4 marks

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Question 5 (6 marks)

- a.** Businesses should consider their corporate social responsibility when implementing change. Describe a corporate social responsibility issue that Arrow should have addressed when making decisions about moving its manufacturing operations from China to Indonesia.
- 2 marks

- b. Discuss the implications of Arrow's decision to change the location of its manufacturing operations from China to Indonesia. 4 marks

END OF QUESTION AND ANSWER BOOK

Extra space for responses

Clearly number all responses in this space

[illegible]

[illegible]

[illegible]