



Business Management 2021 – Assessment Guide

Section A

VCAA Key
Knowledge

Question

Answer guide

Shining Starz is a performing arts studio in the eastern suburbs of Melbourne offering classes in dance, drama, singing and instrumental music to students aged between 4 and 18. Amanda Jones, the sole proprietor of Shining Starz, prefers to use the consultative style when managing her team of 12 trained and expert teachers, believing it is their passion and love for performing arts which has enabled Shining Starz students to outperform other dance schools in competitions. In early 2021, Amanda was seeking a new dance teacher after one of her team members resigned and explained to her in an exit interview that she ‘needs to have more trust in the team and not be so controlling over every decision so that we can grow with our students’.

*Characteristics
of stakeholders
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and corporate
social
responsibility
considerations*

Question 1a (2 marks)
Define the term
stakeholder.

Answer:

- *A stakeholder is any person or group that has a vested interest...*
- *...in a business’ activities, decisions, and success.*

Marking protocol:

One mark for each of the above points.

Since the 2018 VCAA exam, definition questions have typically been allocated 2 marks. Students are expected to provide two separate pieces of information related to the concept being defined. In this case, it is that stakeholders have a *vested* interest in the activities, decisions, and success of a business. If the response does not refer to the term ‘vested’, a maximum of 1 mark should be awarded.

Characteristics of stakeholders of businesses including their interests, potential conflicts between stakeholders, and corporate social responsibility considerations

Apply business management knowledge to practical and/or simulated business situations

Question 1b (3 marks)

Explain the interests of Amanda as the sole proprietor of Shining Starz and explain how these interests may be in conflict with one other stakeholder.

Sample Answer 1:

Employees

- *As the owner and manager of Shining Starz, Amanda is interested in the financial success of her performing arts business and in creating enough revenue to generate profitable returns and wealth for herself.*
- *This may be in conflict with the employees of Shining Starz who have other interests such as fair wages, job security, career development, and a fulfilling work environment.*
- *This may cause the interests of these stakeholders to be in conflict as Amanda – as a sole proprietor – may not have the resources required to pay her staff beyond minimum (Award) requirements, or invest in training programs to develop their skills.*

Sample Answer 2:

Customers

- *As the owner and manager of Shining Starz, Amanda is interested in the financial success of her business and in creating enough revenue to generate profitable returns and wealth for herself.*
- *This may be in conflict with the customers of Shining Starz – the parents of the children who attend – who are interested in fairly priced/affordable and high-quality classes.*
- *This may cause the interests of both stakeholders to be in conflict as Amanda may take a decision to increase the price of certain classes each year, which conflicts with the parents' desire for affordable classes.*

Sample Answer 3:

Competitors

- *As the owner and manager of Shining Starz, Amanda is interested in the financial success of her business and in creating enough revenue to generate profitable returns and wealth for herself.*
- *This may be in conflict with the competitors of Shining Starz – other performing arts studios operating in the same market that compete for a larger market share.*
- *Amanda's desire to maximise the financial performance of Shining Starz may see her implement strategies which give her studio a competitive advantage, which would attract more customers away from competitors and limit their financial success.*

Marking protocol:

One mark for each of the above points.

Responses that explore how Amanda's interests conflict with management or shareholders can be awarded a maximum of 1 mark (for outlining Amanda's interests). As the sole proprietor, Amanda is the owner and manager of Shining Starz. The business is not incorporated and therefore does not have shareholders.

Question 1c (4 marks)
Amanda tried to use a consultative style with her team; however, after the exit interview, she is worried that her staff see her as an autocratic manager. Compare the consultative and autocratic management styles.

Answer:

- *The consultative style is similar to the autocratic style as both use centralised decision-making, meaning the manager is ultimately responsible for the final decision made in both styles.*
- *However, a key difference is in how they involve employees, as the consultative manager will seek input and ideas from staff before making a decision, whereas the autocratic manager will simply 'tell' staff a decision in a one-way, top-down manner and without consultation.*
- *Both styles have a common feature in that they are task-orientated, which means both consultative and autocratic managers are focused on managing staff in order to allow the tasks and objectives of the business to be achieved as effectively as possible.*
- *However, the consultative style differs in that the manager also focuses on people and their relationship with the team, believing that involvement will help motivate staff, while the autocratic manager will usually try to motivate staff through threats and discipline.*

Other similarities may include:

- *As both styles are task-orientated, managers using either style may rely on extrinsic motivators (e.g., threats, discipline, etc.) to motivate staff.*
- *As the decision ultimately lies with management for both styles, the manager is ultimately accountable for the successes and failures of any business decision.*

Other differences may include:

- *As the consultative manager balances task- and people-orientation, they are more likely to use praise and encouragement to motivate staff, compared to the autocratic manager who relies heavily on threats and discipline.*
- *Consultative managers tend to enable their staff to develop broader knowledge and skills by involving them in decision-making processes. This differs to the autocratic style where there may be limited scope for employee development especially in making important decisions.*

Marking protocol:

This answer is globally marked (i.e., an overall mark is awarded for the entire answer). The following criteria could be used to assess a response:

4 High	• Response provides a detailed explanation of two similarities and two differences demonstrating a strong understanding of both the consultative and autocratic management styles. OR • Response provides a detailed explanation of one similarity and three differences (or vice versa) demonstrating a strong understanding of both the consultative and autocratic management styles.
3 Medium	• Response provides a detailed explanation of one similarity and one difference demonstrating a strong understanding of both the consultative and autocratic management styles.
2 Low-Medium	• Response provides an explanation of only similarities or differences – but not both – that demonstrates some understanding of both the consultative and autocratic management styles.

	OR
	Response provides a limited explanation of one similarity and one difference that demonstrates a limited understanding of both the consultative and autocratic management styles.
1 Low	Response provides a limited explanation that only names one similarity or one difference without an explanation.
0 No score	Response does not demonstrate any understanding of the question.

Responses must focus on the points of similarity and difference between the consultative and autocratic styles for full marks, and each point must make a comparison between both styles. The balance of similarities and differences is not important – responses may consider two of each, or three of one and one of the other. Responses that only consider one side (i.e., similarities or differences but not both) can only be awarded a maximum of two marks. Responses that consider styles other than consultative or autocratic should be awarded 0 marks.

Management styles including autocratic, persuasive, consultative, participative and laissez-faire

The appropriateness of management styles in relation to the nature of task, time, experience of employees and manager preference

Analyse and discuss management styles and management skills necessary for successful business management

Question 1d (4 marks)
Discuss the appropriateness of the consultative style of management for Shining Starz.

Answer:

- *Amanda is working with a trained and expert team of teachers which would make the consultative style appropriate, as her staff would feel motivated through their involvement in sharing ideas and giving Amanda feedback prior to decisions being made.*
- *However, the consultation process can be time-consuming for Amanda, especially given the different focuses of Shining Starz (dance, singing, drama, music). This may slow down important decisions and lead to missed opportunities for the business (e.g., the growth or expansion of the business).*
- *Another benefit of the consultative style is that by involving her team, Amanda may be able to generate more (or better) ideas on how to grow and expand Shining Starz than she may have been able to come up with on her own.*
- *However, as Amanda is responsible for making final decisions, she may not be able to take all of the ideas into account. This can lead her experienced staff to feel undervalued, dissatisfied with their involvement, or that their ideas were not 'good enough' leading to low morale or high turnover.*

Marking protocol:

This answer is globally marked (i.e., an overall mark is awarded for the entire answer). The following criteria could be used to assess a response:

4 High	• Response provides a detailed discussion of at least one benefit and one limitation of the consultative management style. • Response makes an effective attempt to reference the appropriateness of this style to the current situation at Shining Starz.
3 Medium	• Response provides a good theoretical discussion of at least one benefit and one limitation of the consultative management style. • Response lacks application to the current situation at Shining Starz – there is limited reference to the appropriateness of this style.
2 Low	• Response provides a basic theoretical outline of one benefit and one limitation of the consultative management style.
1 Very low	• Response provides a basic theoretical outline of one benefit or one limitation of the consultative style (but not both). OR • Response may provide a basic list of one benefit and one limitation, with no elaboration.
0 No score	• Response does not demonstrate any understanding of the question.

As this is a discuss question, responses should explore both sides – the strengths and weaknesses – of Amanda's use of the consultative style in the management of Shining Starz. Stronger responses will make specific reference to case study material. Responses that provide only a theoretical knowledge of the strengths and weaknesses of the consultative style without linking to how appropriate the consultative style of management is for Shining Starz should be awarded a maximum of three marks.

Question 2 (5 marks)

Describe the principles of Lewin's Force Field Analysis theory in relation to change. In your response, refer to a contemporary business that you have studied this year.

Answer:

- Lewin argued that businesses must identify and then apply a weighting to the driving and restraining forces that influence any change, so that the driving forces outweigh the restraining forces and allow change to proceed.
- The first step is to assess the current situation and identify a focus for the change.
- In relation to Elizabeth Andrews (EA), a corporate catering business in Melbourne, the coronavirus pandemic in 2020 negatively impacted its core business of catering corporate functions. Hence, the business identified the need to redeploy resources to chef-made meal home delivery services instead to survive.
- The next step is to identify driving and restraining forces impacting on the change and analyse each in terms of a weighting based on its strength.
- For EA, legislation, and the pursuit of profit were strong driving forces as the Victorian government had banned mass gatherings to reduce community transmission of the virus, which restricted EA's main revenue source. Restraining forces included competition with other restaurants and home delivery meal services, and the financial costs associated with shifting its business model.
- The final step is to develop an action plan that details strategies that management can implement to strengthen driving forces and weaken or neutralise restraining forces.
- To attract people to purchase their chef-made meals, EA focused its marketing on avoiding the 'chaos' of supermarkets and developed a range of affordable, high-quality meals to help it compete with rivals.

Marking protocol:

This answer is globally marked (i.e., an overall mark is awarded for the entire answer). The following criteria could be used to assess a response:

5 High	• Response demonstrates a clear and comprehensive understanding of the principles of Lewin's Force Field Analysis theory, including the concept that the weight of driving forces must be greater than the weight of restraining forces. • Response demonstrates that the process of change is either underway or recently completed. • Response makes clear and regular reference to a real contemporary business case study.
3-4 Medium	• Response shows some understanding of the principles of Lewin's Force Field Analysis theory, but lacks reference to the concept that the weight of driving forces must be greater than the weight of restraining forces (i.e., focuses only on driving and restraining forces). • Response makes satisfactory reference to a real contemporary business case study.
1-2 Low	• Response demonstrates a limited understanding of Lewin's Force Field Analysis theory (i.e., may make vague reference to one or two driving or restraining forces). OR • Response makes limited reference to a real contemporary business case study, drawing a vague link to Lewin's Force Field Analysis theory.
0 No score	• Response does not demonstrate any understanding of the question.

One of the biggest challenges facing contemporary business cultures is the rise in work-from-home arrangements due to the global health pandemic. This transition has many benefits for employers, such as cutting down on the cost of office real estate and higher employee productivity. However, with the number of employees working from home for most of the week growing to over 20% (an increase from 5.8% pre-2020) some employers are worried about the ‘new normal’; how will they keep workers engaged? How will they maintain a positive corporate culture?

Adapted from ‘How Leaders Can Keep Culture Intact In A Virtual Workplace’, Alex Howland, Forbes, Dec 9 2020.

Key principles of the following theories of motivation: Hierarchy of Needs (Maslow), Goal Setting Theory (Locke and Latham) and the Four Drive Theory (Lawrence and Nohria)

Corporate culture both official and real, and strategies for its development

Question 3 (6 marks)

Using Maslow’s theory of motivation, evaluate the impact that work-from-home arrangements may have on corporate culture.

Sample Answer 1:

Belonging and Safety Needs

- *Maslow proposed that employee motivation is influenced by five needs that exist in a hierarchy of importance (in ascending order): physiological needs (i.e., a wage for subsistence); safety needs (i.e., ongoing job security and feeling physically safe); belonging needs (i.e., feeling a connection to the business, management, and peers); self-esteem (i.e., feeling competent in one’s self at work); and finally, self-actualisation (i.e., having opportunities to develop and reach goals).*
- *Maslow argued that unmet needs act as a driver of motivation. If a previously met need becomes unfulfilled, an employee will revert back to that need.*
- *With as much as 20% of workers engaged in work-from-home arrangements, the corporate culture – shared values, beliefs and traditions that collectively define a business and its people – may be impacted negatively.*
- *In reference to Maslow’s theory, employees working remotely may become isolated and their ‘belonging’ need may become unfulfilled. As people become less-connected physically and emotionally to their colleagues, the business may find it difficult to sustain things like positive values and workplace rituals.*
- *Using Maslow’s theory, work-from-home arrangements may have a positive impact on motivation through the ‘safety’ need being met.*
- *As employees will not need to travel to/from work, they may feel more at ease and therefore more positive about their work. work-from-home can also benefit a person’s work-life balance and give them more time with family, friends, and pets, improving their general satisfaction levels which can contribute to a positive culture.*
- *Overall, while there are positive and negative aspects to work-from-home arrangements for corporate culture, I believe that it would be more challenging to keep employees feeling as though they belong and are connected to the business’ culture than it would working in a physical work environment.*

Sample Answer 2:

Self-Esteem and Self-Actualisation Needs

- *Maslow proposed that employee motivation is influenced by five needs that exist in a hierarchy of importance (in ascending order): physiological needs (i.e., a wage for subsistence); safety needs (i.e., ongoing job security and feeling physically safe); belonging needs (i.e., feeling a connection to the business, management, and peers); self-esteem (i.e., feeling competent in one’s self at work); and finally, self-actualisation (i.e., having opportunities to develop and reach goals).*

- Maslow argued that unmet needs act as a driver of motivation. If a previously met need becomes unfulfilled, an employee will revert back to that need.
- With as much as 20% of workers engaged in work-from-home arrangements, the corporate culture – shared values, beliefs and traditions that collectively define a business and its people – may be impacted negatively.
- Work-from-home arrangements may allow employees to work more productively without distractions, which can help satisfy the 'esteem' need. This can help promote a positive culture of high-performance and efficiency.
- However, employees engaged in work-from-home arrangements may feel disconnected from the business and lose sight of opportunities to progress and grow themselves professionally, limiting their ability to 'self-actualise'.
- This may be experienced by employees who carry out their day-to-day tasks with limited virtual interaction with peers and exposure to opportunities for development/advancement. This can have an extremely negative impact on the culture; employees may simply 'turn up' to work (at home) with little connection to the vision of the business and its attainment, which is less tangible in a work-from-home setting.
- Overall, while there are positive and negative aspects to work-from-home arrangements for corporate culture, I believe that it will be more challenging to: keep employees motivated; grow and develop themselves; and to remain engaged with the business' culture than it would working in a physical work environment.

Marking protocol:

This answer is globally marked (i.e., an overall mark is awarded for the entire answer). The following criteria could be used to assess a response:

5-6 High	• All elements of the question addressed. • Response provides a high-level explanation of all key terms and concepts (Maslow's theory, corporate culture). • Response provides a high-level evaluation of the positive and negative impacts of work-from-home arrangements on corporate culture, with clear and consistent links to Maslow's theory of motivation throughout.
3-4 Medium	• Some elements of the question addressed. • Response may provide a basic explanation of key terms and concepts. • Response provides a satisfactory evaluation of the positive and negative impact of work-from-home arrangements on corporate culture, drawing some links to Maslow's theory of motivation.
1-2 Low	• Few elements of the question addressed. • Response may overlook the explanation of key terms and concepts. • Response provides a limited evaluation, focusing on one or two basic ideas related to the positive or negative impact of work-from-home arrangements on corporate culture, while making no reference to Maslow's theory of motivation.
0 No score	• Response does not demonstrate any understanding of the question.

Timber Land Pty. Ltd. manufactures and sells custom-made timber furniture and barn doors for residential and commercial customers. Senior management have become concerned with the business' increasingly negative reputation stemming from its global sourcing of foreign imported timber for its products – a decision that was taken in 2018 to reduce high business costs from its local Australian timber suppliers. In a recent meeting, the board of directors have decided to reintroduce the 'local only' policy, which will see Timber Land source only native Australian plantation timber for its custom products. Management will implement this change in early 2022 before reviewing its impact on the business' financial and non-financial performance.

Corporate social responsibility considerations when implementing change

Apply business management knowledge to practical and/or simulated business situations

Question 4a (2 marks)
Outline one corporate social responsibility consideration Timber Land may have addressed when deciding to reintroduce the 'local only' policy.

Sample Answer 1:

Ecological Sustainability

- *Ecological sustainability may have been a key consideration as management at Timber Land identified the negative impact of globally sourcing timber.*
- *This may have led to the decision to source not only Australian native timber (therefore limiting the business supply chain and reducing related carbon emissions), but also to source from plantation forests, enabling the business to reduce the impact of deforestation.*

Sample Answer 2:

Supporting the Local Economy

- *Supporting the local economy may have been a key consideration as management at Timber Land identified the negative impact of globally sourcing timber on local employment opportunities.*
- *This may have led to the decision to source Australian native timber as this would provide employment opportunities to local Australians, boosting the domestic economy and promoting sustainable sourcing practices.*

Marking protocol:

One mark for each of the above points.

Responses must provide an 'outline' of the corporate social responsibility (CSR) consideration for full marks. Responses that identify a CSR consideration without an elaboration can only be awarded a maximum of 1 mark.

Question 4b (5 marks)

Analyse how management at Timber Land can apply the principles of Senge's Learning Organisation to successfully implement its new 'local only' policy.

Sample Answer 1:

Mental Models and Building a Shared Vision

- *Senge's Learning Organisation theory proposes five principles that support businesses in adapting and changing successfully – personal mastery, mental models, building a shared vision, team learning and systems thinking. To successfully implement its 'local only' policy, Timber Land should focus on its mental models and building a shared vision.*
- *Senge's principle of 'mental models' focuses on constantly evaluating and challenging views/assumptions on what makes a business successful in order to identify ways to improve.*
- *In relation to Timber Land, management have identified a problem with the business' practices of global sourcing and questioned their belief that this practice benefits the business' goals. This is important when introducing the 'local only' policy as it will be important for employees to see why the change is necessary for the potential future success of the business.*
- *Senge's principal of 'building a shared vision' focuses on establishing a collective and unified approach towards a common vision for the future.*
- *For Timber Land, this is important when introducing the 'local only' policy as employees are more likely to support this change if they have been involved in establishing where the business is heading – e.g., in developing the policy, and identifying new suppliers. Without this, employees may be unwilling to support the change – especially if they were involved in introducing the global sourcing strategy in 2018.*

Sample Answer 2:

Team Learning and Systems Thinking

- *Senge's Learning Organisation theory proposes five principles that support businesses in adapting and changing successfully – personal mastery, mental models, building a shared vision, team learning and systems thinking. To successfully implement its 'local only' policy, Timber Land should focus on team learning and systems thinking.*
- *Senge's principle of 'team learning' focuses on enabling people to work together and have open communication to generate collective learning, growth, and synergy – an outcome that is greater than its individual parts.*
- *In relation to Timber Land, having a team approach will help employees carry out the new 'local only' policy with a more open mind as they will be able to freely communicate with management. Collectively involving employees in the development and implementation of the policy can reduce fear, allowing the new policy to be implemented with less resistance.*
- *Senge's principle of 'systems thinking' involves being able to see all parts of the business as an inter-related system and look beyond what is occurring in the business to consider external forces for change.*
- *In relation to Timber Land, it is clear that management have used systems thinking to identify a threat to the business' reputation arising from its global sourcing of timber. In doing so, management can help employees see the 'bigger picture' and not overlook any opportunities or threats that exist for the business as it develops its new 'local only' policy, ensuring it helps set guidelines for more corporate socially responsible business operations.*

Students may also choose to analyse the principle of personal mastery using the following two points:

- *Senge's principle of 'personal mastery' relates to the idea that the business is able to learn and evolve through its individuals' (i.e., employees') learning and development.*
- *In relation to Timber Land, management might encourage its staff to undertake training and development programs related to sustainable procurement and local supply-chain management. If employees are able to become more skilled and knowledgeable about the 'local only' policy through its implementation, it could support Timber Land's achievement of its vision.*

Marking protocol:

This answer is globally marked (i.e., an overall mark is awarded for the entire answer). The following criteria could be used to assess a response:

5 High	• All elements of the question addressed. • Response provides a high-level explanation of all key terms and concepts related to Senge's Learning Organisation. • Response provides a high-level analysis of how at least two principles from Senge's Learning Organisation can support Timber Land implement its new 'local only' policy (a 'High' level response must relate to this).
3-4 Medium	• Some elements of the question addressed. • Response may provide a basic explanation of key terms and concepts related to Senge's Learning Organisation. • Response provides a satisfactory analysis of how two, or a high-level analysis of how one principle from Senge's Learning Organisation can support Timber Land implement its new 'local only' policy.
1-2 Low	• Few elements of the question addressed. • Response may overlook an explanation of principles from Senge's Learning Organisation and simply list or briefly outline one or two principles, or list all five with no detail.
0 No score	• Response does not demonstrate any understanding of the question.

There is no expectation for responses to explore all five of Senge's principles for full marks. As this is an 'analyse' question, it is more important for responses to delve deeper into how and why the principles of this theory could support a successful change at Timber Land. In fact, responses that consider all five principles will find it difficult to achieve full marks as these responses will tend to lack the depth of analysis needed. For full marks, responses must draw links to the introduction of the 'local only' policy. Responses that give a strong theoretical explanation of Senge's theory without applying directly to the case study should be awarded a maximum of three marks.

Key performance indicators as sources of data to analyse the performance of businesses, including percentage of market share, net profit figures, rate of productivity growth, number of sales, rates of staff absenteeism, level of staff turnover, level of wastage, number of customer complaints and number of workplace accidents

Apply business management knowledge to practical and/or simulated business situations

Question 4c (5 marks)

Justify two key performance indicators that management at Timber Land could use to evaluate the success of their 'local only' policy.

Sample Answer 1:

Net profit figures and number of customer complaints

- *Net profit figures is a financial key performance indicator (KPI) which measures the amount left over after all expenses are deducted from the revenue.*
- *An increase in net profit figures could indicate that, despite the increased costs of sourcing timber from local Australian suppliers, customers are satisfied with the business' actions (potentially due to corporate social responsibility) and the quality of the timber products. Hence, it could indicate that the change in policy was successful.*
- *The number of customer complaints captures the volume of written or verbal expressions of dissatisfaction about a business' goods or services.*
- *A decrease in the number of customer complaints (e.g., about the quality of Timber Land's products) could indicate that the change to locally sourced timber materials has been favourable in improving the reliability and quality of their goods. Customers may also be more satisfied with Timber Land's contribution to Australian employment, improving this KPI further.*
- *However, if management observe an unfavourable change in one or both of these KPIs, it will indicate that there is a need to review other areas of the business and to introduce other changes in order to improve Timber Land's performance.*

Sample Answer 2:

Percentage of market share and level of wastage

- *Percentage of market share refers to the total portion of total sales in an industry the business accounts for, compared to its rivals (expressed as a percentage).*
- *An increase in percentage of market share could indicate that customers are satisfied with the business' actions (potentially due to corporate social responsibility) and the quality of the timber products. Hence, it could indicate that the change in policy was successful, leading to a competitive edge over its rivals (and higher relative growth in sales).*
- *The level of wastage measures the total amount of defective or unusable (scrap) waste materials and products generated by a business relative to its finished (final) outputs.*
- *A decrease in the level of wastage could indicate that the change to locally sourced timber materials has been favourable in reducing the amount of waste generated in Timber Land's supply chain (time, inventory, defects, etc.). Sourcing from higher-quality Australian suppliers could help reduce waste and improve the business' efficiency, indicating the policy is effective.*
- *However, if management observe an unfavourable change in one or both of these KPIs, it will indicate that there is a need to review other areas of the business and to introduce other changes in order to improve Timber Land's performance.*

Marking protocol:

One mark for each of the above points.

Other relevant financial performance indicators include:

- Rate of productivity growth
- Number of sales

As this is a 'justify' question, responses should give a clear reason as to why each KPI would be effective in evaluating Timber Land's performance. Responses must also relate to the success of the 'local only' policy throughout for full marks. As such, some KPIs would not be deemed 'relevant' to this situation, including rate of staff turnover, rate of staff absenteeism, number of workplace accidents. Responses which refer to these KPIs should be awarded 0 marks for this part of the question.

At the heart of any successful modern business is an operations system which achieves both efficiency and effectiveness; without the achievement of these two key pursuits in business, there is little else to sustain success.

Strategies to improve the efficiency and effectiveness of operations related to technological developments, including the use of automated production lines, computer-aided design, computer-aided manufacturing techniques and website development

Strategies to improve the efficiency and effectiveness of operations related to quality, including quality control, quality assurance and Total Quality Management

Strategies to improve the efficiency and effectiveness of operations through waste minimisation in the production process, including the

Question 5 (10 marks)

Propose and justify one strategy to improve the efficiency and effectiveness of operations in a business from two of the following areas:

- technological developments
- quality management
- waste minimisation

Sample Answer 1:

Manufacturing Business – Technology and Waste Minimisation

- *Technological developments refer to advancements in tools that support the design, production, and sale of a business' products, such as the introduction of an automated production line (APL).*
- *An APL involves the integration of automated computerised robots to carry out production in a sequential order where material inputs are transformed into a final output with little or no human involvement.*
- *This can promote improved efficiency – how well a business uses its resources (inputs) to create a greater number of outputs - in manufacturing businesses such as Yakult.*
- *By using an APL, Yakult is able to mass-produce its pro-biotic drink with little or no human involvement in production. Automated machinery allows Yakult to reduce its labour costs (a key input) while producing 45,000 bottles per hour. This level of efficiency would not be possible without an APL.*
- *An APL can also promote improved effectiveness – how well a business is able to achieve its stated desired aims (its objectives).*
- *An APL is far more precise at carrying out repetitive (and sometimes dangerous) tasks. This can help a manufacturing business such as Yakult to improve objectives related to reducing workplace incidents and improved sales by maximising quality (while also reducing average business costs in the long-term).*
- *Lean management involves processes aimed at reducing the amount of unused or waste materials in production.*
- *Manufacturing businesses such as Yakult can improve efficiency by implementing the lean management principle of one-piece-flow. This involves assessing every operations process (e.g., mixing, bottling, labelling, packing, etc.) to ensure that there is a continuous flow.*
- *This can promote improved efficiency by limiting waste (idle) time as there is a logical flow to production from start to finish, reducing transportation, inventory, motion and waiting (time) wastes.*

- The lean management principle of continuous improvement (Kaizen) can help improve the effectiveness of operations by continually identifying ways to improve production processes and by striving for zero defects. This helps to reduce inventory and defect wastes, therefore reducing business costs and boosting net profits (key business objectives).

Sample Answer 2:

Service Business – Technology and Quality Management

- Technological developments refer to advancements in tools that support the design, production, and sale of a business' products, such as the development of a website.
- Website development involves a business creating and maintaining an accessible and visible business website to support its operations.
- This can promote improved efficiency – how well a business uses its resources (inputs) to create a greater number of outputs - in service businesses such as JB Hi Fi.
- Through its website, JB Hi Fi is able to carry out a core operation of processing customer transactions without customers being physically-present in store. Stock can be warehoused, allowing for a more efficient process of transacting (paying online), picking, packing, and delivering an order.
- Website development can also promote improved effectiveness – how well a business is able to achieve its stated desired aims (its objectives).
- JB Hi Fi was one of the first consumer electronics retailers to develop a website. This enabled the business to improve the effectiveness of its operations by engaging customers in eCommerce transactions without having to physically visit a store, boosting the popularity of the business, and contributing to increased sales. Further, a website enables JB Hi Fi to track the volume of online customer orders and to source stock from multiple stores. This prevents over-stocking and under-stocking issues in stores and helps to reduce business costs to support higher net profits.
- Quality management involves processes aimed at improving the degree of excellence and durability of a business product and service, such as the implementation of quality control.
- Service businesses such as JB Hi Fi collect random customer survey data on their in-store or online experience. This 'tests' a sample of its service and provides data that can be compared to benchmark levels of performance (e.g., customer satisfaction levels and the number of customer complaints).
- This can improve the efficiency of operations by identifying areas of customer dissatisfaction and by redeploying resources more efficiently to create a better service.
- By implementing quality control processes, JB Hi Fi can identify areas where service quality could be improved, therefore better enabling the business to achieve its objectives (i.e., improve its effectiveness) as it is more likely to lead to customer loyalty, higher sales, and greater net profits, if a quality service is provided.

Marking protocol:

This answer is globally marked (i.e., an overall mark is awarded for the entire answer). The following criteria could be used to assess a response:

9-10 Very High	• All elements of the question addressed. • Two distinct operations strategies are identified and briefly explained. • Response provides a comprehensive justification of how each operations strategy can support both improved efficiency and effectiveness. • Response makes clear and appropriate reference to a manufacturing or service business – this may be specifically (i.e., to an actual business) or in general terms (i.e., to manufacturing or service businesses more broadly).
7-8 High	• Most elements of the question addressed. • Two distinct operations strategies are identified and briefly explained. • Response may provide a detailed justification of how each operations strategy can support improved efficiency and effectiveness, but may not necessarily do both precisely. • Response may make some reference to a manufacturing or service business – this may be specifically (i.e., to an actual business) or in general terms (i.e., to manufacturing or service businesses more broadly).
5-6 Medium	• Some elements of the question addressed. • Response may provide a satisfactory justification of how one operations strategy can support improved efficiency and effectiveness. OR • Response may provide a satisfactory justification of how two operations strategies can support either improved efficiency or effectiveness (but not both). • Response may make limited reference to a manufacturing or service business.
3-4 Low	• Few elements of the question addressed. • Response shows only basic understanding of one or two operations strategies. • Analysis is limited, with a basic explanation of one or two operations strategies without an attempt to draw links to efficiency or effectiveness. • No reference made to a manufacturing or service business.
1-2 Very Low	• Analysis is very limited, or absent. • Response may only show a weak understanding of one operations strategy.
0 No score	• Response does not demonstrate any understanding of the question.

As this is a 'propose and justify' question, it is important for responses to explore how the chosen operations strategies can optimise both efficiency and effectiveness. There is no expectation for responses to refer to a specific manufacturing or service business; however, responses can only achieve a High or Very High by making clear reference to these types of businesses in specific or general terms.

Low-risk strategies to overcome employee resistance, including communication, empowerment, support and incentives

High-risk strategies to overcome employee resistance, including manipulation and threat

Question 6 (4 marks)

Describe how one high-risk and one low-risk strategy can be used to overcome employee resistance to change.

Sample Answer 1:

Threats and communication

- *A threat involves the use of power to force employees who are resisting a change to conform and support change efforts, which can include loss of promotion, overtime cuts, or even termination.*
- *While this is a high-risk strategy which, if unsuccessful, can damage employee-employer relations, it can be effective in overcoming employee resistance in the short-term as employees may be fearful of losing their job or a promotion opportunity, among other things, and may make employees more willing to accept a change to work practices.*
- *Communication involves the two-way exchange of ideas and information between management and employees, often in relation to the nature of change, or why it is necessary.*
- *As a low-risk strategy, clearly communicating with staff can reduce the fear and uncertainty of the unknown that can accompany change, helping employees to overcome resistance and support any changes in work practices. If unsuccessful in overcoming resistance, communication – if open and honest – will also not damage employee-employer relations.*

Sample Answer 2:

Co-optation and incentives

- *Co-optation is a high-risk strategy which involves management placing an employee who is an advocate or supporter for the change into a group of employee resisters, to listen, observe and covertly influence them to accept the change.*
- *While this is a high-risk strategy which, if unsuccessful, can damage employee-employer relations, it can be effective in overcoming employee resistance in the short-term as employees may be positively influenced by the co-optation and see the benefits of the change. The co-opting employee may also be able to share information with management that enable them to better address employee resistance (e.g., as they would understand employee fears better).*
- *Incentives, a low-risk strategy, involves offering rewards (financial or non-financial) to employees who support the change, increasing the motivation to demonstrate desired change behaviours.*
- *Management can provide financial incentives in the form of additional bonuses or commission aligned to the behaviour/s they are seeking from employees. This added incentive can positively influence employees to accept the change and support it. If the incentive is unsuccessful, it will also not likely damage employee-employer relations.*

Other relevant high-risk strategies include:

- Manipulation

Other relevant low-risk strategies include:

- Empowerment
- Support

Marking protocol:

One mark for each of the above points.

Section B

In response to the growing demand for ride-share services such as Uber, the Australian government has launched TaxEezi Co. Limited – a government business enterprise wholly owned by the Australian government. Although an expensive venture to establish, TaxEezi aims to promote a more efficient and health-conscious public transport industry by:



- creating competition for privately-owned public transport services and therefore helping to lower costs for consumers.
- upskilling Australia's labour force and providing employment opportunities for skilled workers impacted by the changing domestic and global economy.
- training drivers in world-leading hygiene practices to promote the health and safety of all stakeholders.
- expanding ride-sharing services to include on-water transport options around inner-city Melbourne (which are currently limited) and therefore helping to reduce road congestion and carbon emissions, and
- ensuring a fairer industry-based pay structure for employees in an industry that has historically grossly underpaid its workforce.

Management at Cabcharge (which owns 30 Taxi licenses in Victoria alone) and Uber are monitoring this newly-established (and well-resourced) competitor closely. While global demand for ride-sharing services has almost tripled to 600 million users annually since 2015, businesses in the industry are already feeling the financial effects of a difficult 2020, where trips per day have more than halved as customers sought the safety of using their own vehicle for personal and work-related travel.

Reference: <https://www.statista.com/statistics/833743/us-users-ride-sharing-services/>

Types of businesses including sole traders, partnerships, private limited companies, public listed companies, social enterprises and government business enterprises

Business objectives including to make a profit, to increase market share, to fulfil a market and/or social need and to meet shareholder expectations

Apply business management knowledge to practical and/or simulated business situations

Question 1 (2 marks)

Outline one characteristic and one objective of a government business enterprise such as TaxEezi.

Answer:

- *Characteristics of government business enterprises such as TaxEezi include (but are not limited to):*
 - *is a government-owned and controlled business (i.e., government owns at least 51% of stocks),*
 - *has a separate legal entity from the government,*
 - *structured as a company (i.e., exists to make a profit),*
 - *provides essential services to society (e.g., postal services and in this case, ride-sharing services).*
- *One objective of a government business enterprise such as TaxEezi is to increase net profits (the total amount remaining after expenses are deducted from revenue).*

Other suitable objectives of a government business enterprise include:

- *Provide essential services the government feels private sector businesses can (or will) deliver (e.g., mail and public transport).*
- *Carry out government policies and non-commercial services.*
- *Increase percentage of market share (portion of sales relative to other competitors in the same industry).*

Marking protocol:

One mark for one of the above characteristics of a government business enterprise and one mark for the above point in relation to its objectives, to a maximum of two.

Characteristics of operations management within both manufacturing and service businesses

Apply business management knowledge to practical and/or simulated business situations

Question 2 (4 marks)

Explain two differences between the operations management of a service business such as TaxEezi and a manufacturing business that you are familiar with.

Answer:

- *Service businesses, such as TaxEezi, oversee the provision of a service which produces an intangible output (i.e., transportation) which cannot be seen/touched or stored away for later use. This differs to a manufacturing business, such as Apple, where managers are responsible for overseeing processes which produce a tangible output (e.g., iPhones) that can be seen/touched and stored away for repeated use.*
- *In service businesses, such as TaxEezi, the operations system produces an output which is typically customised and tailored to the needs of the end user (i.e., different destinations). This differs to a manufacturing business, such as Apple, where the operations system results in a mass produced standardised outputs which are identical and typically not customised for the end user.*
- *Service businesses, such as TaxEezi, combine resources to produce a service which is simultaneously consumed as it is being produced. This requires the customer to be present during the delivery of the service (i.e., the trip from A to B). This differs from a manufacturing business, such as Apple, which combines resources to produce an output that is consumed after all transformational processes have taken place. This does not require any customer contact during operations.*
- *The operations system for service businesses, such as TaxEezi, tend to rely more heavily on labour (e.g., drivers) to carry out the tailored processes and deliver a customised service. This differs from a manufacturing business, such as Apple, where the operations system tends to rely more heavily on capital equipment and automation to carry out processes on a mass scale (so as to achieve economies of scale).*
- *Operations in a service business, such as TaxEezi, will oversee the provision of a high quality service that is intangible. If the quality is not present, then the business must refund the price paid or offer a similar service. This differs from a manufacturing business, such as Apple, where operations management oversees the production of a tangible good. If management is poor, defective products can enter the market and cause issues for customers and the business through a poor reputation.*

Marking protocol:

Two marks for each difference, with one mark for an explanation of the difference and one mark for the link to the case study, to a maximum of four. All responses in Section B must relate back to the case study. Responses must explain the difference between service and manufacturing operations. It is not adequate to simply state a difference and marks should not be awarded for this. For instance, if a response says, 'one is tangible and the other is intangible,' without any elaboration, this should be awarded 0 marks. Responses that do not refer to TaxEezi or a manufacturing business should be awarded a maximum of 3 marks.

Driving forces for change in business, including managers, employees, competitors, legislation, pursuit of profit, reduction of costs, globalisation, technology, innovation and societal attitudes

Restraining forces in businesses, including managers, employees, time, organisational inertia, legislation and financial considerations

Apply business management knowledge to practical and/or simulated business situations

Question 3 (4 marks)

Explain how one driving force and one restraining force could influence change for TaxEezi's competitors such as Uber or Cabcharge.

Sample Answer 1:

Competition and Organisational Inertia

- *The introduction of new competition (TaxEezi) could act as a driving force which influences Uber and Cabcharge to introduce change in order to remain competitive and profitable in the ride-sharing market.*
- *With increased competition for fares, Uber and Cabcharge may be forced to reduce the prices of fares in order to attract customers away from the new service which is promising better hygiene and fairer pay for drivers.*
- *Organisational inertia – the tendency to remain rigid or static and not respond to change – may act as a restraining force that prevents Uber and Cabcharge from responding to the new threat presented by TaxEezi.*
- *Uber and Cabcharge may experience 'resource rigidity' and believe their experience, service and reputation will be enough to see off the competitive threat from TaxEezi, causing them to not respond and to maintain the status quo.*

Sample Answer 2:

Pursuit of Profit and Financial Considerations

- *The pursuit of profit may act as a driving force for Uber and Cabcharge to introduce a change in their own ride-sharing services in order to maintain profitable earnings (i.e., revenue minus expenses) in the face of increased competition.*
- *As private sector businesses, both Uber and Cabcharge will likely seek to introduce changes – e.g., reduced fares on weekends or after 10:00pm – in an attempt to maintain net profits.*
- *Financial considerations refer to the costs associated with any change undertaken by a business. With the introduction of new competition (TaxEezi) and expanded services such as inner-city on-water transportation, Uber and Cabcharge may believe the costs associated with expanding their own services may be too great, leading to inertia (i.e., failure to change).*
- *Given the recent fall in trips per day in 2020, both Uber and Cabcharge may also be faced with reduced revenue, making it difficult to respond to the new market threat of TaxEezi.*

Marking protocol:

One mark for an explanation of the driving force, and one mark for a link to the case study.

One mark for an explanation of the restraining force, and one mark for a link to the case study.

All responses in Section B must relate back to the case study. This is a trickier question than it appears; responses must consider a driving force and a restraining force for TaxEezi's competitors (Uber and Cabcharge). Responses which consider a driving and restraining force for TaxEezi's entrance into the ride-sharing market should be awarded 0 marks.

Management strategies to respond to key performance indicators, including staff training, staff motivation, change in management styles or management skills, increased investment in technology, improving quality in production, cost cutting, initiating lean production techniques and redeployment of resources (natural, labour and capital)

Apply business management knowledge to practical and/or simulated business situations

Question 4 (6 marks)

After the first 12 months of operations, TaxEezi has outperformed its rivals and has established the largest percentage of market share in the ride-sharing market.

Analyse how both of the following management strategies could be used by Uber or Cabcharge to respond to a fall in percentage of market share:

- staff motivation
- redeployment of resources.

Answer:

- To address the fall in the percentage of market share, Uber could invest in a number of motivation strategies to improve the 'drive' experienced by their staff to improve service quality and attract customers back to their ride-sharing service.
- For example, management may introduce a more attractive performance-based pay approach to remunerating and rewarding their drivers. By tying financial incentives to the quality of service (e.g., a scaling bonus for the number of 5-star customer ratings), Uber's drivers may be encouraged to strive to offer market-leading quality service to customers and attract them away from the competition.
- This would address the decline in Uber's percentage of market share as customers may be more willing to travel with Uber if they believe that the driver is going to provide superior service.
- Redeployment of resources would involve Uber reallocating its human, physical, and natural resources so that they are more efficiently used in the pursuit of business objectives.
- One of the reasons for TaxEezi's success may be offering a wider range of transport options in inner-city areas, especially as society becomes more aware of carbon pollution. As a result, Uber may look to redeploy some of its capital resources to purchase water ferries and other transport options in order to compete directly with TaxEezi in this area of the ride-sharing market.
- This would address the decline in Uber's percentage of market share by opening up new revenue streams for the business and even by expanding into new profitable ventures (e.g., helicopter-travel services).

Marking protocol:

This answer is globally marked (i.e., an overall mark is awarded for the entire answer). The following criteria could be used to assess a response:

5-6 High	• All elements of the question addressed. • A comprehensive analysis, which shows an advanced understanding of each management strategy. • Clear and detailed explanation of how each management strategy could help Uber or Cabcharge respond to a decline in the percentage of market share. • The response makes clear and consistent references to TaxEezi, Uber and/or Cabcharge.
3-4 Medium	• Some elements of the question addressed, which shows a moderate understanding of one, but not necessarily both management strategies. • A moderate analysis, which may lack depth, of how each management strategy can support Uber or Cabcharge to respond to the decline in the percentage of market share. • Response makes limited reference to TaxEezi, Uber and/or Cabcharge.
1-2 Low	• Few elements of the question addressed, which shows only a basic understanding of management strategies. • Little to no analysis of either management strategy; response may provide a basic explanation of one or both strategies.
0 No score	• Response does not demonstrate any understanding of the question.

Note that a maximum of three marks can be awarded to a response that only refers to one of the management strategies.

All responses in Section B must relate back to the case study. As this is a 'analyse' question, responses must show an in-depth understanding of both management strategies in relation to how each could assist Uber or Cabcharge to respond to the decline in the percentage of market share. Responses must relate to the two management strategies provided. Marks should not be awarded for analysis of one or more motivation theories (must be an appropriate management strategy).

The relationship between managing employees and business objectives

Apply business management knowledge to practical and/or simulated business situations

Question 5 (3 marks)

Explain the relationship between Human Resource Management and the achievement of business objectives at TaxEezi.

Answer:

- *Human Resource Management is the area of management responsible for managing the relationship between a business and its employees, including all practices or processes related to establishing, maintaining, and terminating employees.*
- *When establishing TaxEezi, management must attract and retain high-performing and motivated drivers if it is to establish itself as a relevant competitor in a ride-sharing market where Uber and Cabcharge are ingrained.*
- *The effective management of people – e.g., paying fair remuneration, offering training and upskilling programs, amongst other things – will ensure that TaxEezi is able to reduce staff turnover costs and improve the quality of service for customers, helping support the business' objective of increasing net profits.*

Marking protocol:

One mark for each of the above points.

All responses in Section B must relate back to the case study. Responses must draw a clear link between human resource management (HRM) and a specific business objective for TaxEezi to be awarded full marks. High-scoring responses would explain what HRM is and refer to the specific practices or strategies within this area (e.g., remuneration or training) to highlight the importance of HRM to achieving business objectives.

Training options including on-the-job and off-the-job training, and the advantages and disadvantages of each

Apply business management knowledge to practical and/or simulated business situations

Question 6 (6 marks)

Discuss whether on-the-job or off-the-job training options are more suited to developing staff at TaxEezi.

Answer:

- *On-the-job training, such as competency-based training or coaching, involves teaching employees new job-related knowledge and skills on-site (i.e., during the course of their work).*
- *Establishing TaxEezi has been very expensive for the government; thus, on-the-job training may be more suitable as it is very cost effective, as training can be delivered by TaxEezi staff. Keeping costs low will be important for the government as it attempts to compete with other private sector businesses such as Uber and Cabcharge.*
- *While on-the-job training may not be as effective as it requires trainers (which may be more senior employees) to have the necessary skills to teach others, it is still the most suitable for TaxEezi as hygiene and safe-driving skills are very practical and are best learnt on-the-job.*
- *Off-the-job training includes workshops or TAFE courses and involves teaching employees new job-related knowledge and skills off-site (i.e., away from their place of work).*
- *A benefit of off-the-job training is that it is provided by experts, who may be more skilled in teaching staff appropriate hygiene practices and safe driving skills than simply staff with significant industry experience. Employees may also be formally recognised for their training (i.e., they could become qualified).*
- *However, off-the-job training can be less practical as it is not carried out in the act of driving a car itself. It can also be very expensive to pay for trained experts, which would likely add to the government's costs, making it a less suitable option.*

Marking protocol:

This answer is globally marked (i.e., an overall mark is awarded for the entire answer). The following criteria could be used to assess a response:

5-6 High	• All elements of the question addressed. • A comprehensive discussion, which shows an advanced understanding of both training options. • Response clearly refers to one of the training options as more appropriate than the other. • The response makes clear and consistent references to TaxEezi.
3-4 Medium	• Some elements of the question addressed. • Response shows a moderate understanding of one, but not necessarily both of the training options. • A moderate discussion, which may lack consideration of both sides (i.e., may only consider advantages or disadvantages, but not both). • Response makes limited references to TaxEezi.
1-2 Low	• Few elements of the question addressed, which shows only a basic understanding of training options. • Little to no discussion of either training option; response may provide a basic explanation of one or both options.
0 No score	• Response does not demonstrate any understanding of the question.

All responses in Section B must relate back to the case study. As this is a 'discuss' question, responses must show an understanding of both sides – the advantages and disadvantages – of each training option. The question also requires students to state which of the two training options is more suited in order to achieve a 'high' score.