



Trial Examination 2023

VCE Business Management Units 3&4

Written Examination

Suggested Solutions

SECTION A**Question 1 (3 marks)**

Social enterprises are a type of business that focuses on maximising social, community and human wellbeing. A social enterprise operates like a business and produces goods and/or services, but any profit generated is redirected back into the business to facilitate the achievement of its social and environmental goals and objectives. On the other hand, government business enterprises operate in the public sector and usually operate in a similar way to private companies; they are established to make a profit and/or provide services to the community. An example of a government business enterprise is Australia Post.

3 marks

*Award 1 mark for defining social enterprises or government business enterprises.**Award 2–3 marks for distinguishing between social enterprises and government business enterprises.***Question 2 (6 marks)**

- a. Fulfilling a social need is becoming an increasingly important business objective. By going beyond financial objectives and providing support, such as the provision of community services and facilities and contributing to the community, a business can support others and build on its reputation. This, in turn, can often lead to increased sales as customers support businesses that they consider to be good corporate citizens and that contribute to the broader community.

2 marks

*Award 1 mark for describing how fulfilling a social need is a business objective.**Award 2 marks for explaining why fulfilling a social need is important for a business.*

- b. *For example:*

One skill that a manager needs is communication. Sending clear messages and listening to others generally ensures effective communication. When a manager demonstrates communication skills, they are able to articulate and relay business objectives to others and ensure that all stakeholders understand what the business is aiming to achieve.

Another management skill is delegation. Being able to give tasks to employees or handover the authority to make decisions means that a manager can support the development of employees' skills and abilities, and ensures that employees are more aware of business objectives. Delegation also enables the manager to focus on the more important tasks in the business.

4 marks

*Award 1 mark for identifying one management skill.**Award 2 marks for identifying two management skills.**Award 3–4 marks for identifying two management skills **and** explaining how the skills can assist a business in achieving its objectives.**Note: Acceptable management skills include planning, leadership, decision-making and interpersonal.*

Question 3 (12 marks)

- a. Wages and conditions of work can be determined using awards and agreements. An award sets out the legally binding minimum pay and conditions for a job or occupation. Awards are overseen by the Fair Work Commission and are reviewed on a regular basis. They generally cover working conditions, wages, overtime, penalty rates, allowances, and holidays and leave. Agreements are made between an employer and one or more employees, who are usually represented by a trade union. They are tailored to meet the needs of an individual business or group of employers. Any agreement must pass a better off overall test (BOOT) and cannot offer less than the minimum conditions and wages of the relevant award. An agreement must be ratified by the Fair Work Commission and usually has a timeframe; for example, an agreement may be implemented for four years.

4 marks

*Award 1–2 marks for explaining how awards **or** agreements are used as methods of determining wages and conditions of work.*

*Award 3–4 marks for explaining how awards **and** agreements are used as methods of determining wages and conditions of work.*

- b. *For example:*

One motivation strategy that Jake and Alice could implement is career advancement. Career advancement is when a business promotes employees or changes their job descriptions to allow them to take on more challenging tasks. It can increase the skills and experience of employees and may also include a pay increase. Career advancement can motivate employees in the long term as it demonstrates to them that the business they work for acknowledges their skills and wants to enhance them. It also usually means that more motivated employees are willing to remain with the business. Career advancement could assist Jake and Alice to motivate employees to increase their office days as they will be given the opportunity to learn new skills and take on more responsibility.

Another motivation strategy that Jake and Alice could implement is investment in training. Investing time and money in employees' training can lead to increased and improved skills, which generally leads to employees feeling more motivated and seeking to increase their responsibilities. If employees can improve their skills and knowledge, they are more likely to take on new tasks or become more efficient and productive. Jake and Alice could organise on-the-job training for employees to encourage them to work in the company's office. They could also make off-the-job training available, such as formal training courses, to encourage employees and assist business performance.

4 marks

Award 1 mark for proposing one motivation strategy that Jake and Alice could use.

*Award 2 marks for proposing two motivation strategies that Jake and Alice could use **or** proposing **and** justifying one strategy.*

*Award 3–4 marks for proposing **and** justifying two motivation strategies that Jake and Alice could use.*

Note: Acceptable motivation strategies include performance-related pay, support strategies and sanction strategies.

c. *For example:*

One advantage of career advancement is that it provides a clear pathway for employees in a business. If a business wishes to retain these employees and attract new recruits, it can provide them with clearly defined career paths to give them a direction and the knowledge that they have long-term employment.

One disadvantage of career advancement is that not every employee will be able to achieve a promotion. Some employees may not have the skills to do so or there may not be enough opportunities available to move into different roles, particularly in a small business.

Career advancement may have a limited effect on short-term employee motivation as employees may not be able to access a career path if they need to develop their skills and experience. However, this means that the strategy may have a greater long-term effect on motivation as employees can plan a career path and develop the skills required to gain promotion.

4 marks

*Award 1 mark for discussing one advantage **or** one disadvantage of one motivation strategy proposed in **part b**.*

*Award 2 marks for discussing one advantage **and** one disadvantage of one motivation strategy proposed in **part b**.*

*Award 3 marks for discussing one advantage **and** one disadvantage of one motivation strategy proposed in **part b**. **and** explaining the short- **or** long-term effects of the strategy on employee motivation.*

*Award 4 marks for discussing one advantage **and** one disadvantage of one motivation strategy proposed in **part b**. **and** explaining the short- **and** long-term effects of the strategy on employee motivation.*

Question 4 (10 marks)

For example:

Corporate culture is the system of shared beliefs and values of the people within a business. A positive corporate culture is important if a business is to be successful and retain motivated and committed employees; this is especially important when a business is undergoing change.

Official corporate culture is what a business wishes or desires its culture to be and the values and beliefs it presents to the public and other stakeholders. This can often be seen in business documents and policies, vision and mission statements, logos and slogans, and through the image portrayed by a business. On the other hand, real corporate culture is what is actually occurring in a business and can be different to the official corporate culture. Real corporate culture can be observed in the interactions between the people in an organisation, the relationships between managers and employees, relationships with other stakeholders, and how business policies are developed and implemented. If a business's real corporate culture is different to its official corporate culture, this may be of concern to the business.

Senge's Learning Organisation looks at and explains how a business can develop and be successful by developing the capacity of employees and management to be flexible and adaptable over the long term. One principle of the Learning Organisation is building a shared vision. Senge believes that it is important for leaders to ensure that everyone in a business has a shared vision of what the business's future looks like. The vision should be jointly created by everyone – employees and management, not just leaders – to ensure that every person in the business understands the vision and is committed to achieving it.

A second principle of the Learning Organisation is team learning. This is when members of a team can develop the team's capacity to create desirable results for everyone. Building the team's skills and abilities benefits the individual, team and business as a whole.

These principles can assist in creating a positive culture for change. A business can embed values, beliefs and a vision statement that encourages change. This means that everyone in a business understands what the business stands for and what it values. This links to Senge's principle of building a shared vision to increase business performance and success. Developing employee skills and abilities through continual learning can also assist a business in developing a positive culture for change as employee and managerial capacity is increased. This links to the principle of team learning as the more employees and managers learn, the better prepared they are to perform in their role and feel connected to the business.

It is important for the business to develop, improve and embed its corporate culture, and the Learning Organisation principles can be used to create a culture that is open to implementing and undergoing change.

10 marks

Award 1–2 marks for defining corporate culture.

*Award 3–4 marks for defining corporate culture **and** distinguishing between official and real corporate culture.*

*Award 5–6 marks for defining corporate culture **and** distinguishing between official and real corporate culture **and** identifying two of the principles of Senge's Learning Organisation.*

*Award 7–8 marks for defining corporate culture **and** distinguishing between official and real corporate culture **and** explaining two of the principles of Senge's Learning Organisation.*

*Award 9–10 marks for defining corporate culture **and** distinguishing between official and real corporate culture **and** explaining two of the principles of Senge's Learning Organisation **and** explaining how the principles can be used to create a positive culture for change.*

Note: Other acceptable principles include systems thinking, mental models and personal mastery.

Question 5 (10 marks)

a. *For example:*

One key element of an operations system is inputs. Inputs are the components used to produce goods or services. Inputs include labour, machinery, capital, time and raw materials. At Yakult, inputs include employees, factories, the bacteria needed to make the beverage, plastic bottles and packaging, and the machinery and production line used.

Another key element of an operations system is outputs. Outputs are the final goods or services that have been produced from the inputs. Yakult's output is the Yakult probiotic beverage, which is distributed to retailers and sold to customers ready for consumption.

4 marks

Award 1 mark for describing one key element of an operations system.

Award 2 marks for describing two key elements of an operations system.

*Award 3–4 marks for describing two key elements of an operations system **and** applying them to a contemporary business case study.*

Note: Another acceptable key element is process. Responses can refer to any contemporary business.

- b.** One-piece flow is sometimes referred to as continuous or single-piece flow. It is a production method that is used in lean management and is associated with the Just In Time strategy because products go through a continuous flow of steps with no downtime. Production flows continuously from the first production stage to the finished goods or services. This means that operations are efficient as there is no storage of any incomplete products and no stops or breaks in the process. Process time is quicker and there are reduced costs related to storing inventory and incomplete products. Using one-piece flow also means that operations are more effective as the method allows a business to deliver more value to customers. One-piece flow usually improves productivity as resources are being used fully. This assists the business in meeting business objectives such as increased market share, sales and profit.

Zero defects strategy is used in lean management and focuses on reducing the number of defects in the production of goods or services. As a result, a higher quality product and better production process are achieved with reduced levels of waste and discarded products that cannot be sold. If a production process is more precise, the operations system is more efficient because decreasing defects and faults to zero means that extra materials are not required so waste and costs are reduced.

Zero defects strategy improves effectiveness as continuous improvements to the product, along with preventative measures taken to reduce errors, lead to increased customer satisfaction and sales due to the products being of a higher quality. The strategy is continuous and cyclical; a business that uses this strategy is always exploring ways to reduce its waste and to provide a defective-free product to its customers. This can be achieved through recognising if there is a quality issue, streamlining processes, and identifying and rectifying any parts of the process that may be causing faults or concerns.

6 marks

*Award 1 mark for explaining one-piece flow **or** zero defects strategy.*

*Award 2 marks for explaining one-piece flow **and** zero defects strategy.*

*Award 3 marks for explaining one-piece flow **or** zero defects strategy **and** how it can improve efficiency **and** effectiveness of operations related to lean management.*

*Award 4 marks for explaining one-piece flow **and** zero defects strategy **and** how one of these can improve efficiency **or** effectiveness of operations related to lean management.*

*Award 5 marks for explaining one-piece flow **and** zero defects strategy **and** how they can improve efficiency **or** effectiveness of operations related to lean management.*

*Award 6 marks for explaining one-piece flow **and** zero defects strategy **and** how they can improve efficiency **and** effectiveness of operations related to lean management.*

Question 6 (9 marks)

- a. Business change refers to a business or organisation modifying, adapting or transforming itself to create a new or altered version of itself. Change in a business can be either widespread or minor. All businesses experience change and need to be able to manage change as it occurs. While change is constant and usually inevitable, it is important for businesses to take a proactive approach to managing change. If a business plans for and foresees change rather than reacting to it, it will be more likely to manage the change process and able to take advantage of opportunities provided by the change. If a business waits for change to occur, it will be more likely to fall behind its competitors and lose competitive advantage or opportunities.

5 marks

*Award 1–2 marks for describing the concept of business change.**Award 3–4 marks for outlining the concept of business change.**Award 5 marks for outlining the concept of business change **and** why it is important for a business to have a proactive approach to change.*

- b. According to Porter’s Generic Strategies, differentiation is where a business distinguishes itself from its competitors by selecting one or two attributes for its goods or services that are unique and attract customers. The attributes can be based on a number of factors, including product durability and use, customer and sales service, and brand image. Businesses that can differentiate to meet the needs of customers can create long-term customer loyalty and charge a premium price for its goods or services.

Differentiation can be a successful approach for a business if the business can develop effective marketing and promotion strategies that emphasise the benefits of the brand and its goods or services. The business must also ensure that it consistently delivers high-quality products and focuses on ongoing research, development and innovation so that it is always the leader in the industry or market. However, the business will need to have sufficient funds to ensure that the strategy can be followed and supported. If a business cannot do this, then the approach may not be successful.

4 marks

*Award 1–2 marks for explaining the differentiation approach.**Award 3–4 marks for evaluating the advantages and disadvantages of the differentiation approach for a business.*

SECTION B – CASE STUDY

Question 1 (8 marks)

- a. Number of website hits is a key performance indicator that refers to the number of people who have sent a request to a web server for a file. Web pages, such as those on Dean & Family Removalists' website, contain numerous files such as graphics and menu buttons. The viewing of any of these files on a web page is known as a hit. Dean & Family Removalists could use this information to measure its website traffic and determine how many clients and potential clients they reach through the website.

2 marks

Award 1 mark for defining the term 'number of website hits'.

*Award 2 marks for defining the term 'number of website hits' **and** linking the response to Dean & Family Removalists.*

- b. *For example:*

It is important for a business to evaluate and review its performance to determine whether it will achieve its stated objectives and, if changes have been implemented, whether this has been done successfully.

One KPI from the consultant's report is the number of sales. Over the past three years, the business has seen a yearly increase in the number of sales. This is a positive result and indicator that the business can focus on and continue to grow. However, the business needs to ensure that it examines the number of sales to assess whether enough revenue is being generated to provide a profit; it can be noted that although the number of sales increased over the past three years, net profit decreased from 2022 to 2023. If a business such as Dean & Family Removalists does not focus on and monitor the number of sales on a regular basis, the trends and revenue generated will be unclear, and this will prevent decisions being made in a timely manner.

A second KPI is the number of workplace accidents, which can be a measurement of how safe a workplace is for employees. The data for Dean & Family Removalists shows that the number of workplace accidents has increased over the past three years. This is an issue for the business as serious injuries may permanently affect employees and/or require them to take time off work. The business may also find that its insurance premiums increase. To address the number of accidents, the business must ensure that equipment is maintained and serviced and that all employees are properly trained.

6 marks

Award 1–2 marks for outlining why it is important for a business to evaluate and review performance.

*Award 3–4 marks for outlining why it is important for a business to evaluate and review performance **and** analysing a trend that can be observed at Dean & Family Removalists using one KPI.*

*Award 5–6 marks for outlining why it is important for a business to evaluate and review performance **and** analysing trends that can be observed at Dean & Family Removalists using two KPIs.*

Note: Other acceptable KPIs are net profit figures, level of staff turnover and percentage of market share.

Question 2 (6 marks)*For example:*

Staff training is one management strategy Dean & Family Removalists could use to reduce the number of workplace accidents and improve net profit. Focusing on training and development ensures that employees have the skills and knowledge to perform their jobs competently, efficiently and safely. The increase in the number of workplace accidents over the past three years may be the result of a lack of training and inexperienced staff who do not know how to use equipment and/or perform their job safely. To help prevent such accidents, staff training could be used to ensure that employees are better trained and understand the requirements of tasks. The business experienced a fall in net profit between 2022 and 2023, which could be attributed to low productivity. Staff training could also ensure that employees are motivated and productive. If employees are happy, they are more likely to remain with the business and perform their roles well. Better trained staff may increase the productivity of Dean & Family Removalists, and their approach to work may lead to decreased costs and thus increased profits.

Redeployment of resources such as materials, equipment, employees and sites is a management strategy that Dean & Family Removalists could use to increase net profit, number of sales and percentage of market share. Dean & Family Removalists is considering the establishment of offices in Bendigo and Horsham so that it can expand further into regional Victoria. Redeploying resources such as employees, vans and equipment will assist the business in this expansion. If the redeployment of resources is successful, this will lead to decreased expenses and costs for the business as resources are being used productively, and increased sales and market share as the business can access more clients.

6 marks

Award 1 mark for proposing one management strategy that Dean & Family Removalists could use to respond to the KPIs.

Award 2 marks for proposing two management strategies that Dean & Family Removalists could use to respond to the KPIs.

*Award 3–4 marks for proposing two strategies that Dean & Family Removalists could use to respond to the KPIs **and** explaining the strategies without linking the response to data or information in the case study.*

*Award 5–6 marks for proposing **and** justifying two management strategies that Dean & Family Removalists could use to respond to the KPIs **and** linking the response to data or information in the case study.*

Question 3 (3 marks)

Technological development in an operations system can increase efficiency. It includes computer-aided design, robotics and automation (such as online booking systems and record keeping), and may involve new methods of delivering services to clients. Dean & Family Removalists could update its website and implement an online booking system (or improve their existing system), so that it is easier for clients and potential clients to contact the business. Having an automated booking system will streamline booking information and make it easier and faster for the business to plan and schedule, especially if the business expands into regional areas. This will assist the business in operating more efficiently.

3 marks

*Award 1 mark for describing technological development in an operations system.
Award 2–3 marks for describing technological development in an operations system **and** how it could improve the efficiency of Dean & Family Removalists' system.*

Question 4 (3 marks)

For example:

One corporate social responsibility consideration for Dean & Family Removalists' operations system is environmental considerations. The business has been advised by the consultant to use electric vehicles in Melbourne and metropolitan areas. The use of electric vehicles would reduce emissions and have a positive impact on the environment, which may be appreciated by clients, other stakeholders, and the wider community. The business could advertise its use of electric vehicles via its website, making it a point of difference from other similar businesses to attract new clients. Although there would be an initial outlay required to purchase electric vehicles, in the long-term, the business would reduce its fuel costs.

3 marks

*Award 1 mark for identifying one corporate social responsibility consideration for Dean & Family Removalists' operations system.
Award 2–3 marks for identifying one corporate social responsibility consideration for Dean & Family Removalists' operations system **and** explaining why the business should take it into consideration.
Note: Other acceptable considerations include moving to regional areas to promote local employment, supporting other businesses, servicing equipment and vehicles to ensure they are operating efficiently.*

Question 5 (5 marks)

Lewin's Force Field Analysis theory can be used to understand the problems and effects of potential change within a business. By identifying driving and restraining forces for change, a business can determine whether a change is worth pursuing and whether it may be successful.

Weighting requires a business to identify driving and restraining forces related to a change, and then allocate each of these forces a number based on how great the likely impact will be on the business. The business can then add up the driving and restraining force numbers to determine whether the change is likely to be successful. Dean & Family Removalists would need to compare and weight the costs of moving resources, including staff, and setting up offices with the increased revenue that could potentially be gained through more clients and sales in regional areas.

Ranking involves a business looking at all the forces and determining which are the most important to the business and should be given priority. This allows the business to allocate resources to areas of the business that will support the change. If Dean & Family Removalists ranks its forces, then it will be able to make a judgement and decision about whether or not to relocate part of the business and set up another office. If a force has been weighted and ranked as the most important, then it should be considered before other forces. By examining both the costs and benefits and ranking all forces, a final decision should be made. Dean & Family Removalists would need to determine the actual costs associated with relocating resources and setting up offices. The business may find that employing new staff in regional areas rather than relocating existing staff, and leasing offices, equipment and vehicles rather than purchasing them might be better options.

Once a business has ranked all the forces, it needs to make a decision and implement a response. Dean & Family Removalists would need to compare the advantages of establishing the regional offices with the costs and then decide whether to set up other offices as recommended by the consultant.

Finally, Dean & Family Removalists would need to evaluate its response to determine whether it has been successful or not. If the evaluation shows that the decision has not been beneficial, then the business would need to revisit the decision and start the process again. Dean & Family Removalists should monitor and evaluate any decision made and ensure that the outcome is the one they were expecting.

5 marks

Award 1 mark for describing Lewin's Force Field Analysis theory.

*Award 2 marks for describing Lewin's Force Field Analysis theory **and** analysing how Dean & Family Removalists could use weighting.*

*Award 3 marks for describing Lewin's Force Field Analysis theory **and** analysing how Dean & Family Removalists could use weighting **and** ranking.*

*Award 4 marks for describing Lewin's Force Field Analysis theory **and** analysing how Dean & Family Removalists could use weighting, ranking and implementing a response.*

Award 5 marks for describing Lewin's Force Field Analysis theory and analysing how Dean & Family Removalists could use weighting, ranking, implementing a response and evaluating the response.