# 2014 Examination Report

VICTORIAN CURRICULUM AND ASSESSMENT AUTHORITY

State Government Victoria

## GENERAL COMMENTS

Students are encouraged to use reading time to read the questions carefully. It is rare that a question will require them to only respond to one element, so a thoughtful reading of the question will allow the student to identify and then address every element of the question. Additionally, students are encouraged to make careful note of task descriptors in questions. These have specific expectations and if a student does not answer in a way that meets those expectations they cannot receive full marks for that question.

Students showed good knowledge of course content. However, students still often struggled to apply that knowledge to case material and the situation presented within the question. It is recommended that this might become a focus when completing trial tasks in preparation for future examinations. There are some preparation tasks that students could perform that would improve their performance. For example, a glossary that precisely and accurately defines key terms will assist students to gain better marks when answering those questions requiring a definition.

## SPECIFIC INFORMATION

**Note: Student responses reproduced in this report have not been corrected for grammar, spelling or factual information.**

This report provides sample answers or an indication of what answers may have included. Unless otherwise stated, these are not intended to be exemplary or complete responses.

The statistics in this report may be subject to rounding errors resulting in a total less than 100%.

**Question 1**

**1a.**

| Marks | 0 | 1 | Average |
|-------|-----|-----|---------|
| % | 34 | 66 | **0.7** |

This question was generally well answered. In most cases students were able to provide a definition that mentioned that staff turnover involved a rate of staff leaving over a period of time; it is a performance indicator in Unit 3, Area of Study 1. However, in some responses there was a lack of precision with the definition.

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

*Staff turnover is a performance indicator that indicates how many staff leave an organisation over a specific time. High staff turnover indicates staff are unhappy or dissatisfied with the job or organisation, while low staff turnover can reflect that people are satisfied with their position.*

**1b.**

| Marks | 0 | 1 | 2 | 3 | 4 | Average |
|-------|-----|-----|-----|-----|-----|---------|
| % | 20 | 21 | 26 | 21 | 12 | **1.9** |

The responses to this question demonstrated that while knowledge of content was good, some students found it difficult to apply that knowledge to the situation given in this question. Most students had knowledge of Maslow's hierarchy of needs and were able to provide a brief explanation of that motivational theory; however, when asked to apply it to the situation at Welham Consulting, many students were unable to do so with accuracy. Students are encouraged to practise applying the theory they have learned throughout the year to case study material.

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

*Maslow's motivation theory is based on a hierarchy of five needs that include lower level extrinsic needs such as physiological and safety and security needs, as well as higher level intrinsic needs such as social, esteem and self-actualisation needs. Maslow emphasised that all employees have needs and will be motivated to achieve those needs. Once a need has been met, it is no longer a motivator and the employee continues to move up the hierarchy in the order of importance. It is in Welham Consulting giving high salaries to employees that only the first level on the hierarchy, physiological needs, have been satisfied. Maslow's higher level needs such as esteem and self-actualisation needs do not state high pay as a motivating factor, but rather Welham should implement development opportunities and increased responsibility in order to motivate employees through satisfying their higher level needs on the hierarchy.*

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**1c.**

| Marks | 0 | 1 | 2 | 3 | Average |
|-------|-----|-----|-----|-----|---------|
| % | 22 | 21 | 37 | 21 | **1.6** |

Generally, this question was answered reasonably well. Most students were able to identify a practice or process from the maintenance phase of the employment cycle and then provide some explanation of how it might be used to improve employee performance. However, it was not always clear that students had thoughtfully read the case material. In this instance the business pays its employees higher-than-average wages. Despite this, many students chose recognition and reward as their practice that would improve employee performance and then stated that if the business was to pay employees more their performance would improve. In this situation this was not a good choice of practice, as the business was already doing this unsuccessfully. Students are encouraged to read the material in a situational context, which will allow them to make a selection from a range of options that will best allow them to respond to the question.

Practices or processes include:
- induction
- performance management
- training and development
- recognition and reward.

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

*Training involves the teaching of staff, which allows them to perform their roles at Welham by boosting skills and knowledge. Welham could offer employees on-the-job training where they work with colleagues in a regular ongoing manner as part of their daily duties. This could involve an experience staff member coaching, shadowing or mentoring other staff who aren't performing to their potential. This will assist in improving staff performance at Welham as those who are underperforming will gain skills and knowledge, allowing them to perform more productively and effectively to ensure the best outcomes for the organisation.*

**1d.**

| Marks | 0 | 1 | 2 | Average |
|-------|-----|-----|-----|---------|
| % | 39 | 46 | 15 | **0.8** |

This question required students to explain the importance of leading in managing large-scale organisations. Many students incorporated a definition of leading, and examples of leadership qualities, in their response. However, some students found it difficult to make the link to the importance of this role in managing staff.

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

*Leading involves inspiring staff towards the achievement of organisational objectives and includes communication, negotiation and motivation. This role is important in the management of staff at a large scale organisation as management must be able to motivate the employees towards the achievement of objectives. Leading helps ensure employees have a sense of direction and something to work towards which will provide them with the motivation that will improve their performance. This helps the organisation to achieve their objectives.*

**Question 2**
**2a.**

| Marks | 0 | 1 | 2 | Average |
|-------|-----|-----|-----|---------|
| % | 30 | 46 | 24 | **1** |

This question required students to describe a driving or a restraining force and link it directly to what was happening at the organisation AusClean Air. In most instances students were able to complete the first part of the question, but often did not address the organisation.

Many students misread the question as requiring them to describe both a driving force and a restraining force. In this situation, only the first option provided was assessed. It appeared that many students found the restraining force easier to explain but they addressed the driving force first in their answer, which meant that this was the response that was assessed.

Students are reminded to carefully read the question to ensure they are answering the question asked. Many students had a clear understanding of driving and restraining forces, but by referring to both they were often unable to provide sufficient explanation to gain full marks.

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Driving forces might include:
- innovation
- customers
- competitors
- environment
- technology
- social change.

Restraining forces might include:
- employees
- cost
- time.

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

*Driving forces are those forces acting on a situation that are pushing in the direction of/supporting a proposed change. One driving force at AusClean Air is customers, who are the people purchasing and consuming an organisation's product/service. Because customers are now increasingly demanding air conditioners, this places pressure on AusClean Air to implement the change to produce new air conditioners (driving force) in order to meet customer demand and thus attract more customers/improve market share.*

**2b.**

| Marks | 0 | 1 | 2 | 3 | 4 | 5 | 6 | Average |
|---|---|---|---|---|---|---|---|---|
| % | 6 | 14 | 22 | 22 | 22 | 11 | 4 | **2.9** |

This question required students to identify two stakeholders of this organisation, explain each stakeholder's interest in the organisation and then go on to comment on how this should be taken into consideration by the organisation when considering its ethical and social responsibilities – that is, three elements for each of the two stakeholders. Few students were able to respond to all three elements for both stakeholders.

It was difficult for the student to comment on ethical and social responsibility in this context if they chose shareholders as one of their stakeholders; those students who made this choice struggled to answer fully. Thoughtful consideration of the question would allow students to make a selection from the range of options available that would better enable them to respond to all parts of the question.

Many students did not explain the stakeholder's interest in the organisation.

Students are reminded that meeting an organisation's legal obligations (through OH&S or anti-discrimination legislation) is not an ethical and social responsibility issue.

Stakeholders might include:
- employees
- suppliers
- managers
- shareholders
- customers
- lobby groups.

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

*Stakeholders are any people or group who hold a vested interest in an organisations operations, activities and procedures. Ethical management refers to the abiding of moral standards and doing 'the right thing' in the eyes of all stakeholders. Social responsibility refers to the obligations of the LSO above and beyond its legal responsibilities to benefit the community and environment. A stakeholder at AusClean Air are the employees, who work at the organisation. They expect AusClean to be ethically and socially responsible in their care for the wellbeing of their employees, providing possible training and development opportunities rather than turning to redundancies. The retention of employees at AusClean by possibly training them on how to use the new machinery benefits the community as it supports employment. A second stakeholder of AusClean Air are the customers. AusClean need to ensure that all its products (air conditioners) operate the way they are intended to and are of the highest quality. Ensuring no defects is an ethical and socially responsible decision as it ensures customer welfare and that there*

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*are no potential dangers or risks involved with the product. Though being ethical and socially responsible can be time-consuming and costly, it can benefit its stakeholders and potentially increase profits in the long term.*

**2c.**

| Marks | 0 | 1 | 2 | 3 | 4 | Average |
|-------|---|---|---|---|---|---------|
| % | 29 | 30 | 24 | 13 | 4 | **1.3** |

This question was answered poorly by many students. In many cases students were unsure what a mission statement was, and those who did know what it was were unable to relate it to the planning that would be undertaken by a CEO (which is planning that is strategic or long term in nature). Some students misunderstood the question and explained the planning that would be undertaken to change a mission statement.

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

*A mission statement states the purpose of an organisation and why it operates. Planning is the process of setting organisational objectives and then implementing the strategies to achieve them. Planning links to the mission statement as all objectives and strategies set and done in line with the purpose of the organisation. When Hilary sets the objectives of AusClean she must do this in line with the mission statement. For example, Hilary will have to set objectives that aim to satisfy the mission of helping the environment and consumer expectations. When Hilary analyses the business environment, possibly seeing the strengths and weaknesses of the internal environment and opportunities and threats of the external environment, she must analyse in terms of the goals of the mission statement. Hilary will need to gather information on the environment and customer needs in order to plan. When Hilary plans and sets strategies she must ensure that these strategies help achieve the mission. Such strategies may be to reduce waste to help the environment or to lower prices for customers. Finally, when Hilary implements and evaluates the strategies she must monitor whether the strategies are helping achieve the mission of helping the environment and customers. If not, she will have to plan again and implement new strategies.*

**2d.**

| Marks | 0 | 1 | 2 | 3 | 4 | 5 | 6 | Average |
|-------|---|---|---|---|---|---|---|---------|
| % | 18 | 9 | 15 | 20 | 22 | 10 | 6 | **2.8** |

This question contained multiple elements that needed to be answered. Students were required to name both a low-risk practice and a high-risk practice for dealing with resistance to change. They then had to discuss each practice and finally make a recommendation about which would be the most effective. The term 'discuss' means to talk about something in detail, considering both pros and cons, benefits and limitations.

It is essential that students read the question carefully, make note of what the task descriptor is asking them to do and then fully answer the question.

Low-risk practices might include:
- communication
- participation
- support
- negotiation
- introduction of a change agent.

High-risk practices might include:
- manipulation
- threat.

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

*To tackle resisting forces to change, management may decide to implement high-risk and low-risk strategies. Low-risk strategies refer to methods of approaching change in an incremental, steady manner which can reduce levels of anxiety and fear during the stressful process of organisational change.*

*A low-risk practice can involve employee involvement or teamwork through the process, and enables employee input and two way communication. This practice could enable the HRM to discuss and ask employees their ideas for the process of implementing the new technologies. This strategy can also reduce anxieties as the situation is clearly explained so there are no misunderstandings. One disadvantage is that it is very time consuming to get employee involvement.*

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*A high-risk practice enables for the immediate implementation of change, and is appropriate for critical situations, though may increase resisting forces rather than eliminate them.*

*The HRM of AusClean Air may choose to coerce or use threats to convince employees who are against the change. They may do this through threatening mass redundancies or wage-cuts. The disadvantage of high-risk strategies are that it fosters a negative corporate culture which breeds mistrust and a bad employee-employer relationship. It is beneficial for quick change implementation though. Low-risk strategies would be more effective as they supportively manage the implementation of change.*

**Question 3**
**3a.**

| Marks | 0 | 1 | 2 | Average |
|-------|-----|-----|-----|---------|
| %     | 41  | 43  | 16  | **0.8** |

Given that both 'percentage of market share' and 'number of customer complaints' are listed in the study design as performance indicators, students are expected to understand what these terms mean. It is highly recommended that students do not use the terms they are defining in their definition. With terms that are within the study design and are therefore likely to appear in the examination, it might be best to determine synonyms for key terms during the revision process. For example, many students wrote that the percentage of market share is the business's share of the market, expressed as a percentage, and that the number of customer complaints is the number of complaints received by customers. In both cases these responses were unacceptable.

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

*Percentage of market share refers to the amount of customers who buy the product or service from the organisation out of the total customers who purchase the good or service in the industry, and is presented as a percentage.*

*Number of customer complaints refers to the amount of dissatisfied customers voicing their dissatisfaction through verbal or written forms. For example, the rise in customer complaints at Shackleton is the increase of customer dissatisfaction with the good or service.*

**3b.**

| Marks | 0 | 1 | 2 | 3 | 4 | Average |
|-------|-----|-----|-----|-----|-----|---------|
| %     | 12  | 19  | 32  | 26  | 11  | **2.1** |

Based on the information provided, Zac is using a laissez-faire management style; therefore, there was some flexibility about which other management style might work best. Most students were able to identify an appropriate management style (most chose either autocratic or participative) and explain its characteristics. However, few were able to relate it to the situation at Shackleton and explain why it would, therefore, be an appropriate management style in this circumstance.

Management styles include:
- autocratic
- persuasive
- consultative
- participative.

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

*Productivity is the level of outputs compared to the amount of inputs, and indicates efficiency and effectiveness. A management style is a way in which a manager communicates and their attitude towards making decisions. Zac could use an autocratic style of management, which is where the manager dictates the decision made with no employee input. It is a hierarchical, top-down form of communication and is effective in promoting hard work and efficiency. To tackle the drop in productivity, Zac could make the decision to implement a specific goal that is achieved by his employees. The centralised decision-making is suited to the nature of the situation, which if not attended to, could result in a decrease in profits and market share. By outlining concise and clear objectives for his employees, they would be able to work to a common goal, such as increasing the number of security systems installed each day, in order to increase productivity. A disadvantage of Zac implementing this style is that employees may feel devalued by their lack of input and ability to communicate in the decisions being made. It may also create a negative corporate culture where teamwork is not valued.*

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**3c.**

| Marks | 0 | 1 | 2 | 3 | 4 | Average |
|---|---|---|---|---|---|---|
| % | 15 | 23 | 32 | 19 | 10 | **1.9** |

It has been a recurring issue with management skills questions that students are able to identify an appropriate skill and justify its use, but that they are rarely able to explain the skill. This question required students to identify the skill, provide an explanation of what that skill is, then relate it to the situation regarding customer complaints at Shackleton. Some students selected a management skill that was difficult to relate to the situation, which restricted their opportunity to gain full marks.

Some management skills are:
- communication
- problem-solving
- technical skills
- negotiation
- time management.

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

*One management skill is communication. This is the process of creating and exchanging information. Zac will need to communicate with customers and try to find the source of problems. Once identified, Zac will then need to communicate to staff the changes that must occur in the production of the security systems to ensure that these problems do not arise again.*

*To address the issue of customer complaints, Zac could use problem solving skills. This would enable him to identify and rectify the cause of the customer complaints, which may be the cost of the product. Once the problem is identified, Zac could choose a course of action to decrease the number of customer complaints. He would also need to evaluate the effectiveness of his implemented strategy to ensure it achieves the objective of minimising complaints.*

**3d.**

| Marks | 0 | 1 | 2 | 3 | 4 | 5 | Average |
|---|---|---|---|---|---|---|---|
| % | 41 | 14 | 16 | 16 | 10 | 4 | **1.6** |

Students struggled with the multiple demands of this question. They were required to name a management structure that would be appropriate for this organisation, describe that structure and then justify why it was appropriate to this organisation at this time. In many cases students were able to identify a structure, but then followed that with a limited explanation of the features of the structure and a limited justification of its appropriateness. It is expected that students will have an understanding of all of the possible management structures, which would then allow them to review the situation and apply the best option to the case study material. In some cases students chose the matrix structure, which was not really appropriate for this organisation and this significantly limited their opportunity to write a detailed response.

A better choice was either functional or divisional management structure.

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

*Shackleton could implement a functional management structure. In this structure, employees are grouped based on the activities and tasks they perform, and can be grouped into five broad categories: Marketing, Human Resources, Operations, Research and Development and Finance. The benefits of implementing a functional structure is that it allows a defined career pathway for employees in each department. It also allows for task specialisation, which would be extremely beneficial to Shackleton's operations department as they strive to produce products 'of the highest quality'. The functional structure would ensure each of Shackletons offices have highly skilled employees working in each functional department, leading to increased productivity and job effectiveness. The functional management structure can sometimes lead to narrow department focus, decreasing efficiency levels within the organisation. It would allow for Shackleton to take full advantage of 'economies of scale' as no work is being duplicated in the departments. There is a high level of accountability and would allow Shackleton to identify points of low productivity which can lead to a drop in profits.*

**3e.**

| Marks | 0 | 1 | 2 | 3 | 4 | Average |
|---|---|---|---|---|---|---|
| % | 52 | 20 | 19 | 6 | 3 | **0.9** |

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This question was very poorly answered. Many responses dealt with OH&S issues. Meeting legal obligations in the area of OH&S and anti-discrimination legislation is not an ethical issue. By definition, ethics is going beyond the legal requirements faced by an organisation.

Ways in which Shackleton can ensure it is operating ethically include:
- honesty in recruitment
- diversity of selection
- provision for casuals
- decent working environment
- job security
- employee relations mechanisms
- access to ongoing training
- performance reviews and rewards
- confidentiality
- sensitivity at termination
- assistance into retirement
- ethical management of dismissal.

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

*As there may be future redundancies, termination and dismissals, which involve the termination of the employment relationship, Shackleton may need to provide appropriate exit services. These may include ongoing support for those staff who are leaving the company, possibly offering employment counselling or referrals to other organisation's to assist the employees future employment endeavours. This would be ethical and socially responsible as it manages the mental and physical wellbeing of its departing employees.*

*One way that Shackleton can operate ethically in terms of its Human Resource Management (HRM) is by providing employees with assistance, training and development (Eg. funding extra training and multi-skilling programs, helping employees to achieve personal growth and development). By going above and beyond the minimum requirements for managing employees this would demonstrate that the organisation is socially responsible as it is committed to supporting its employees and helping them to grow. For example, Shackleton could offer employees free courses to upgrade their technological skills.*

## Question 4

| Marks | 0 | 1 | 2 | 3 | 4 | Average |
|-------|-----|-----|-----|-----|-----|---------|
| % | 38 | 23 | 23 | 10 | 6 | **1.3** |

This question approached the content of industrial relations in a different manner to previous examinations, which focused on comparisons between the centralised and the decentralised approach. Most students were able to identify a role that the Human Resource Manager would have in this sphere and were therefore able to garner some marks. Students were required to think of this content from a different angle, and apply their knowledge to the question asked.

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

*A decentralised approach to employee relations involves the negotiation and terms of employment being discussed and decided at enterprise level, that is, within the organisation. The role of the Human Resource Manager (HRM) under this decentralised approach is to negotiate agreements which may include a group of employees (collective agreements) or individual employees (individual contracts). Their role is to negotiate the employees working conditions and wage, and may include their hours of work, leave entitlements, sick days and other entitlements. The HRM needs to work collaboratively with the employees to ensure both are in agreement with the conditions of employment.*

*The HRM is also responsible for keeping up to date and informed of any legal requirements or work agreements, such as the minimum wage and annual leave. By doing these things, the HRM ensures a positive relationship between the employer and employee. If any disagreements or disputes do arise, the HRM needs to represent the employer or organisation in order to settle the dispute through discussion, mediation or conciliation.*

## Question 5

| Marks | 0 | 1 | 2 | 3 | 4 | Average |
|-------|-----|-----|-----|-----|-----|---------|
| % | 25 | 30 | 30 | 11 | 5 | **1.4** |

This question asked students to refer to a significant change issue they studied. It did not require students to provide an example of an organisation they had studied. Many students chose to provide an organisation example, which was

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appropriate if it was used to enhance their answer and provide greater explanation. However, many students used their organisation example as the entire basis of their answer and provided rote-learned responses that did not answer the question.

Factors from within the internal environment that may possibly be affected by change may come from the following areas:
- operations management
- human resources
- management style
- corporate culture
- management structure
- management roles
- policy.

Students needed to describe how change would impact on the internal environment and relate it to a significant change issue. For example, globalisation may lead to the introduction of new technology, rewriting job descriptions, staff training, modifying objectives, etc.

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

*The significant change issue I have studied this year is social and ethical responsibility with a focus on sustainability. Two possible effects that change may have on the internal environment of a large-scale organisation are policies and corporate culture. The policies of an organisation are a set of rules/guidelines which must be followed by the organisation's employees. In the focus on sustainability, organisations have become more sustainable by changing their policies. For example, Linfox has established their Greenfox policy to decrease their carbon emission levels, and has also implemented a number of initiatives such as their project 'switch off' which has allowed them to conserve electricity and become more environmentally friendly. Change may also alter the corporate culture of a large-scale organisation (the shared values and beliefs which may affect decision-making, activities, and actions of the organisation). Increasing environmental consciousness may result in a 'greener' corporate culture where employees value environmental sustainability.*

**Question 6**

| Marks | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | Average |
|-------|----|----|----|----|----|----|----|---|---|---|----|---------|
| % | 22 | 11 | 10 | 10 | 10 | 12 | 11 | 9 | 4 | 2 | 1 | **3.4** |

Most students addressed this question in the order offered by the recommendations of Ms North. This tended to work well as it provided a structure to their response that assisted in their meeting the requirements of the question.

Questions must be read carefully. Some students thought the recommendations followed the same order as the problems identified; however, this was not the case.

Students were required to discuss methods to address the recommendations. Few students included both benefits and limitations of these methods. There were many approaches to this question in terms of breadth of methods and the depth to which they were discussed. Any discussion needed to be related to the case study material.

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

*Recruitment is a process within the organisation which entails the attracting of potential applicants for a job, either internally or externally. In order to address Ms Norths identified problems, Ready-Made Meals Human Resource Manager may choose to branch out and recruit externally. The potential applicants would be drawn by advertisements through job agencies, online websites or through newspapers. The advertisement for the job could outline the ideal employee who would suit the job to address Ready-Made Meals future staffing needs, ensuring only the most suitable applicants are drawn to the job. Another key process in the establishment cycle is selection, where potential applicants submit their applications and are screened, interviewed, tested, and informed of the outcome. The selection process of conducting interviews may be changed in order to identify and sift through the applicants to find the most appropriate one. This would overcome the issues of staff not being suited to future needs of the LSO, but may be more time consuming for improved interview processes.*

*The management of quality refers to the evaluation of a products durability and effectiveness in doing what it is intended to do. To increase the quality of Ready-Made Meals, the operations manager may choose to implement the strategy of quality assurance. This would involve getting an external organisation to audit the production processes of the operations system against predetermined and established national or international standards. One example is the ISO standards. Ready-Made Meals would strive to achieve these quality standards and if met, can display the certification and be assured that their food*

*standards are of national or international standard. Implementing this will allow for advanced competitiveness and possibly eliminate customer opinion that Ready-Made Meals' products are inferior to those of their competitors. This may also increase its market share, but can cost the organisation money and increased efforts in maintaining these standards.*

*Materials management is an operations strategy which organises and plans the use, sourcing and type of resources used in the production process. Ready-Made Meals could implement a Just-In-Time strategy to ensure there are minimised levels of waste in the production process. Just-in-time materials management is where the inputs or raw materials are delivered when the old ones are being used up or when needed. Good supplier relationships are needed for this strategy but it can also ensure that the perishable raw materials at Ready-Made Meals are not going off and producing waste and cost. Implementing these measures allow for increased business competitiveness and can result in increased profits for the LSO.*