

BUSINESS MANAGEMENT UNITS 3 AND 4

Business Management Units 3 and 4 practice exam and suggested answers

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

All 13 questions are compulsory. The command/task words in each question, the corresponding number of marks allocated and the number of lines provided after each question give a guide to the appropriate length of responses. Additional space is provided at the end of the question and answer book.

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

Name: _____ Teacher: _____

BUSINESS MANAGEMENT UNITS 3 AND 4

Practice written examination 2018

Reading time: 15 minutes

Writing time: 2 hours

QUESTION AND ANSWER BOOK

Structure of book

<i>Section</i>	<i>Number of questions</i>	<i>Number of questions to be answered</i>	<i>Number of marks</i>
A	7	7	50
B	6	6	25
			Total 75

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

Materials supplied

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

Instructions

- Write your name and your teacher's name in the spaces provided above on this page.
- All written responses must be in English.

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

SECTION A

Instructions for Section A

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

Question 1 (12 marks)

Read the following information and use it to answer the questions that follow.

Sunrise Bakehouse is a large, independently owned and operated bakery in a large country town in north-western Victoria. It sources 70% of its ingredients from local suppliers and donates unsold bread to the local TAFE for its onsite hospitality trade-training cafe. The bakery is certified as a Hazard Analysis Critical Control Points (HACCP) manufacturer to ensure the highest standard in safe food handling and food production when using equipment. Sunrise Bakehouse bakes a wide range of bread and pastries to sell in its store and also supplies food to a number of local cafes. The level of waste has risen by 8% in the last two years.

a. Describe the key elements of the operations system at Sunrise Bakehouse. 3 marks

b. Outline **two** ways in which Sunrise Bakehouse demonstrates corporate social responsibility considerations in its operations system. 2 marks

c. Distinguish between quality control and quality assurance.

3 marks

d. Compare **two** lean management strategies that Sunrise Bakehouse could use to improve its business efficiency.

4 marks

Question 2 (3 marks)

Define **one** principle (discipline) of Senge's Learning Organisation model and explain how this principle applies in a learning organisation.

Question 3 (4 marks)

While change is seen as exciting by some employees, for most the prospect of change leads to feelings of uncertainty, fear and stress.

Discuss the use of low-risk strategies and high-risk strategies for overcoming employee resistance to change.

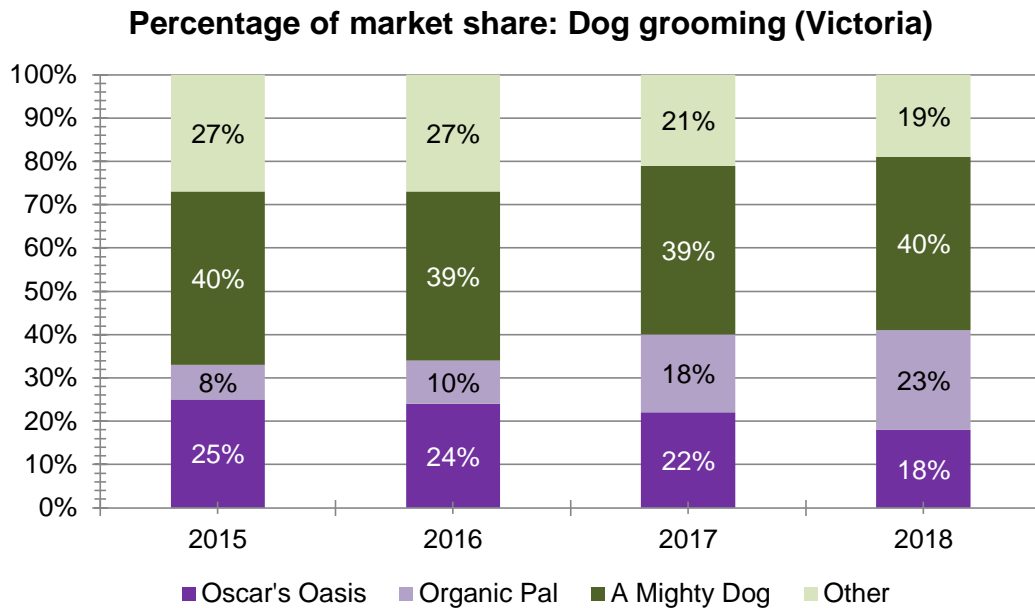
Question 4 (9 marks)

Read the following information and use it to answer the questions that follow.

Oscar's Oasis is a mobile dog-grooming business, owned by Max Naylor. It opened in 1993, operates throughout Victoria and has 38 employees. There are five regional team leaders who each lead a team of six mobile dog washers. There are three administration staff based at the central office in Melbourne and they are responsible for human resources, marketing and bookings.

Organic Pal opened in 2014 and is the only competitor in the market that uses 100% organic products. Organic Pal charges approximately 10% more than Oscar's Oasis and another business, A Mighty Dog. Oscar's Oasis charges a similar price to the other competitors in the market, but Max is concerned about business performance.

FIGURE 1: PERCENTAGE OF MARKET SHARE



a. Define the term 'percentage of market share'. 1 mark

- b. Using the information provided in Figure 1 on page 6, describe the business performance of Oscar's Oasis. 2 marks

- c. Other than percentage of market share, identify **two** other key performance indicators (KPIs) Max could use to assess his business's performance. 2 marks

- d. Max is planning the future strategic direction of Oscar's Oasis and is considering which of Porter's Generic Strategies to adopt.

Propose an effective strategy and justify your choice. 4 marks

Question 5 (4 marks)

With reference to a contemporary case study, demonstrate how the key principles of Lewin's Three Step Change Model have been applied.

Question 6 (8 marks)

Read the following case study and answer the questions that follow.

Evolve is a large clothing boutique. It sells clothing, shoes and accessories from high-end fashion labels and provides a styling service for its clients. Eva is the owner of Evolve. She has high expectations of her staff and sets challenging sales targets for them to achieve. Seven of her 10 staff has not met their sales targets for the past four months. Eva finds giving feedback about performance to be challenging as she does not have a formal performance management system in place.

- a. Describe an appropriate performance management strategy that Eva could implement with her staff. 2 marks

SECTION B: CASE STUDY

Instructions for Section B

Use the case study provided to answer the questions in this section. Answers must apply to the case study.

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

Read the following case study, including Table 1 on page 13, and answer the questions that follow.

Luxuri8 Hotel Group is a private limited company that employs over 2,000 people across seven sites in Australia. The Human Resource (HR) department has a major influence on the core functions of the business, helping it to deliver excellent customer service and supporting organisational change initiatives.

The core functions of the HR department are:

- providing general advice and payroll functions
- recruiting and selecting
- training
- managing change (people and culture).

Luxuri8 follows the Hospitality Industry (General) Award (2010). As of the first full-pay period starting on or after 1 January 2018, the Fair Work Commission issued changes to the award, which fell broadly into two categories—greater flexibility in rostering of hours for part-time employees and overtime penalty rates for casual employees.

In June 2018, Samantha Greenhill, who is the HR Manager at Luxuri8, led a design team to analyse the current HR practices and processes, with the goal of implementing changes to address issues relating to efficiency, effectiveness, productivity and culture.

Within three days, it became clear that there were a number of issues that needed to be addressed:

- Employees complained that their queries regarding payroll and general HR issues are not being addressed efficiently and that there are often errors on their payslips.
- The rates of staff absenteeism and turnover are higher than industry average.
- The employee survey data indicates that the current induction and training practices are not equipping employees to fulfil their roles and responsibilities accurately.
- Employee perception is that they do not feel valued and supported by management and there is a lack of promotional opportunities.

Samantha summarised the key performance indicators (KPIs) in Table 1.

TABLE 1: SUMMARY OF KEY PERFORMANCE INDICATORS

Key performance indicators (KPIs)	Actual (January 2018)	Target (December 2018)
Employee queries resolved at first point of contact	45%	80%
Accuracy of payroll entries	88%	97%
Rate of staff absenteeism	5%	2%
Staff turnover	56%	47%*
Number of customer complaints	200 per month	150 per month
Net profit (six months)	\$270 000	\$300 000

* Staff turnover industry average is 48.66%

Question 1 (5 marks)

Samantha needs to possess and apply a range of management skills in her role as Human Resource Manager.

- a. Other than communicating, identify **two** management skills Samantha needs to perform this position successfully. 2 marks

- b. Explain how Samantha might use the two skills identified in your response to **part a.** when managing people and implementing change at Luxuri8. 3 marks

Question 2 (2 marks)

Apart from human resources, explain how **one** other area of management responsibility contributes to the achievement of business objectives.

Question 3 (3 marks)

Describe the characteristics of operations management within Luxuri8.

Suggested answers

SECTION A

Question 1 (12 marks)

a. Describe the key elements of the operations system at Sunrise Bakehouse. 3 marks

There are three key elements of the operations system; inputs, processes (transformation) and outputs. The inputs are the resources that are required in order to produce the goods or services, for example, flour, sugar and bakers. Those inputs are transformed through a series of processes and procedures in order to become finished goods or services, for instance, mixing dough using machinery or baking using ovens. The outputs are the finished/final goods or services that the business sells to customers, for example, bread and pastries.

Marking guide:

1 mark for identifying the features of an element and providing an example (x three = 3 marks)

b. Outline two ways in which Sunrise Bakehouse demonstrates corporate social responsibility considerations in its operations system. 2 marks

Corporate social responsibility is the commitment by a business to be responsible for the economic, social and environmental impact of its decisions and activities, and be accountable to a wide range of stakeholders. One way in which Sunrise Bakehouse demonstrates corporate social responsibility is through sourcing some of its inputs (ingredients) from local suppliers and supporting other local businesses. Another way is through the donation of excess/unsold outputs to the local trade-training cafe for use by hospitality students and to support the local TAFE.

Marking guide:

1 mark for indicating the main features of a corporate social responsibility (x two = 2 marks)

c. Distinguish between quality control and quality assurance. 3 marks

Quality control involves conducting checks on the quality standards throughout the different stages of production, whereas quality assurance is a system designed to prevent mistakes and defects, to ensure quality standards are met throughout the production process. A key difference is that quality assurance is proactive and plans for the elimination of errors and defects before they occur, whereas quality control is reactive, where the business detects and eliminates defects only after they have occurred. Another difference is that quality assurance might involve the use of an external accreditation body, such as SAI Global. Quality assurance also considers matters such as staff training and production processes, whereas quality control is usually an internal process that focuses only on quality checks.

Marking guide:

1 mark for describing quality control and quality assurance

2 marks for stating the differences between the terms

- d. Compare two lean management strategies that Sunrise Bakehouse could use to improve its business efficiency. 4 marks**

Note: The following answer is one of a number of possible answers to this question. Other possible strategies include 5S, seven types of waste, use of automation, kaizen or the 'pull' principle.

Two lean management strategies that Sunrise Bakehouse could use to improve business efficiency is Just in Time (JIT) and zero defects.

JIT and zero defects are both strategies that aim to improve efficiency in the use of resources to reduce waste. Both strategies focus on reducing costs to improve profits and involve a commitment to continuous improvement.

However, there are significant differences in how JIT and zero defects approach efficiency. JIT would involve Sunrise Bakehouse receiving materials as they are needed in the production process in order to reduce storage costs. Zero defects; however, would involve Sunrise Bakehouse striving for perfection and eliminating defective outputs. JIT focuses on the delivery of inputs as they are needed in the production process, whereas zero defects is more focused on the perfection of outputs to eliminate waste. JIT achieves efficiency through the management of materials, whereas zero defects achieves efficiency through the management of quality.

Marking guide (global):

1–2 marks for lower-scoring responses that provide brief details of the two strategies and a limited comparison

3–4 marks for high-scoring responses that provide key similarities and differences in the strategies, with reference to the case study

Question 2 (3 marks)

Define one principle (discipline) of Senge's Learning Organisation model and explain how this principle applies in a learning organisation.

Note: The following answer is one of a number of possible answers to this question. Other principles include systems thinking, team learning, mental models and building a shared vision.

Personal mastery is a commitment to continued learning and growing as an individual, with the vision to create a desired future. For a business, personal mastery is an important discipline for individuals to develop, as they are more likely to possess an inquiring mind, a sense of purpose, view challenges as opportunities and understand that they are an individual within a bigger system. Collective personal mastery is a powerful way to build organisational capacity as the tension between the current reality and the shared vision is what propels individuals and businesses forward.

Marking guide:

1 mark for identifying one of the five principles

1 mark for stating the meaning of the principle and its essential qualities (definition)

1 mark for explaining how this principle can be applied to develop personal capacity in a business

Question 3 (4 marks)

While change is seen as exciting by some employees, for most the prospect of change leads to feelings of uncertainty, fear and stress.

Discuss the use of low-risk strategies and high-risk strategies for overcoming employee resistance to change.

Note: The following answer is one of a number of possible answers to this question.

Low-risk strategies for overcoming employee resistance to change include communication, empowerment, support and incentives. Low-risk strategies are a more participative approach to overcoming resistance and are more likely to be effective in the long-term.

When employees respond positively to low-risk strategies, they are more likely to agree with, and maintain, the change. Low-risk strategies offer advantages that serve to maintain and improve culture, including the preservation of employee morale and their commitment to the success of the business. Low-risk strategies also link to some of the effective motivational strategies, such as the use of incentives or support, which can be used to increase motivation. Because low-risk strategies are long-term in nature, the disadvantages of using low-risk strategies are that they require investment of time and resources in order to execute the strategies, and subsequently they can be slower to initiate the change and gain momentum.

High-risk strategies for overcoming employee resistance to change include manipulation and threat. High-risk strategies are a more autocratic approach to overcoming resistance, and while they might be effective in the short-term, they can be harmful in the long-term, in terms of corporate culture and working relationships between employees.

High-risk strategies are useful in a crisis situation when action needs to be taken swiftly. Another advantage of using high-risk strategies is that they can lead to employees implementing change quickly, to match what the manager requires. However, high-risk strategies can force people to act against their will—this can be done subtly, in the form of manipulation, or directly, in the form of a threat. High-risk strategies can result in greater mistrust of managers, feelings of fear or resentment and lower levels of motivation, with employees acting in a reactionary way. Another key disadvantage of high-risk strategies is that they can actually lead to greater employee resistance, which in turn can lead to higher rates of staff absenteeism and staff turnover or even industrial disputes.

Marking guide:

1 mark for providing an advantage of low-risk strategies

1 mark for providing a disadvantage of low-risk strategies

1 mark for providing an advantage of high-risk strategies

1 mark for providing a disadvantage of high-risk strategies

Note: An explanation of the strategies is not required to gain full marks; however, in the sample response the explanations provide a context for the discussion of each strategy and explicitly list the strategies included in the study design.

Question 4 (9 marks)

- a. Define the term ‘percentage of market share’.** **1 mark**

Percentage of market share is the percentage of sales volume in a market that is captured by one particular business.

Marking guide:

1 mark for stating the meaning of the term and providing the essential qualities of percentage of market share

- b. Using the information provided in Figure 1 on page 6, describe the business performance of Oscar’s Oasis.** **2 marks**

From 2015 to 2017, Oscar’s Oasis experienced a gradual decrease in percentage of market share from 25% to 22%; however, there was a more significant drop in market share in 2018, to 18%. In contrast, Organic Pal has seen a significant increase in percentage of market share in the same period—an increase from 8% to 23%. This demonstrates that Oscar’s Oasis has seen a decline in its business performance and competitive advantage.

Marking guide:

1 mark for interpreting the KPI trend

1 mark for describing the impact on competitive advantage/business performance

- c. Other than percentage of market share, identify two other key performance indicators (KPIs) Max could use to assess his business’s performance.** **2 marks**

Two other key performance indicators (KPIs) are net profit and rate of productivity growth.

Marking guide:

1 mark for a KPI (x two = 2 marks)

- d. Max is planning the future strategic direction of Oscar’s Oasis and is considering which of Porter’s Generic Strategies to adopt. Propose an effective strategy and justify your choice.** **4 marks**

Note: The sample response is just one example of a justification for the differentiation strategy. The cost leadership strategy (lower cost approach) is also an appropriate one for Oscar’s Oasis to adopt. If this was the response given, then the justification might include reference to cutting costs, for example, through the adoption of lean management principles and/or charging lower prices to their competitors.

The most effective strategy would be differentiation. Oscar’s Oasis currently charges a similar price to the other competitors in the market for a similar service, with the exception of Organic Pal, which uses 100% organic products in their dog-grooming service. Organic Pal’s significant increase in percentage of market share shows that there has been a massive increase in customer demand for the use of organic products in the grooming of dogs—this might reflect the changing societal attitudes towards the benefits of organic ingredients.

Given that Oscar’s Oasis still holds 18% percent of the market share and has been in business for 25 years, it might be detrimental to the business to completely change its business model, particularly for its long-term, loyal customers who are more concerned about price than the products used. However, the introduction of a premium dog-grooming service, which is more expensive than the standard service, but uses 100% organic products, might help to retain existing customers who are environmentally conscious. In addition, it might also attract new customers who are seeking a more natural method of grooming their dogs and other associated treatments. This approach will differentiate Oscar’s Oasis from the rest of the competitors in the market in that it will be the only

grooming service that offers both traditional and 100% organic dog-grooming services. This means it can continue to service the customers who want a lower cost option, as well as meeting the rising demand for organic products and a premium dog-grooming service.

Marking guide (global):

1 mark for proposing a strategy

1–3 marks for the coherence of the evidence supporting the proposed strategy. A high-scoring justification will link to evidence provided in the case study. Evidence might be quantitative in nature, such as referencing the key performance indicators and/or qualitative in nature, such as referencing trends observed or other information contained in the prompt, for example, the products used by Organic Pal.

Question 5 (4 marks)

With reference to a contemporary case study, demonstrate how the key principles of Lewin’s Three Step Change Model have been applied.

Note: *The following answer is one of a number of possible answers to this question.*

Step 1 of the Three Step Change Model is to ‘unfreeze’ the status quo. Australia-wide, Woolworths has committed to phasing out the use of single-use plastic bags. This has involved recognising three important matters—the detrimental impact that single-use plastic bags is having on the environment, the need to source alternative bags, such as reusable bags at difference price points and setting a date to stop the use of bags in store and for online deliveries (this occurred in June 2018).

Step 2 of the model is ‘move’—moving from the current to a new situation. Woolworths facilitated the move step through investing in a range of marketing and promotional activities to indicate when the change would be occurring and to signal to employees and customers how they will be expected to change their behaviour in response to the change. After the single-use bags were no longer available in store, Woolworths provided 15c reusable bags for free to customers to support them in the change process and minimise the impact on employees arising from the change.

Step 3 of the model is ‘refreeze’—refreezing the new situation. Part of why this change in practice will be successful is that both Coles and Woolworths, the two major supermarkets in Australia, have committed to no longer providing single-use plastic bags to customers, therefore, changing the norms, behaviours and expectations of Australian shoppers generally. Woolworths has eradicated the availability of free shopping bags, which in itself, acts to refreeze the new situation. Both customers and employees have had to respond and change their practices; however, Woolworths supports the refreeze step by offering a range of reusable bags at different price points, including a relatively low-cost option to customers if they do not bring their own bag. Part of why this change will also be successfully refrozen is that it reflects the broader societal attitudes towards reducing waste.

Marking guide:

1 mark for naming a relevant, contemporary case study

1 mark for applying a step in the model to the case study (x three = 3 marks)

Question 6 (8 marks)

- a. Describe an appropriate performance management strategy that Eva could implement with her staff.** **2 marks**

Note: The following answer is one of a number of possible answers to this question. Other possible strategies include management by objectives, self-evaluation and employee observation.

Performance appraisal is an appropriate strategy. It measures employee performance against a set of predetermined standards to evaluate performance. If only three out of 10 employees are meeting their targets, this indicates there are performance issues that need to be addressed across the business. This method would be appropriate at Evolve as it standardises expectations of staff in terms of how they meet the needs of clients in the retail environment as well as the styling service so sales targets can be met. Not only will this strategy give insight into individual performance and development needs, but it will also help Eva to identify areas that require training and development across the business.

Marking guide:

1 mark for naming an appropriate strategy

1 mark for stating the key characteristics of the strategy in order to demonstrate its suitability

- b. Outline why Eva should use Lawrence and Nohria's Theory of motivation and explain how she could use the theory to assist in improving the performance of her staff.** **6 marks**

Lawrence and Nohria's Four Drive Theory is based on the concept that the four drives (to acquire, to bond, to comprehend and to defend) exist within all of us. In order for Eva to improve the performance of her staff and to achieve business objectives, she can apply this theory to consider how each drive affects the motivation of her employees, and then plan to improve performance by targeting specific areas for each employee.

When considering the drive to acquire, Eva might link incentives to the sales targets she has set for the employees or use other methods to reward and recognise performance, such as career advancement opportunities. Concerning the drive to bond, Eva might be more inclusive in her goal setting and decision-making through the development of shared goals or making decisions in a more consultative manner. She might also cultivate positive long-term working relationships through activities like team building, celebrations or social events. Training and development, mentoring and coaching are all examples of how Eva could meet the drive to learn in her employees and improve the performance of individuals and teams. The drive to defend is a latent drive and stems from a natural instinct to defend ourselves and those we care about. This drive can link to fear and resistance to change, but could be used constructively to build business pride, reinforce commitment to purposes and values, create a team culture and be an employer of choice.

Marking guide:

1 mark for providing the key features of the theory

1 mark for providing a reason for its use

1 mark for linking a drive to motivating improvements in performance (x four = 4 marks)

Note: A high-scoring response might not necessarily address every drive; instead it might focus on one or two drives, but go into more detail when exploring the link between the drive and improved performance. In this case, mark globally.

Question 7 (10 marks)

‘The business of business should not be about money. It should be about responsibility. It should be about public good, not private greed.’ Evaluate this statement.

Note: The following answer is one of a number of possible answers to this question.

Corporate social responsibility (CSR) is the commitment by a business to be responsible for the economic, social and environmental impact of its decisions and activities, and to be accountable to a wide range of stakeholders. Inherent to a business that is committed to CSR is the dedication to behaving in a manner that benefits the broader society.

There are four main business objectives: to make a profit, to increase market share, to meet shareholder expectations and to fulfil a market and/or social need. This statement creates tension because of the juxtapositions of the objectives; between meeting a social need and making profits. In reality, this can be challenging for businesses as CSR requires a business to go above and beyond its legal requirements, which can significantly increase costs, hence potentially decrease profits. When a business makes a commitment to being ethical and acting in a responsible manner, it can differentiate itself from its competitors and use its CSR strategically to gain competitive advantage. Changing societal attitudes, technology and globalisation are significant driving forces for change in terms of businesses acting in a more ethical and sustainable manner.

Key strengths of a business being committed to responsibility and public good over profits and private greed, include building trust and loyalty with a broad range of stakeholders, cultivating an altruistic corporate culture and being a key differentiator (or source of competitive advantage) over competitors. Examples of businesses that harness their CSR as a source of competitive advantage to improve profitability include The Body Shop, Flora and Fauna and Konica Minolta. Flora and Fauna is an online store committed to selling 100% ethical, vegan and cruelty free products. It recently discontinued two extremely popular lines because the brands had been purchased by a large multinational that is known for using animal testing. Via social media, its website and newsletters, Flora and Fauna framed this decision as demonstrating their unwavering commitment to its purpose and values, and through social media, Flora and Fauna customers demonstrated overwhelming support for this decision.

With the introduction of the internet and social media, consumers have significantly more access to information about the businesses they purchase from. When a business is behaving in an unethical manner, the publication and rapid spread of this information can have dire and far-reaching consequences for a business. Recent examples of this include Volkswagen’s emissions scandal, Facebook’s privacy breaches and various allegations against the Commonwealth Bank. When a business is involved in a scandal, it often results in immediate negative ramifications, including public backlash, and for a publicly-listed company, it can result in a drop in share price. This will have a negative impact on shareholders and it can cost managers and employees their jobs. As a consequence, there could be a decrease in sales, which will ultimately decrease profits.

What this statement does not consider is the practical and financial impact that CSR can present businesses. One of the biggest challenges facing businesses in terms of CSR is the global supply chain. While they might be committed to acting in an ethical manner, it can be extremely challenging and costly to vet and monitor the behaviour of all suppliers in the supply chain, particularly if that supply chain is complex and global in nature. The varying legal, social and environmental standards and practices across different countries can be difficult to navigate. If one link in that supply chain is compromised, it can be devastating for a business that is unaware of the actual practices of its suppliers. Also, CSR requires a business to go above and beyond the legal requirements in its social, environmental and economic decisions and actions. This requires significant investment and strategic intent across all areas of management responsibility. In reality, to meet customer demand in an ethical manner is incredibly costly for businesses and might drive up the costs of goods and services for the

consumer. Without strategic marketing and promotion of CSR decision-making and actions, it might not necessarily translate into profit or the achievement of other objectives, such as improving percentage of market share.

Ultimately, there is increasing global demand for businesses to behave in an ethical manner and demonstrate corporate social responsibility in the way in which they make decisions and behave. While it can be incredibly costly to implement ethical strategies, it can also be devastating to be exposed as unethical in the current climate. Therefore, it is crucial that a business balances its objectives to make profit against their moral imperative to be socially responsible.

Marking guide (global):

This question requires an evaluation of the statement, including weighing up strengths and weaknesses to make a judgement based on criteria.

1–5 marks for lower-scoring responses that focus primarily on the explanation of corporate social responsibility and profit, with limited consideration of the complexity of the statement

6–10 marks for high-scoring responses that meet the requirements of the term 'evaluate' and the correct interpretation of the question will draw from any aspect of the study when exploring the juxtaposition between responsibility and profit that is created in the statement. The sample response includes reference to driving forces, business objectives, areas of management responsibilities, stakeholders, differentiation strategy, global supply chain, KPIs (percentage of market share) and corporate culture. This is not an exhaustive list. High-scoring responses might also include contemporary examples to demonstrate a key point

SECTION B: CASE STUDY

Question 1 (5 marks)

Samantha needs to possess and apply a range of management skills in her role as Human Resource Manager.

- a. Other than communicating, identify two management skills Samantha needs to perform this position successfully.** **2 marks**

Note: The following answer is one of a number of possible answers to this question. Other management skills include delegating, planning and decision-making.

Two management skills are interpersonal and leading.

Marking guide:

1 mark for identifying a skill (x two = 2 marks)

- b. Explain how Samantha might use the two skills identified in your response to part a. when managing people and implementing change at Luxuri8.** **3 marks**

Note: The following answer is one of a number of possible answers to this question.

Because change can induce a range of emotions in people, anything from excitement to fear, interpersonal and leading skills are crucial for Samantha to use when managing people and implementing change at Luxuri8.

Interpersonal skills centre on the manager's understanding of emotional intelligence and will be integral to the way in which Samantha maintains trusting relationships, shows empathy, is respectful, is motivating and encouraging of others and is able to effectively manage conflict during the change process.

Leading incorporates interpersonal skills and in order for Samantha to achieve business objectives, it will involve her influencing others in the change process. Leading involves effectively communicating a vision, inspiring loyalty and dedication, acting as a mentor to others, personally responding quickly to changing circumstances and guiding others to respond to change appropriately.

Marking guide:

1 mark for stating how management skills are used to manage people and change

1 mark for linking a skill to managing people or implementing change (x two = 2 marks)

Question 2 (2 marks)

Apart from human resources, explain how one other area of management responsibility contributes to the achievement of business objectives.

Note: *There are other appropriate areas of management responsibility including operations, finance and technology support.*

Marketing and sales is an area of management responsibility that contributes to the achievement of business objectives. Marketing focuses on customer demand and promotion and is responsible for developing the strategies that create an ongoing relationship between the business and its customers. Sales focus on the relationship with individual customers and converts customer demand (generated by marketing) into sales revenue. The conversion of outputs into sales is crucial to the achievement of business objectives.

Marking guide:

1 mark for identifying an area of management responsibility

1 mark for linking the management responsibility to a business objective

Question 3 (3 marks)

Describe the characteristics of operations management within Luxuri8.

Luxuri8 is a service business. Services are intangible and customised to meet customer needs, which make them difficult to measure their quality and productivity. Production and consumption of services often occurs simultaneously and while a service cannot be stored as inventory, a record of the service is maintained. Services are a labour-intensive process, and a high degree of customer contact is required.

Marking guide:

1 mark for providing a characteristic of operations management (x three = 3 marks)

Question 4 (6 marks)

Samantha has been asked to investigate how other large hotel groups determine wages and conditions for employees. While Luxuri8 currently uses the relevant award for their industry, she has discovered that most of its competitors use an enterprise agreement.

Compare the use of awards and agreements as methods of determining wages and conditions at Luxuri8.

Luxuri8 currently uses the award to determine wages and conditions. Awards and agreements are both methods of determining wages and conditions in Australia and involve the Fair Work Commission (FWC). Awards are made by the FWC. There are applicable awards for 122 industries and occupations (including hospitality) in Australia and they are reviewed periodically (up to four years). However, agreements are negotiated between an employer and the employees and are applicable to workers at a workplace or enterprise for up to four years. Both methods can include the participation of unions as a bargaining agent; however, unions make

submissions to FWC when an award is being revised, whereas they might be directly involved in the negotiation of a new agreement. Unions must also apply for entry permit to the workplace with at least 24 hours' notice.

Both awards and agreements are required to meet the National Employment Standards (NES), which cover areas such as maximum weekly hours, parental leave and annual leave. However, an agreement might include additional conditions as negotiated and the NES acts as the safety net for employees because agreements must meet the 'better off overall test' (BOOT). Cash out of annual leave is also available under an agreement, but not under an award. At present, following the award means that the employees of Luxuri8 are receiving the minimum wages and conditions for their industry, whereas the employees of competitors will be working under agreements that meet the BOOT.

In terms of disputes and unfair dismissal, both methods allow industrial action during negotiations, only during a protected period, after undergoing the ballot process and with authorisation from FWC. Penalties are imposed for unprotected industrial action. An agreement will set out the dispute resolution for the business and the award also sets out the dispute resolution process. However, if a dispute about an agreement is not resolved between an employer and employees/unions, the FWC can make a 'nuclear option' ruling. This means reverting to the award.

Marking guide:

3 marks for showing how the methods are similar

3 marks for showing how the methods are different

Question 5 (5 marks)

There are a number of areas in which performance needs to improve, in order for Luxuri8 to achieve its targets.

a. Define the term 'driving forces'. 1 mark

Driving forces are support for a goal or proposed change, which are pushing in the direction of the desired situation.

Marking guide:

1 mark for stating the meaning and providing essential qualities of driving forces

b. Explain how Lewin's Force Field Analysis theory could be applied to assist Luxuri8 achieve its targets. 4 marks

Note: The following answer is one of a number of possible answers to this question.

In order for Luxuri8 to achieve its targets, some of the key areas it will need to focus on are: improving efficiency and effectiveness of the payroll function, reducing staff absenteeism and turnover, improving induction and training programs, creating a more supportive culture and creating opportunities for career advancement.

Samantha, the HR manager, is an example of a driving force for change. She is actively investigating areas for improvement and leading the change process. Employees are another driving force for change. Through the investigation process, employees have identified the areas where their needs are not being met or where processes can be improved in order for Luxuri8 to meet its targets.

The pursuit of profit is driving change at Luxuri8. The KPIs indicate that profits are lower than the target and that there is a range of areas where the business needs to make improvements regarding efficiency, effectiveness, productivity and competitiveness, in order for these profits to improve. In the hospitality industry, globalisation, technology and societal attitudes are crucial driving forces for change. The introduction of online booking websites, such as hotels.com, and review websites, such as tripadvisor.com, has placed significant emphasis on competitive advantage, with a focus on meeting customer needs and minimising customer complaints. Customer complaints are now visible and accessible on the internet for all potential customers, as is the way the hotel group responds to those customer complaints.

Employees and managers can also act as restraining forces for change. Samantha is just one manager in what is a large business operating across seven sites, with over 2,000 employees. The potential for managers or employees to act as blockers to change efforts is a very real challenge that needs to be understood during a change process. When people are resisting change efforts, it might be due to fear of the unknown, because they feel threatened or because they do not currently possess the skills and experience to meet the new expectations.

Time is also a restraining force. Time is a limited resource and when a business needs to act quickly, a lack of time can adversely impact the change efforts. Another internal restraining force is organisational inertia. Organisational inertia occurs when the culture of the business is slow to respond to change efforts and acts to maintain the status quo. This can pose a challenge for Samantha as she is working across seven unique sites that will also have their own unique micro culture. Financial considerations are another potential restraining force for changes. Change efforts can be very costly and when a business is trying to improve profits, sometimes that can impact how much money is available to support the change process, for example, investing in training would represent a significant cost for Luxuri8.

Marking guide:

2 marks for linking driving forces to targets (minimum of two)

2 marks for linking restraining forces to targets (minimum of two)

Note: High-scoring responses will include an outline of the theory and reference to the case study. All forces described must come from the study design. The sample response references most forces identified in the study design to assist the marking of this question and is more detailed than what is required for full marks.

Question 6 (4 marks)

Propose one management strategy that Luxuri8 can implement to achieve the KPI targets set for December 2018. Justify the use of this strategy when implementing change.

Note: In addition to staff motivation, the study design lists the following strategies: staff training, 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).

Staff motivation is a management strategy that Luxuri8 can implement to achieve the desired targets.

When staff are happy and motivated at work this can lead to a decrease in staff absenteeism and staff turnover—two key areas that are identified as problematic for the business. They can also lead to improvements in productivity and higher quality of service, which will improve the customer experience and can lead to a decrease in complaints and an increase in bookings. One of the first ways Luxuri8 can address motivation is by improving the payroll processes. Reducing errors relating to wages and being able to resolve employee queries at first point of contact will have an immediate impact on staff morale as feeling safe and secure about wages and conditions are a basic need that needs to be met for staff. Other ways in which Luxuri8 can use this strategy is by investing in training, offering opportunities for career advancement, reviewing the performance management system, introducing 'Employee of the Month' and creating a system which allows for more employee consultation in the decision-making process.

Marking guide (global):

1 mark for proposing a relevant strategy

1–3 marks for providing evidence to support the selected strategy

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