

COMMERCE PRESENTATIONS AND PUBLICATIONS



VCE BUSINESS MANAGEMENT UNITS 3/4

2021

CPAP Practice Examination No. 1

**SUGGESTED RESPONSES,
MARKING SCHEME AND ADVICE**

Section A

Question 1 (4 marks)

Distinguish between two key elements of the operations system of a manufacturing business and a service business. In your response, use examples that you have studied this year.

Advice 1: The task word 'distinguish' requires students to note the difference between two terms, or in this case, the difference between the key elements of a service and manufacturing business. When asked to distinguish, students should aim to show directly that there is a difference. Using signposting words such as 'whereas', 'however' or 'on the other hand' can be useful when attempting to clarify differences.

Advice 2: This question has been included in this practice exam because a similar question from the 2016 VCAA examination was not handled well by students. Question 1b of that exam required students to 'distinguish between two key elements of the operations system of a manufacturing organisation and a service organisation'. The average score was a low 1.5 marks out of 4, and 34 per cent of students scored zero. The study design clearly states that the key elements of an operation system are inputs, processes and outputs. In the 2016 exam, students needed to distinguish between two of these elements. For example, they might have outlined how inputs differ in a manufacturing business and a service business, then outlined how outputs differ between the two businesses. Alternatively, they could have looked at the differences in processes and outputs, or in inputs and processes. A common mistake was to simply distinguish between manufacturing and service businesses without referring to specific elements – as required by the question.

The current question requires students to choose two elements and outline how each one is different for a manufacturing business and a service business.

- 1 mark for clearly distinguishing between a key element of a manufacturing and a service businesses
- 1 mark for examples relevant to the key element
- X 2

Sample answer

Key element 1: *Inputs are the resources necessary for the process of production. Inputs include materials, capital equipment, labour, information and time. A manufacturing business such as Mars tends to make use of tangible inputs, including materials such as cocoa beans, and extensive use of capital equipment. On the other hand, a service business such as Telstra will tend to make greater use of labour and information. For example, information about communications technology and customers will be combined with the other inputs in the transformation process at Telstra to improve customer service.*

Key element 2: *Outputs refer to the end result of a business's efforts – the good or service that is delivered or provided to the customer. Mars transforms inputs into tangible products (goods which can be touched). Goods provided by a manufacturing business tend to be homogenous, which means that they are basically all the same or similar. By contrast, a service business transforms inputs into intangible products (services which cannot be touched). Services tend to be differentiated, that is, they are provided to individual customers and are modified to suit each customer.*

Alternative sample answer relating to processes: *Processes refer to the conversion of inputs into the finished good or service. For a manufacturing business such as Mars, processes are highly automated and capital intensive, such as designing products (such as chocolate) and packaging, mixing ingredients, inspecting for quality, and packaging. There is little to no consumer interaction as consumption of Mars' chocolates and other products occurs after production. However, for a service business such as Telstra, processes are often labour intensive and rely heavily on interaction with the customer. A service business such as a Telstra will have high levels of customer interaction as consumption usually occurs while the service is being produced.*

Question 2 (5 marks)

Julian works for Engineera Pty Ltd. He was recently informed by his supervisor that he is potentially facing dismissal for recommending a competitor business on a private community social media page. He wants to have the issue resolved through grievance procedures.

a. Define the term 'dismissal'.

2 marks

Advice 1: The use of the task word 'define' here simply requires students to provide meaning for a term. Students should try to write a definition that does not make use of the term itself. Straight definition questions do not necessarily require examples. However, it is often worthwhile providing an example to convince assessors that they really do understand what the term means via its application to a real world or contemporary setting.

Advice 2: Learning definitions is an important part of preparing for the Business Management exam. The 2014 Examination Report stated that "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."

Advice 3: Two-mark definition questions have featured on the previous two exams – these require students to write a little more than a one-mark question. Generally, students have been rewarded with full marks when making use of key words in their definitions. This expectation is true for this practice exam question (where two marks has been designated to the definition in the marking scheme).

- 1 mark for stating that dismissal is a termination management strategy
- 1 mark for stating that dismissal applies to incompetence or unacceptable behaviour, or similar

Sample answer: *Dismissal refers to the termination of an employee's employment contract due to the unacceptable behaviour or unsatisfactory work performance of that employee. [For example, an employee's contract could be terminated if they have repeatedly bullied other staff or stole cash or goods from their employer].*

Note 1: Square bracketed section is not required for full marks

b. Outline a grievance procedure that could be implemented at Engineera to attempt to resolve the dispute that Julian has with the business.

3 marks

Advice 1: Grievance procedures has never appeared on the exam. This question requires students to outline the steps in a typical grievance procedure – a procedure is a series of actions or steps. Students should have some awareness of possible steps in a grievance procedure.

Advice 2: Note the use of the task word 'outline' here, which requires students to do more than just state or identify something. However, it does require a little less than a full description or explanation.

Advice 3: The current question is an example of one that requires students to apply their knowledge to a scenario. Students must therefore refer to the situation at Engineera within their response.

- 1 mark for describing a step in a typical grievance procedure that might be used by Weller (maximum of 3 marks)

Sample answer: *Grievance procedures are the formalised set of steps used by a business to deal with a complaint. To attempt to resolve Julian's dispute concerning his potential dismissal, the first step in a grievance procedure at Engineera is for Julian, or his representative, to present his complaint to a supervisor. The matter may be able to be resolved by the supervisor, in which case it need go no further. If it is not resolved, it would move to the next step, where the complaint would be referred to middle management. Middle management would meet with Julian and/or a representative. If the matter is not resolved at this level, it moves to the next*

step. A meeting would then occur between top management and Julian and/or a representative, or a special grievance committee may be appointed to deal with the issue. If the matter cannot be resolved after these steps have been taken, it may be referred to external mediation, conciliation or arbitration through the Fair Work Commission.

Question 3 (25 marks)

Monoré is a manufacturer of paper and packaging materials. Most of its products are made from recycled inputs. The business has been in operation for 35 years and employs 300 people across Australia. Sales have recently declined by 20% and a recent customer survey revealed a decline in customer satisfaction. The new CEO of Monoré, and the human resource manager, believe that the situation can be improved by improving the motivation of employees. The recently departed CEO of the business believed that employees should be closely supervised to ensure that they are not wasting time. Management now wants to encourage employee participation in decision-making and invest in training.

- a. Explain how the potential conflict between the interests of two stakeholders might create challenges for Monoré. 3 marks

Advice 1: The task word ‘explain’ requires students to include enough detail in their response that the main point, topic or issue is expanded on or made clear. This practice exam question requires students to clearly explain the conflicting interests of two stakeholders at Monoré and how this may create challenges for the business. It is important to understand that the focus needs to be on the ‘interests’ of the two stakeholders and not the stakeholders themselves. In other words, it is the interests of the stakeholders that will potentially be in conflict, not the stakeholders being in conflict.

Advice 2: This type of question has been on the VCAA exam on two occasions and both times students performed poorly. On the 2018 exam, Question 5 (Section B) asked students to outline the interests of two stakeholders relevant to the business in the case study and explain how these interests may be in conflict. While that question was generally answered well, many students made a poor choice when selecting stakeholders. Students needed to consider what the business was, what the interests of stakeholders might be, and then select two stakeholders that were easily explained in terms of the potential conflict that may arise. A total of 18 per cent of students scored zero marks and the average mark was 2.4 out of 5. The chief assessors noted that “It was important to select stakeholder groups that were actually likely to be in conflict and did not have overwhelmingly common interests.” The 2018 exam question was very similar to a question that appeared on the 2013 exam. Question 1c on that exam asked students to explain why stakeholders may place competing demands on businesses. The question was poorly answered, with a total of 59 per cent of students scoring zero marks and the average mark of only 0.6 out of 2. In the main, this occurred because students were confused about what “competing demands” meant. Many students thought the question was about competition between businesses, or about how stakeholders make demands on businesses. This also highlights the importance of reading the question carefully, and perhaps re-phrasing it in a way that provides greater clarity.

- 2 marks for an explanation of the nature of the conflict between two different stakeholders
- 1 mark for an outline of how the conflict might create challenges for Monoré

Sample answer: *One stakeholder is management. The interest of management at Monoré is in ensuring that the strategies that the business has implemented will achieve its objectives – in particular, keeping costs down to make sure that the business continues to attract customers and operates successfully financially. In return, they expect to be fairly remunerated. This demand for profit can conflict with the interests of customers who purchase products from the business. Customers of Monoré, including the other businesses that it supplies, expect to be able to purchase quality products at reasonable prices from Monoré and to receive high levels of service. Customers are clearly not satisfied with the paper and packaging products that Monoré is selling, and/or its customer service. The business’s financial performance may suffer if customers decide to stop*

purchasing its products. This may create a challenge for Monoré, as management will also be dissatisfied with the business if there is a downturn in profit.

b. Analyse how the management style used at Monoré may influence its corporate culture.

4 marks

Advice 1: The use of the task word ‘analyse’ in this question requires students to identify the key components of factors, topics or issues and outline the relationship between them. The current question asks students to choose a management style and relate it to the corporate culture at Monoré.

Advice 2: This type of question has never been on the VCAA exam. The question on this practice exam is drawn from outcome 1 of Unit 3 Business Management, which states that students should be able to “analyse the relationship between corporate culture, management styles and management skills”. Corporate culture was last on the 2019 exam. Question 4 (Section A) – a 10 mark question – asked students to analyse how managers can apply the principles of Senge to positively influence corporate culture (as well as to effectively manage employees and ensure change is implemented successfully). Prior to this question, corporate culture had not been on the exam since 2016. By contrast, management styles have appeared on nine exams over the last ten years, and on each of the exams over the last five years. This current question may prove to be difficult if it ever appears on the VCAA exam, simply because it would be a new, previously unseen question.

- 1 mark for briefly explaining a specific management style being used, or that could be used, at Monoré
- 1 mark for briefly outlining the corporate culture currently at Monoré, or the desired corporate culture
- 2 marks for explaining the relationship/s between the style specified and the corporate culture at Monoré

Sample answer: *A management style is the way in which a manager does things when making decisions, implementing plans and motivating staff. This very much relates to the personality, experience, values and beliefs of the manager. The style that management is hoping to use at Monoré is the participative style. This is where management unite with staff to share decision-making power. This is a decentralised approach involving two-way, top-down communication, with manager encouraging employees to provide ideas and feedback. It is clear that management would like to use this style as they are seeking to encourage employee participation in decision-making.*

Corporate culture refers to the shared values, ideas, expectations and beliefs held by managers and staff of a business. Management at Monoré would like its corporate culture to be a positive one – they want employees to be motivated and to be involved. The use of the participative style would emphasise the importance that management wants to place on the contribution of its employees to decision-making and the confidence it has in their abilities. Managers making use of this style believe that employees can be motivated through their greater involvement in decision-making. The use of the participative style should lead to the development of a positive corporate culture at Monoré by promoting values such as employee participation, open communication and teamwork.

c. Identify and describe two management skills that the human resource manager at Monoré could use to address the issue of customer complaints. 6 marks

Advice 1: This question asks students to ‘identify’ two management skills. This task word is not commonly used on the VCAA Business Management exam, and if it does appear, it is generally used in combination with other task words, such as ‘explain’ or ‘describe’, as it does for this question. A good strategy to use is to identify the skill, then describe it. Some students will waste time listing factors, strategies or things at the start of their answer, then rewriting them in the main body of their response.

Advice 2: Prior to 2017, questions related to management skills were quite common on the Business Management exam, appearing on 7 of 10 exams between 2007 and 2016. However, management skills has only appeared on one exam from the last four.

Advice 3: This question has been included on this practice exam because students performed poorly on a similar question that appeared on the 2014 VCAA exam. On that exam, students were asked to identify and explain two management skills that could be used to address customer complaints (question 3c). The average mark was 1.9 out of 4, and 38 per cent of students scored 0 marks to 1 mark. In the examination report for 2014, the chief assessors noted a recurring issue with management skills questions whereby students could identify an appropriate skill and justify its use, but struggle to explain the skill. Students were required to identify the skill, explain it, and then relate it to the situation regarding customer complaints. Another similar question appeared on the 2019 VCAA exam. On that exam, students were asked to explain two skills that the human resources manager of the business in the case study would require during a period of store closures (question 4, section B). The average mark for that question was 2.3 out of 6. Many students did not provide enough detail to receive the full 6 marks, with only 2 per cent of students scoring 6 marks. Students were required to explain each skill, and then link their answer to the case study, specifically to the role played by the human resource manager.

- 1 mark for identifying a management skill that could be used by the human resource manager at Monoré
- 1 mark for describing how the skill would be used by the human resource manager
- 1 mark for describing how the skill would be used to address the issue of customer complaints
- Repeat for a second management skill

Sample answer: *To address the issue of customer complaints, the human resource manager at Monoré could use communication. This involves the creating and exchange of information between a sender and a receiver so that the message is clearly understood. The human resource manager will require communication to effectively transfer relevant information, for example, about customer service training, including the need for such training, the dates it will be offered, and what staff will be required to do. This is something that is likely to affect many employees, so it is important to provide accurate information to all staff. Holding face to face meetings with employees would be very suitable, as this would allow staff to ask questions and have some clarity about the training and the reasons why it is necessary.*

Another management skill that could be used is decision-making skills. This refers to the ability to identify the options available and then choose a specific course of action from the alternatives. The human resource manager would need to state what the desired goal or position is (to identify and rectify the cause of the customer complaints), outline the facts and then identify alternative solutions. These options might include training, motivation strategies, or performance management strategies. After analysing the alternatives, the manager would need to choose one alternative and then implement it. Using decision-making should allow the human resource manager at Monoré to address the issue of customer complaints in a timely and methodical manner. This might involve making a decision about addressing the motivation issues with staff, particularly those employees who are directly dealing with customers.

d. Discuss how either Maslow's or Lawrence and Nohria's motivational theory will assist the human resource manager to motivate the employees at Monoré. Justify which motivational theory would be the most suitable for the business.

8 marks

Advice 1: This practice exam question makes use of the task word 'discuss'. In the 2016 VCE Business Management examination report, the chief assessors noted that "students did not always interpret questions accurately and so did not directly answer the question being asked." In some cases this came from not focusing appropriately on the task word in the question and omitting portions of what would be a full response. Students must be aware of the requirements of task words; for example, 'discuss', 'compare' and 'evaluate'. The 2014 Examination Report clarified that the term 'discuss' means "to talk about something in detail, considering both pros and cons, benefits and limitations". For this question, students are required to consider both the advantages/ benefits and disadvantages/ limitations of one of Maslow's or Lawrence and Nohria's motivational theory.

Advice 2: The task descriptor, 'justify' is also used in this question. This requires students to point out reasons for forming a particular conclusion (suggesting the most suitable motivation theory). This may involve the provision of evidence to support the argument.

Advice 3: Beware the 'either/or' question! Both the 2015 and 2014 VCAA exams featured questions that required students to decide between two options. Many students ignored the word 'or' and responded to both options. In doing so, students tended to not deal with the first option well, instead wasting time on the second option (which received no marks).

Advice 4: This practice exam question is very similar to the poorly handled 2015 VCAA exam question referred to above. Question 2b of the 2015 paper asked students to discuss either Maslow's or Herzberg's (a motivation theory on the old Study Design) motivational theory. The average score was 3 out of 8 marks. While only 14 per cent of students scored 0 marks, 59 per cent scored 3 marks or less. As pointed out above, many students ignored the word 'or' and discussed both theories. Importantly, students should be aware that discussing both options in an 'either/or' question typically means that the first option is not discussed in sufficient length or detail. It is always possible that there will be another "either/or" question on the 2021 exam and students should avoid making the errors noted here. Questions related to motivation theories have appeared on nine of the last 10 VCAA exams. Apart from the 2015 question, they are normally handled reasonably well.

- 2 marks for demonstrating a sound understanding of either Maslow's or Lawrence and Nohria's theory of motivation
- 2 marks for explaining/describing the advantages/strengths of the selected motivation theory for Monoré
- 2 marks for explaining/describing the disadvantages/weaknesses of the selected motivation theory for Monoré
- 1 mark for suggesting the most suitable motivation theory for Monoré
- 1 mark for providing reasons in favour of the suggested motivation theory

Note: There does not need to be an equal number of advantages or benefits and disadvantages or limitations. Students may, for example, present a strong argument related to the advantages of the use of the selected motivation theory at Monoré countered by two weaknesses of the theory.

Sample answer: *The most suitable motivational theory for Monoré is Maslow's Hierarchy of Needs. Maslow's theory groups motivational factors into a hierarchy of five needs. Each need acts as a source of motivation for employees. The needs are ranked with the most basic needs situated at the bottom of the hierarchy, progressing to higher level needs at the top. An employee's level of needs at a specific level must be satisfied before they can move up to the next level. Once a particular need is satisfied it is no longer a motivator.*

The use of Maslow's theory will present Monoré with a number of advantages. It will allow management at the business to develop an understanding of individual needs, recognising that all individual employees are different and that they all have specific needs. Maslow's theory also will allow management to be aware that employees will be at different stages of development and that they will need to be motivated using a variety of methods. For example, staff might be offered generous pay as part of an overall remuneration package. This is likely to satisfy employees who are motivated by physiological needs. To satisfy employees who are motivated by social needs, the business might develop a culture of teamwork, encourage involvement in decision-making or make use of supportive management. This is also likely to support management at Monoré in their desire to encourage employee participation in decision-making. Employees with higher-order needs related to esteem and self-actualisation might be motivated by providing opportunities for career advancement, recognition or opportunities for training and development, as management at Monoré are planning to do.

However, Maslow's theory has a number of disadvantages. It is only a theory, and is not supported by empirical evidence. Furthermore, the stages in the hierarchy do not apply to all individuals. A manager making use of Maslow's theory may struggle to identify the stage that is relevant for each individual employee – which makes it difficult to determine an appropriate strategy to motivate each employee.

Nevertheless, Maslow's theory will be most suitable at Monoré as it will allow the business to create a workplace that attempts to satisfy all the needs of its employees. Management will be able to implement a range of different strategies at each level of the hierarchy, which will meet the needs of employees who are at different stages in their development. In particular, the theory will support management in encouraging employee participation in decision-making. Providing strategies that meet employees at their level of need should ensure that employees are motivated.

e. Compare investment in training to one other motivation strategy that Monoré could use to improve motivation of employees. 4 marks

Advice 1: The task word 'compare' requires students to consider similarities and differences. In the case of this question, students will need to write about the similarities and differences between investment in training and a selected motivation strategy. In the 2019 Examination Report, the chief assessors stated that, "There is an expectation that the task word 'compare' calls for consideration of both similarities and differences, so a response that does not include both cannot achieve full marks for a comparison question." On the 2020 exam, there were two questions making use of the task word 'compare'. Both times, the examination report noted that compare asks students to provide similarities and differences.

Advice 2: Compare questions are typically not handled well by students on VCAA exams. Take for example a compare question featured on the 2017 exam (Section B, Question 3). Students were required to compare quality control with one other quality strategy. The question was poorly answered, with 40 per cent of students scoring zero marks, and only 4 per cent scoring the full 4 marks. The average score was a very low 1.3 out of 4. This practice exam question is similar to this VCAA exam question (motivation strategies have been referred to instead of quality strategies). A compare question on the 2019 exam (Section A, Question 1b) asked students to compare the characteristics of operations management within a manufacturing business with those of a service business. This was better answered than the 2017 question – with an average score of 1.7 marks out of 4 and only 20 per cent of students scoring zero marks. However, 77 per cent of students scored between 0 and 2 marks. For both of the compare questions on the 2020 exam, the average score was 1.8 out of 4. For Question 2 (Section A) 28 per cent of students scored zero marks, while 23 per cent of students scored zero for Question 3b (Section A).

Advice 3: Students typically struggle to find similarities in compare questions. When responding to a compare question, a good strategy for students is to begin by using the word 'both' to ensure there is at least one similarity. Differences should be pointed out using words such as 'whereas', 'however' or 'on the other hand'. It is also important to be precise with the similarities and differences. Defining key terms should allow students

to find a point of difference. The similarity, however, should be something that the two terms share in common.

Advice 4: Motivation strategies have appeared on three of the last four exams. Question 4 (Section A) on the 2020 exam asked students to evaluate two motivation strategies, then identify and justify which one would be most effective for short-term motivation and which one would be most effective for long-term motivation. This was the 10 mark question. The average score was 4.6 marks out of 10. Question 6 (Section A) on the 2019 exam asked students to explain how managers could apply a theory of motivation and a related motivational strategy to successfully manage employees, with reference to a contemporary business case study. The average score was 2.6 marks out of 6 and only 11 per cent of students scored zero marks. However, 86% of students scored between zero and 4 marks. Question 3a (Section A) on the 2017 exam asked students to describe an appropriate motivation strategy that the manager in the case study could use to improve the performance of his employees. The average score was 1.2 marks out of 2 and 24 per cent of students scored zero marks.

Advice 5: As the business in the case study (Monoré) is mentioned in the question, students must explain similarities and differences with reference to the situation at Monoré. Students are not expected to have an equal number of similarities and differences; it is possible to score full marks on this question, for example, with a detailed explanation of one similarity and two well-explained differences. Any other motivation strategy besides performance-related pay could be selected for the comparison, including career advancement, investment in training, support, or sanction.

- 2 marks for explaining a similarity/similarities between investment in training and one other motivation strategy, related to Monoré
- 2 marks for explaining a difference(s) between investment in training and one other motivation strategy, related to Monoré

Sample answer: *Both investment in training and performance related pay are strategies that aim to improve motivation, that is, ensure that the individual and internal processes that direct, energise and sustain a person's willingness to expend energy and effort in their job are maximised. Both strategies involve the business directing finance or other resources into the motivation of individuals. In the case of investment in training, finances are directed into the teaching of skills. Performance related pay involves money or other financial benefits being directed into employees' remuneration, such as pay increases, bonuses, sales commissions, product discounts, use of holiday accommodation and/or other incentives.*

However, these two motivation strategies do have differences. Investment in training focuses on improving employee skills, whereas performance related pay is a strategy focused on rewarding good performance – all or some of the remuneration given to employees is provided relative to how their performance is assessed according to set standards. Investment in training improves motivation by indicating that the business values the contribution of employees enough to invest in their development. Furthermore, investment in training provides employees with additional skills, which further helps to raise job satisfaction and boost motivation. In contrast, performance related pay will attempt to motivate employees by rewarding good performance through the provision of direct financial compensation. Additionally, investment in training tends to be more of a longer term strategy, because improved skills and access to more challenging and interesting work can provide employees with a sense of accomplishment, whereas performance-related pay is considered to be more effective at providing immediate short-term motivation.

Question 4 (6 marks)

Analyse how financial considerations have been a restraining force for change in a contemporary business that you have studied this year.

Advice 1: The use of the task word ‘analyse’ in this question requires students to identify the key components of factors, topics or issues and outline the relationship between them. The current question asks students to choose a change occurring in a business within the past four years and relate it financial considerations as a restraining force.

Advice 2: This question has been included in this practice exam because a similar question from the 2020 VCAA examination was not handled well by students. Question 6 (Section A) of that exam required students to analyse how societal attitudes had been a driving force for change in a contemporary business case study. The average score was a low 2.3 marks out of 6, and 22 per cent of students scored zero. The study design clearly refers to the driving forces and restraining forces, including societal attitudes and financial considerations. The 2020 exam question serves as a reminder to students just how important it is to have a range of contemporary business case studies from the past four years, and to ensure that they cover all the key knowledge in the study design. Students should also be aware that they should choose a case study example carefully before writing a response. A business that had recently announced a merger, for example, was unlikely to be relevant to societal attitudes in the context of the 2020 question.

Advice 3: The examination report for 2020 suggested that students needed to include three things in their response to Question 6 (Section A). These included an explanation of a change that had occurred in a business within the past four years, an explanation of what the societal attitude was that drove the specific change, and an explanation of how that societal attitude had driven the business to make the change. The same approach should be taken for the current question, with the response focussed on financial considerations. The chief assessors also noted that many students started their response by referring to social attitudes, but then wrote about customers or technology as driving forces.

Advice 4: Questions asking for contemporary business case studies have appeared on the past three exams. These have required students to write about a situation occurring at a business within the past four years. Students have then been expected to either write about how the business made use of a strategy (or theory in the study design), how the business might have made use of a strategy (or theory), or how the business has been affected by a driving force.

- 1 mark for demonstrating a clear understanding of financial considerations
- 1 mark for explaining at least one example of a financial consideration that has impacted on a business
- 2 marks for explaining how financial considerations acts as a restraining force
- 2 marks for a clear link to a contemporary business case study from the past four years

Sample answer: *In November 2020, Woolworths announced that it was committing to sourcing 100 per cent of its electricity from wind and solar by 2025. This pledge was part of its Sustainability Plan 2025 which included a range of initiatives across three key pillars - Planet, Product and People. Brad Banducci, CEO of Woolworths, said that the company would be investing tens of millions of dollars into renewable energy partnerships and prioritising new green energy projects. In May this year, Woolworths claimed that it had removed approximately 9,000 tonnes of plastic packaging from circulation across Australia. The business has also reduced waste in other areas, such as participating in food waste diversion programs and donating materials to farmers. Woolworths has steadily reduced its carbon emissions between 2017 and 2020, and has re-set its emissions reduction target to 63 per cent below its 2015 baseline by 2030.*

Restraining forces are those that work against change, creating resistance. One restraining force is financial considerations – which include cost and revenue issues for a business. For example, the financial cost of the implementation of a change can restrain transformation from occurring. For Woolworths, investing finances

into renewable energy partnerships and green energy projects will be expensive. In contemplating change, the business would have weighed up the costs associated with implementing the change and compared these costs with the benefits of the change. Financial considerations might have limited the amount of money that Woolworths invested in the change, however, the business would still expect that the change it introduced would reduce costs in the long-term as waste and energy costs are reduced.

Question 5 (10 Marks)

Businesses use a range of strategies when producing goods and services.

Evaluate two different operations strategies. Justify how each strategy could be used to improve the efficiency and effectiveness of business operations.

Advice 1: Generally, the best performing students on a 10-mark question read the question carefully and interpret it accurately. This same approach should be taken to this CPAP exam question, which focuses on choosing two operations strategies, evaluating each strategy, and justifying how each can be used to improve the efficiency and effectiveness of operations.

Advice 2: This question makes use of the task word 'evaluate', which requires students to outline both sides of a proposition or topic, then provide an overall conclusion or judgement about which argument is the more persuasive and why. In this case, students will need to evaluate the use of their two selected operations strategies. At least one strength and one weakness or limitation of each strategy should be provided. Students will then need to make a judgement as to the worth of each strategy – and then justify how they would be used to improve the efficiency and effectiveness of operations.

Advice 3: It is very likely that the 10 mark question on the 2021 VCAA exam will have several elements. In the 2016 Examination Report, the chief assessors reminded students that they should be aware that questions might have many elements that need to be addressed. For this reason, students need to ensure that they cover each element of the question in their responses. Students were reminded that they should read the question carefully and plan their responses. It is worth remembering that the 10 mark question could come from Unit 3 or Unit 4, or from both.

Advice 4: The best responses will be those that are coherent and flow. Paragraphs will be clearly expressed so that they consider all parts of this question and bring everything together.

Advice 5: This practice exam question is similar to Question 4 (Section A) on the 2020 VCAA exam. This question asked students to evaluate two different motivation strategies, then identify and justify which one would be most effective for short-term motivation and which one would be most effective for long-term motivation. The average score was 4.6 marks out of 10. The current question has replaced the two motivation strategies requirement with two operations strategies; short-term and long-term motivation have been replaced with efficiency and effectiveness of business operations. Students have struggled somewhat with efficiency and effectiveness on the exam. For example, Question 5b (Section A) on the 2020 exam asked students to analyse how forecasting might be used by the business in the case study to improve efficiency and effectiveness. The average score was 1.7 marks out of 4, and 23 per cent of students scored zero marks. On the 2019 exam, Question 1c (Section A) asked students to explain how the business in the case study could implement the principles of lean management to improve efficiency or effectiveness. The average score was 2.4 marks out of 6, and 35 per cent of students scored zero marks to 1 mark. On the 2017 VCAA exam, Question 2 (Section B) asked students to explain a materials strategy that the business in the case study could use to improve the efficiency and effectiveness of its operations. The question was not handled well, with an average score of only 1.1 marks out of 3 and 41 per cent of students scoring 0 marks. Many students were not able to relate their selected materials strategy to efficiency and effectiveness. Several students attempted to treat efficiency and effectiveness as if they were one and the same concept. This highlights the importance of writing about efficiency and effectiveness as two different concepts. Effectiveness refers to the degree to

which a business accomplishes the objectives it sets out to achieve, whereas efficiency refers to how well a business uses resources to achieve objectives.

Teachers are advised to assess student responses globally.

Mark(s)	Descriptor: Expected qualities for mark (or mark range)
9-10	<ul style="list-style-type: none"> Comprehensive and accurate knowledge and understanding of the selected operations strategies. Sophisticated and detailed evaluation of two operations strategies, with justification of how each strategy could be used to improve the efficiency and effectiveness of business operations. Includes accurate and appropriate use of terminology, which involves defining, describing and applying relevant business management concepts and terms.
7-8	<ul style="list-style-type: none"> Detailed and accurate knowledge and understanding of the selected operations strategies. Detailed evaluation of two operations strategies, with justification of how each strategy could be used to improve the efficiency and effectiveness of business operations. Includes appropriate use of terminology, which involves defining, describing and applying relevant business management concepts and terms.
5-6	<ul style="list-style-type: none"> Demonstrated adequate knowledge and understanding of the selected operations strategies. Some evaluation of two operations strategies, with some justification of how each strategy could be used to improve the efficiency and effectiveness of business operations. Includes generally appropriate use of terminology with some inaccuracies, which involved attempts at defining, describing and applying relevant business management concepts and terms.
3-4	<ul style="list-style-type: none"> Demonstrated basic knowledge and understanding of the selected operations strategies. Some evaluation of two operations strategies, with limited/no justification of how each strategy could be used to improve the efficiency and effectiveness of business operations. Includes some appropriate use of terminology with inaccuracies, which involved limited attempts at defining, describing and applying relevant business management concepts and terms.
1-2	<ul style="list-style-type: none"> Demonstrated limited knowledge and understanding of the selected operations strategies. Weak evaluation of two operations strategies, with limited/no justification of how each strategy could be used to improve the efficiency and effectiveness of business operations. Includes limited/no use of terminology with inaccuracies demonstrating some/little understanding, which involved limited/no attempts for use of defining, describing and applying relevant business management concepts and terms.
0	<ul style="list-style-type: none"> Shows no knowledge of the selected operations strategies and/or no attempt to engage with the question.
NA	<ul style="list-style-type: none"> No attempt at a response.

Sample answer: *Operations management is the area of management that has responsibility for producing a business’s product. Two key areas that the operations area of management responsibility must focus on are effectiveness (the degree to which a business has accomplished its stated objectives – such as making a profit) and efficiency (how well a business uses resources in achieving these objectives).*

Forecasting is one operations strategy that will ensure efficiency and effectiveness of business operations. This is a materials planning tool that relies on data from the past and present and analysis of trends to attempt to determine future events. A business will use this strategy to forecast the quantity and timing of demand for its good or service and then match supply with demand. A business may also forecast the costs of materials and transportation. One benefit of using the forecasting strategy is that a business can use its past sales data to decide exactly what goods or services to provide, how to produce these goods or services and in what quantity, allowing it to estimate or predict what materials are needed, and in what quantities. Forecasting will allow a business to ensure that it maintains an appropriate level of materials for its operations system without overproducing (which would result in the business carrying too much inventory, representing a cost to the business). Materials and stock remaining idle are prone to theft, damage or spoilage and may become unusable after a period. Alternatively, forecasting will allow a business to ensure that it has enough inventory for the operations to function – if there is not enough inventory, then underproduction is likely to occur and the business will be unable to meet the needs of customers. This will prevent the business from creating sales.

However, making use of any historical data that a business does have access to will not necessarily guarantee that past events will continue into the future. It is always possible that unforeseen or unexpected events will occur. A forecasting strategy, to some degree, will always be inaccurate – this strategy will only provide a ‘guesstimate’ (a mixture of a ‘guess’ and an ‘estimate’). Therefore, a limitation of using the forecasting strategy is the risk of making a decision that is based on a bad forecast, which could result in financial problems for a business.

Overall, the effective use of forecasting in the long-term along with other planning strategies, such as a master production schedule and materials requirement planning, would benefit a business as it would allow for a prediction of future material needs so that there is neither over-purchasing nor under-purchasing of inventory, leading to underproduction or the inability to meet the needs of customers. Using the forecasting strategy should therefore result in lower costs for a business, increasing the possibility that the business will maximise profit. Ensuring that there are enough materials to create production that meets the demands of customers should also maximise profit. This should mean that a business will be able to improve the effectiveness of its operations, as its objectives are achieved. By minimising costs, particularly costs associated with waste, and by ensuring the business meets the needs of customers in a timely fashion, a business should be able to improve the efficiency of its operations. This means that the business is using resources well as it achieves its objectives.

Another operations strategy is the use of an automated production line. This refers to the machinery and equipment that is arranged in a sequence with components added to the good as it proceeds through each step. The process is controlled by computers. An automated production line will make use of robotics – highly specialised forms of technology that are capable of complex, repetitive, or dangerous tasks.

The use of an automated production line will allow a business to achieve a high degree of precision and accuracy, as well as speed, in production which would generally be unmatched by human labour. In addition, the robotics and computers that work on the automated production line will do so without complaint or demands for wage rises, in conditions that might be considered unacceptable for employees. The use of an automated production line will allow production to run 24 hours a day without interruption. Consequently, a business should be able to increase productivity and reduce costs across the business.

A limitation of using an automated production line relates to the initial costs required to set up the strategy. Automation and robotics are high cost forms of technology that can be unaffordable for small and medium-scale manufacturers. The technology will also be costly to maintain or replace. Furthermore, training is required so that employees are familiar with the utilisation of the automated production line. This is another financial cost that a business will need to consider. Training in the use of technology is also time consuming. The costs involved in implementing and maintaining automated production lines may reduce profit.

Overall, a business is likely to find that the benefits of using an automated production line outweigh the costs or limitations. The use of an automated production line will reduce the inputs that a business needs to utilise, as less human labour, time and money are required. This will reduce a business’s overall costs. The use of an automated production line will increase output at the same time. Using an automated production line is likely to improve productivity in a business and should allow it to become more competitive. Because the use of automated production lines reduce costs, there is an increased possibility that the business will maximise profit. This should mean that a business will be able to improve the effectiveness of its operations, as its objectives are achieved. By minimising costs, and by ensuring the business meets the needs of customers in a timely fashion, a business should be able to use an automated production line to improve the efficiency of its operations. This means that the business is using resources well as it achieves its objectives.

Section B – Case Study

Case Study

Hefty Haul is a transport and freight company which began in Melbourne in 1970. The founder of the business, Jack Zhidong, started Hefty Haul with one truck delivering ice-cream in summer and fuel in winter. Jack grew the business as he secured delivery contracts with major manufacturers, purchasing additional trucks and employing more and more drivers. Moving into other states, the business expanded its customers and investments throughout Australia. The business now delivers food and other resources across the country by road and rail, employing more than 14,000 people.



Being competitive is important to Hefty Haul, and it has grown its market share by offering customers a quality delivery service with a reputation for safety and efficiency. The business regularly trials new technology and reviews how it works to improve safety, compliance and meeting customer needs.

Hefty Haul is committed to positively contributing to the communities in which it operates. The business has a tradition of providing support to a range of charitable and community organisations. An important aim to distribute its customers' products without wasting scarce resources and without causing damage to the environment. Hefty Haul has recently announced its decision to place a renewed focus on sustainability. It has set a multi-focus target to reduce emissions, decrease waste going to landfill and to increase its use of renewable energy.

Management at Hefty Haul is keen to use a range of strategies to seek out business opportunities globally. They are aware that there will need to be improvements in the management of staff at the business to ensure these strategies are implemented successfully.

Question 1 (2 marks)

Explain the importance of increasing market share to a business such as Hefty Haul.

Advice 1: When responding to a question about the importance of something, a good strategy for students is to consider what would happen if the thing, topic or issue did not exist. Defining the key term (or terms) in the question is a worthwhile approach, though it is generally not enough to simply define key terms. The importance of any term(s) in the question must be clearly explained.

Advice 2: Market share is one of the key performance indicators listed in the study design (percentage of market share), and it is also a business objective (to increase market share). Surprisingly, it is key knowledge that has rarely featured specifically in questions on VCAA exams. A 2012 exam question that asked students to define 'market share' (Question 1a) was answered well, with an average score of 0.6 marks out of 1, however, 46 per cent of students scored zero marks. Some students wrote that market share is a business's share of the market (which is simply rearranging the terms in the question), while others thought that market share referred to buying and selling shares on the share market. A similar question on the 2002 exam asked for a definition of market share, as well as an example. The average score was of 0.9 marks out of 2, and 41 per cent of students scored zero marks.

- 1 mark for demonstrating an understanding of market share
- 1 mark for clearly outlining the importance of increasing market share to Hefty Haul

Sample answer: *Market share is a business's proportion or percentage of total sales in a market or an industry. Increasing market share is important to Hefty Haul because doing so means that the business will*

be enjoying an increase in its sales levels relative to its competitors. A business that is not able to increase market share is likely to be experiencing stagnant or declining sales.

Question 2 (4 marks)

Propose and justify a management strategy that Hefty Haul could use to seek new global business opportunities.

Advice 1: The use of the task descriptors ‘propose’ and ‘justify’ here requires students to put forward and outline a management strategy that will allow Hefty Haul to seek new global business opportunities. Students then must point out the reasons or the arguments supporting the use of this strategy.

Advice 2: This question has been included in this practice exam because a similar question from the 2020 VCAA examination was not handled well by students. Question 3 of that exam required students to propose and justify a management strategy that the business in the case study could use to seek new global business opportunities.

The average score was a very low 0.9 marks out of 5, and 57 per cent of students scored zero. This is one of the worst-answered questions on any Business Management exam. The study design does not list any global strategies, and that may partly explain why this question was answered so poorly. The business in the case study was a courier, and many students did not appear to understand the nature of this business as providing a service. This meant that they applied a strategy that was not relevant to the business (such as exporting, offshoring or online shopping). Some students were just unable to accurately identify an opportunity. The best responses to this question focussed on partnering with an overseas business or joint ventures, franchising, opening an office overseas, or using a government service such as Austrade.

Advice 3: The current question is an example of one that requires students to apply their knowledge to a scenario. Students must therefore refer to the situation at Hefty Haul within their response. Following past exams, the chief assessors have highlighted an issue with students’ demonstrating a lack of ability to apply content knowledge to scenarios and situations provided in the exam. This is particularly important for Section B. In the 2017 Examination Report, the chief assessors stated that, “In the case study questions in Section B, students were asked to ensure that their responses applied to the case material. High-scoring responses were detailed and showed an understanding of the business in its nature and objectives, rather than general comments...” Similar comments were made in the 2019 and 2020 examination reports. For example, in 2019 the chief assessors stated that, “some found it difficult to apply that theoretical knowledge effectively to the scenarios provided in the examination material. There was notably poorer performance on questions for which a key component was the application of theoretical knowledge to a real-life or simulated situation.”

- 1 mark for briefly outlining a strategy that will allow Hefty Haul to seek new global business opportunities
- 1 mark for further detail outlining the strategy
- 1 mark for justifying the choice of performance management strategy
- 1 mark for further detail justifying the strategy, clearly linking it to the situation at Hefty Haul

Sample answer: *One management strategy that would allow Hefty Haul to seek new business opportunities globally is a joint venture. This is an arrangement in which two or more businesses agree to pool their resources for the purpose of accomplishing a specific task. Hefty Haul and the other participating business would both be responsible for profits, losses and costs associated with the joint venture. The venture would be its own entity, separate from the Hefty Haul’s and the other business’s interests. This would allow Hefty Haul to keep its name and brand in Australia.*

A joint venture would allow the two businesses to pool their expertise and skills into a coordinated effort and support Hefty Haul in expanding into an area it may not be able to enter by themselves. In this way, Hefty Haul would be provided with the opportunity to develop an exposure to global markets and build its reputation in overseas countries. Partnering with a business in another country would also allow Hefty Haul to gain a

competitive advantage over smaller transport and freight businesses in overseas markets, develop its customer base, and grow its market share.

Question 3 (7 marks)

Evaluate the way in which Hefty Haul has used Porter’s Generic Strategies to pursue a competitive advantage over other businesses.

Advice 1: Note the use of the task word ‘evaluate’ here, which requires students to outline both sides of a proposition or topic, then provide an overall conclusion or judgement about which argument is the more persuasive and why. In this case, students will need to evaluate the use of the differentiation approach at Hefty Haul.

Advice 2: Differentiation is the only acceptable strategy that can be used for the current question – Hefty Paul is clearly using a differentiation strategy as the case material refers to the business offering a quality delivery service with a reputation for safety and efficiency; the business has also made it clear that it is committed to sustainability. These are examples of the business attempting to make its product different, unique or superior in some way to that of competitors.

Advice 3: A question relating to Porter appeared on the 2017 exam (where students were asked to identify and discuss one of the key approaches to strategic management), on the 2019 exam (where students were required to analyse how a manager had used Porter’s Generic Strategies), and on the 2020 exam (where students were asked to compare the two key approaches – lower cost and differentiation).

Advice 4: This particular question has been included on this practice exam because students experienced difficulties with similar questions on the 2017 and 2019 exams. Question 5b in Section A on the 2019 exam required students to analyse how the manager in the case study had used Porter’s Generic Strategies to respond to the issues of declining sales and changing customer tastes. The average score for that question was a respectable 1.7 out of 4 marks, however 30 per cent of students scored zero marks. Many students had some understanding of Porter’s Generic Strategies, but were not able to explain it well or relate it to the business in the case study. Question 5 in Section B on the 2017 exam asked students to identify one of the key approaches to strategic management from Porter’s Generic Strategies, and then discuss how this approach could be applied in relation to the business in the case study. This question was answered poorly, with an average mark of 1.9 out of 5 marks, and 30 per cent of students scoring zero marks. Students struggled to demonstrate an understanding of both the benefits and limitations of their choice, and to relate their response to the business mentioned in the case study. The current question combines the 2017 and 2019 VCAA questions, therefore potentially making this a tricky question.

- 1 mark for explaining that Hefty Haul has used the differentiation approach to pursue a competitive advantage
- 2 marks for outlining the advantages of the differentiation approach, linked to Hefty Haul
- 2 marks for outlining the disadvantages of the differentiation approach, linked to Hefty Haul
- 2 marks for an overall conclusion or judgement based on arguments related to the differentiation approach, relevant to Hefty Haul

Sample answer: *The differentiation approach involves a business making their product different, unique or superior in some way to that of competitors. This allows the business to gain a competitive edge over its competitors and to market itself as a leader or innovator in its industry. Hefty Haul is making use of a differentiation strategy because it offers a quality delivery service with a reputation for safety and efficiency. It also recently announced its decision to place a renewed focus on sustainability. Hefty Haul does these things to establish a difference.*

By making use of a differentiation approach, Hefty Haul will be able to improve its connections with customers and build long-term loyalty to its brand and products. Pursuing a differentiation approach can lead to

customers valuing or perceiving the business's product as being unique and better than the competition. A business that is able to create a product with any distinctive attributes should be able to charge a premium price for its product because it will be able to pass costs on to its customers. If Hefty Haul is able to charge a premium price for its high-quality transport and freight services, then it should be able to improve its revenue. If the business can maintain or improve customer loyalty, then it should also be able to gain market share from competitors. Furthermore, by establishing itself as a socially responsible business, perhaps more so than its competitors, Hefty Haul should be able to improve its connections with customers who value a business that is seen as being environmentally friendly and socially aware.

However, in pursuing a differentiation approach, Hefty Haul may find that implementing a differentiation approach will be costly and time consuming. Hefty Haul may not have sufficient customer demand to offset higher costs, and this may lead to further losses. It may have taken years for Hefty Haul to achieve its brand image setting it apart from its competitors. During that time, consumer tastes or preferences may change. In addition, when making use of a differentiation approach, Hefty Haul may discover that competitors are copying its strategies and stealing its customers. This will mean that the business may lose its unique attributes and therefore run the risk of no longer being 'differentiated' from its competitors.

Overall, a differentiation approach would seem to be the most appropriate strategy for Hefty Haul in its current position. While it does have limitations, the differentiation approach seems to be the strategy that has worked well for the business over time, as it works to create a unique customer experience. Hefty Haul appears to be focussed on innovation and investment in technology (it regularly trials new technology), suggesting that it is continuing to pursue an approach where it is unique and better than the competition. By making use of the differentiation approach, Hefty Haul should become more profitable as it charges a reasonable price for its product.

Question 4 (3 marks)

Justify the use of the low-risk strategy of empowerment to overcome possible employee resistance to Hefty Haul's decision to renew its focus on sustainability.

Advice 1: Note the use of the task word 'justify' here, which requires students to point out reasons for Hefty Haul making use of empowerment to overcome possible employee resistance.

Advice 2: This question is similar to question 5c in Section A of the 2019 VCAA exam. That question asked students to explain 'support' as a low-risk strategy and how it could be used to overcome possible employee resistance to the changes at the business in the case study. The average score was a low 1.1 marks out of 3 and 37 per cent of students scored zero marks. When answering this question, many students wrote about other low-risk strategies such as communication, rather than writing about support as required. Other students writing about support struggled to define the term. To do well on the question, students needed to define support, or demonstrate an understanding of the term in their response, and then relate the strategy to the situation at the business in the case study. Students should use the same approach for the current question, defining empowerment and relating the strategy to the situation at Hefty Haul.

- 1 mark for explaining empowerment as a low-risk strategy
- 2 marks for relating empowerment to the situation at Hefty Haul

Sample answer: *The low-risk strategy of empowerment relates to employees being included in the implementation of the changes that have been introduced. Management at Hefty Haul could implement this strategy to overcome possible employee resistance as most employees will be less likely to resist decisions that they have been involved in making. It is important that employees feel that they have the opportunity for input into those decisions that have a direct effect on what they do or how they operate within the business. Empowerment demonstrates that management has a level of trust in employees which can help to gain support for a change. It is very likely that employees already support the notion of Hefty Haul becoming*

increasingly sustainable, so offering the opportunity to staff to be work together with the business on this change means that everyone should 'buy in' to the process.

Question 5 (6 marks)

Describe how each of the following strategies could assist Hefty Haul in implementing change successfully.

Advice 1: This practice exam question is similar to a question on the 2018 VCAA exam. Section A, Question 5a of that exam asked students to describe how forecasting and website development could assist the business (in the case study) in improving its operations. A total of 25 per cent of students scored zero marks for the question and the average mark was only 1.4 out of 4. The chief assessors noted that some students did not state that the business in the case study was a manufacturer of swimwear, making it difficult for them to address the question appropriately. Generally, students did not handle the website development part of the question well. This was because few students addressed operations when they were writing about the development of the business's website.

Advice 2: This current question has replaced the operations strategies in the 2018 VCAA exam question referred to above with employee management strategies, and the focus is on implementing change successfully rather than improving operations. To do well on the question, students should define each strategy, then attempt to relate each strategy to the situation at Hefty Haul.

On-the-job training

- 1 mark for describing on-the-job training
- 2 marks for describing how on-the-job training could assist Hefty Haul in implementing change successfully

Sample answer: *On-the-job training refers to teaching employees in the workplace how to perform their job more efficiently and effectively by boosting their knowledge and skills. It will usually occur using the equipment, machinery, personnel and documents that are present in that workplace. One change that Hefty Haul is implementing is its renewed focus on sustainability and seeking global opportunities. On-the-job training would assist Hefty Haul in implementing this change successfully as the business would be able to provide employees with skills and knowledge related to reducing emissions and waste, and using energy more efficiently, while they are actually working, resulting in the employees and Hefty Haul remaining productive. On-the-job training is also a very cost-effective alternative, as there are no travel expenses or other costs incurred, such as paying for an outside course provider. Training would be provided by experienced co-workers, or managers with particular expertise in improving environmental outcomes, which would reduce costs across the business as the performance of employees in the area of environmental management is improved, ensuring that employees do have the capacity to contribute to the business reducing its environmental impact.*

Employee observation

- 1 mark for describing employee observation
- 2 marks for describing how employee observation could assist Hefty Haul in implementing change successfully

Sample answer: *Employee observation involves a business seeking a variety of opinions on the performance of an employee. Hefty Haul might use an approach such as '360 degree feedback' which involves feedback being sought from subordinates, colleagues and superiors. People who work with members of the executive team might complete confidential evaluations of each manager's performance, and people who work with specific individual employees would complete confidential evaluations of the employee's performance. The use of employee observation would allow Hefty Haul to gain feedback from a range of different parties involved in the business seeking global opportunities – such as organising a joint venture. This would assist Hefty Haul in implementing the change successfully as the business would arrive at a comprehensive picture of the performance of each one of its employees, as well as how the change is being implemented. In this way, each employee could also be provided with the opportunity to improve their future performance as they become*

aware of their strengths and weaknesses. Improving performance is likely to positively influence the success of the change.

Question 6 (3 marks)

Outline and justify one corporate social responsibility consideration that Hefty Haul will need to address when implementing change.

Advice 1: Corporate social responsibility (CSR) questions are nearly always on the VCAA Business Management exam, and are nearly always handled poorly. In 2019, students were asked to define the term ‘corporate social responsibility’ (Question 5a, Section A). On the 2018 exam, students were asked to analyse two ways in which CSR considerations influence decisions made by managers (referring to two different areas of management responsibility). This was question 4 in Section A – the ten marker. The average mark was 3.3 out of 10 marks.

Advice 2: This particular question has been included on this practice exam because students experienced difficulties with a similar question on the 2017 exam. Question 4d in Section A required students to justify a CSR consideration that a business, such as the one in the case study, would need to address when implementing change. The question was not answered well – the average score was 1.1 out of 3 marks, and 33 per cent of students scored zero marks. The chief assessors noted in the 2017 examination report that many students simply wrote about CSR as a concept, and did not relate it to change. To do well on this question students needed to link CSR to the implementation of change and justify why it was a consideration. Only one CSR consideration was necessary – some students included lists of obligations.

Advice 3: It is best to avoid commenting on legal obligations when asked for a CSR consideration, as the latter refers to the obligations a business has ‘over and above its legal responsibilities’ to the wellbeing of employees, customers, shareholders, the community more generally, as well as the environment. In the examination report for 2017, the chief assessors noted that many examples provided by students were for legal obligations and were not considered to be examples of businesses demonstrating corporate social responsibility. There are a number of corporate social responsibility considerations that would be relevant to the current question, including ensuring that any strategies introduced as part of a change introduced is environmentally friendly, ensuring employees are given the opportunity to retrain, or keeping employees up to date with any change planned.

- 1 mark for outlining a corporate social responsibility consideration that a business needs to address when implementing change
- 1 mark for justifying why this is a consideration
- 1 mark for linking the consideration to change at Hefty Haul

Sample answer: *One corporate social responsibility consideration that Hefty Haul will need to address as it implements change is ensuring that employees are kept informed of the strategies being implemented and are supported during the change process. Hefty Haul should communicate processes for change, assist in transition issues where necessary, and offer employees the opportunity to retrain. For example, Hefty Haul might provide employees with the opportunity to learn skills in the area of improving environmental outcomes or offer mentoring to employees who are involved in seeking global opportunities, such as organising a joint venture. These considerations are offered above and beyond the law. Although decisions in relation to corporate social responsibility considerations may have a negative impact on Hefty Haul’s financial performance, it allows employees to feel supported, and expresses concern for how its management strategies affect employees in its workplace.*