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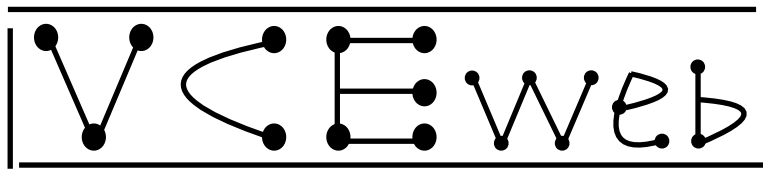


BUSMAN QUESTION BOOK

VOLUME 1: STUDY DESIGN QUESTIONS

- **OVER 300 PRACTICE QUESTIONS**
- **HAND-WRITTEN ANNOTATED SOLUTIONS**
- **AUTHOR OBTAINED A 49 STUDY SCORE**
- **SAC AND EXAM TIPS**
- **COMMAND TERM LIST**
- **CHECKLISTS FOR EACH AOS**
- **EXTENSION NOTES AND COMMON TRICKS**

Sahil Bhatia



STUDENT NUMBER

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BUSINESS MANAGEMENT

Written Examination

Day Date

Reading time: to (15 minutes)

Writing time: to (2 hours)

QUESTION BOOK

Structure of book

Section	Number of questions	Number of questions to be answered	Number of marks
A	6	6	50
B	6	6	25
			Total 75

- Students taking this examination are to write in a black or blue pen.
- Students are permitted to bring into the examination a separate exercise book to respond to questions in this examination.

Materials supplied

- Question book of 3 pages.

Instructions

- Write your student number in the available space above (labelled 'STUDENT NUMBER')
- Students must respond to all questions in English.
- Clearly label your responses with the question number you are responding to.

Mobile phones and/or any other unauthorised electronic devices are not permitted to be brought into the examination room.

Section A

Instructions for Section A

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

Question 1 (12 marks)

CoffeeRUs Ltd is a successful cafe chain that was founded by Marika Leigh. The market share controlled by CoffeeRUs has reduced from 30% in 2016 to 18% in 2017, which Marika believes could have been due to failure to change their old espresso machines. Marika is hoping to increase their market share in 2018 in order to maintain its success.

- a. Define the business objective 'to increase market share'. 2 marks

- b. Identify the type of business structure used by CoffeeRUs and outline its characteristics. 3 marks

c. Explain how the activities of the following areas of management responsibility can lead to the achievement of the business objective 'to increase market share' at CoffeeRUs.

4 marks

- Sales and marketing _____

- Operations _____

Marika believes the reduction in market share could also be due to failing to effectively manage employees in the workplace.

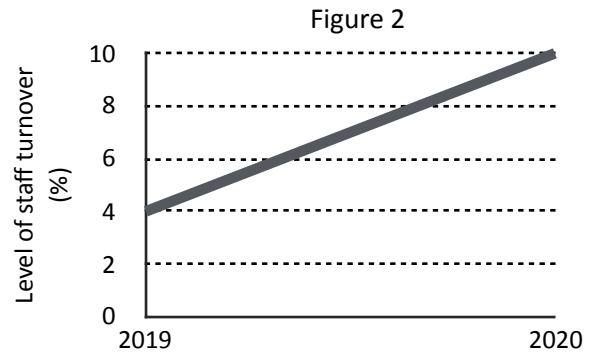
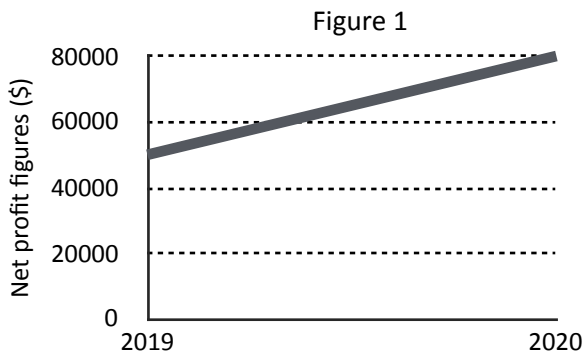
- d.** Explain the relationship between managing employees and the business objective 'to increase market share'. 3 marks

Question 2 (5 marks)

With reference to contemporary business examples, explain how the two key approaches to strategic management identified by Porter's Generic Strategies can be used to gain a competitive advantage.

Question 3 (14 marks)

A popular company in Sydney, CamMan Pty Ltd, manufactures cameras and associated accessories. The owner of CamMan is finding the rent for their current manufacturing site to be quite expensive and so, have decided to move their operations rurally in order to reduce costs. The key performance indicator (KPI) data below provides information about the performance of CamMan before and after shifting rurally.



- a. Explain one KPI, other than the ones analysed above, that can be used to assess the performance of CamMan before and after undergoing business change. 2 marks

c. Explain one management strategy that can be used to respond to one KPI from above and position CamMan for the future.

3 marks

d. Explain how managers can be a driving force for the shift to a rural manufacturing site.

2 marks

Employees at CamMan are reluctant to shift to a rural site and, consequently, are resisting this change.

- e. Explain how the high-risk strategy of manipulation can be used to reduce employee resistance to the shift to a rural site.

3 marks

Question 4 (5 marks)

Explain the relationship between being a 'Learning Organisation', as identified by Senge (1990), and the concept of business change. In your response, refer to two principles of Senge.

Question 5 (10 marks)

Operations managers can implement a variety of operations strategies in the workplace.

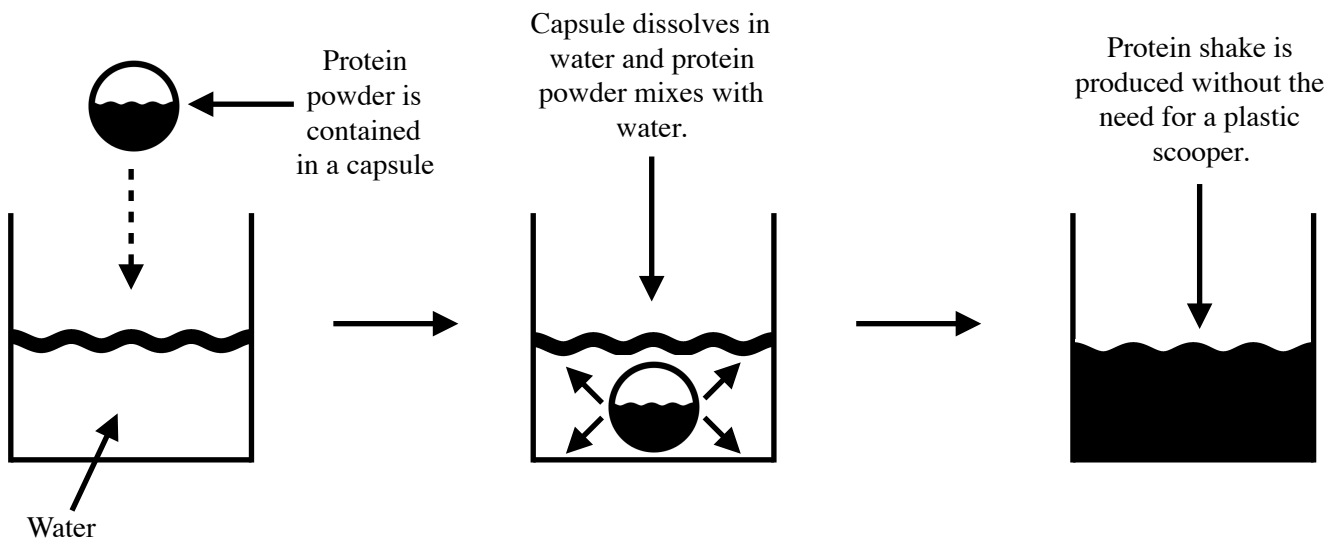
Evaluate two different operations strategies - one in relation to technological developments and the other in relation to quality management. Explain how one of these strategies can be used to improve the efficiency of operations and one can be used to improve the effectiveness of operations.

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SECTION B - Case study

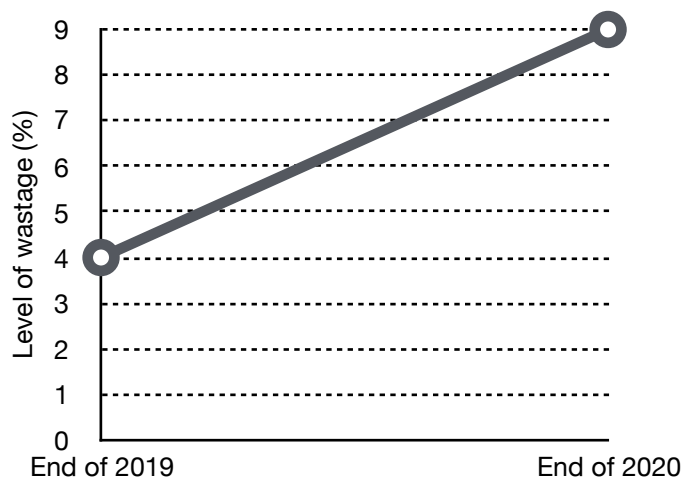
‘P-Balls’ is a popular protein powder manufacturing company in Australia. P-Balls distinguishes itself from other health-oriented companies that manufacture protein powder through their environmental vision of wanting to reduce plastic.

Below is a step-by-step guide of how their unique protein powder product works, which can be found on their website:



P-Balls sells these protein powder balls in small, medium and large-sized boxes which customers can refill with more balls whenever they need to ‘top up’. However, this strategy of generating sales proved unsuccessful during the 2020 COVID-19 pandemic where consumers were unable to continue their fitness goals at their local gyms and so, did not see the need to purchase protein powder balls. P-Balls was negatively affected as a result - they were unable to meet their financial objectives of making a profit and meeting shareholder expectations and their market share took a hit.

Most importantly however, stock that was manufactured at the end of 2019 for the 2020 year had to be discarded as waste as they expired before they could be sold. Data for the level of wastage at the end of 2019 and the end of 2020 can be seen in Figure 1 below.



Post-pandemic, P-Balls are hoping to rebrand and introduce new product lines for consumers. This rebranding will start with renewing the terms of agreements for P-Balls’ senior employees.

Question 1 (3 marks)

Describe how P-Balls can use agreements as a method of determining wages and conditions for work.

Question 2 (3 marks)

Explain the role of human resource managers in relation to the process of creating agreements at P-Balls.

Question 3 (6 marks)

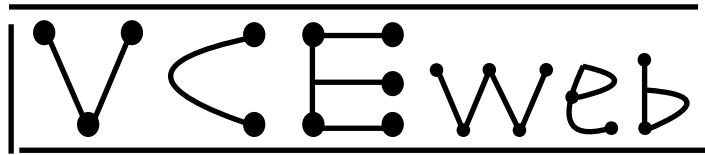
Explain how one lean management principle can be used to improve the efficiency of P-Balls' operations. In your response, refer to 'Figure 1'.

Question 6 (2 marks)

Outline one corporate social responsibility consideration that P-Balls takes into account with reference to one key element in question 5.

END OF EXAMINATION.

END OF SECTION B



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Sahil Bhatia

SECTION A

Question 1 (12 marks)

a. Define the business objective 'to increase market share'.^① [2 marks]

The business objective 'to increase market share' is where a business aims to grow the total proportion of sales obtained compared to competitors in a given period of time.^①

Extension notes:

- ① When defining business objectives, reference to a **time component** is required otherwise full marks cannot be awarded. In this definition, I have used the phrase "in a given period of time."
- ② Many students often confuse the business objective 'to make a profit' with 'to increase market share'. Double check to make sure you have identified the correct objective before writing!

b. Identify the type of business structure used by CoffeeRUs and outline its characteristics.^② [3 marks]

The type of business structure used by CoffeeRUs is a public listed company.^① One feature of a public listed company is that its shares are listed on the Australian Securities Exchange (ASX), which means that shares in CoffeeRUs can be publicly traded. Another feature of using a public listed company structure is that CoffeeRUs has to publish its financial reports to the public.

Extension notes:

- ① As per the context provided, CoffeeRUs ends with "Ltd" - this indicates it is a public listed company. Note that if CoffeeRUs was to end in "Pty Ltd", it would be classified as a private limited company.
- ② Another feature that can be mentioned is that the shareholders (owners) are subject to **LIMITED LIABILITY** - this means that they are only responsible to the extent of their original investment for any debt incurred.

- c. Explain how the activities of the following areas of management responsibility can lead to the achievement of the business objective 'to increase market share' at CoffeeRUs.

• Sales and marketing^①

Sales and marketing is responsible for analysing the current market a business is in and improving the appeal of the product to potential and existing consumers. The activities of sales and marketing at CoffeeRUs would involve implementing promotion strategies (such as advertising) which focusses on external factors, such as developing the CoffeeRUs brand. These serve to define the business' brand in the market as reputable. Thus, generating sales for CoffeeRUs through raising awareness for the coffee and associated products they sell. This can lead to the achievement of the business objective 'to increase market share' at CoffeeRUs.

Extension notes:

① A suitable structure to respond to "areas of management responsibility and business objectives" questions is to:

1. **DEFINE** the area of management responsibility
2. Outline the **ACTIVITIES** of that area of management responsibility
3. Relate these activities to the **BUSINESS OBJECTIVE** (implicitly or explicitly define the objective here)

• Operations

Operations is responsible for transforming inputs into outputs. CoffeeRUs' operations can implement quality management strategies (such as quality control, quality assurance and total quality management) in order to improve the quality of the coffee produced (thus, reducing defective coffee production). Consequently, consumer satisfaction should improve due to the coffee being made meeting or exceeding consumer expectations. This leads to a greater sales of coffee being generated compared to competitor cafes in a given period of time (the achievement of the business objective 'to increase market share').

- d. Explain the relationship^① between managing employees and the business objective 'to increase market share'. [3 marks]

The relationship between managing employees and the business objective 'to increase market share' is that the effective management of employees can lead to the achievement of the business objective 'to increase market share'. For example, training^② employees at CoffeeRUs in customer service skills can lead to the quality of employee-consumer interactions improving, which can increase the sale of coffee products compared to competitor cafes in a given period of time (achieving the business objective 'to increase market share').

Extension notes:

- ① For any question that requires an explanation of the "relationship" between two concepts, you should first state WHAT the relationship is before EXPLAINING why this relationship exists.

For example, I have stated the relationship is that the management of employees can **LEAD** to the achievement of the objective 'to increase market share'.

- ② Note that the management of employees refers to the employment cycle of hiring, training and termination. You should refer to one of these components when responding to this question.

Alternatively, instead of writing about training, the **hiring of staff** with expertise in coffee making (such as a barista) can lead to improved quality of coffees made. This can lead to improved sales compared to competitors in a given period of time (the objective 'to increase market share').

Question 2 (5 marks)

With reference to contemporary business examples, explain how the two key approaches to strategic management identified by Porter's Generic Strategies can be used to gain a competitive advantage^①.

Porter's generic strategy of differentiation is where a business aims to become a unique innovator in the industry in order to gain a competitive advantage. This could be achieved by creating a product that provides a business with a unique point of difference. For example, Apple has recently introduced Apple AirPods which contains a H1 chip that enables voice-activated Siri and faster connect times. Apple have created the H1 chip themselves, which allows them to charge a premium pricing on their AirPods - this is because cost would not be an important consideration to consumers who want a unique and different product. Thus, Apple can gain a competitive advantage^① through improving their profitability in the long-term.

Porter's generic strategy of lower cost is where a business aims to become a low-cost producer in their specific industry in order to gain a competitive advantage. This is achieved through implementing cost cutting measures (such as global outsourcing) in the operations system to reduce expenses. For example, Jetstar Airlines have recently introduced the new Airbus A321neo LR which has a high fuel efficiency - this reduces fuel costs (expenses). This can improve the airlines' price competitiveness because the cost of a seat can be sold at or near the industry average. Thereby, improving profitability in the long-term by maximising consumer buying power and gaining a competitive advantage^① over rival airline businesses.

Extension notes:

① Ensure that you make reference to a competitive advantage in your response as this is the limiting phrase of the question.

Question 3 (14 marks)

- a. Explain one KPI, other than the ones analysed above, that can be used to assess the performance of CamMan before and after shifting rurally. [2 marks]

One KPI that can be used to assess the performance of CamMan before and after shifting rurally is the rate of staff absenteeism, which refers to the number of days that employees are absent from work out of their total possible working schedule in a given period of time. If the rate of staff absenteeism favourably increases, then this indicates that the performance of CamMan has improved because staff are less likely to take absent days from work (leading to a more productive workforce). If the rate of staff absenteeism unfavourably increases, then this indicates that the performance of CamMan has reduced because employees may be unmotivated to continue working in a rural environment with less access to urban facilities.

Extension notes:

- ① When responding to this question you must explain what a favourable **AND** unfavourable change to that data would indicate for the business' performance.
- ② Alternative key performance indicators that could be explained include:
 - **The number of workplace accidents**
 - an unfavourable increase may indicate the shift rurally was unsuccessful because the shift has meant cheaper facilities are being used that are less safe and secure (thereby, increasing injuries sustained).
 - a favourable decrease may indicate the shift rurally was successful because the reduced operational expenses allows CamMan to invest profits back into developing a safe work environment (thereby, reducing injuries).
 - **The number of sales**
 - an unfavourable decrease may indicate the shift rurally was unsuccessful because the shift has meant cheaper facilities (with less efficient technology) are being used, leading to a reduction in the quality of cameras produced (thereby, reducing sales).
 - a favourable increase may indicate the shift rurally was successful because the reduced operational expenses allows CamMan to invest profits back into improving the quality of cameras manufactured and implementing promotion strategies (such as advertising).

- b. Analyse the extent to which the shift to a rural site has improved CamMan's business performance, with reference to Figures 1 and 2. [4 marks]^①

Net profit figures refer to what a business has earned after all expenses have been deducted from the revenue in a given period of time. According to Figure 1, net profit figures have favourably increased from \$50,000 in 2019 to \$80,000 in 2020. This could be because the rural shift has reduced property expenses for CamMan, allowing them to rent out a manufacturing site at a cheaper cost. By reducing their expenses relative to revenue in a given period of time, CamMan has increased their net profit figures since shifting. Thus, to a large extent, the shift to a rural manufacturing site has improved financial performance at CamMan.

The level of staff turnover refers to the number of employees leaving a business that need to be replaced in a given period of time. At CamMan, the level of staff turnover unfavourably increased from 4% in 2019 to 10% in 2020. This could have been because the shift to a rural manufacturing site has reduced morale and motivation levels of employees in the workplace, who may be dissatisfied working in a rural area (and away from a traditional urban area). Consequently, more employees would have left CamMan and been replaced (which increases the level of staff turnover over time). Thus, to a large extent, perhaps the shift to a rural manufacturing site has reduced business performance at CamMan.

Extension notes:

① A suitable structure when analysing each key performance indicator is to:

1. **DEFINE** the specific key performance indicator
2. Identify the **TREND** indicated by the key performance indicator data
 - Reference to whether the change is favourable or unfavourable must be made
 - Reference to whether the change was an increase or decrease must be made
3. Outline a **REASON** as to why the key performance indicator changed in the specific way it did
4. State, whether to a **LARGE OR SMALL EXTENT**, the performance of the business has improved or not based on the key performance indicator data trend.

- c. Explain one management strategy that can be used to respond to one KPI from above and position CamMan for the future. [3 marks][ⓐ]

One management strategy[ⓑ] to respond to the Level of staff turnover is staff motivation, which refers to strategies used to improve the energy and commitment levels of employees such that they feel greater motivation to achieve business objectives. The manager at CamMan can implement the motivation strategy of support, which refers to the development of positive relationships with employees in order to help overcome problems and develop a more inclusive working environment. Building an atmosphere of mutual trust and respect at CamMan is particularly important given the shift to a rural site could be quite emotionally taxing on employees. Therefore, the strategy of support provides a network for employees to rely on, which can improve job satisfaction and morale at CamMan. Therefore, employees are less likely to leave the business and be placed in a given period of time. and so, in future years (such as 2021) the Level of staff turnover should be less than 10%.

Extension notes:

- ⓐ A suitable structure when explaining a specific management strategy is to:

1. **DEFINE** the specific management strategy.
2. Explain **HOW** the management strategy can be used by a business to **CORRECT** an internal/ external business issue.
3. Outline how the management strategy will **POSITION** the business for the **FUTURE**.

- ⓑ Alternative management strategies that can be used to respond to the level of staff turnover include a change in **management styles**, a change in **management skills** and **staff training**! See below for an explanation:

- **Change in management styles:** for example, shifting to a participative management style can increase staff morale as employees feel more included in the workplace (and thereby, would be less likely to leave and be replaced).
- **Change in management skills:** for example, two-way communication skills can be used (instead of one-way communication) to identify reasons why employees are leaving (and being replaced) - solutions can then be implemented to address these concerns.
- **Staff training:** the reason why more employees may be leaving (and being replaced) is due to unfamiliarity with new operating machinery at the rural manufacturing site. Hence, staff training can be used to correct the confusion and uncertainty that employees may have.

d. Explain how ^① managers can be a driving force for the shift to a rural manufacturing site. [3 marks]

Managers are 'leaders' (change role models) that are responsible for coordinating business activities. Managers at CamMan can be a driving force for the shift to a rural manufacturing site because they have responsibility over the business' future success. If the shift to a rural manufacturing site is able to improve the success of CamMan (such as financial performance) a manager is more likely to encourage that change to improve their own reputation amongst the owners. Thus, managers can be a driving force for the change at CamMan.

Extension notes:

- ① A suitable structure when responding to "explain driving forces for change" questions is to:
1. **DEFINE** the specific driving force for change.
 2. Explain **HOW** the specific force is a driving force → examples can be used here to strengthen your response.

e. Explain how the high-risk ^① strategy of manipulation can be used to reduce employee resistance to the shift to a rural site. [3 marks]

The high-risk strategy of manipulation refers to a form of persuasion that aims to coerce employees into embracing the specific change. The manager at CamMan can employ manipulation by only detailing to employees the benefits of shifting to a rural manufacturing site without detailing the disadvantages (consequences) of the specific change for them. Thereby, employees are more likely to embrace the manufacturing site location shift (as a result of this persuasion), which reduces their resistance to this change.

Extension notes:

- ① A suitable structure when responding to "explaining high-risk strategies" questions is to:

1. **DEFINE** the specific high-risk strategy.
2. Explain **HOW** it can be employed by managers.
3. Outline how this will lead to **REDUCED EMPLOYEE RESISTANCE**.

Question 4 (5 marks)

Explain the relationship between being a 'Learning Organisation', as identified by Senge (1990), and the concept of business change. In your response, refer to two principles^③ of Senge.

A 'Learning Organisation' refers to businesses that aim to continuously transform themselves by fostering a culture of learning amongst members of the organisation. A 'Learning Organisation' encompasses five key principles^②, including: systems thinking, personal mastery, mental models, shared vision and team learning. Business change refers to an alteration to the internal or external environment of a business, resulting in a change to the form or operation of a business over time.

The relationship^① between being a 'Learning Organisation' and business change is that being a 'Learning Organisation' allows a business to implement business change successfully. This is because the five principles fulfilled in the workplace fosters a culture of continual learning. This means that a business will be more flexible during periods of change which limits the impact that any random disruptions will have on the business during the transformation period.

Team Learning refers to fostering a collaborative learning environment where common goals can be achieved by team members. This is significant for businesses in building corporate synergy through fostering open communication - this increases the chance of change being successful as employees would be more willing to work together as a collective to share ideas openly and achieve objectives.

Systems Thinking recognises the importance of understanding that each area of the business is interconnected. This is significant for businesses because it enables a business to identify where change is required and how a specific change will impact a business and its different departments. Consequently, businesses can be more proactive in their approach to implementing a change, increasing the chance of it being more successful in the long-term.

Extension notes:

- ① When responding to "explain the relationship" questions, ensure that you first state **WHAT** the specific relationship is between two concepts before explaining **HOW** and **WHY** the relationship works.
- ② Remember that **ALL** five principles must be met for a business to be considered a 'learning organisation'.
- ③ Below are three principles that were not outline in the response to the left and an explanation of their relevance to the concept of 'business change':
 - **Shared Vision:** the development of a common objective for employees to work towards increases the chance of business change being successful in the long-term as employees are more likely to know what is required for change, where change is required and what the business will look like after change occurs.
 - **Mental Models:** breaking down entrenched beliefs and values can lead to a more flexible business environment. Thereby, increasing the chance of change being successful in the long-term as a business will be more adaptable when facing new pressures.
 - **Personal Mastery:** expanding skills and knowledge can lead to weaknesses being overcome. Thereby, increasing the chance of change being successful in the long-term as employees are more likely to use their newly found strengths to make a valuable contribution to the business change.

Question 5 (10 marks)

Operations managers can implement a variety of operations strategies in the workplace.

Evaluate two different operations strategies - one in relation to technological developments and the other in relation to quality management. Explain how one of these strategies can be used to improve the efficiency of operations and one can be used to improve the effectiveness of operations.

Operations refers to the area of management responsibility that is responsible for transforming inputs into outputs. Undoubtedly one of the most important fields of any business, it is important that managers maximise the efficiency (how well resources are used to create outputs) and effectiveness (how well resources are used to achieve business objectives) of their operations in order to maintain business competitiveness and improve business performance.

One operations strategy in relation to technological developments is automated production lines (APLs). One advantage of APLs is that they can improve the speed and volume of production - this is because machinery is faster than human labour resources. Thus, improving the productivity of a business' operations. One disadvantage of APLs is that they can pose a high initial start up cost if implementing them in the workplace. This is disadvantageous for a business because it can increase operational expenses and thereby, negatively affect profits.

Another advantage of APLs is that they can reduce wastage created because the technology has high precision (compared to human labour resources). Thus, improving the efficiency of a business' operations. Another disadvantage of APLs is that, if the technology breaks down, then the manufacturing process will come to a halt. This is disadvantageous for a business because it will reduce workplace productivity when creating the final product.

Overall, despite the disadvantages of APLs they are advantageous in improving the efficiency of a business' operations due to their high speed and precision.

One operations strategy in relation to quality management is quality control (QC). One advantage of QC is that it can be used to identify problems or defects in the quality of the final product (through conducting inspections). Thus, maintaining product fitness by preventing consumers from receiving poor quality outputs in the future. One disadvantage of QC is that goods that are identified as defective will end up as waste - this is disadvantageous because it can incur additional expenses for a business.

Another advantage of QC is that it is relatively inexpensive as a quality management strategy. This is because the inspection measures are internally controlled by the business (which can reduce expenses). Another disadvantage of QC is that some defective goods may 'slip' through the inspection measures - this means that product fitness is not being maintained because goods with quality issues may end up in the hands of consumers.

Overall, despite the disadvantages of QC, it is a suitable strategy to improve the quality of a business' production line.

QC can improve the efficiency of a business' operations because corrective action is taken after a faulty product is identified to prevent the same quality issue from arising in the future. Thereby, reducing wastage levels (which is an efficiency improvement). APLs can improve the effectiveness of operations by reducing the cost per unit of manufacturing a product - thus, revenue can exceed expenses in a given period of time (achievement of the business objective 'to make a profit').

Overall, operations is a vital part of any business and so its efficiency and effectiveness should be optimised to improve business performance as a whole.

Question 6 (4 marks)

Compare^① the training options of on-the-job training and off-the-job training. [4 marks]

One similarity^② between on-the-job training and off-the-job training is that they are both training options. This means they both aim to increase the skills and knowledge of employees. Another similarity is that both training options aim to achieve business objectives. For example, achieving the business objective 'to make a profit' as there will be reduced operational costs (decreased cost per unit of making a product) due to having a more productive employee.

②

One difference^③ is that on-the-job training occurs at the workplace (using machinery and equipment that is specific to the workplace), whereas off-the-job training occurs away from the workplace (at a specialised training institution). Another difference is that on-the-job training occurs with an existing senior employee; whereas, off-the-job training is conducted with an expert in the field who has specialist knowledge.

Extension notes:

- ① The command term "Compare" requires students to present similarities and differences.
- ② You can structure your response by paragraphing the similarities and differences separately as is done in this response. Alternatively, you can present similarities and differences together.
- ③ To elevate the general structure of your response, you should consider **signposting**. Examples of signposting include "One similarity is..." and "One difference is..."

SECTION B

Question 1 (3 marks)

Describe how P-Balls can use agreements as a method of determining wages and conditions for work.

Enterprise agreements are agreements that have been directly negotiated by good-faith bargaining at an enterprise level. Enterprise agreements provide additional entitlements to employees (such as better pay rates) compared to modern awards; however, the 10 National Employment Standards must still be covered in the terms of the agreement. Hence, at P-Balls, the agreement must leave employees better off overall compared to if they were covered by the terms of a modern award. After the terms of the agreement have been negotiated between employers and employees at P-Balls, the Fair Work Commission^② must then provide approval^① for the terms of the agreement. Thus, agreements can be used as a method of determining wages and conditions of work.

Extension notes:

- ① The Fair Work Commission applies the 'Better Off Overall Test' (commonly referred to as BOOT).
- ② Note that the Fair Work Commission will set **AND** approve of the terms of modern awards, but only approve the terms of agreements.

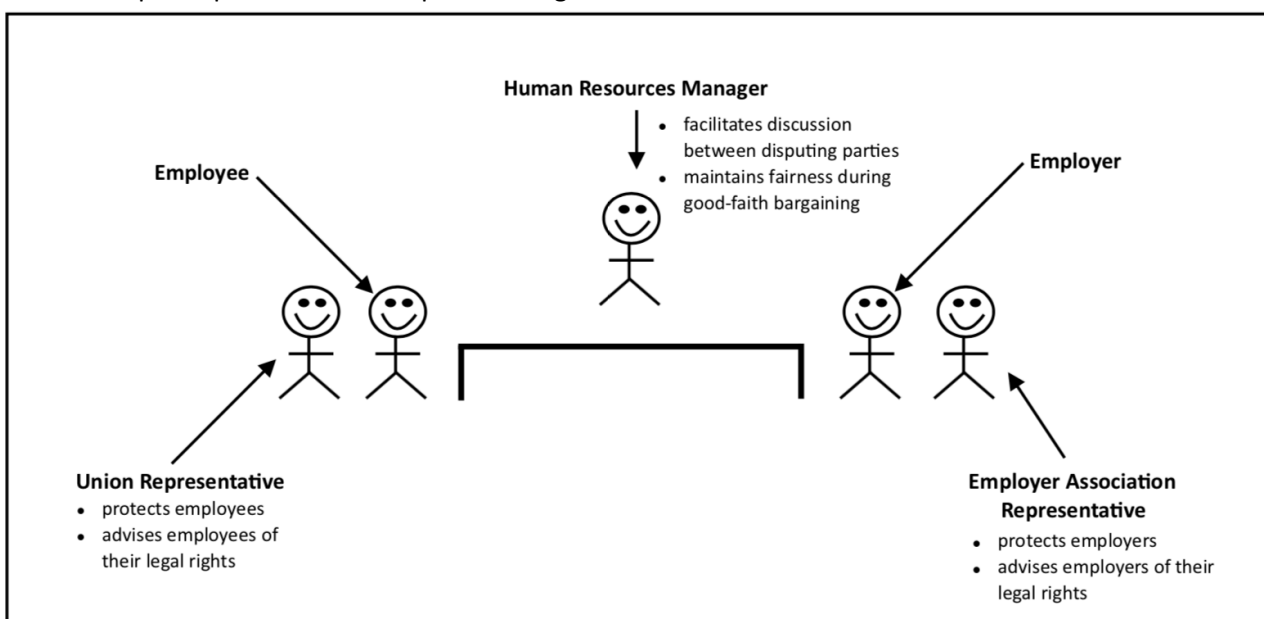
Question 2 (3 marks)

Explain the role of human resources managers in relation to the process of creating agreements at P-Balls.

The human resources manager^① is responsible for managing the employment cycle which encompasses hiring, training and termination. The role of the human resources manager during mediation would be to act as a mediator during the good-faith bargaining^② process between the employers at P-Balls (and their employer association representatives) and the employees at P-Balls (and their union representatives). During the good-faith bargaining process, the human resources manager would facilitate positive negotiations between disputing parties and ensure both parties are fairly dealt with. This is to ensure that the mediation process has limited conflict such that a mutual decision regarding the terms of the new agreement can be agreed upon - that the process of creating the agreement is done fairly and successfully.

Extension notes:

- ① This is a communication method in the dispute resolution method of mediation.
- ② The annotated diagram below is a visual representation which can be used to understand the roles of different participants in the workplace during mediation:



Question 3 (6 marks)

Explain how one lean management principle can be used to improve the efficiency of P-Balls' operations in 2021. In your response, refer to 'Figure 1'.

Lean management refers to a systematic approach that aims to reduce wastage created in the production process whilst appealing to the perspective of consumers. One lean management principle is TIMWOOD. This refers to the seven types of of wastage, including: transport, inventory, motion, waiting, over-producing, over-processing and defects.

②

P-Balls can reduce inventory^② wastage through the implementation of just in time^③. This is a strategy that can reduce inventory wastage because resources (such as amino acids, simple and complex carbohydrates and other chemicals used to make the protein powder) are used in production once they arrive from delivery and outputs ("protein powder balls") are delivered to points of sale once they are manufactured. Since the "protein powder balls" (stock) is not being left idle, it is less likely to be subject to spoilage, contamination or damage. Thus, reducing wastage at P-Balls (which is an improvement to the efficiency of operations). This can assist in reducing the level of wastage below 9% in future years (such as 2021).

②

P-Balls can reduce overproduction^② wastage by using forecasting^③. This is a strategy that can be used to reduce overproduction waste by analysing past sales data to predict future seasonal increases or decreases in sales. Forecasting can improve the efficiency of operations at P-Balls by preventing stock (resources used to create the protein powder) from being over-ordered, as was the case for P-Balls due to the protein powder stock "expir[ing]". This can reduce wastage levels because inventory is less likely to be idle (immobile) and be subject to contamination or damage. Thereby, in future years (such as 2021) the level of wastage should be less than 9%.

Extension notes:

① A suitable structure for "explaining lean management principles" (specifically TIMWOOD) questions is to:

1. **DEFINE** lean management.
2. Briefly **OUTLINE** the lean management principle you have chosen.
3. Explain **HOW** the lean management principle can be used to reduce wastage levels, with reference to efficiency
4. **STATE** how the level of wastage will be improved, with reference to Figure 1.

You should repeat **steps 2-4** dependent on the number of marks of the question!

② You should paragraph this response in order to limit confusion and improve the structure of your response.

Furthermore, you should paragraph your responses based on the wastage types of TIMWOOD.

③ The strategies used to address wastage types are drawn from the operations strategies learned in Unit 3 AOS 3. These include: technology development, quality management and materials management.

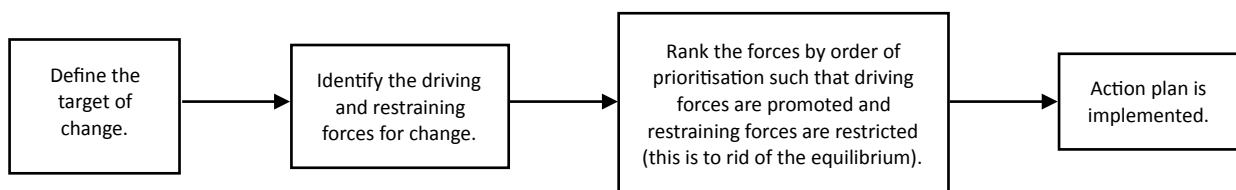
Question 4 (5 marks)

Explain how the principles^① of Lewin's Force Field Analysis theory can be applied to ensure that the introduction of new product lines at P-Balls is successful.

First, the manager at P-Balls must define their target of change which is to introduce "new product lines." The manager must then identify the driving forces and restraining forces for the proposed change. One driving force is the pursuit of profit, which refers to the growing of revenue relative to expenses in a given period of time, such that a profit can be earned. This is a driving force for change because profits can be used to expand P-Balls further and generate innovation. One restraining force is financial considerations, which refers to the dollar cost of implementing change. This is a restraining force because sourcing new product lines can incur additional short-term expenses which may hinder profit generation at P-Balls. From this, the manager can then rank or weigh the forces by order of prioritisation to ensure driving forces are promoted and restraining forces are restricted (to rid of the equilibrium). An action plan is then implemented - the manager at P-Balls can reduce the restraining force of financial considerations by sourcing a bank loan or implementing cost cutting measures in P-Balls operations (such as cost containment). Thereby, increasing the chance of the change (introducing new product lines) at P-Balls being successful in the long-term.

Extension notes:

① Below is a flow chart that outlines each of the steps of Lewin's Force Field Analysis theory:



Question 5 (6 marks)

Explain the key elements^① of the operations system of P-Balls.

Inputs refer to the resources (natural, labour, capital) used by businesses to create outputs. Inputs at P-Balls would include natural resources such as amino acids, simple and complex carbohydrates, specific enzymes as well as containers to store the protein powder in.

Processes refer to the transformational activities involved in transforming^② inputs into outputs. The processes at P-Balls include the mixing of the different macromolecules to create the protein powder mixture, enzyme-catalysed reactions and the storing of protein powder into dissolvable balls.

Outputs refer to the final product produced by a business that is presented to consumers. The product produced by P-Balls is a tangible (can be physically touched) good-protein powder balls that can aid an individual's health needs.

Extension notes:

① A suitable structure to respond to "explaining key elements" questions is to:

1. Define the term **inputs** and explain how inputs relate to the case study
2. Define the term **processes** and explain how processes relate to the case study
3. Define the term **outputs** and explain how outputs relate to the case study

② When defining the term 'processes', you must use the key word "transforming" as is done here.

Question 6 (2 marks)

Outline one corporate social responsibility consideration that P-Balls takes into account with reference to one key element in question 5 and the information provided.

One corporate social responsibility consideration that P-Balls takes into account in relation to outputs is reducing the need for a "plastic scooper". This serves to reduce landfill as a scooper is not used to aid in making the protein powder shake; consequently, this can lead to decreased environmental destruction (which is environmentally advantageous).