



Free Exam
for 2010-16 VCE study design



Units 3 and 4 Business Management

Practice Exam Solutions

Stop!

Don't look at these solutions until you have attempted the exam.

Any questions?

Check the Engage website for updated solutions, then email practiceexams@ee.org.au.

Marks allocated are indicated by a number in square brackets, for example, [1] indicates that the line is worth one mark.

Question 1a

Productivity is an efficiency measurement that compares the level of inputs with the level of outputs used to produce it over a set period of time. [1]

Students should avoid using the actual wording (productivity) of the term in their explanation.

Question 1b

A large-scale organisation can be characterised as having a significant market share, such as Budget Airlines which currently holds 10% of the market [1]. Two other characteristics of a large-scale organisation include:

- Employs more than 200 people [1]
- More than \$200 million in assets [1]

Students are encouraged to use the characteristic(s) hinted in the case study.

Question 1c

To get full marks, students should first define and explain the term “key performance indicators”. [1] A key performance indicator refers to criteria that can be used to evaluate the level of achievement of an organisation. Students then need to provide three key performance indicators, and explain how they may be used to assess the productivity of an organisation. [1 mark for each, for a maximum of 3 marks]. For example:

- Rate of productivity growth can be used to measure the percentage by which productivity increases from period to the next, evaluating how efficient and effecting the organisation is using its resources.
- Level of wastage refers to the proportion of waste in a production process. If the level of wastage is low, then this indicates that the organisation has used its resources in a productive and efficient manner.
- Net Profit Figures measure all the money earned by the organisation. If net profit figures are high, then this indicates that the organisation’s revenue exceeds its expenses, thus the organisation is using its resources in a productive way.

Question 1d

The level of planning undertaken by Timothy is tactical planning [1]. This refers to the middle term 1-2 year planning undertaken by middle management that implements the strategic plan or vision for the organisation [1].

Students should then list and explain the steps to the planning process, ensuring that they make constant reference to the case study:

Timothy should employ a planning process. The first step is to define his objectives, in this case it is to increase Budget Airlines’ market share from 10% to 13% before the next productivity report [1]. The next step is to analyse present situations and future opportunities through a SWOT analysis, identifying any strengths and weaknesses the organisation has in its internal environment, and any opportunities and threats foreseeable in its external environment [1]. After this, Timothy should develop a plan and evaluate any alternative plans, before selecting and implementing one of the plans and communicating it to the workplace so that everyone can work collectively towards a common, specific goal [1]. Finally, it is important that Timothy continuously evaluates, monitors and reviews the plan throughout the year, using key performance indicators such as market share and number of sales to assess how well the plan is going, making necessary adjustments where needed [1].

Question 2a

Students should define operations management. Operations management refers to the task of managing the process that transforms resources into finished goods and/or services [1].

This question is asking students to recognise the relationship between the operations function and the business objectives and strategies of an organisation. Good operations management is vital if an organisation is to achieve its objectives and strategies, because the operations function ultimately is what creates and delivers the goods or services of the company. It is arguably the most important function, and the core function, because an organisation's reason for existence lies within the operations function. Good operations management will lead to an increase in productivity and competitiveness, ultimately leading to an increased level of profits, therefore achieving the goals and objectives of an organisation.

Question 2b

This question asks students to recognise which management styles best suit which situations. In the case study is strongly suggesting one type of management style, laissez-faire.

Emma should adopt a laissez-faire management style, which is one where the manager has little interaction and control in the decision-making process and employees are left to make decisions along [1].

Students should then identify aspects mentioned in the case study that suggest a laissez-faire management style is best suited: [1] mark is awarded if any of the following points is mentioned.

- A laissez-faire management style is best suited for a work environment such as in AutoApp because it relies on employees to discipline and motivate themselves, since they work from home often.
- Laissez-faire managers do not provide direction and instruction to their employees, so the control is decentralised. This would work best with employees at AutoApp since they are all "experienced" and "driven"
- Employees that are highly talented, creative and knowledgeable respond well to a laissez-faire management style, such as those Emma supervises, as they are "self-direction IT specialists".

Students then need to identify three management skills that compliment a laissez-faire management style. [1] mark is awarded to each of the following, for a maximum of [3] marks.

- Delegating skills, which refers to the ability to pass down authority and tasks to subordinates, is a skill Emma would need as power in a laissez-faire management style is decentralised and decision-making lies with employees.
- Team building skills can be employed by Emma to create productive, complementary work groups that can brainstorm together, as well as rely, motivate and assist each other since she will not be intervening.
- Time management skills are important, as Emma is still in charge of getting Apps developed in a particular timeframe. She needs to inform her employees of deadlines so that they can endeavour to meet them, since she will not be there to make sure that they do.
- Communication skills are another skill Emma may need in this management style, as she needs to know how to communicate organisational goals and objectives while having minimal face time with her employees.
- Computer skills: Since most of the communication Emma has with her employees are over the internet, she needs good computer skills to best connect with her employees and assist them through the internet.

Question 2c

Students should define corporate culture as one that refers to the values, behaviours and beliefs shared by the employees of an organisation [1].

They should then discuss aspects of the organisation, such as work relationships and environments contribute to an organisation's corporate culture. A laissez-faire management style signifies a work relationship between employer and employee built on respect and trust. Employees will more likely feel highly-valued by the manager. Giving employees creative time and space which is both flexible and private may help them be more productive and appreciative of the workplace and its policies. This leads to a good corporate culture, which results from a satisfied faculty, a relaxed environment, and a sense of pride and ownership within the employees [1].

Question 2d

Students are required to explain both the materials management strategy [1] and the technology strategy [1]. Materials management works to ensure that the right type and quantity of inventory is available in the production process, so as to maximise efficiency. Technology refers to the adaption of the latest technology to improve productivity and quality.

Students should then explain how materials management and/or technology can assist Emma in improving business competitiveness, which refers to the ability of a business to sell products in a market [1]. This may include:

- Inventory management
- Materials planning
- Robotics

They then need to explain how each of these strategies may assist Emma in improving business competitiveness with regards to either/both cost and quality [1] mark for each strategy identified, [1] mark for how it relates to competitiveness, for a maximum of [4] marks .

Question 2e

Students are required to first define the supply chain, which refers to a system of planning and managing all activities involved in sourcing and procuring materials, storage of materials and development of partnerships with suppliers and customers [1].

Students should then describe how a good relationship between an organisation and its supply chain can lead to many benefits for an organisation, including:

- Higher quality inputs, especially during the off-season
- Better prices
- Faster speed of delivery
- Flexibility
- Networking
- Loyalty

Students are awarded [1] mark for each benefit identified and explained, for a maximum of [2] marks.

Students must then identify the ethical and socially responsible considerations in relation to the supply chain, which may include:

- Procuring from suppliers that treat their workers appropriately, under labour standards
- Procuring from suppliers that are environmentally sustainable
- Inputs procured at safe
- Supporting local industries

Students are awarded {1} mark for each consideration identified and explained, for a maximum of [3] marks.

Question 3a

This question requires students to draw upon the advantages and disadvantages of recruiting internally or externally, and recognise which situations would be better suited for one or the other. In this case study, students must identify that it is strongly suggesting internal recruitment would be better suited.

Internal recruitment refers to attracting the best applicants for an available position from within the organisation. [1] Since there are 3 junior managers already working under the marketing manager, Erin could ask the current marketing manager whether any of the 3 junior managers would be suitable for the job, since they would already possess many of the skills, abilities and knowledge necessary for the marketing manager position [1]. It would also be less time consuming than recruiting externally, which is important as Erin only has 2 weeks to find a suitable replacement [1]. Finally, recruiting internally is more cost-efficient, since attracting candidates does not require advertising or hiring head-hunters or agents, which is suitable because Erin is on a tight budget [1].

Question 3b

Students must first define job analysis, which is the process of identifying and determining in detail the tasks, duties and requirements involved in a given job [1].

Then students should mention that the purpose of a job analysis is to create two documents, a job description and job specification, and give definitions for each [2]. Students need to explain that these two documents can only be accurate and detailed if a job analysis is undertaken. It is important to also explain by these documents need to be accurate and detailed, and the benefits of it being so. These include:

- Attracting the most suitable pool of applicants
- Time-efficient
- Cost-efficient
- Candidates are also better prepared
- Less time training & developing

{1} mark is awarded to each reason of importance identified, for a maximum of [3] marks.

Question 3c

Students are first required to define employee relations [1], which refers to the relationship that exists between employers and employee when they work together to determine level of pay and working conditions. They then should describe what consists of a decentralised approach to employee relations, including:

- Employees negotiating agreements in individual workplaces
- Enterprise agreements
- Collective agreements
- 10 national employment standards
- The role of Fair Work Australia

A total of [2] marks are awarded for a detailed explanation of decentralised employee relations.

Students must then explain the role of the human resource manager in a decentralised system of employee relations, which may include:

- Negotiating employment agreements
- Making sure agreements are implemented correctly
- Making sure agreements abide to legal requirements such as the 10 national employment standards
- Representing the employer
- Dealing with disputes and conflicts
- Updating workplace agreements
- Resolving disputes through negotiation, mediation, conciliation and arbitration
- Communicating with Fair Work Australia

[1] mark is awarded for each role, for a total of [4] marks

Question 4

This question requires students to evaluate both the driving forces and restraining forces of change. They must also illustrate their answer with reference to a significant issue or organisation studied in class [for a maximum of 10 marks]. Possible significant issues studied include:

- Globalisation
- Social responsibility
- Business ethics and corporate governance
- Merges and acquisitions
- Technological development
- Legislative compliance
- Privatisation

Driving forces may include:

- Management
- Employees
- Time
- Competitors
- Legislation
- Productivity
- Technology

Restraining forces may include:

- Organisational inertia
- Cost
- Competitors
- Time
- Employees
- Management

Students should also provide examples as they integrate their issue with management theory, but also make sure that their response is not entirely made up of examples.