



## *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](mailto: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

Students need to identify **two** characteristics of a large scale organisation [1 mark for each, for a maximum of 2 marks]. Acceptable characteristics include:

- Significant number of employees (usually 200 or more)
- Substantial revenue and total assets (over \$200 million)
- Operates globally (multinational or transnational)
- Substantial profits
- Commands a large percentage of marketshare

### Question 1b

Students need to correctly identify 'The Burger Joint' to be a **corporation or company**. They should explain how the aim of a corporation is to make profit through the provision of goods and/or services. Students may also relate their answer to the organisation's specific situation and how their current objective is global expansion [2 marks].

Students then need to identify **two** other types of large scale organisations and explain how their objectives are different to those of corporations [2 marks for each, for a maximum of 4 marks]. Other types of organisations include:

- Government departments: aim to provide a high level of service in a particular field within a set budget.
- Charities, foundations or non-for profit organisations: aim to benefit society through the provision of goods and services.

### Question 1c

Students need to discuss factors within the external environment that may act as a source of change for 'The Burger Joint' [for a maximum of 4 marks]. Students should distinguish between the operating and macro environment in their answer.

Sources of change within the operating environment may include:

- Competitors
- Consumers
- Trade Unions
- Suppliers
- Lobby groups

Sources of change within an organisation's macro environment may include:

- Technological factors
- Society's attitudes
- Political and legal
- Environmental
- Economic

**Question 1d**

Students need to discuss the driving and restraining forces for change in relation to 'The Burger Joint'. Students should consider forces relating to the change experienced during their global expansion and the closing down of stores [for a maximum of 4 marks].

Driving forces may include:

- Competition
- Initiative of management
- Technology
- Financial reserves
- Motivated employees

Restraining forces may include:

- Organisational inertia
- Unwilling employees
- Cost
- Management procrastination

**Question 2a**

Students need to identify that Sally is using either a **consultative or participative management style**. Students should then explain their chosen style referring to at least **two** characteristics and examples from the information provided to justify their answer [for a maximum of 4 marks].

Characteristics of the consultative style include:

- Employees have input into decision making
- Staff suggestions are valued
- Step towards employee-centered management
- Ongoing provision of information to staff

Characteristics of the participative style include:

- Communication is two way
- Decision making is shared
- High level of trust in staff
- Delegated authority
- Decentralisation of power within defined limits

**Question 2b**

Students need to describe the advantages and disadvantages of the management style identified in question 2a [for a maximum of 3 marks].

Advantages of the consultative style include:

- Can promote a shared sense of achievement
- Employees feel acknowledged and a part of the organisation
- High levels of trust in staff

Disadvantages of the consultative style include:

- Decision making is time consuming
- Employees may not be skilled in the consultation process
- Slows down implementation of change
- Must evaluate the quality of decisions made

Advantages of the participative style include:

- Shows significant faith and trust in employees
- Promotes teamwork
- Employees become multi-skilled and flexible
- Shared sense of achievement
- High employee morale and job satisfaction

Disadvantages of the participative style include:

- Training may be required to provide employees with decision making skills
- Time consuming
- Risk of losing direction
- Management may appear to lack direction and vision

They then need to compare this with **another** management style (autocratic, persuasive, laissez-faire) by discussing differences in the advantages and disadvantages [for a maximum of 3 marks].

**Question 2c**

Students first need to define corporate culture.

Corporate Culture: the shared values and beliefs of the people within an organisation, demonstrated by the relationship between staff and management, which is reflected through their policies, procedures and unwritten rules of the organisation [1 mark].

Then discuss what type of corporate culture would most likely be predominant in Sally's organisation [for a maximum of 2 marks]. For example:

The corporate culture is likely to be positive with involvement from employees as Sally encourages the sharing of ideas, teamwork and continuous improvement.

**Question 2d**

Students need to discuss a human resource management strategy within the maintenance phase that relates to **performance management** [for a maximum of 2 marks]. For example

Ian may conduct performance reviews or appraisals of staff in order to evaluate their work performance against the job description and assess their contribution to the organisation. Ian may conduct the performance review through a variety of measures such as an interview, checklist or on the job monitoring.

Students then need to identify the benefits of performance reviews [1 mark for each, for a maximum of 2 marks]. Benefits include:

- Identifies areas of improvement
- Provides staff with feedback
- Helps form training needs
- Identifies suitable staff for promotions, responsibility and new work roles
- Encourages staff to perform better
- Sets goals for future performance

Although there are other human resource strategies within the maintenance phase, the students were required to describe one relating specifically to performance.

**Question 3a**

Students need to identify **two** forms of process technology [1 mark each, for a maximum of 2 marks]. Process technology includes:

- Computer-aided design (CAD)
- Computer-aided manufacturing (CAM)
- Computer-integrated manufacturing (CIM)
- Flexible manufacturing systems (FMS)
- Electronic data interchange (EDI)
- Robotics (computer-directed work machines)

Then then need to explain how each of the chosen two process technologies could be used to optimise operations [1 mark each, for a maximum of 2 marks]. For example:

David could use computer-aided manufacturing (CAM) technology to design and control the production process in order to reduce labour costs and human errors.

David could also introduce robotics (computer-directed work machines) to replace human skills and effort in production to create more efficient and effective operations.

Students then need to explain how this process technology will increase competitiveness [1 mark]. For example:

The introduction of process technology is likely to improve the efficiency and effectiveness of operations through increasing productivity. By increasing these factors, this may provide the organisation with a competitive edge in terms of price, quantity and quality of outputs, thus enhancing the organisations degree of competitiveness.

**Question 3b**

Students should begin by explaining that ethical and socially responsible management relates to upholding moral standards and principles and considering the impact of an organisation's activities on society [1 mark].

Students should then identify and discuss ethical and social responsible management issues relating to the introduction of the new process technology [2 marks each, for a maximum of 4 marks]. Issues may include:

- Staff friendly and safe technology
- Job displacement
- Unnecessary waste or consumption
- Failing to consult or notify employees of change
- Energy uses
- Pollution levels

**Question 3c**

Students need to identify and describe two theories of motivation [3 marks each, for a maximum of 6 marks]. Theories of motivation include:

- **Maslow's Hierarchy of Needs:** is a motivational theory that orders needs with basic needs at the bottom and higher level needs at the top. Basic needs must be met before higher order needs can be fulfilled. Basic needs include physiological and security needs such as fair and safe working conditions and higher level needs include social needs such as having supportive environments, esteem needs like recognition and increased responsibility and self-actualisation needs which involves job fulfilment. Once a particular need is met, it no longer provides motivation and higher level needs become more important.
- **Hertzberg's Two Factor Theory:** is a motivational theory consisting of two sets of factors known as 'hygiene factors' and 'motivational factors'. Hygiene factors are extrinsic to the job, do not provide motivation and if not fulfilled will cause dissatisfaction. Motivational factors are intrinsic to the job meaning that they arise from the work itself and are more likely to cause job satisfaction. A human resource manager should therefore attempt to motivate staff through providing them with opportunities for advancement, recognition and increase responsibility rather than focusing on hygiene factors such as working conditions and pay.
- **Locke's Goal Setting Theory:** is a motivation theory that emphasises the connection between performance and setting defined goals. Locke suggests that two factors determine performance: goal difficulty and goal specificity. The more difficult, clear and specific a goal the greater the level of motivation to achieve it. When setting goals, human resource managers should allow staff to participate in the process as this will ensure greater commitment to the goal. The manager should regularly meet with employees to track their progress towards the achievement of the goals.

Students then need to justify which motivation theory would be the most effective in motivating staff, and relate their answer to the information provided [1 mark].

**Question 3d**

Students need to outline the steps involved in policy development [1 mark each, for a maximum of 5 marks]. They should explain how the policy relates to the introduction of new processes technology.

Steps of policy development include:

- Issue identification
- Research and consultation with stakeholders
- Develop a draft policy and distribute to stakeholders
- Use feedback to amend policy and obtain policy approval
- Distribute final policy to stakeholders

**Question 4**

Students first need to discuss the dynamic and inevitably nature of organisational change where organisations are required to adjust and respond to their unpredictable and evolving environments [1 mark].

They then need to explain Kotter's theory of change management outlining all **eight steps in** their answer [1 mark each, for a maximum of 8 marks]. They must illustrate their answer with reference to a significant issue or organisation studied in class [1 mark]. The eight steps include:

- Step 1. Create urgency for change: employees need to understand and want the change.
- Step 2. Form a powerful coalition: convince employees that change is necessary through effective leadership.
- Step 3. Create a vision for change: form a clear single vision that everyone can work towards
- Step 4. Communicate the vision: frequently reinforce the vision and embed it within the organisation
- Step 5. Remove obstacles: remove barriers that may hinder change such as routine
- Step 6. Create short-term wins: so that employees believe in the change and are motivated
- Step 7. Build on the change: continually improve on the change
- Step 8. Anchor the change in the organisation: make the change part of the culture to ensure stability

Students may find that they are familiar with different headings for each step.

Students should relate each step to their change issue or organisation, providing examples as they integrate their issue with management theory.