



**A non-profit organisation supporting students to achieve their best.**

# Units 3 and 4 Business Management

Practice Exam Solutions

Stop!

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

Found a mistake?

Check the Engage Education 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**

Shareholders: owners of a company that provide money for the business to operate and receive part of the profit in return. [1]

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

**Question 1b**

Social responsibility: obligations that go beyond the law that businesses have to the wider community, ensuring that their actions do not harm, but benefit society. [1]

**Question 1c**

To get full marks, students should first acknowledge that businesses are influenced by a number of stakeholders which refer to any individual or group with a vested interest in an organisation's success and include: shareholders, investors, suppliers, customers, employees, government and the community. [1]

Students then need to provide reasons why an organisation should be socially responsible [1 mark for each, for a maximum of 2 marks]. For example:

- Shareholders are not the only determinants of business success
- Organisations are responsible to all stakeholders that impact the business and so should be concerned with meeting their needs -e.g. customers, employees and suppliers all have the potential to determine business success, not just shareholders
- Socially responsible management is likely to lead to better business reputation and is likely to be profitable long term.
- More likely to attract loyal and satisfied customers
- Higher employee morale and commitment to socially responsible organisations
- Beneficial for society and demonstrates ethical behaviour

Students also need to provide reasons why an organisation should not be socially responsible [1 mark for each, for a maximum of 2 marks]. For example:

- A business' main objective is to create profit
- Organisations main responsibilities should be to their shareholders and providing them with returns on their investment, as they are the ones who provide the business with funds
- Higher costs associated with socially responsible behaviour and is more time consuming

Students then need to decide on whether an organisation should or should not be socially responsible and justify their chosen position [2].

**Question 1d**

Students should explain that planning involves deciding where an organisation should be heading and how it intends to get there [1].

Students should also outline the planning process and make sure to relate their answer to how planning may be used to achieve their chosen position in Question 1c [1 mark for each, for a maximum of 5 marks]. Stages in planning include:

1. Define objective
2. Devise strategies to achieve objectives
3. Select preferred option
4. Implement strategy
5. Evaluate (modify if necessary)

Students must ensure that they link the steps of the planning process to Budge Airlines.

Students may be familiar with different stages of planning, which is fine as long as they are able to provide the correct sequence and outline the steps involved.

**Question 1e**

Students need to identify two factors from the macro environment [1 mark for each, for a maximum of 2 marks]. Factors include:

- Society's attitudes
- Economic conditions
- Legal and political conditions
- Technological factors
- Education and training conditions

Students then need to explain how each factor may influence a large scale organisation. It is not necessary for students to relate their answers to 'We Share' in this question [1 mark for each, for a maximum of 2 marks].

**Question 2a**

In their answer students should acknowledge that 'We Share' is a not-for-profit organisation and explain their objectives [2]. For example:

'We Share' is a charity or non-government organisation which operates to provide goods and services (delivery of appliances) to benefit society. 'We Share' may also seek to promote a public profile in order to increase competitiveness and receive more donations from members of the community.

**Question 2b**

Students need to identify that 'We Share' is a service organisation because they perform the service of delivering goods to the community [1].

They then need to identify the three key elements of an operations system, keeping in mind that 'We Share' is a service organisation and using appropriate examples [2 marks for each, for a maximum of 6 marks]. Key elements include:

- Inputs: second-hand appliances, human skills and effort, storage facility, funds
- Processes: checking if appliances are working, packing and loading goods, transport
- Outputs: the delivery of appliances to members of the community

This question requires students to relate their answer to the specific organisation.

**Question 2c**

Students need to identify one operations strategy from quality management and one strategy from material management [1 mark for each, for a maximum of 2 marks]. Acceptable strategies include:

- Quality management: quality control, quality assurance, total quality management
- Materials management: just-in-time approach, waste management.

They then need to explain each of the chosen strategies and suggest how it may be used to improve 'We Share' competitiveness [2 marks for each, for a maximum of 4 marks]. For example:

Using a Quality Control operations strategy, Paul could optimise the quality of the appliances during inspection and delivery. This would involve setting performance standards of quality and using statistical techniques to measure whether the appliances meet the standards. Paul could then make corrective adjustments if checking revealed it is necessary, and so would be more likely to deliver high quality appliances in good working condition to the community.

**Question 2d**

Students need to identify two management skills [1 mark for each, for a maximum of 2 marks].

Appropriate skills include:

- Communication
- Negotiation
- Decision making and problem solving
- Emotional intelligence
- Delegation
- Time management
- Stress management

They then need to explain how the two chosen management skills could be used in implementing the operations management strategies [1 mark for each, for a maximum of 2 marks].

**Question 2e**

Students need to describe any motivation theory in relation to how it might assist HR in motivating 'We Share' staff. 2 marks are allocated to explaining the chosen theory and the other 2 marks for linking the theory to how the HR manager could use this theory to motivate staff at We Share.

**Question 3a**

Students are required to identify relevant management strategies associated with the establishment phase of the employment cycle.

Students should first explain that recruitment involves communicating the job opening to potential applicants and suggest recruitment methods which Claire could use. It would be recommended that students distinguish between internal (from within the organisation) and external (outside the organisation) recruitment methods in their answer [3].

Recruitment methods include:

- Internal: email, memos, newsletters, noticeboards
- External: media advertisements, employment agencies, trade unions, schools/TAFE/universities

They should then explain that selection involves choosing the most suitable applicant from those attracted during recruitment and suggest a suitable selection process that Claire could use [3]. A selection process may involve:

1. Screening and shortlisting applicants
2. Interviewing applicants
3. Checking the background of applicants
4. Conducting suitability tests and medical examinations
5. Advising applicants of the outcomes

**Question 3b**

Students need to first identify that Jim is in the termination phase of the employment cycle which involves the end of Jim's employment relationship with the organisation [1].

Students then need to describe a relevant human resource management strategy associated with the termination phase [2]. Appropriate strategies include:

- Superannuation and redundancy packages
- Conducting an exit interview
- Analysing reasons for resignation
- Provision of counselling and training

**Question 3c**

Students need to identify and explain how two factors within the internal environment may act as sources of change [2 marks for each, for a maximum of 2 marks]. Sources of change within the internal environment include:

- The need for innovation
- Staff participation
- Corporate culture
- Management
- Employees

Students should make sure their chosen sources of change are appropriate to human resource management.

**Question 4**

This question requires students to evaluate both low-risk and high-risk strategies for effective change management. Students should reach a decision on what strategies they consider to be the most effective and explain the differences between low and high risk strategies. 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

Low-risk strategies may include:

- Communication
- Participation
- Support
- Negotiation

High-risk strategies may include:

- Manipulation
- Threat

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.