



**Victorian Certificate of Education  
2012**

SUPERVISOR TO ATTACH PROCESSING LABEL HERE

**STUDENT NUMBER**

Figures

Words


Letter

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**BUSINESS MANAGEMENT**  
**Written examination**

**Thursday 15 November 2012**

Reading time: 3.00 pm to 3.15 pm (15 minutes)  
Writing time: 3.15 pm to 5.15 pm (2 hours)

**QUESTION AND ANSWER BOOK**

**Structure of book**

<i>Number of questions</i>	<i>Number of questions to be answered</i>	<i>Number of marks</i>
4	4	65

- Students are permitted to bring into the examination room: pens, pencils, highlighters, erasers, sharpeners and rulers.
  - Students are NOT permitted to bring into the examination room: blank sheets of paper and/or white out liquid/tape.
  - No calculator is allowed in this examination.
- Materials supplied**
- Question and answer book of 16 pages.
  - Additional space is available at the end of the book if you need extra paper to complete an answer.
- Instructions**
- Write your **student number** in the space provided above on this page.
  - All written responses must be in English.

**Students are NOT permitted to bring mobile phones and/or any other unauthorised electronic devices into the examination room.**

### Instructions

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

#### Question 1

In the chocolate industry, four large-scale organisations dominate the market, collectively accounting for 92% of all chocolate sales. Currently these four organisations compete on price. The smallest of the four organisations, Websters, is less able to take advantage of economies of scale than the three larger organisations. As a result, Websters has decided to focus on competing on quality rather than price to ensure its long-term success.

Sam Webster, grandson of the founder of the business, is currently the CEO and has identified that numerous changes must be made.

As the focus of Websters shifts to quality, it will need to measure quality as part of its operations management. A human resources audit has identified that the current staff do not have the necessary capabilities to implement this change. To allow the staff to develop the necessary capabilities, Mr Webster has identified two preferred options.

- improve the capabilities of the current staff
- purchase and import state-of-the-art equipment from Belgium

While the purchase of equipment will be more expensive initially, it will improve productivity and reduce waste and carbon emissions in the longer term.

- a. Define 'market share'.

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1 mark

- b. Identify and explain **two** methods from the strategy of managing quality that Websters could use to ensure a high-quality chocolate product.

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4 marks

- c. Identify and justify **two** performance indicators that Websters could use to measure the success of the business’s change in focus.

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4 marks

- d. Describe and justify one management practice or process from **each** of the **three** phases of the employment cycle that could apply to Websters as it changes its focus to compete on quality.

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6 marks

- e. Describe one difference between the operations management of a manufacturing organisation, such as Websters, and a service organisation.

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2 marks



**Question 2**

Glass Transport is a long-established bulk transport provider, which has recently taken a decision to invest in becoming a national parcel delivery service. The opportunity that CEO Catherine Glass seized on arose from fast-growing online sales. In order to build the expanded business, a significant number of new staff will be required. Some of these staff could be relocated from the bulk transport division and some will need to be recruited. Service standards will need to be set and new vehicles purchased. Further decisions will be made to determine whether parcel pick-up from residential and business premises will be offered.

The major existing competitor in parcel delivery is a government-owned postal service. Its business of delivering mostly letters is declining because of emails and texting. Its delivery infrastructure is mostly suited to letters, not parcels. The growing parcel sector is a highly profitable business opportunity for the organisation that ‘gets it right’.

As Glass Transport is becoming more complex in its service offerings, Ms Glass is considering changing the management structure of her organisation.

- a. Discuss an appropriate management structure for Ms Glass’s expanding business.

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4 marks

b. By nature, Ms Glass is a consultative manager.

Identify **two** characteristics of this management style, and explain one advantage and one disadvantage of using this style.

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4 marks



- c. Ms Glass has identified that she will have to use the management roles of organising, leading and controlling.

Define each role and explain how the use of these roles will contribute to the success of her new national parcel delivery service.

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6 marks

Question 2 – continued  
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- d.** Describe Locke's theory of motivation and explain how Ms Glass could use this theory to motivate staff.

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4 marks

**Question 3**

- a. Describe **two** factors from the internal and/or external environments of large-scale organisations, and discuss how they have impacted on an organisation that you have studied this year.

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6 marks

- b.** Large-scale organisations, whether for-profit or not-for-profit, exist to achieve specific objectives. Explain **two** differences between the objectives of for-profit and not-for-profit large-scale organisations.

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4 marks

c. Explain a significant change issue that you have studied this year and describe **two** ways in which it impacts on large-scale organisations.

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10 marks

**END OF QUESTION AND ANSWER BOOK**

**TURN OVER**

