

### VCE<sup>®</sup> Business Management

#### SCHOOL-ASSESSED COURSEWORK

#### Introduction

#### OUTCOME 2

Evaluate the effectiveness of a variety of strategies used by managers to implement change and discuss the effect of change on the stakeholders of a business.

#### Task

#### *Case Study*

This task will be marked out of 25.

It will contribute 50% of the marks (50) allocated for this outcome. A second task will need to be completed.

The task has been designed to allow achievement up to and including the highest level in the Performance Descriptors.

You have 55 minutes including 5 minutes reading time to complete this task.

Answer in the space provided.

Your teacher will advise you of any variation to these conditions.

This task covers a range of **key knowledge** and **key skills** from this outcome.

NAME:

## Task

*Following a review of the operations at AustraJet, CEO Erin Joseph has decided on a variety of strategies to assist with the continued growth of the business. These include the delivery of new planes; an increased reliance on automation with both a flight booking and the check-in; creating partnerships with international airlines (which could include some of AustraJet’s international routes being taken over by international partners); having maintenance of planes undertaken overseas rather than in Australia and the development of a frequent flyer program aimed at encouraging families to travel on the airline.*

*There has been a mixed reaction from the various stakeholders of AustraJet including employees, customers, shareholders and suppliers. Employees in different areas of the business have reacted in different ways and this will require Erin Joseph and her management team to adopt a variety of strategies to assist employees with the transition of the business to its new form.*

*AustraJet must also be mindful of its corporate social responsibility obligations when implementing change. If the change is to be successful Erin Joseph and her management team must consider the impact that the changes to the business will have on their corporate social responsibility outcomes and related impact on stakeholders.*

*The Board of Directors at AustraJet have set some strategic goals that need to be achieved and Erin Joseph has established some key performance indicators, which she will use to assess how the business is responding to the changes implemented.*

**Question 1 (3 marks)**  
Describe Lewin’s Three Step Change Model.

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**Task**

**Question 2 (3 marks)**

Apply each of the three steps of Lewin’s Model of Change to one of the proposed changes at AustraJet.

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**Question 3 (4 marks)**

Describe and evaluate one high risk strategy or one low risk strategy that AustraJet could use to overcome employees’ resistance to one the proposed changes.

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**Task**

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**Question 4 (4 marks)**

Describe the potential impact that the proposed change to have maintenance on aircraft conducted overseas could have on management and suppliers of AustraJet.

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**Question 5 (5 marks)**

Define the term corporate social responsibility and explain the adoption of corporate social responsibility strategies at AustraJet with regards to one of the proposed changes.

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**Task**

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**Question 6** (6 marks)

It has been six months since the changes have been adopted. Describe and justify a performance indicator that could be used to assess each of the following:

- a Employee acceptance of the change

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- b Financial performance of the business

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**Task**

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**Total: 25 marks**



## Teacher Advice

### *Key knowledge and key skills*

The following **key knowledge** is the focus of this task:

- low-risk strategies to overcome employee resistance, including communication, empowerment, support and incentives
- high-risk strategies to overcome employee resistance, including manipulation and threat
- key principles of the Three Step Change Model (Lewin)
- the effect of change on stakeholders, including managers, employees, customers, suppliers and the general community
- corporate social responsibility considerations when implementing change
- the importance of reviewing key performance indicators to evaluate the effectiveness of business transformation.

The following **key skills** are the focus of this task:

- define, describe and apply relevant business management concepts and terms
- research and analyse case studies and contemporary examples of business management applicable to managing change in a business
- interpret business information and ideas
- apply business management knowledge to practical and/or simulated business situations
- evaluate the advantages and disadvantages of various strategies in implementing change in a business
- propose and justify strategies in response to key performance indicators and to assist in implementing change in a business.

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### *Highest performance descriptor*

The following table indicates the relationship between the highest level of the Performance Descriptor and the questions in this task.

Aspect of Very High Performance Descriptor	Question/s
Comprehensive evaluation of the advantages, disadvantages and effectiveness of a variety of strategies used by managers to implement change.	2, 3
Sophisticated discussion of the effect of change on the stakeholders of the business.	3, 4
Critical analysis of case studies and contemporary examples of business management applicable to managing change in a business within the last four years, based on extensive research.	2 - 6
Sophisticated and appropriate proposition and well-argued justification of management strategies to respond to key performance indicators and assist in implementing change in a business.	2 - 4

**Note:** This is one of **two** tasks for this outcome.

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## Teacher Advice

**NOTE: This task is sold on condition that it is NOT placed on any school network or social media site (such as Facebook, Wikispaces etc.) at any time.**

**NOT FOR USE BY PRIVATE TUTORS.**

### **Embargo**

In order to protect the integrity of your VCE assessment process, please **do not** return this item to students before **the end of the term in which it was undertaken**. You may indicate the results to students and/or dedicate class time to working through student responses but do not allow students to retain their work until the term has concluded.

We advise that you use a variety of assessment tasks from one year to the next to further enhance the integrity of your assessment program.

## Solution Pathway

Below are suggested responses. Teachers should consider the merits of alternative responses.

### Question 1 (3 marks)

1 mark will be awarded per step covered from Lewin's theory. Description must demonstrate a clear understanding of each step. No marks will be awarded for simply listing the three steps.

Sample high level response:

*Lewin's Three-step model of Change involves the aspects of the business unfreezing from its current position, moving to a new situation and then refreezing. The first step involves the business breaking from how it currently operates, that is, unfreezing to allow a different approach to be undertaken. This may cause some resistance from employees, which will need to be appropriately managed.*

*Step two involves moving the business toward its new situation. The organisation will need to effectively manage its employees through this process outlining why the change is taking place and allowing employees to be part of the change process to minimise resistance.*

*Step three sees the business "refreeze". This implies that the business has found a new equilibrium and overcame the resistance of employees to find a new state that sees changes in behaviour and culture cemented in the new way the business will operate.*

### Question 2 (3 marks)

1 mark will be awarded per step applied. Marks cannot be awarded for simply restating the theory of the three steps. There must be application to the case study material in order to be considered an appropriate response and to be awarded marks.

Sample high level response:

*AustraJet has decided to implement a greater level of automation in both its flight booking and check-in services. This greater level of automation will require sensitive management to implement. The use of Lewin's theory could assist AustraJet with the implementation.*

*Firstly, AustraJet should establish a team of people to prepare the business for the change to come. It will be important for this team to be able to overcome any resistance from employees. Employees will need to be advised of the changes and how it will affect their work into the future. Opportunities for retraining and movement need to be provided to employees to assist with the transition to the new way the business will operate.*

*The move to the new state will benefit from input from employees. It's important to assist employees in the change process so that the transition to the new form of business is successful. Employees at AustraJet would be able to gain a greater understanding of what will be required of them as well as the new practices that would need to be put in place for the change to be successful.*

*AustraJet would need to ensure that the new practices and processes are in place prior to refreezing the business and allow the change to be embedded in the operations of the business. Change would be required to be stabilised through this refreezing process. Changes in behaviour within groups or individually will need to be understood and accepted by employees at AustraJet.*

## Solution Pathway

### Question 3 (4 marks)

Students will need to use the high or low risk tactics that are set out in the Study Design. For low risk tactics, students could use communication, empowerment, support and incentives. For high risk tactics students could use manipulation and threat. A link should be made to the proposed change. 4 marks will be awarded for the tactic that is well evaluated and linked. Only one mark can be awarded if no link is made.

Sample high level response:

*AustraJet could use several tactics to overcome employees' resistance to the proposed change relating to the expansion of the business through international routes. AustraJet could adopt the low risk tactic of communication to help in overcoming the resistance to change. Communication could take a variety of forms and should include relevant information from management to assist employees in coming to terms with changes in their work place. Staff would need to understand how they would be impacted by the proposed changes to the international routes and what changes would take place in their working environment. The use of low risk tactics is more likely to help employees overcome their resistance to change.*

OR

*AustraJet could use several tactics to overcome employees' resistance to the proposed change relating to the expansion of the business through international routes. High risk tactics are less likely to be successful in overcoming employees' resistance to change. If employees need to be threatened in order to have them overcome their resistance to change then this is unlikely to be successful. Employees at AustraJet are unlikely to feel satisfied with the changes relating to the international routes if they are threatened by management with outcomes that could include losing their job or being reassigned to an area that they are unfamiliar with. The use of high risk tactics is less likely to assist with employees overcoming their resistance to change.*

### Question 4 (4 marks)

Students need to focus on the two stakeholders referred to in the question and how they have been affected by the changes to the maintenance of the AustraJet aircraft. 2 marks are awarded for each stakeholder. However, students must describe the impact on the relevant stakeholder.

Sample high level response:

*Managers of AustraJet are a stakeholder that would be impacted by the proposed change to maintain aircraft overseas. Managers could be negatively impacted by this change as it could mean that they no longer have work with AustraJet. The business would need to manage this potentially negative impact on the business in an attempt to assist with some form of transition for managers.*

*Suppliers to AustraJet could also be impacted by the proposed changes in maintaining aircraft overseas as they might lose some of the business in supplying component parts to AustraJet's maintenance facilities in Australia. This could negatively impact the long term future of these suppliers if they are unable to find alternative customers to AustraJet.*

## Solution Pathway

### Question 5 (5 marks)

1 mark is awarded for the definition of corporate social responsibility. The remaining 4 marks will be awarded based on the depth of response from students. Students need to refer directly to both the possible corporate social responsibility practices and the impact that these have on the proposed changes.

Sample high level response:

*Corporate social responsibility can be defined as a process put in place by a business to ensure that it takes responsibility for its impact on its various stakeholders. The business should contribute not only to its own economic development but also the needs of its workforce and the broader community and attempt to always undertake its operations in an ethical way.*

*AustraJet should be mindful of the strategies that it adopts when it comes to a code of ethics which should include how it deals with employees when change occurs at the business. With the proposed changes in maintaining aircraft overseas it would be vital that AustraJet ensure that it caters to the needs of the employees in this transition phase. Some employees may now be in excess to the needs of the business and therefore be made redundant. AustraJet would need to ensure it has measures in place to deal with these employees in a fair and equitable manner as some may lose their jobs and require assistance to transition to other workplaces.*

*AustraJet needs to also ensure that its shareholders have a clear understanding of the strategies that the business is adopting. AustraJet needs to ensure that it not only abides by the guidelines that are set out in legislation but also endeavour to go above and beyond these guidelines so that it can act ethically to ensure shareholders rights are abided by into the future. The various strategies outlined need to have shareholders' interests at heart.*

### Question 6 (6 marks)

Marks will be awarded on a 2 mark per section basis. A clear key performance indicator must be described and justified which links to the example given.

Sample high level response:

- a Employee acceptance of change – *Rates of staff absenteeism could be used as a measure as to whether employees have accepted the proposed change. Rates of absenteeism are measured by the number of staff who are absent from work for a period of time. This is usually as a result of staff being dissatisfied with their working conditions and demonstrating this by not attending work.*
- b Financial performance of the business – *Net Profit figures could be used as a key performance indicator to measure the financial performance of the business following the changes that have been implemented. Net profit is the measure of the excess the business has once expenses have been subtracted by revenues. AustraJet would hope to not only decrease expenses but also increase revenue as a result of the changes and thus improve overall net profit.*
- c Corporate Social Responsibility performance – *With the movement of AustraJet's maintenance facilities offshore it would be important for there to be an assessment on how AustraJet will assist employees left without work in its Australian facilities. While there is a need to meet its legal obligations to staff, AustraJst could be assessed on how they have assisted former employees to achieve new employment through training or job search assistance. The rate at which these employees have been able to find alternate employment could assess how AustraJet has performed with regard to their Corporate Social Responsibility.*