

BUSINESS MANAGEMENT

Unit 2 – Written Examination



2017 Trial Examination

SOLUTIONS

Question 1 (2 marks)

- policy - a set of guidelines for employees to follow
- green marketing - is the marketing of products that are presumed to be environmentally preferable to others.

2 marks

Question 2 (3 marks)

Three legal requirements for establishing a business include:

Business name registration with Australian Securities and Investments Commission (ASIC)

Taxation – income tax must be withheld from employees,

Goods and Services Tax (GST) must also be paid and a quarterly Business Activity Statement completed

3 marks

Question 3 (4 marks)

It is important to select a supplier that is reliable, honest and quick to remedy any problem. If goods or spare parts are not available this may affect customers.

Benefit of using suppliers who meet socially responsible objectives may encourage customers to purchase from the business. The coffee shop needs a supply of organic raintree forest alliance coffee. The coffee shop also needs a supply of recyclable coffee cups.

A limitation could be that there may be few suppliers that adhere to the same socially responsible objectives, and they may be more expensive.

4 marks

2 marks for discussion of importance of supplier, 1 mark for benefit, 1 mark for limitations of CSR suppliers

Question 4 (2 marks)

A technological issue which may affect decision making when establishing a business includes:

Use of social media in marketing – when establishing a business an owner may wish to promote their business on Facebook or Twitter, however bad reviews will obviously discourage potential customers.

2 marks

Question 5 (4 marks)

It is important to establish a business bank account following the ‘separate entity’ principle so that cash flow can be monitored separate from owner’s personal finances

It is also important to keep accurate recording not only required by law to do so but serves as a valuable tool in decision-making.

4 marks

2 marks for each explanation

Question 6 (3 marks)

Marketing is the system of pricing, promoting, and distribution of a product or service. Marketing usually targets a particular group, this is referred to as the customer base – customers or potential customers who are likely to be attracted and purchase this product. Business objectives, such as profit, determine the budget for a marketing campaign as well as the price of the product.

3 marks

Question 7 (4 marks)

Two methods of market research by the owners of the coffee shop include:

Survey method – personal, written or electronic questionnaires, focus groups

Observation method – recording the behaviour of customers – in particular observing customer trends in other coffee shops and cafes

4 marks

Question 8 (2 marks)

The target market of the coffee shop is:

Male & female

Any age

Medium income earners

Local residents & workers

Public transport users

Tech savvy patrons

Individuals concerned about the environment

Any 4 characteristics = 2 marks

Question 9 (6 marks)

Three of the 7P's of marketing include:

Product – the good or service offered by the business

People – this includes everyone involved with the product including, management, staff and customers

Physical evidence – practical demonstration of a product, can also relate to physical state of a business premises and the physical state of a website.

6 marks

1 mark for identification, 1 mark for outline of each P

Question 10 (4 marks)

Planned public relations is concerned with organized activities that promote a positive image of the business. An example is an open day

Crisis public relations is concerned with an unplanned and unexpected incident. An example is a natural disaster, scandal or product tampering.

4 marks

2 marks for distinguishing planned from crisis public relations, 1 mark for an example of each

Question 11 (2 marks)

The benefits of induction to the employer are that expectations are conveyed to the employee, the corporate culture and dress code are introduced, and a good working relationship between new employees and fellow staff and management is developed

The benefits to the employee of induction include reduced anxiety of starting a new job, sources of assistance are established.

2 marks

Question 12 (5 marks)

An advantage of internal recruitment is that the employee is already familiar with the business

A disadvantage of internal recruitment is that the job is open to a narrow field of applicants

An advantage of external recruitment is that it attracts a wider field of applicants

A disadvantage of external recruitment is that it can be costly with additional advertising and background checks.

Overall, internal recruitment can boost morale and act as form of promotion, while external recruitment may attract a better applicant.

5 marks

Question 13 (4 marks)

Legal obligations are those requirements that must be met by law, for example it is a legal requirement to provide a healthy and safe workplace.

Whereas, corporate social responsibility issues are beyond legal requirements such as offering part time employment or flexible working hours

4 marks

2 marks for distinguishing legal obligations from CSR, 1 mark for an example of each

Question 14 (10 marks)

A business is only as good as its staff.

Customer's first impression of a business is likely to be based on their meeting with employees.

Staff must be attentive, considerate and professional in their dealings with customers.

If staff appear uninterested, unhelpful or have little product or store knowledge, customers are not likely to return.

Especially in the age of social media, customers are quick to post unfavourable experiences with businesses.

A key business objective is quality customer service. Staff should be rewarded for excellent customer service.

Conversely, staff who are observed not meeting standards of customer care should be disciplined

To avoid any confusion staff should be adequately trained in customer service.

Policies and procedures to implement these policies are required in business to ensure fair treatment of customers and consistency of practise amongst staff.

10 marks

Marked globally addressing the three parts of the question