

STUDENT NUMBER

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## BUSINESS MANAGEMENT

### Written examination

Monday 5 November 2018

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>Section</i>	<i>Number of questions</i>	<i>Number of questions to be answered</i>	<i>Number of marks</i>
A	5	5	50
B	5	5	25
			Total 75

- Students are to write in blue or black pen.
- 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 correction fluid/tape.
- No calculator is allowed in this examination.

#### Materials supplied

- Question and answer book of 24 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.**

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**SECTION A****Instructions for Section A**

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

**Question 1** (10 marks)

123 Childcare Centre is a business operating as a partnership. It provides childcare services for children aged five and under. Mary Kidd, one of the partners at the centre, wants to meet the demand for high-quality and reliable childcare in her local area. However, employees complain of long hours and their motivation is low. Staff turnover is a problem and Mary is unsure of how to address this.

- a. Define the term 'partnership' as a type of business. 2 marks

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- b. Describe a business objective (other than 'to make a profit') that would be relevant to 123 Childcare Centre. 2 marks

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**Question 3** (16 marks)

The manager of Wilkinson’s Window Tinting was disappointed with the performance of the business after one year of trading. As a result, she decided to purchase new machinery and automate the tinting process. At the end of the second year of trading, the manager examined a range of key performance indicators in order to assess the extent to which this change had been successful.

Key performance indicator	Year 1	Year 2
net profit figure	\$47 000	\$23 000
rate of productivity growth	2%	8%
number of customer complaints	112	28
rate of staff absenteeism	average of four days per year per staff member	average of 12 days per year per staff member

a. Define the term ‘key performance indicator’. 2 marks

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b. With reference to the data above, analyse the extent to which the purchase of the new machinery has assisted Wilkinson’s Window Tinting in improving the performance of the business. 6 marks

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c. Explain how each of the following management strategies could be used to respond to the key performance indicators in the table on page 6 and position the business for the future.

8 marks

- Redeployment of resources \_\_\_\_\_  
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- A change in management style \_\_\_\_\_  
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**Question 4** (10 marks)

‘To prosper over time, every company must not only deliver financial performance, but also show how it makes a positive contribution to society.’

Source: Larry Fink, Chairman and CEO, BlackRock, Inc., ‘Larry Fink’s Annual Letter to CEOs: A Sense of Purpose’, 2018, <[www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter](http://www.blackrock.com/corporate/investor-relations/larry-fink-ceo-letter)>

Analyse **two** ways in which corporate social responsibility considerations influence decisions made by managers. In your response, refer to **two** different areas of management responsibility.

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**Question 5** (8 marks)

AUS Swimsuit Ltd manufactures swimwear products at its Australian production facility. It sells to the public through retail outlets in major shopping centres around Australia. Due to the seasonal nature of these products, the majority of sales occur during the months leading up to the Australian summer. The manager, Phu Nguyen, wants to use a range of strategies to seek out business opportunities globally and extend the selling season. He knows that improvements in efficiency and effectiveness of business operations are required in order to improve international competitiveness.

a. Describe how each of the following strategies could assist AUS Swimsuit Ltd in improving its operations.

4 marks

- Forecasting \_\_\_\_\_

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- Website development \_\_\_\_\_

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- b. Phu wants to announce his plans to expand globally, but he is concerned about the possibility of employee resistance.

Describe **one** high-risk strategy and **one** low-risk strategy that Phu could use to overcome employee resistance during a period of change.

4 marks

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**END OF SECTION A  
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**SECTION B – Case study****Instructions for Section B**

Use the case study provided to answer the questions in this section. Answers must apply to the case study. Answer **all** questions in the spaces provided.

**Case study**

*The Daily Swell* is a local print and online newspaper. It recently published the following article about a local business.

**Regional Community Hub for All**

Tessa Adams and Charlie Liu opened Ocean Skate Hub in 2017. It is a social enterprise aimed at servicing the needs of the local youth community. It offers indoor and outdoor skate parks, and youth and homework clubs. It also operates a sports shop and cafe.

After finishing school, Charlie completed a Sports Management degree and Tessa completed a Commerce degree. Having both worked in their chosen fields for several years, Tessa and Charlie recently moved from the city back to their hometown, where they began setting up their business enterprise. Charlie commented that ‘we wanted to offer a place where young people from the community could come and try different activities, socialise and gain some new skills’.

After carrying out their research into what financial assistance was available, Tessa and Charlie applied for support through a government initiative called Social Enterprise Finance Australia (SEFA).

SEFA provides finance solutions to mission-led organisations and is deeply committed to fostering positive social and environmental impacts in communities across Australia. SEFA is also there to help new business ventures, like Ocean Skate Hub, build their capacity to manage debt and become financially sustainable.

‘We highly value the intensive support we received from SEFA. They helped us put together a rock-solid business case’, said Tessa.

Ocean Skate Hub uses its website and social media to provide information to customers and has launched an app to let members book activity sessions. Members are encouraged to give feedback to the organisation to help it meet its aims of improving customer service and finding interesting activities for all users.

All employees are from the local area, and Tessa and Charlie are passionate about keeping all services within the region. Their preference is for staff training to be carried out within the business; however, this is proving to be challenging for Ocean Skate Hub to achieve, and Tessa and Charlie feel they may have to outsource staff training in the future.

With the success of the business behind them, Tessa and Charlie have big plans for expansion in 2019 to provide services for the whole community, not just its youth. These include IT classes for the elderly, as well as photography, cooking, woodwork and gardening classes for all ages.

‘With all these exciting changes planned for 2019, we will be relaunching as “Ocean Hub” to better reflect the expanded range of community activities that will soon be available’, Charlie said.

Mayor Colin Sprey commented that ‘it is encouraging to see our young entrepreneurs giving back to their community’.

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**Question 1** (2 marks)

Describe **one** feature of a social enterprise like Ocean Skate Hub.

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**Question 2** (6 marks)

Describe the key elements of Ocean Skate Hub's operations system.

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**Question 3** (5 marks)

Explain how Ocean Skate Hub could apply the principles of the Force Field Analysis theory (Lewin) in implementing its expansion plans for 2019.

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**Question 4 (7 marks)**

Employee wages and conditions of work are currently determined via the Sporting Organisations Award 2010. However, Tessa and Charlie are considering establishing an agreement.

Explain awards and agreements as methods of establishing employee wages and conditions of work. Propose and justify which method Tessa and Charlie should adopt.

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**SECTION B – continued**  
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**Question 5** (5 marks)

Outline the interests of **two** relevant stakeholders of Ocean Skate Hub. Explain how these interests may be in conflict.

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