	Name:
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STUDENT NUMBER	Letter

BUSINESS MANAGEMENT

Written examination

2019

Reading time: 15 minutes Writing time: 2 hours

QUESTION AND ANSWER BOOK

Structure of book

Structure of Book				
Section	Number of questions	Number of questions	Number of marks	
		to be answered		
А	5	5	50	
В	4	4	25	
			Total 75	

• Students are to write in blue or black pen.

• Students are permitted to bring into the assessment 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 booklet.
- 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.

SECTION A

Instructions for Section A

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

Question 1 (16 marks)

Archie Dozer has dreamt of 'being his own boss' for a long time and has a vision of 'building high quality, cutting edge designer homes that last a lifetime'. Archie is looking to finally make this dream a reality and establish Dozer Homes in 2019. Archie had planned to start as a sole trader, however he and his brother Flynn are looking into starting a private limited company instead. The brothers know there will be many challenges in establishing and running a new business, especially in the current housing construction industry in Melbourne, which is highly competitive and facing a period of falling house prices.

a. Outline **one** difference between a private limited company and a sole trader.

2 marks

b. Discuss **one** benefit and **one** limitation of operating as a private limited company rather than 4 marks as a sole trader.

c. Archie has done a lot of reading on the importance of strategic management. He has decided 6 marks that of the two key approaches to strategic management – lower cost and differentiation – differentiation will be the best way to establish an advantage in the highly competitive Melbourne housing construction industry.

Explain Porter's generic strategies of lower cost and differentiation. Examine the extent to which the differentiation approach is appropriate for Dozer Homes Pty. Ltd.



d.	Describe and justify two management skills Archie and Flynn could use while establishing their new business.	4 marks
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Question 2 (3 marks) Outline the key principles of Lewin's Three Step Change Model.

Question 3 (5 marks)

Describe the principles of Senge's Learning Organisation and justify its use during times of change in a business.

Question 4 (16 marks)

In today's business world, business owners and managers are reporting that their single greatest challenge is retaining talent. The answer for many companies is to 'throw money' at the problem: bonuses, incentive pay, and salary increases are often seen as motivators that will entice greater effort and loyalty out of workers. However, using cash as a 'carrot' is not always the best answer, according to new research by Harvard Business School Assistant Professor Ashley Whillans. The research found that more than 80 percent of employees reported that they do not feel recognised or rewarded, despite the fact that companies are spending more than a fifth of their budgets on wages.

Excerpt from 'Forget Cash. Here Are Better Ways to Motivate Employees'. Dina Gerdeman, 28 Jan 2019

a.	Explain how the business objectives of companies might be different from those of a social	2 marks
	enterprise.	

b. Explain the relationship between employee motivation and **one** business objective.

2 marks

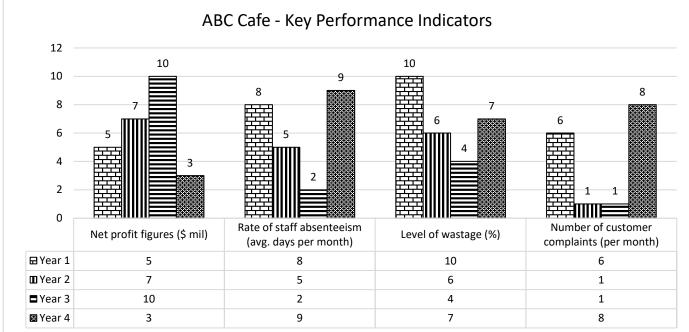
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he short- and long-term motivation of employees.	

d.	Describe the principles of the Four Drive theory. Refer to the information from the case in your answer.	4 mark
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ACED 2019 EXAM

Question 5 (10 marks)



The data shows that the financial and non-financial performance of ABC Café has changed over time. Management are considering areas of the business in need of change to respond to these key performance indicators.

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Analyse **two** management strategies that ABC Café could implement to respond to trends in its key performance indicators. Discuss the effect of these changes on **two** relevant stakeholders of ABC Café.

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 Grange Hotel Group' becomes 'Grange Resorts'

'The Grange Hotel Group' Ltd. runs 4-star hotels which offer beachfront accommodation and restaurant services in Sydney, Perth, Bali and Fiji. It also operates a range of water sports and activities including jet skiing, surfing, snorkelling and parasailing.

In response to increasing competition from local and global hotels, management at 'The Grange' have conducted market research and discovered the following:

- Families with young children are seeking 'all inclusive' resort-style accommodation options, especially in Bali and Fiji;
- 'The Grange' is highly rated by its customers (4.3/5 stars) but its restaurants are not as well reviewed (only 2.2/5 stars);
- Customers would like to see better in-hotel entertainment including an outdoor cinema, live bands, and a 'Kids Club' for families travelling with young kids;
- Customers feel 'The Grange' is inferior to 'high end' hotels in massage, fitness and wellbeing services. Its gym is rated 'poor' and it does not have an on-site spa centre;
- Customers feel 'The Grange' could promote more sustainable practices in its hotels.

In response to this feedback, management have decided to rebrand the Hotel Group and become Grange Resorts Ltd., expanding each of the four hotels into five-star luxury, family-friendly resorts. Each resort will include:

- 8 new restaurants, serving the highest-quality cuisines from around the world
- Two bars, with live local and international performers from Thursday-Sunday
- Private beach access
- Waterslide and pools
- Spa and wellness centre
- All-inclusive package options
- A 'Kids Club' for children aged 4-12
- New lean management processes in order to increase their level of corporate social responsibility.

This expansion is expected to cost Grange Resorts more than \$4 billion to complete over five years. New staff will need to be hired, and existing staff trained in five-star hotel standards. Senior management know this will be a significant change; however, they believe the real corporate culture of its existing 2,500 staff will help it succeed and become a world leader in luxury resort living.

Question 1 (4 marks)

Distinguish between the operations of a service business such as Grange Resorts and the operations of a manufacturing business you are familiar with.

Question 2 (7 marks)

Discuss **two** suitable training options that could be used for Grange Resorts' employees. Propose and justify which option senior management at Grange Resorts should adopt.

Question 3 (10 marks)

a. Describe and justify an appropriate management style that could support Grange Resorts in 4 marks successfully implementing its five-year expansion plan.



b.

Analyse how two principles of lean management could support Grange Resorts' plan to become both more efficient, and increase their corporate social responsibility.	6 mark

Question 4 (4 marks)

Describe **one** driving force and **one** restraining force that may impact on the success of Grange Resorts' planned changes over the next five years.

END OF QUESTION AND ANSWER BOOK

18

Extra space for responses

Clearly number all responses in this space.