



**Victorian Certificate of Education
2020**

Name: _____

Teacher's name: _____

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STUDENT NUMBER

Letter

BUSINESS MANAGEMENT

Written examination

2020

Reading time: 15 minutes

Writing time: 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	6	6	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 (12 marks)

Parties 'R' Us has been organising children's birthday parties since 2015 when best friends Cynthia Lynch and Kate Shaw formed a partnership, noticing a gap in the market. In the beginning, Cynthia and Kate were very hands-on and ran the parties themselves, including DJ-ing, organising party games, face painting, food catering, and a photo booth.

The friends have become highly successful and are employing 50 staff who oversee more than 600 parties a year. Cynthia and Kate are far less hands-on nowadays, and have a lot of faith in their employees who are highly experienced and passionate about the culture of Parties 'R' Us, which focuses on ensuring every party meets the 4 Fs - 'Fun, Fabulous, Kids First and Favourite'. The best friends are considering whether to become a private limited company and expand across Australia in response to growing demand in cities such as Sydney and Brisbane.

- a. Define the term 'corporate culture'. 2 marks

- b. Outline one benefit of operating as a private limited company rather than a partnership. 2 marks

d. Explain how the driving force of pursuit of profit and the restraining force of financial considerations could have an impact on the success of Parties 'R' Us' expansion around Australia.

4 marks

Question 2 (6 marks)

When implementing a training program for staff, management must consider both on-the-job and off-the-job training options, and how each may impact on the motivation of staff and the future success of the business.

Evaluate one on-the-job and one off-the-job training option for effectively managing employees to ensure business objectives are achieved.

Question 3 (15 marks)

Scoutz Ltd. manufactures scooters for children, teenagers and the ever-growing adult market in its Australian production facility. Recently, management decided to outsource the manufacture of key parts for its electric scooters to India as a result of growing financial and competitive pressures locally. Following this decision, the board of directors have observed a reduction in productivity due to rising waste, issues with quality, and workplace conflict between management and staff.

- a.** Describe the role of two of the following workplace relations participants in resolving disputes over wages and working conditions: 6 marks
- Fair Work Commission
 - Unions
 - Human Resource Managers

- b. Describe how Total Quality Management (TQM) can assist businesses such as Scootz to improve the efficiency or effectiveness of its operations. 4 marks

c. Discuss one strategy (other than management of quality) a business can implement to address its corporate social responsibility considerations in its operations system. In your response, refer to Scootz Ltd. or a contemporary business case study. 5 marks

Question 4 (7 marks)

	Net profit figures	Growth in number of customer complaints	Level of staff turnover	Number of workplace safety incidents
2017	+ \$500,000	- 10%	7%	0
2018	+ \$390,000	+ 3%	22%	10
2019	+ \$122,000	+ 6%	39%	18

The data in the table above shows the financial and non-financial performance of Roxy’s Restaurant from 2017-19. Roxy Reynolds, the sole proprietor of the business, is considering how best to respond to these key performance indicators (KPIs).

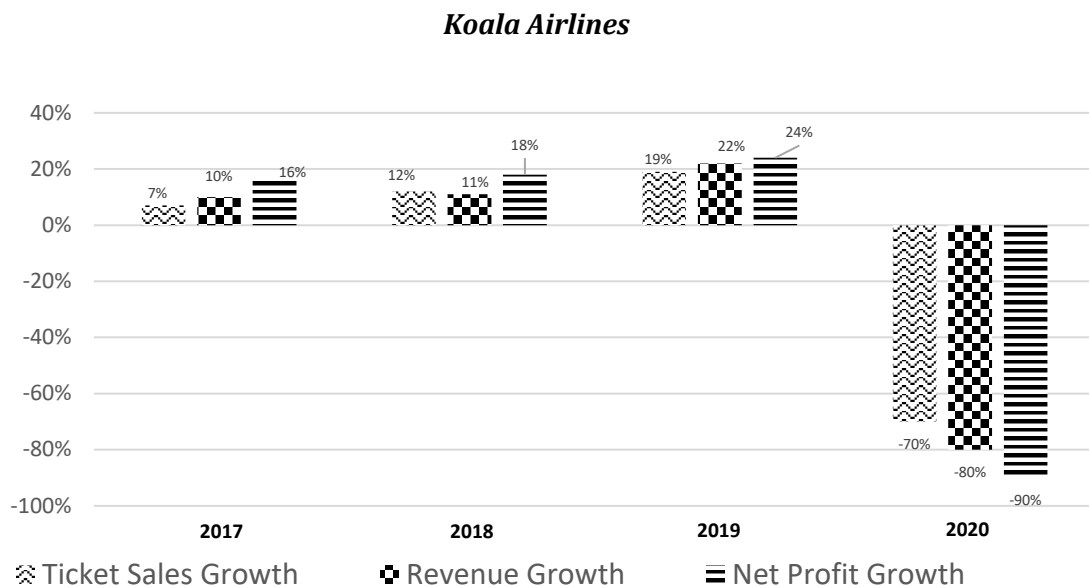
Propose and justify one management strategy that could be implemented to position Roxy’s Restaurant for the future. Consider the key performance indicators provided in the table in your response.

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



Koala Airlines is an Australian-based airline that operates domestic and international flights out of all major Australian cities and destinations in Asia including Indonesia, Japan, New Zealand and China.

Senior management at Koala undertook a strategic review of the business in 2018, following the most successful five years in its history since its first flight in 2004.

As part of the review, management identified the following key strategic priorities for the 2019-2023 period:

1. Expansion of Koala flights to five new cities across North America and Europe by 2023.
2. Upgrading its aircraft fleet and expanding to 200 planes, including Wi-Fi capability in its domestic and international aircraft by 2021.
3. Introduction of passport-free and self-check-in technology at Melbourne and Sydney airports by 2020, and all other airports by 2022.

However, the 12 months from September 2019 to September 2020 have been some of the most challenging in Koala's history.

Severe unstable weather events including volcanic eruptions in Indonesia and New Zealand have impacted on flights. On top of this, a worse-than-usual flu season throughout Asia has combined to take an enormous financial toll on the business.

Suspended flights to and from Asia, delayed and cancelled flights to volcanic ash-affected areas, and global uncertainty have led to a 70% reduction in ticket sales and 90% fall in net profits.

Senior management are now reviewing their strategic priorities, with major concerns over the financial stability of the business and the level of capital investment required to achieve its objectives by 2023.

Question 1 (2 marks)

Explain how the objectives of a company such as Koala Airlines differ from a social enterprise.

Question 3 (4 marks)

Explain how management at Koala Airlines could apply Porter's Generic Strategies to address the current situation.

Question 5 (3 marks)

Describe the importance of leadership in change management given the current situation at Koala Airlines.

Question 6 (4 marks)

Explain two management skills that senior management at Koala Airlines will require during this period of financial uncertainty.

END OF QUESTION AND ANSWER BOOK

