

# BUSINESS MANAGEMENT UNITS 3&4



## 2020 Practice Exam

(including fully-worked answers for every question!)

### ABOUT THIS RESOURCE

Our VCE Business Management Practice Exam is written by our experienced textbook authors and VCE teachers.

- The exam consists of questions worth 75 marks, in exactly the same format as the VCE exam.
- The questions have been designed and written to simulate the experience of sitting a VCAA-style exam.
- Included is a full answer section with exemplar answers and checklists to guide students on how to produce a high-scoring answer.
- All questions are tailored to the study design updates for 2020.

Share this free exam with Business Management students to help them prepare for the 2020 exam period!

### EDROLO TEXTBOOKS

The questions and answers in this practice exam have been rigorously designed to help your students understand exactly how to succeed in their upcoming exam, and are modelled on the questions and answers in the new range of Edrolo textbooks, already used and loved by thousands of Victorian students and teachers. Each Edrolo textbook has hundreds of scaffolded exam-style questions, each with full exemplar responses (like you'll find in these pages), plus online video solutions and checklists, all explaining how to get full marks.

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LEGAL STUDIES

DATE: \_\_\_\_\_

STUDENT NAME: \_\_\_\_\_

TEACHER NAME: \_\_\_\_\_

# **BUSINESS MANAGEMENT**

## **Practice written examination**

Duration: 15 minutes reading time, 2 hours writing time

### **QUESTION AND ANSWER BOOK**

#### **Structure of book**

<b>Section</b>	<b>Number of questions</b>	<b>Number of marks</b>
A	6	50
B	6	25
		Total 75

**SECTION A**

**Instructions for Section A**

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

**Question 1** (12 MARKS)

Flying High is a hot air balloon business that operates in regional Western Australia and New South Wales. Flying High was established four years ago by the owners Jeddah and Eli, who pride themselves on providing high quality hot air balloon rides within the region each day. Jeddah and Eli are considering changing to a more sustainable fuel source for their hot air balloon rides following a number of complaints.

- a** Outline two characteristics of a partnership. 2 MARKS

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- b** Compare the characteristics of operations management within a service business (such as Flying High) with those of a manufacturing business. 4 MARKS

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**c** Describe how managers act as a driving force for change at Experience. 2 MARKS

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**d** Explain how Sue could have applied the principles of the Force Field analysis theory (Lewin) when implementing one of Experience's changes. 5 MARKS

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## SECTION B

### 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

Tim Allan is the owner and CEO of a high performance golf equipment and clothing company, Eagle. Based in Melbourne, Eagle employs over 300 people in its headquarters, along with another 100 people in its manufacturing plant. Eagle’s products are sold across Australia and New Zealand, with plans in place for the business to continue expanding globally.

In the past year, Tim has decided to temporarily hold off on expanding the business after being concerned by some of the following business KPIs.

**Table 1** Changes in key performance indicators in the past year.

KPI	Percentage change in the last year
Rate of staff absenteeism	Increased ↑ 10%
Net profit figures	Decreased ↓ 4%
Level of staff turnover	Increased ↑ 5%

Recent performance reviews have revealed to Tim that Eagle has a poor business culture in comparison to other sporting manufacturers in the country. Investigating this issue further, Tim discovered a number of complaints from sales staff, highlighting that there were few opportunities to develop their skills within the business and be promoted. Staff also felt as if there was little appreciation for their work due to a lack of recognition and reward when Eagle had previously achieved key business objectives. In addition, staff also expressed dissatisfaction for their current wages and working conditions.

After reviewing the information gathered by Tim at a recent executive board meeting, the senior executives of Eagle agreed on three business projects to undertake to help improve the business’s performance:

1. The development of new business culture practices.
2. Implement a sales training program with an external sales professional.
3. An evaluation of Eagle’s current employment contracts and a proposal for a more suitable one.

### Question 1 (2 MARKS)

Define the term ‘rates of staff absenteeism’.

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# How to check your answers

## CHECKLISTS AND EXEMPLAR ANSWERS

This answer section includes exemplar responses with checklists to help students work towards a full mark answer. The checklists demonstrate how students can structure a high-quality response, and should be used as a guide when approaching exam questions. Checklists break down the exam questions to highlight what is required to earn each mark. Checklists also include items that are not awarded a mark, but are things that students should include to improve the quality and coherency of their responses. These checklists and answers are the same as the ones in our textbooks. There are two main styles of questions and checklists:

### Non-case study exam questions

- These checklists are for questions that do not require application to a business case study.
- Each mark is broken down into a checklist item.
- The checklist also includes items that are not assigned a mark, but rather methods to elevate the quality of a response.

**Question 1** (2 MARKS)  
Distinguish between driving forces and restraining forces.

1 [Driving forces are factors either internal or external to a business's environment which promote business change.<sup>1</sup>] [Whereas restraining forces are factors either internal or external to a business's environment which hinder change for occurring.<sup>2</sup>]

✓ ✗ I have defined driving forces.<sup>1</sup>

✓ ✗ I have defined restraining forces.<sup>2</sup>

✓ ✗ I have used a contrasting word such as, 'Whereas'.

**Not assigned a mark** but are things that students should include in their response to help them achieve full marks.

**Exemplar responses** show students what a full mark response could look like

**Assigned numbers** correspond to the marks in the question.

**Question 1** (2 MARKS)

### Case study exam questions

- These checklists are for questions that need to be applied to a provided case study in the exam.
- For case study exam questions, the checklist we use follows a framework called 'IDEAL'.
- Similar to non-case study exam questions, the checklist includes items that are not assigned a mark but assist students in elevating the quality of their responses.

**Question 2** (2 MARKS)  
Crystal Cleaners specialises in supplying households with washing machines. The company is planning to reorganise operations in preparation for the introduction of new models. The operations manager is investigating having some product parts manufactured in China. Recently, she received a sample of the parts and was very impressed with their quality.

Explain how Crystal Cleaners could use the KPI of number of sales to measure the success of the new models.

2 [Number of sales is the amount of goods and services sold by a business within a specified period.<sup>1</sup>] [If the number of sales increased at Crystal Cleaners following the decision to manufacture parts in China, it may indicate that customers are satisfied with the quality of the new models and the new models produced with the Chinese parts are a success.<sup>2</sup>]

✓ ✗ I have **identified** and **defined** number of sales.<sup>1</sup>

✓ ✗ I have provided an **example** from the case study and **linked** it to the number of sales.<sup>2</sup>

✓ ✗ I have referred to the business directly by using 'Crystal Cleaners'.

**I** Identify  
**D** Define  
**E** Example  
**A** and  
**L** Link

## Example answers

For some questions, we have provided 'example answer 1' and 'example answer 2'. The purpose of these example answers is to show to students that there are numerous ways to answer the same question. Therefore, providing more than one answer increases a student's understanding of the various possible responses.

### 3 a Example answer 1:

[One similarity between a service business, such as Flying High, and a manufacturing business, is that both types of businesses aim to optimise its operations to produce a high quality output at a low cost.<sup>1</sup>] [Another similarity is that both service and manufacturing businesses have the key elements of an operations system; inputs, processes and outputs.<sup>2</sup>]

I have provided one similarity between a service and manufacturing business.<sup>1</sup>

I have provided another similarity between a service and manufacturing business.<sup>2</sup>

### Example answer 2:

[One similarity between a service business such as Flying High, and a manufacturing business, is that each business will be required to deal with suppliers in their operations, in order to ensure they have enough inputs to produce their respective outputs.<sup>1</sup>] [One key difference is that Flying High produces an intangible output in the form of a hot air balloon experience, whereas a manufacturing business will produce a tangible product that can be interacted with.<sup>2</sup>]

I have provided one similarity between a service and manufacturing business.<sup>1</sup>

I have provided one difference between a service and manufacturing business.<sup>2</sup>

## Bonus questions

Underneath each exemplar answer, there is a coloured box for each question that contains an exam-style question and its corresponding exemplar answer and checklist. These extra questions are from Edrolo's Year 12 textbook, which contains hundreds of exam-style questions, answers, and checklists. The bonus question aims to provide students with an example of a different type of question they may be asked on the topic of the relevant exam question.

### WANT MORE?

#### Here's another question to show the theory from a different perspective:

- Study design dot point: characteristics of operations management within both manufacturing and service businesses
- Related Edrolo Textbook Lesson: 3C - Page 178

#### Question 7. Distinguish between the outputs of a manufacturing business to those of a service business. (3 MARKS)

[The outputs produced by a service business are unable to be stored as inventory. This is because the services are intangible by nature, meaning they cannot be physically touched or handled.<sup>1</sup>] [In contrast, the outputs produced by a manufacturing business are able to be stored as inventory. This is because the products produced by manufacturing businesses are tangible, meaning they can be physically touched and handled.<sup>2</sup>] [The key difference is that outputs produced by a service business are unable to be stored as inventory, whereas outputs produced by a manufacturing business are able to be stored as inventory.<sup>3</sup>]

I have provided a unique characteristic of outputs at a manufacturing business.<sup>1</sup>

I have provided a unique characteristic of outputs at a service business.<sup>2</sup>

I have provided a difference between the outputs of a service and a manufacturing business.<sup>3</sup>

I have signposted my responses by using, 'The key difference'.

I have used connecting words such as, 'In contrast'.

I have used comparison words such as, 'whereas' when distinguishing.



## SECTION A - ANSWERS

- 1 a** [One characteristic of a partnership is that it consists of two to 20 owners. As a result of this, partnerships allow for business roles to be shared easily between owners.<sup>1</sup>][Furthermore, another characteristic is that partnerships may face conflicts between owners due to shared decision making.<sup>2</sup>]

I have provided one characteristic of a partnership.<sup>1</sup>

I have provided another characteristic of a partnership.<sup>2</sup>

I have signposted my response by using, 'One characteristic' and 'another characteristic'.

### WANT MORE?

**Here's another exam-style question to show the theory from a different perspective:**

- Study design dot point: types of businesses including sole traders, partnerships, private limited companies, public listed companies, social enterprises and government business enterprises
- Related Edrolo Textbook Lesson: 1A - Page 3

**Question 11.** Pogo is a business that hires and trains disadvantaged teenagers to serve meals and coffees from its mobile food carts.

Describe one feature of a social enterprise like Pogo. (2 MARKS)

[A social enterprise is a business that aims to make a profit while fulfilling a community or environmental objective.<sup>1</sup>][A feature of a social enterprise like Pogo is that the profits from the sale of meals and coffees goes towards fulfilling the social objective of empowering disadvantaged teenagers through training and employment.<sup>2</sup>]

I have identified and defined social enterprise.<sup>1</sup>

I have provided an example from the case study and linked it to social enterprise.<sup>2</sup>

I have signposted my responses by using, 'A social enterprise' and 'A feature of a social enterprise'.

I have referred to the business directly by using, 'Pogo'.

**1 b Example answer 1:**

[One similarity between a service business, such as Flying High, and a manufacturing business, is that both types of businesses aim to optimise their operations to produce a high quality output at a low cost.<sup>1</sup>][Moreover, another similarity is that both service and manufacturing businesses have the same key elements of an operations system; inputs, processes and outputs.<sup>2</sup>][However, one key difference is that the production and consumption of the services provided by a service business occurs simultaneously, whereas a manufacturing business's production and consumption occurs separately, meaning products are created and then consumed at a later stage.<sup>3</sup>][Another key difference is that a service business, such as Flying High, requires a labour intensive production in order to operate its hot air balloon rides, while a manufacturing business requires a greater reliance on capital, such as equipment and machinery, to produce its outputs.<sup>4</sup>]

I have provided one similarity between a service and manufacturing business.<sup>1</sup>

I have provided another similarity between a service and manufacturing business.<sup>2</sup>

I have provided one difference between a service and manufacturing business.<sup>3</sup>

I have provided another difference between a service and manufacturing business.<sup>4</sup>

I have signposted my response by using, 'One similarity' and 'Another key difference'.

I have used connecting words such as, 'However'.

I have used comparison words such as, 'whereas' when distinguishing.

**Example answer 2:**

[One similarity between a service business such as Flying High, and a manufacturing business, is that each business will be required to deal with suppliers in their operations, in order to ensure they have enough inputs to produce their respective outputs.<sup>1</sup>][One key difference is that a service business, such as Flying High, produces an intangible output such as a hot air balloon experience. On the other hand, a manufacturing business will produce a tangible product that can be touched.<sup>2</sup>][Another key difference is that service businesses tailor their production based on a variety of factors, such as Flying High adapting hot air balloon rides to the weather conditions faced each day. In contrast, a manufacturing business will adopt a standardised production method, meaning the outputs which are produced are virtually the same.<sup>3</sup>][Finally, a third key difference is that a service business is unable to store its outputs due to their intangible nature. Conversely, a manufacturing business is able to store its outputs which can be sold at a later date.<sup>4</sup>]

I have provided one similarity between a service and manufacturing business.<sup>1</sup>

I have provided one difference between a service and manufacturing business.<sup>2</sup>

I have provided another difference between a service and manufacturing business.<sup>3</sup>

I have provided a third key difference between a service and manufacturing business.<sup>4</sup>

I have signposted my response by using, 'One similarity' and 'Another key difference'.

I have used connecting words such as, 'Finally'.

I have used comparison words such as, 'In contrast' when distinguishing.

### WANT MORE?

#### Here's another exam-style question to show the theory from a different perspective:

- Study design dot point: characteristics of operations management within both manufacturing and service businesses
- Related Edrolo Textbook Lesson: 3C - Page 174

**Question 7.** Distinguish between the outputs of a manufacturing business to those of a service business. (3 MARKS)

[The outputs produced by a service business are unable to be stored as inventory. This is because the services are intangible by nature, meaning they cannot be physically touched or handled.<sup>1</sup>] [In contrast, the outputs produced by a manufacturing business are able to be stored as inventory. This is because the products produced by manufacturing businesses are tangible, meaning they can be physically touched and handled.<sup>2</sup>] [The key difference is that outputs produced by a service business are unable to be stored as inventory, whereas outputs produced by a manufacturing business are able to be stored as inventory.<sup>3</sup>]

I have provided a unique characteristic of outputs at a manufacturing business.<sup>1</sup>

I have provided a unique characteristic of outputs at a service business.<sup>2</sup>

I have provided a difference between the outputs of a service and a manufacturing business.<sup>3</sup>

I have signposted my responses by using, 'The key difference'.

I have used connecting words such as, 'In contrast'.

I have used comparison words such as, 'whereas' when distinguishing.

### 1 c Example answer 1:

[One stakeholder of Flying High are the owners, Eli and Jeddah. Their role is to invest funds into Flying High, while working to help the business achieve its objectives.<sup>1</sup>] [As Eli and Jeddah have a financial stake in Flying High, their vested interest in the business is to ensure that it is successful so they can create a return on their investment.<sup>2</sup>] [Furthermore, another stakeholder of Flying High is the general community. The role of the general community is to observe and provide feedback on the impact of a business's operations.<sup>3</sup>] [As a large portion of the general community have a concern for the environment, one of their vested interests is ensuring that Flying High's business activities avoid significant harm to the environment.<sup>4</sup>] [One potential conflict between interests is that the owners and the general community may disagree on how the business should address environmental issues.<sup>5</sup>] [Jeddah and Eli may believe that the implementation of an environmentally friendly fuel source is too expensive and therefore reduce the business's profit. In contrast, the general community may oppose this view, believing that a sustainable fuel source will significantly help lower the level of pollution that the business's hot air balloon rides emit.<sup>6</sup>]

I have identified and described one relevant stakeholder.<sup>1</sup>

I have provided an example relevant to the case study and linked it to the interests of the stakeholder.<sup>2</sup>

I have identified and described another relevant stakeholder.<sup>3</sup>

I have provided an example relevant to the case study and linked it to the interests of the stakeholder.<sup>4</sup>

I have identified and described one potential conflict between these stakeholders.<sup>5</sup>

I have provided an example relevant to the case study and linked it to the potential conflict between these stakeholders.<sup>6</sup>

I have signposted my response by using, 'One stakeholder' and 'another stakeholder'.

I have referred to the business directly by using, 'Eli and Jeddah' and 'Flying High'.

I have used connecting words such as, 'Furthermore'.

Other acceptable answers include:

- Customers
- Suppliers

**Example answer 2:**

[One stakeholder of Flying High is its customers. The role of customers is to purchase and use a business’s products.<sup>1</sup>] [As customers pay for Flying High’s hot air balloon rides, their interests include receiving high quality hot air balloon rides that are of value for money.<sup>2</sup>] [Another stakeholder of Flying High are employees. The role of employees is to complete a business’s work tasks in exchange for money.<sup>3</sup>] [As employees devote their time to work for Flying High, their interests relate to receiving things that promote their well-being, including fair wages and conditions and reasonable hours.<sup>4</sup>] [One potential conflict is that customers and employees may have opposing views on Flying High’s operating hours.<sup>5</sup>] [From the perspective of the customers, they want to be able to access Flying High’s hot air balloon rides when they desire, meaning they would want Flying High to operate as much as possible. Conversely, employees may desire less working hours, meaning Flying High would not operate every single day of the week.<sup>6</sup>]

- I have identified and described the role of one relevant stakeholder.<sup>1</sup>

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- I have stated their vested interest in the business.<sup>2</sup>

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- I have identified and described another relevant stakeholder.<sup>3</sup>

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- I have stated their vested interest in the business.<sup>4</sup>

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- I have stated one conflicting interest between the two stakeholders.<sup>5</sup>

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- I have provided an example relevant to the case study and linked it to the conflicting interest between stakeholders.<sup>6</sup>

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- I have signposted my response by using, ‘One stakeholder’ and ‘Another stakeholder’.

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- I have referred to the business directly by using, ‘Flying High’.

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- I have used connecting words such as, ‘Conversely’.

**WANT MORE?**

**Here’s another exam-style question to show the theory from a different perspective:**

- Study design dot point: characteristics of stakeholders of businesses including their interests, potential conflicts between stakeholders, and corporate social responsibility considerations.
- Related Edrolo Textbook Lesson: 1C – Page 17

**Question 14.** Softserve Ltd. produces and distributes ice cream to supermarkets and restaurants. In a recent memo to all staff, the owners reported a strategic aim for the business to increase its profits by 5% over the next year. Outline the interests of two relevant stakeholders of Softserve. Explain how these interests may be in conflict. (4 MARKS)

[Managers are stakeholders whose interests include achieving the objectives of a business but also have personal interests in recognition for their work and opportunities for career advancement.<sup>1</sup>] [Conversely, employees are stakeholders that carry out the business activities that contribute to a business achieving its objectives. Their personal interests include long term job security, increases in pay and fair working conditions. Employees may also seek opportunities for professional development and advancement.<sup>2</sup>] [A potential conflict is that managers at Softserve who are responsible for achieving a profit increase of 5% may reduce expenses by limiting any pay increases for employees.<sup>3</sup>] [Another potential conflict is managers who are seeking recognition for their work may make decisions on their own instead of discussing with employees on ways to increase the business’s profit. This would be in conflict with the employee’s interests to develop professionally for future advancement opportunities.<sup>4</sup>]

- I have identified and described a relevant stakeholder.<sup>1</sup>

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- I have identified and described another relevant stakeholder.<sup>2</sup>

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- I have provided an example relevant to the case study and linked it to one conflict between the two stakeholders.<sup>3</sup>

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- I have provided an example relevant to the case study and linked it another conflict between the two stakeholders.<sup>4</sup>

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- I have signposted my responses by using, ‘A potential conflict’ and ‘Another potential conflict’.

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- I have referred to the business directly by using, ‘Softserve’.

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- I have used connecting words such as, ‘Conversely’.

Other acceptable answers include:

- Suppliers
- Customers

2 [One similarity between on-the-job and off-the-job training is that both training methods are designed to improve the skills and knowledge of employees.<sup>1</sup>] [On the other hand, one difference is that on-the-job training occurs within the working environment using workplace equipment, whereas, off-the-job training occurs off site.<sup>2</sup>] [Another difference is that off-the-job training can require transportation costs to transport employees to a training facility, whereas on-the-job training does not, as training is conducted on site.<sup>3</sup>] [Furthermore, another difference is that off-the-job training allows employees to receive externally recognised qualifications, whereas, on-the-job training does not.<sup>4</sup>]

I have provided a similarity between on-the-job training and off-the-job training.<sup>1</sup>

I have provided a difference between on-the-job training and off-the-job training.<sup>2</sup>

I have provided another difference between on-the-job training and off-the-job training.<sup>3</sup>

I have provided a third difference between on-the-job training and off-the-job training.<sup>4</sup>

I have used connecting words such as, 'Furthermore'.

I have used comparison words such as, 'whereas' when comparing.

**WANT MORE?**

**Here's another exam-style question to show the theory from a different perspective:**

- Study design dot point: training options including on-the-job and off-the-job training, and the advantages and disadvantages of each
- Related Edrolo Textbook Lesson: 2G - Page 117

**Question 10.** David Smith is the owner and manager of Smith Construction. David recently acquired a contract for Smith Construction to work on the building of four high-rise apartments in the city of Melbourne. However, some of David's current workers are used to only working in residential areas and lack the knowledge and skills to build high-rise apartments. Rather than hire new staff, he is considering using off-the-job training for the affected employees.

Describe how off-the-job training can be implemented by the human resource manager of Smith Construction. Justify the suitability of this training option. (4 MARKS)

[Off-the-job training is the process of improving the skills and knowledge of employees in an environment external to the business.<sup>1</sup>]

[David could implement off-the-job training by sending staff off-site to take part in a workshop led by an industry professional.

The workshop is designed to provide guidance and teach staff the correct way to perform their construction roles in a low pressure environment improving their technical skills and knowledge.<sup>2</sup>] [One advantage of implementing off-the-job training is that employees will be able to focus on the skills being taught without being distracted by other staff at Smith Construction. Therefore, this will help improve the likelihood of the training being effective.<sup>3</sup>] [Another advantage is that by having training be conducted by an external industry expert, employees may be provided with broader knowledge and experiences regarding the construction industry. This may exceed the knowledge and skills provided internally, improving the effectiveness of the training.<sup>4</sup>]

I have identified and described off-the-job training.<sup>1</sup>

I have provided an example relevant to the case study and linked it to the implementation of off-the-job training.<sup>2</sup>

I have provided an example relevant to the case study and linked it to an advantage of off-the-job training.<sup>3</sup>

I have provided another example relevant to the case study and linked it to another advantage of off-the-job training.<sup>4</sup>

I have signposted my responses by using, 'Off-the-job training' and 'One advantage'.

I have referred to the business directly by using 'Smith Construction' and 'David'.

I have used connecting words such as, 'Therefore'.

**3 a** [Corporate social responsibility (CSR) is the ethical conduct of a business beyond legal obligations to improve the social, economic and environmental outcomes of stakeholders.<sup>1</sup>]

I have defined corporate social responsibility.<sup>1</sup>

**WANT MORE?**

**Here's another exam-style question to show the theory from a different perspective:**

- Study design dot point: corporate social responsibility considerations in an operations system, including the environmental sustainability of inputs and the amount of waste generated from processes and production of outputs
- Related Edrolo Textbook Lesson: 3I - Page 232

**Question 7.** Describe one corporate social responsibility (CSR) consideration that relates to the environmental sustainability of inputs. (2 MARKS)

[One CSR consideration that can help ensure the use of environmentally sustainable inputs is to source resources from ethical suppliers.<sup>1</sup>][By ensuring that the processes outside of a business's control are environmentally friendly, a business can reliably know that it only uses materials that have a minimal environmental impact.<sup>2</sup>]

I have provided one CSR consideration for the environmental sustainability of inputs.<sup>1</sup>

I have stated how this CSR consideration can demonstrate the environmental sustainability of inputs.<sup>2</sup>

**3 b** [Since Chocoholic wishes to expand globally, one CSR consideration it could address is ensuring that it sources its inputs in new locations from suppliers that behave ethically.<sup>1</sup>][One advantage of ensuring that new suppliers are ethical is Chocoholic may develop a positive reputation in the countries it expands to as socially responsible. Consequently, this positive reputation may help attract customers and increase sales, improving the likelihood of successfully expanding to a global market.<sup>2</sup>][Another advantage is that when recruiting employees for their new locations around the world, high quality applicants may be attracted to work for Chocoholic as it behaves as a socially responsible business.<sup>3</sup>]

I have identified and described one corporate social responsibility consideration that Chocoholic could address when expanding globally.<sup>1</sup>

I have provided one advantage of my chosen corporate social responsibility consideration and related it to the case study.<sup>2</sup>

I have provided a second advantage of my chosen corporate social responsibility consideration and related it to the case study.<sup>3</sup>

I have signposted my response by using, 'One advantage' and 'Another advantage'.

I have referred to the business directly by using, 'Chocoholic'.

**WANT MORE?**

**Here's another exam-style question to show the theory from a different perspective:**

- Study design dot point: corporate social responsibility considerations when implementing change
- Related Edrolo Textbook Lesson: 5J - Page 351

**Question 6.** Explain how a business could consider employees in a socially responsible manner when downsizing. (2 MARKS)

[When downsizing, a business could consider employees by offering outplacement services to employees who are made redundant.<sup>1</sup>][A business can offer outplacement services, such as resume writing classes, to assist them to find employment elsewhere. This can assist in reducing fears employees may have in finding jobs and having financial stability, which may benefit their family members as a result.<sup>2</sup>]

I have stated a CSR approach that a business could consider employees when downsizing.<sup>1</sup>

I have stated how the CSR approach affects employees.<sup>2</sup>

**4 Example answer 1:**

[Human resources as an area of management establishes and manages the relationship the business has with its employees, including their hiring, training and termination.<sup>1</sup>][Effective human resource management will help to improve the job satisfaction and motivation of employees, in turn improving employee performance. Consequently, when employees are performing their roles to the best of their ability, business performance also improves, helping to achieve business objectives.<sup>2</sup>][One strategy that a human resource manager could implement to manage employees effectively is the use of the management by objectives. Management by objectives involves employers and employees collaboratively setting individual employee goals that contribute to the achievement of wider business objectives.<sup>3</sup>][One advantage of this strategy is that the achievement of individual objectives will help improve the performance of the business, as employee objectives are aligned with business objectives.<sup>4</sup>][Moreover, another advantage is that employees develop a sense of commitment to their individual objectives, as they are involved in the development of goals that improve their own performance.<sup>5</sup>]

[Operations as an area of management produces the goods or services that a business sells to customers.<sup>6</sup>][By implementing operations management strategies, managers can help improve the efficiency and effectiveness of the business. Consequently this helps the achievement of business objectives, by lowering costs, improving productivity and determining the quality of products sold.<sup>7</sup>][One operations strategy that can help optimise the operations system is Just In Time (JIT). JIT is an inventory control approach that delivers the correct type and quantity of materials as soon as they are needed for production.<sup>8</sup>][One advantage of JIT is that due to not storing excess materials, the operations system can easily switch production to focus on in demand products without incurring high levels of wastage.<sup>9</sup>][Furthermore, another advantage of JIT is that a lack of inventory reduces a business's storage costs, meaning this saved money can be invested into other areas of the business.<sup>10</sup>]

I have identified and defined human resources as an area of management responsibility.<sup>1</sup>

I have stated one way the area of management of human resources contributes to business objectives.<sup>2</sup>

I have identified and described one strategy to manage employees effectively.<sup>3</sup>

I have provided one advantage of my chosen human resource management strategy.<sup>4</sup>

I have provided another advantage of my chosen human resource management strategy.<sup>5</sup>

I have identified and defined operations as an area of management responsibility.<sup>6</sup>

I have stated one way the area of management of operations contributes to business objectives.<sup>7</sup>

I have identified and described one strategy to optimise operations.<sup>8</sup>

I have provided one advantage of my chosen operations strategy.<sup>9</sup>

I have provided another advantage of my chosen operations strategy.<sup>10</sup>

I have signposted my response by using, 'One strategy is' and 'One advantage'.

I have used connecting words in my response such as, 'Furthermore' and 'Moreover'.

NOTE: This is a suggested marking scheme as 10 mark questions are marked globally.

**Example answer 2:**

[Human resources as an area of management establishes and manages the relationship the business has with its employees, including their hiring, training and termination.<sup>1</sup>][Effective human resource management will help to improve the job satisfaction and motivation of employees, in turn improving their performance. Consequently, when employees are performing their roles to the best of their ability, business performance also improves, helping to achieve business objectives.<sup>2</sup>][One strategy that a human resource manager could implement to manage employees effectively is career advancement. Career advancement is the upwards progression of an employees position within the business.<sup>3</sup>][One advantage of career advancement is that a large number of employees will aim to produce a higher quality of work as they aim to fulfil requirements of promotion criteria.<sup>4</sup>][Furthermore, the potential for employees to be promoted within the business is likely to retain high performing and valued employees.<sup>5</sup>]

[Operations as an area of management produces the goods or services that a business sells to customers.<sup>6</sup>][By implementing operations management strategies, managers can help improve the efficiency and effectiveness of the business. Consequently this helps the achievement of business objectives, by lowering costs, improving productivity and improving the quality of products sold.<sup>7</sup>][One operations strategy that could be implemented to optimise an operations system is lean management. Lean management is a process of systematically reducing waste in all areas of production while improving customer value.<sup>8</sup>][One advantage of implementing lean management is that its focus on reducing waste can help eliminate inefficiencies in the operations system, such as excess movement. In turn, this can help improve the productivity of an operations system.<sup>9</sup>][Another advantage of lean management is that it reduces the overall number of materials used. Therefore, this lowers production costs, helping to improve the cost effectiveness of the operations system.<sup>10</sup>]

I have identified and defined human resources as an area of management responsibility.<sup>1</sup>

I have stated one way the area of management of human resources contributes to business objectives.<sup>2</sup>

I have identified and described one strategy to manage employees effectively.<sup>3</sup>

I have provided one advantage of my chosen human resource management strategy.<sup>4</sup>

I have provided another advantage of my chosen human resource management strategy.<sup>5</sup>

I have identified and defined operations as an area of management responsibility.<sup>6</sup>

I have stated one way the area of management of operations contributes to business objectives.<sup>7</sup>

I have identified and described one strategy to optimise operations.<sup>8</sup>

I have provided one advantage of my chosen operations strategy.<sup>9</sup>

- I have provided another advantage of my chosen operations strategy.<sup>10</sup>
- I have signposted my response by using, 'One strategy is' and 'One advantage'.
- I have used connecting words in my response such as, 'Consequently' and 'Therefore'.

NOTE: This is a suggested marking scheme as 10 mark questions are marked globally.

### WANT MORE?

#### Here's another 10 mark exam-style question:

- Related Edrolo Textbook Lesson: Contemporary case studies – Page 365

**Question 6.** Analyse possible driving and restraining forces which might cause a change in a business. Illustrate your answer with reference to a contemporary business case study. (10 MARKS)

[Business change is the transformation of behaviours, policies or practices within a business.<sup>1</sup>] [An example of a business change is discount department store Big W planning to close 30 of its stores to 'create a more profitable store network'.<sup>2</sup>] [One of the driving forces for change is competitors which are other businesses that sell similar goods or services within the same industry.<sup>3</sup>] [Some of Big W competitors include Kmart and Target which have stronger advertising and sell its own brands at low prices. Consequently, the success of both Kmart and Target in the retail sector was one of the likely driving forces for Big W to close 30 of its stores, so that it could reduce expenses and attempt to lower its own prices to remain competitive.<sup>4</sup>] [Another driving force for change would be globalisation which is the increased trade between countries due to reduced trade barriers and improvements in technology.<sup>5</sup>] [Globalisation has influenced Big W to close 30 of its stores as increased trade between countries has resulted in customers increasing their online shopping with international retailers such as Amazon. The often lower prices and convenience offered by online shopping would likely have reduced the total number of sales generated by retail departmental stores such as Big W.<sup>6</sup>] [However, there are also restraining forces that oppose a proposed change such as employees who work within a business. These restraining forces will often have to be addressed if a change is implemented smoothly.<sup>7</sup>] [The employees of Big W will likely oppose the closure of the stores because it will mean that they would lose their jobs and source of income. To address employees as a restraining force, Big W announced that it would redeploy many employees to other businesses within the Woolworths Group.<sup>8</sup>] [Another restraining force a business may have to consider is the financial considerations or costs of the proposed change.<sup>9</sup>] [Although closing 30 stores will reduce expenses in the long term, Big W will still have to prepare the funds that are directly associated with closures. This would include the costs of exiting lease contracts, moving equipment and stock as well as retraining employees that have been redeployed.<sup>10</sup>]

- I have identified and defined a business change.<sup>1</sup>
- I have provided an example from a contemporary case study and linked it to business change.<sup>2</sup>
- I have identified and described a driving force.<sup>3</sup>
- I have provided an example from a contemporary case study and linked it to a driving force.<sup>4</sup>
- I have identified and described another driving force.<sup>5</sup>
- I have provided an example from a contemporary case study and linked it to the second driving force.<sup>6</sup>
- I have identified and described a restraining force.<sup>7</sup>
- I have provided an example from a contemporary case study and linked it to a driving force.<sup>8</sup>
- I have identified and described another restraining force.<sup>9</sup>
- I have provided an example from a contemporary case study and linked it to the second restraining force.<sup>10</sup>
- I have signposted my responses by using, 'One of the driving forces' and 'Another driving force'.
- I have referred to the business directly by using, 'Big W'. I have used connecting words such as, 'However'.

Other acceptable answers for Big W include:

- Driving forces include managers, pursuit of profit, reduction of costs, globalisation.
- Restraining forces include time.

NOTE: This is a suggested marking scheme as 10 mark questions are marked globally.

5 a [Driving forces are the factors within or outside the business environment which promote change.<sup>1</sup>]

I have defined driving forces.<sup>1</sup>

**WANT MORE?**

**Here's another exam-style question to show the theory from a different perspective:**

- Study design dot point: driving forces for change in business, including managers, employees, competitors, legislation, pursuit of profit, reduction of costs, globalisation, technology, innovation and societal attitudes
- Related Edrolo Textbook Lesson: 4D - Page 267

**Question 7.** Companies that do not accept change are likely to have difficulty satisfying all their stakeholders. A manager is often responsible for initiating and implementing change within the business.

Explain why a manager is considered a driving force for change. (2 MARKS)

[A driving force is something that promotes and encourages the need for change to occur within a business. One driving force change is the manager.<sup>1</sup>] [A manager's role is to ensure the business remains competitive and profitable, achieves its objectives and provides a return for shareholders. Consequently, a manager can support change as they are encouraged to find more efficient and effective ways of achieving business objectives to gain a sense of financial and job security.<sup>2</sup>]

I have defined the term 'driving force'.<sup>1</sup>

I have stated how a manager is a driving force.<sup>2</sup>

I have signposted my response by using, 'A driving force' and 'A manager's role is'.

I have used a connecting word such as, 'Consequently'.

5 b [The strategic management approach that Sue has adopted is the differentiation strategy. The differentiation strategy offers customers unique services or product features that are of perceived value to customers which can then be sold at a higher price than competitors.<sup>1</sup>]

[One advantage of differentiation is that customers are more likely to pay a premium price for movie tickets, as Experience offers high quality features such as comfortable recliner chairs. This may help improve Experience's performance and help cover the costs of the renovation quickly.<sup>2</sup>] [Moreover, another advantage is that a premium movie experience is likely to attract customers and help develop customer loyalty, as Experience's cinema is designed to be superior to competitors. Consequently this will help to improve the currently declining market share of the business.<sup>3</sup>] [However, one disadvantage is that it is difficult to prevent competitors from implementing similar changes into their cinemas. This could reduce the effectiveness of the renovation, and limit the potential improvements to business performance.<sup>4</sup>] [Another disadvantage is that there is a significant financial risk for Experience as there is no guarantee that the renovation will result in improved business performance.<sup>5</sup>] [Overall, while there is a risk of the differentiation strategy being unsuccessful, the differentiation strategy has the capability to improve Experience's market share and lower the number of customer complaints. As a result, it has a high chance of being effective for Experience, as they will likely develop a competitive advantage.<sup>6</sup>]

I have identified and defined the differentiation approach from Porter's generic strategies.<sup>1</sup>

I have provided one advantage of differentiation and related it to the case study.<sup>2</sup>

I have provided another advantage of differentiation and related it to the case study.<sup>3</sup>

I have provided one disadvantage of differentiation and related it to the case study.<sup>4</sup>

I have provided another disadvantage of differentiation and related it to the case study.<sup>5</sup>

I have provided an opinion by summarising the advantages of disadvantages of differentiation.<sup>6</sup>

I have signposted my response by using, 'One advantage' and 'Another disadvantage'.

I have referred to the business directly by using, 'Sue' and 'Experience'.

I have used connecting words such as, 'Overall'.

NOTE: Differentiation was the only acceptable answer.



**WANT MORE?**

**Here's another exam-style question to show the theory from a different perspective:**

- Study design dot point: the two key approaches, lower cost and differentiation, to strategic management by Porter's Generic Strategies (1985).
- Related Edrolo Textbook Lesson: 4G - Page 287

**Question 10.** Compare both of Porter's generic strategies. (4 MARKS)

[A similarity between the lower cost and differentiation strategy is that both aim to provide a business with a competitive advantage.<sup>1</sup>  
 [On the other hand, a difference between the two strategies is that the lower cost strategy sells products at lower prices while a differentiation strategy typically charges premium prices.<sup>2</sup>] [Accordingly, another difference is that lower cost businesses usually target cost-conscious customers while differentiated businesses focus on customers that are not as price-sensitive.<sup>3</sup>] [Finally, the lower cost strategy tends to concentrate on reducing internal costs whereas differentiation places importance on meeting external customer needs.<sup>4</sup>]

- I have provided one similarity between lower cost and differentiation strategies.<sup>1</sup>

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- I have provided one difference between lower cost and differentiation strategies.<sup>2</sup>

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- I have provided a second difference between lower cost and differentiation strategies.<sup>3</sup>

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- I have provided a third difference between lower cost and differentiation strategies.<sup>4</sup>

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- I have signposted my response by using, 'A similarity' and 'another difference'.

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- I have used connecting words such as, 'Accordingly'.

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**5 c** [Managers can act as a driving force for change when an opportunity exists to help the business achieve its objectives, such as making a profit.<sup>1</sup>  
 [At Experience, Sue may act a driving force for change as she believes that renovating the cinema is the business's best chance at improving its performance, regaining market share and lowering customer complaints.<sup>2</sup>]

- I have identified and described managers as a driving force.<sup>1</sup>

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- I have provided an example relevant to the case study and linked this to managers as a driving force.<sup>2</sup>

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- I have referred to the business directly by using, 'Experience' and 'Sue'.

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**WANT MORE?**

**Here's another exam-style question to show the theory from a different perspective:**

- Study design dot point: driving forces for change in business, including managers, employees, competitors, legislation, pursuit of profit, reduction of costs, globalisation, technology, innovation and societal attitudes
- Related Edrolo Textbook Lesson: 4E - Page 272

**Question 7.** Describe how innovation can act as a driving force. (2 MARKS)

[Innovation is the process of making changes to something already established, or establishing something new. Businesses are always looking for ways to improve their current operations, thus the process of innovation is always driving businesses to change.<sup>1</sup>  
 [For example, a business could incorporate new features into their products in order to make their product stand out from other products offered by competitors.<sup>2</sup>]

- I have described innovation as a driving force.<sup>1</sup>

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- I have provided an example where innovation can act as a driving force for change.<sup>2</sup>

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**5 d** [Force field analysis theory is a model that determines if businesses should proceed with a proposed change. This model identifies and examines factors which promote or hinder the change from being successful.<sup>1</sup>] [The first step that Sue would have implemented when applying the force field analysis theory is identifying the need for change. For Experience, the need for change arose as the result of declining market share, and a growth in the number of customer complaints. In this instance, Sue decided that to resolve this problem, Experience could differentiate itself and provide a better quality experience for customers by renovating the cinema.<sup>2</sup>] [Secondly, Sue would have identified the driving forces to implement the renovation. This would have involved determining factors such as the pursuit of profit, and her own managerial interests were driving the change. Sue would have completed the same process for the restraining forces opposing the change. For example, Sue may have identified that organisational inertia that could oppose the change, as the cinema has existed under the same format for 60 years.<sup>3</sup>] [Using the information on driving and restraining forces identified, Sue would have then assigned scores to the driving and restraining forces, to determine the effect they have on supporting or opposing the proposed renovation.<sup>4</sup>] [Finally, Sue would have likely identified that the driving forces for supporting the renovation outweighed the restraining forces, allowing her to proceed with the change. Sue may have also implemented strategies to address the restraining forces such as organisational inertia, to reduce the impact they have on the potential success of the renovation.<sup>5</sup>]

I have identified and described force field analysis.<sup>1</sup>

I have provided an example relevant to the case study and linked it to identifying the need for change.<sup>2</sup>

I have provided an example relevant to the case study and linked it to identifying driving and restraining forces.<sup>3</sup>

I have provided an example relevant to the case study and linked it to assigning scores to forces.<sup>4</sup>

I have provided an example relevant to the case study and linked it to the likely conclusion the business made from this analysis.<sup>5</sup>

I have signposted my response by using, 'Force field analysis is' and 'The first step'.

I have referred to the business directly by using, 'Experience' and 'Sue'.

**WANT MORE?**

**Here's another exam-style question to show the theory from a different perspective:**

- Study design dot point: key principles of the Force Field Analysis theory (Lewin)
- Related Edrolo Textbook Lesson: 4C - Page 263

**Question 6.** Outline two benefits of businesses following the steps of Lewin's force field analysis when undergoing change. (2 MARKS)

[One advantage of following the steps of the force field analysis model is that businesses can determine whether their proposed change is likely to be successful. By identifying various driving and restraining forces, a business is able to predict the likelihood of success in a change.<sup>1</sup>] [Another advantage of implementing force field analysis is that businesses are able to save money. By implementing change where success is most likely, businesses are able to save money and resources which could be wasted if a change is unsuccessful.<sup>2</sup>]

I have provided an advantage of Lewin's force field analysis theory.<sup>1</sup>

I have provided a second advantage of Lewin's force field analysis theory.<sup>2</sup>

I have signposted my response by using, 'One advantage' and 'Another advantage'.

**6** [One operations strategy is lean management, which is the process of systematically reducing waste in all areas of production while increasing customer value.<sup>1</sup>] [Toyota, the car manufacturer, trains its employees to continuously search for errors during vehicle production. If an error is identified, they will be fixed to avoid future errors in vehicle production.<sup>2</sup>] [By training employees to constantly identify and fix errors, Toyota has demonstrated the lean management principle 'zero defects', which improves Toyota's vehicle production by identifying and preventing future errors.<sup>3</sup>] [Another operations strategy that Toyota has introduced in its operations is computer aided design (CAD), which is a digital design tool that enables businesses to generate and modify technical illustrations of a product.<sup>4</sup>] [Toyota uses CAD to digitally create automotive vehicle designs, including performing simulations that tests vehicle functionality and safety. Customers are able to view and customise these digital designs.<sup>5</sup>] [Consequently, CAD allows Toyota to create complex and high quality vehicle designs with reduced time and labour as they are made digitally. Such technology enables Toyota to improve its operations designing the safest and most functional cars possible in a productive manner.<sup>6</sup>]

I have identified and described one operations strategy.<sup>1</sup>

I have provided an example relevant to a contemporary case study.<sup>2</sup>

I have linked the example to my chosen strategy improving operations.<sup>3</sup>

I have identified and described one operations strategy.<sup>4</sup>

I have provided an example relevant to a contemporary case study.<sup>5</sup>

I have linked the example to my chosen strategy to improving operations.<sup>6</sup>

I have signposted my response by using, 'One operations strategy' and 'Another operations strategy'.

I have referred to the business directly by using, 'Toyota'.

I have used a connecting word in my response such as, 'Consequently'.

### WANT MORE?

#### Here's another contemporary case study exam-style question:

- Study design key skill: analyse case studies and contemporary examples of business management.
- Related Edrolo Textbook Lesson: Contemporary case studies – Page 365

**Question 1d.** With reference to a contemporary business case study, explain how managers could apply the four drive theory and a related motivational strategy to successfully manage employees. (6 MARKS)

The drive to bond which is the desire to engage in social interactions and feel a sense of belonging is one of the four drives of Lawrence and Nohria's motivational theory.<sup>1</sup> [Westpac promotes employees' drive to bond by facilitating its employees participating in the Australian Corporate Games. Employees are motivated by a sense of belonging as they socialise and collaborate in sports teams against other corporate sports teams.<sup>2</sup>] [Another drive in Lawrence and Nohria's motivational theory is the drive to acquire which is the desire to achieve rewards and status.<sup>3</sup>] [Westpac fulfils its employees' drive to acquire by providing different career pathways and advancements. Consequently, employees are motivated to improve to acquire new or higher positions with the business.<sup>4</sup>] [Accordingly, a related motivational strategy is career advancement which is the upwards progression of an employee within a business or industry.<sup>5</sup>] [Westpac can improve employee's motivation to acquire higher positions by creating a culture of promoting from within the business. Westpac can also facilitate employee promotions to its branches in prestigious overseas locations.<sup>6</sup>]

I have identified and described one key principle of the four drive theory.<sup>1</sup>

I have provided a four drive example from a contemporary case study and linked it to managing employees.<sup>2</sup>

I have identified and described another key principle of the four drive theory.<sup>3</sup>

I have provided a four drive example from a contemporary case study and linked it to the drive.<sup>4</sup>

I have identified and described a related motivational strategy.<sup>5</sup>

I have provided a motivational strategy example from a contemporary case study and linked it to the managing employees.<sup>6</sup>

I have signposted my responses by using, 'The drive to bond' and 'Another drive'.

I have referred to the business directly by using, 'Westpac'.

I have used connecting words such as, 'Accordingly' and 'Consequently'.

Other acceptable answers for Westpac include:

- Drive to learn
- Drive to defend

## SECTION B - ANSWERS

- 1 [Rates of staff absenteeism is the average number of days employees are not present when scheduled to be at work, for a specific period of time.<sup>1</sup>]  
[The rate of absenteeism can indicate levels of employee morale and how satisfied staff are with conditions of work within the business.<sup>2</sup>]

I have defined rates of staff absenteeism.<sup>1</sup>

I have stated one feature of rates of staff absenteeism.<sup>2</sup>

### WANT MORE?

Here's another exam-style question to show the theory from a different perspective:

- Study design dot point: key performance indicators as sources of data to analyse the performance of businesses, including percentage of market share, net profit figures, rate of productivity growth, number of sales, rates of staff absenteeism, level of staff turnover, level of wastage, number of customer complaints and number of workplace accidents
- Related Edrolo Textbook Lesson: 4A - Page 247

**Question 10.** Define the term key performance indicator. (2 MARKS)

[Key performance indicators (KPIs) are criteria that measure how efficient and effective a business is at achieving different objectives.<sup>1</sup>]

[KPIs can be used to evaluate a business's performance before and after implementing change to see whether change has been successful in achieving the business's desired objectives.<sup>2</sup>]

I have defined key performance indicators.<sup>1</sup>

I have stated the purpose of key performance indicators.<sup>2</sup>

### 2 Example answer 1:

[One management style that Tim could implement is a participative management style, which involves a manager communicating and discussing information with employees in order to make decisions together. One advantage of this management style is that it may help improve the relationship between Tim and his staff as they have the ability to work together on a shared project.<sup>1</sup>][Another advantage of adopting a participative management style is that as a result of being included in the decision making process, employees of Eagle are likely to feel more valued which can increase motivation, lower rates of staff turnover and improve rates of staff absenteeism.<sup>2</sup>][However, one disadvantage of this approach is that it is more time consuming compared to a persuasive management style, as a consensus between everyone has to be reached before making decisions on the correct course of action.<sup>3</sup>][Additionally, another disadvantage is that since a participative management style accommodates multiple views and opinions, the quality of decisions made may be reduced. This could damage the effectiveness of the culture review.<sup>4</sup>][Overall, while accommodating multiple viewpoints may be time consuming and could reduce the quality of some ideas, a participative management style is likely to improve the belonging of staff, raising motivation and morale. In turn this could be helpful improving the culture of Eagle and lowering the rate of staff turnover and absenteeism.<sup>5</sup>]

I have provided one advantage of my chosen management style and related it to the case study.<sup>1</sup>

I have provided another advantage of my chosen management style and related it to the case study.<sup>2</sup>

I have provided one disadvantage of my chosen management style and related it to the case study.<sup>3</sup>

I have provided another disadvantage of my chosen management style and related it to the case study.<sup>4</sup>

I have provided an opinion by summarising the advantages and disadvantages of my chosen management style.<sup>5</sup>

I have briefly defined my chosen management style.

I have signposted my response by using, 'One advantage' and 'one disadvantage'.

I have referred to the business directly by using, 'Tim' and 'Eagle'.

I have used a connecting word in my response such as, 'Overall'.

Other acceptable answers include:

- Autocratic
- Consultative
- Laissez-faire

**Example answer 2:**

[Tim could implement a consultative management approach, where Tim seeks input from employees on business decisions but makes the final decision himself. An advantage of a consultative approach is that Tim will be able to hear ideas and suggestions from employees, which may help improve the quality of decisions made at Eagle.<sup>1</sup>][Another advantage is that employees may become more motivated due to having greater involvement in the decision making process. Consequently this may help reduce the recently increased rates of staff turnover and absenteeism as that attitude of employees towards management improves.<sup>2</sup>][In contrast, one disadvantage of this approach is that since Tim retains the final decision making power, employees may feel resentment if their ideas are overlooked. Consequently this may perpetuate the cultural issues and fail to improve the attitudes of staff.<sup>3</sup>][Another disadvantage is that by seeking input from employees, the time involved in Tim’s decision making process will increase.<sup>4</sup>][Overall, while a consultative approach may help make employees at Eagle more involved it may be ineffective in scenarios where Tim chooses to ignore suggestions from employees, causing the management strategy to fail in improving employee motivation.<sup>5</sup>]

- I have provided one advantage of my chosen management style and related it to the case study.<sup>1</sup>

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- I have provided another advantage of my chosen management style and related it to the case study.<sup>2</sup>

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- I have provided one disadvantage of my chosen management style and related it to the case study.<sup>3</sup>

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- I have provided another disadvantage of my chosen management style and related it to the case study.<sup>4</sup>

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- I have provided an opinion by summarising the advantages and disadvantages of my chosen management style.<sup>5</sup>

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- I have briefly defined my chosen management style.

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- I have signposted my response by using, ‘One advantage’ and ‘one disadvantage’.

---

- I have referred to the business directly by using, ‘Tim’ and ‘Eagle’.

---

- I have used a connecting word in my response such as, ‘Overall’.

**WANT MORE?**

**Here’s another exam-style question to show the theory from a different perspective:**

- Study design dot point: management styles including autocratic, persuasive, consultative, participative and laissez-faire
- Related Edrolo Textbook Lesson: 1F - Page 43

**Question 10.** George is the manager of Orwell, a children’s farm on the outskirts of Melbourne city. As part of his role, George manages about a dozen employees who maintain the premises, care for the animals in the farm, and run tours for visitors. The majority of visitors are school groups and families that only come over weekends and school holidays. As a result, George wants to improve the business and is by nature a consultative manager.

Identify two characteristics of this management style and explain one advantage and disadvantage of George using this style. (4 MARKS)

[A characteristic of the consultative management style is that George would use two way communication to seek input from his employees on business decisions. For example, discussing how to improve the number of visitors during weekdays.<sup>1</sup>][Another characteristic of the consultative style is that George retains control over decision making. After listening to employees’ ideas on increasing weekday visits, George can choose which approach to take by himself.<sup>2</sup>][An advantage of the consultative management style is that employees at Orwell feel valued by George seeking their input, especially if their ideas are actually implemented.<sup>3</sup>][However, a disadvantage of the consultative management style is that it can take longer to make business decisions as George would consult and listen to feedback from employees.<sup>4</sup>]

- I have provided an example relevant to the case study and linked it to one characteristic of the consultative management style.<sup>1</sup>

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- I have provided an example relevant to the case study and linked it to another characteristic of the consultative management style.<sup>2</sup>

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- I have provided an example relevant to the case study and linked it to an advantage of the consultative management style.<sup>3</sup>

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- I have provided an example relevant to the case study and linked it to a disadvantage of the consultative management style.<sup>4</sup>

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- I have signposted my response by using, ‘A characteristic’ and ‘Another characteristic’.

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- I have referred to the business directly by using, ‘George’ and ‘Orwell’.

3 [One appropriate method of determining wages and conditions at Eagle is an agreement. An agreement is a legal document which outlines the wages and conditions of employees and is applicable to a particular business or group of businesses.<sup>1</sup>][One advantage of an agreement is that unlike an award, the wages and conditions provided must exceed those in an award, which can help improve employee satisfaction and therefore assist in reducing the increasing rates of staff absenteeism and levels of staff turnover.<sup>2</sup>][Another advantage is that an agreement brings both Eagle and its employees together to negotiate a deal, helping to improve the working relationship between the parties. Consequently, this may also help improve the morale of staff, lowering staff turnover and absenteeism.<sup>3</sup>]

I have identified and defined agreements as a method of determining wages and conditions.<sup>1</sup>

I have provided one advantage of agreements and related it to the case study.<sup>2</sup>

I have provided another advantage of agreements and related it to the case study.<sup>3</sup>

I have signposted my response by using, 'One advantage' and 'Another advantage'.

I have referred to the business directly by using, 'Eagle'.

I have used connecting words such as, 'Consequently'.

**WANT MORE?**

**Here's another exam-style question to show the theory from a different perspective:**

- Study design dot point: awards and agreements as methods of determining wages and conditions of work
- Related Edrolo Textbook Lesson: 2K - Page 146

**Question 14.** Mickey Mousse is an Australian makeup retailer. The business has 50 employees who are provided wages and conditions as set in the industry award. Mina Cosmetics is also an Australian makeup retailer and employs individuals under an agreement. Recently, two Mickey Mousse employees resigned and joined Mina Cosmetics to receive better pay and conditions. Mickey Mousse's human resource manager, Jada, fears more employees will resign if immediate action is not taken.

Outline awards and agreements as methods of determining employee wages and conditions. Evaluate agreements as a method that Mickey Mousse could introduce. (7 MARKS)

[Awards are contracts which outline the set minimum wages and conditions of employees within an industry.<sup>1</sup>][Whereas, agreements are legal documents which outline employment pay and working conditions for a business or group of businesses.<sup>2</sup>][An advantage of agreements is that Mickey Mousse employees are able to negotiate better wages and conditions than Mina Cosmetics, which can increase employee satisfaction and reduce the likelihood of employees leaving the business.<sup>3</sup>][Additionally, another advantage is that Mickey Mousse employees can be represented by union officials during collective bargaining. This will improve their ability to improve their wages and conditions as union representatives are experts in this area.<sup>4</sup>][However, one disadvantage is that due to the lack of transparency between businesses, unless internal information is acquired like in the case of Mina Cosmetics, Mickey Mousse employees may not be able to gain wages and conditions which are provided to other employees in other businesses in the industry.<sup>5</sup>][Furthermore, Mickey Mousse employees and the Fair Work Commission must agree to the wages and conditions offered in their contract. This is another disadvantage of agreements, since Mickey Mousse may incur higher costs in developing an agreement that provides employees better wages and conditions than stipulated in the beauty industry award.<sup>6</sup>][Overall an enterprise agreement will be a useful method to determine the wages and conditions of employees at Mickey Mousse. Although Mickey Mousse may incur high costs to develop an agreement, 413 employees are likely to be more satisfied under an agreement and can reduce the chance of more employees leaving the business.<sup>7</sup>]

I have identified and defined awards.<sup>1</sup>

I have identified and defined agreements.<sup>2</sup>

I have provided an example relevant to the case study and linked it to an advantage of agreements.<sup>3</sup>

I have provided another example relevant to the case study and linked it to another advantage of agreements.<sup>4</sup>

I have provided an example relevant to the case study and linked it to a disadvantage of agreements.<sup>5</sup>

I have provided another example relevant to the case study and linked it to another disadvantage of agreements.<sup>6</sup>

I have provided an opinion on agreements by summarising the advantages against the disadvantages.<sup>7</sup>

I have signposted my responses by using, 'An advantage' and 'one disadvantage'.

I have referred to the business directly by using, 'Mickey Mousse'.

I have used connecting words such as, 'Additionally' and 'Overall'

**4 Example answer 1:**

[One strategy that could be implemented to improve the corporate culture of Eagle is to develop a clear promotion criteria. This could involve creating clear performance-based promotions for sales staff at Eagle.<sup>1</sup>] [This strategy may help to improve Eagle’s corporate culture by creating a positive work environment that rewards the efforts of sales staff, consequently helping to lower the number of staff who leave the business to seek opportunities elsewhere.<sup>2</sup>] [Another strategy that could be implemented at Eagle is to provide regular celebrations. Celebrations could recognise the achievements of individual staff and could also reward employees for helping the business work towards its objectives.<sup>3</sup>] [This strategy may improve corporate culture at Eagle by helping employees feel recognised and valued, therefore solving their current feeling of being under appreciated for the work they complete.<sup>4</sup>]

- I have identified and described one corporate culture strategy.<sup>1</sup>

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- I have provided an example relevant to the case study and linked it to corporate culture.<sup>2</sup>

---

- I have identified and described another corporate culture strategy.<sup>3</sup>

---

- I have provided an example relevant to the case study and linked it to corporate culture.<sup>4</sup>

---

- I have signposted my response by using, ‘One strategy’ and ‘Another strategy’.

---

- I have referred to the business directly by using, ‘Eagle’.

**Example answer 2:**

[One strategy that could be implemented to improve the corporate culture of Eagle is to implement regular training for employees. This may involve developing a number of different workshops that employees can undertake to improve their skills in a variety of areas.<sup>1</sup>] [Implementing regular training may create a culture at Eagle as a business that is constantly levelling up their employees, which could increase employee satisfaction as many currently feel there are minimal opportunities to improve their skills.<sup>2</sup>] [Additionally, another strategy that could be implemented is rituals. For example, Eagle could implement a monthly social gathering within the business.<sup>3</sup>] [Consequently, introducing rituals may help to improve the social connections of Eagle’s staff, creating better working relationships and a more socially rewarding business environment for employees.<sup>4</sup>]

- I have identified and described one corporate culture strategy.<sup>1</sup>

---

- I have provided an example relevant to the case study and linked it to corporate culture.<sup>2</sup>

---

- I have identified and described another corporate culture strategy.<sup>3</sup>

---

- I have provided an example relevant to the case study and linked it to corporate culture.<sup>4</sup>

---

- I have signposted my response by using, ‘One strategy’ and ‘another strategy’.

---

- I have referred to the business directly by using, ‘Eagle’.

---

- I have used connecting words such as, ‘Additionally’.

**WANT MORE?**

**Here’s another exam-style question to show the theory from a different perspective:**

- Study design dot point: corporate culture both official and real, and strategies for its development
- Related Edrolo Textbook Lesson: 1E - Page 34

**Question 10.** Distinguish between official and real corporate culture. (3 MARKS)

[Official corporate culture is the values and beliefs that a business wants its employees to have and also project to the public.<sup>1</sup>] [On the other hand, real corporate culture are the ideas and expectations actually practised by employees and managers within a business.<sup>2</sup>] [One difference between the two is that official corporate culture is planned, written and circulated whereas real corporate culture is typically unwritten and develops organically.<sup>3</sup>]

- I have defined official corporate culture.<sup>1</sup>

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- I have defined real corporate culture.<sup>2</sup>

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- I have provided a difference between real and official culture.<sup>3</sup>

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- I have signposted my response by using, ‘One difference’.

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- I have used comparison words such as, ‘On the other hand’ and ‘whereas’.

**5 Example answer 1:**

[One management strategy that Tim could introduce is staff motivation, which involves developing methods that encourage employees to work towards the achievement of business objectives.<sup>1</sup>] [Since the rate of absenteeism has increased by 10%, focusing on staff motivation could help make employees more willing to work at Eagle, and result in fewer employees taking time days off work due to low employee motivation.<sup>2</sup>] [Additionally, a motivated workforce is likely to result in increased levels of productivity for Eagle, helping the business become more efficient. This could potentially lower the businesses expenses, helping them improve their net profit figures which decreased by 4% in the past year.<sup>3</sup>] [Another management strategy that Tim could introduce is a change in management skills. This involves Tim changing the way he handles his employees, and the way he interacts with them when making decisions.<sup>4</sup>] [As there have been complaints over the corporate culture of Eagle, Tim could work to improve his interpersonal skills. In turn staff are likely to feel more valued and comfortable working for Eagle, helping to lower the rate of absenteeism.<sup>5</sup>] [If Tim worked on improving his interpersonal skills, employees of Eagle may also feel more empowered to contribute ideas and suggestions to Tim and other managers. Consequently staff are likely to feel more involved in the business, helping to lower the level of staff turnover.<sup>6</sup>]

- I have identified and described one relevant management strategy to respond to the KPIs.<sup>1</sup>

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- I have provided an example relevant to the case study and linked my chosen management strategy to one KPI in the table.<sup>2</sup>

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- I have provided another example relevant to the case study and linked my chosen management strategy to another KPI in the table.<sup>3</sup>

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- I have identified and described another relevant management strategy to respond to the KPIs.<sup>4</sup>

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- I have provided an example relevant to the case study and linked my second chosen management strategy to one KPI in the table.<sup>5</sup>

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- I have provided another example relevant to the case study and linked my chosen management strategy to another KPI in the table.<sup>6</sup>

---

- I have signposted my response by using, 'One management strategy' and 'Another management strategy'.

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- I have referred to the business directly by using, 'Tim' and 'Eagle'.

---

- I have used connecting words such as, 'Additionally'.

**Example answer 2:**

[One management strategy that Tim could introduce is staff training, which involves equipping employees of Eagle with knowledge and skills required to perform work tasks.<sup>1</sup>] [Introducing staff training may help provide sales employees with the ability to take on greater responsibility within the business, as they currently feel that there are minimal opportunities to grow. In turn, employees may become more satisfied with their roles, helping lower the rate of staff turnover and absenteeism.<sup>2</sup>] [Sales staff may also develop improved skills to communicate the value of Eagles products to customers. As a result, staff training could attract more customers and help increase the total sales of Eagle, subsequently improving Eagle's recently declining net profit figures.<sup>3</sup>] [Another management strategy that Tim could introduce is changing his management style. This would involve Tim adopting a more inclusive management style compared to his current persuasive approach.<sup>4</sup>] [Adopting a more supportive management such as a participative approach may help include a greater number of employees in the decision making process at Eagle. Consequently, employees may feel a greater sense of belonging to Eagle, which may help to lower the rate of staff turnover.<sup>5</sup>] [Moreover, changing to a less restrictive management style may help employees feel more comfortable and confident. Creating a supportive environment may therefore help lower the rates of absenteeism, as the culture within Eagle improves.<sup>6</sup>]

- I have identified and described one relevant management strategy to respond to the KPIs.<sup>1</sup>

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- I have provided an example relevant to the case study and linked my chosen management strategy to one KPI in the table.<sup>2</sup>

---

- I have provided another example relevant to the case study and linked my chosen management strategy to another KPI in the table.<sup>3</sup>

---

- I have identified and described another relevant management strategy to respond to the KPIs.<sup>4</sup>

---

- I have provided an example relevant to the case study and linked my second chosen management strategy to one KPI in the table.<sup>5</sup>

---

- I have provided another example relevant to the case study and linked my chosen management strategy to another KPI in the table.<sup>6</sup>

---

- I have signposted my response by using, 'One management strategy' and 'Another management strategy'.

---

- I have referred to the business directly by using, 'Tim' and 'Eagle'.

---

- I have used connecting words such as, 'Moreover'.



**WANT MORE?**

**Here's another exam-style question to show the theory from a different perspective:**

- Study design dot point: management strategies to respond to key performance indicators, including staff training, staff motivation, change in management styles or management skills, increased investment in technology, improving quality in production, cost cutting, initiating lean production techniques and redeployment of resources (natural, labour and capital)
- Related Edrolo Textbook Lesson: 5C - Page 308

**Question 8.** Define the term redeployment of resources and explain how it can be used to respond to key performance indicators. (3 MARKS)

[Redeployment of resources is the reallocation of resources to different areas of the business, with the purpose of giving resources a more productive use.<sup>1</sup>] [Redeployment of resources is a management strategy used to respond to poor KPIs such as the rate of productive growth, change in the level of wastage and level of staff turn over.<sup>2</sup>] [For example, if a business has a store with a low sales revenue, and a high value of unsold stock that is being thrown out, they may choose to relocate the store to a new area in an attempt to reduce costs, lower wastage and improve profit.<sup>3</sup>]

- I have defined redeployment of resources.<sup>1</sup>

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- I have stated what KPIs redeployment of resources responds to.<sup>2</sup>

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- I have provided an example of how redeployment of resources is used to respond to KPIs.<sup>3</sup>

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- I have signposted my response by using, 'Redeployment of resources is' and 'For example'.

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- I have included the term 'reallocation of resources' or another appropriate phrase in my response.

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**6** [In the past year, the rate of staff absenteeism has increased by 10%. An increase in the rate of absenteeism will lower staff performance as staff are likely demotivated and also less productive, opting to not turn up for work more frequently despite being scheduled to do so.<sup>1</sup>] [The increase in the level of staff turnover by 5% in the last year also may reflect a reduction in the commitment and engagement employees have with the business. This will likely lower productivity or the quality of work produced by employees, decreasing the performance of staff.<sup>2</sup>] [The reduction in net profit figures by 4% could also be largely attributed to the lower staff performance within the organisation. As staff are considered to be unmotivated and less committed to the business, the decline in productivity may be increasing business expenses, helping to contribute to the business loss.<sup>3</sup>] [One benefit of introducing a new staff training program will help equip Eagle's sales staff with the skills and knowledge to attract and sell to more customers. Subsequently, this may help increase net profit figures in the future as total sales increase.<sup>4</sup>] [Another benefit of the training program is that sales staff will likely feel more valued by Eagle as they have been given an opportunity to develop and improve. This may help to reduce the rate of staff turnover and absenteeism as employees develop a greater sense of commitment to the business.<sup>5</sup>]

- I have interpreted the rate of staff absenteeism figure in relation to staff performance.<sup>1</sup>

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- I have interpreted the level of staff turnover figure in relation to staff performance.<sup>2</sup>

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- I have interpreted the net profit figure in relation to staff performance.<sup>3</sup>

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- I have provided one relevant benefit of a staff training program and related it to the case study.<sup>4</sup>

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- I have provided another relevant benefit of a staff training program and related it to the case study.<sup>5</sup>

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- I have signposted my response by using, 'One benefit' and 'Another benefit'.

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- I have referred to the business directly by using, 'Eagle'.

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- I have used connecting words such as, 'Subsequently'.

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**WANT MORE?**

**Here's another exam-style question to show the theory from a different perspective:**

- Study design dot point: management strategies to respond to key performance indicators, including staff training, staff motivation, change in management styles or management skills, increased investment in technology, improving quality in production, cost cutting, initiating lean production techniques and redeployment of resources (natural, labour and capital)
- Related Edrolo Textbook Lesson: 5C - Page 308

**Question 7.** Define the term cost-cutting and explain how it can be used to respond to key performance indicators. (3 MARKS)

[Cost-cutting is the process of reducing a business's expenses.<sup>1</sup>][Cost-cutting can be used to respond to key performance indicators such as poor net profit figures, declining productivity or rising wastage levels.<sup>2</sup>][For example, if a business experienced a reduction in net profit, cost-cutting through sourcing materials from cheaper suppliers would reduce its level of expenditure, hence improving the profit margins of the business.<sup>3</sup>]

- I have defined cost-cutting.<sup>1</sup>

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- I have stated what KPIs cost-cutting responds to.<sup>2</sup>

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- I have provided an example of how cost-cutting is used to respond to KPIs.<sup>3</sup>

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- I have signposted my response by using, 'Cost-cutting is', and 'For example'.

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- I have included the term 'reducing a business's level of expenditure' or another appropriate phrase in my response.

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