

**BUSINESS MANAGEMENT**

**UNITS 3 & 4**

2020

**TRIAL EXAM A**

**SUGGESTED SOLUTIONS/RESPONSES**

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| **Instructions for Section A**  **Answer all questions in the spaces provided.** |

**Question 1 (13 marks)**

**Triton Construction Ltd specialise in building inner city commercial high-rise offices in Melbourne and Sydney. The onset of the corona virus has led to a large decrease in current and future build projects and the Chief Executive Officer has decided to make 200 staff members redundant.**

**The Trade Workers Union (TWU) publicly expressed concern that not all workers will receive their entitlements and stated they wanted better job security for workers that avoid the job cuts. Tina Towns the TWU representative has lodged an application with the Fair Work Commission for an enterprise agreement to cover the workers at Triton’s Melbourne and Sydney worksites after the restructure is completed.**

1. **Define redundancy. (1 mark)**

**Suggested Solution**

***Occurs when a person’s job no longer exists and can result from technological change, a business restructure or sharp downturn in market activity.***

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| **Marks** | **Descriptor** |
| **1 mark** | * **Must refer to a job no longer existing with a reason to attain the mark** |

1. **Examine why Triton Construction might consider transition issues when making workers redundant. (3 marks)**

**Suggested Solution**

***Transition issues involve a process where an employee is changing from one job to another job and Triton in this case could provide job interview training, resume writing sessions or career counselling. Triton would provide these transition services to take an ethical approach to making staff redundant. In doing so Triton Construction will be fulfilling an obligation that goes beyond their legal requirements to support staff in finding meaningful employment after their departure from Triton Construction Ltd.***

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| **Marks** | **Descriptor** |
| **3 marks** | * **a correct definition of transition issues with a comprehensive examination of reason why Triton would engage in these activities for redundant staff** |
| **2 marks** | * **a correct definition with a good reason why Triton would provide these services** * **however not strong links to business concepts of CSR or corporate reputation are made** |
| **1 mark** | * **a definition or a very brief reason why Triton would engage in providing support for redundant workers** |

1. **Select a motivation theory and describe how it could be used at Triton Construction to motivate staff after the job losses have occurred. (5 marks)**

**Suggested Solution**

***Maslows hierarchy of needs suggests that staff will exert more effort when specific needs are satisfied; these needs range from lower order needs such as physiological and safety to higher order needs such as social, self-esteem and self-actualisation.***

***Management at Triton Construction Pty Ltd after the retrenchment of 200 workers, is likely to have a workforce that is worried about job security and concerned for the ‘safety’ of their future employment at Triton. A program that instils trust and confidence in the workers on-going employment could involve new training programs being provided to multi-skill staff to transfer into residential construction or infrastructure building projects and boost employee confidence. The investment in these areas has a two-fold benefit for Triton, firstly lifting the level of motivation for staff and secondly provides a new revenue stream for Triton.***

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| **Marks** | **Descriptor** |
| **5** | * **Comprehensive description of the motivational theory** * **A comprehensive application that directly addresses the problem of staff being worried about job security, providing a plausible strategy and explaining why it will improve motivation** |
| **3-4** | * **A very good description of the motivational theory** * **Application to the problem facing staff that meets the needs of the remaining staff** * **However, does not make clear why the application of the theory will address the key problem of job security** |
| **1-2** | * **A basic description of a motivation theory with little application to Triton Construction Ltd** |

1. **Explain the difference between an enterprise agreement and an Award. (4 marks)**

**Suggested solution**

***An enterprise agreement involves pay and working conditions being established at a workplace level and negotiated between the employer and a group of employees (possibly with the use of a union representative). Whereas, and Award is the minimum wages and working conditions established by a central authority (Fair Work Commission) that employers are legally required to meet across an entire industry or specific occupations.***

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| **Marks** | **Descriptor** |
| **4** | * **Accurate and comprehensive definitions of enterprise agreement and Awards** * **Use of a contrasting word or phrase to distinguish between the two concepts** |
| **3** | * **Accurate and comprehensive definitions of enterprise agreement and Awards** * **However, no contrasting term like, whereas or on the other hand is used** |
| **1-2** | * **Some details and aspects about the terms are correct but key details are missing and meaning is unclear** |

**Question 2 (15 marks)**

**Barney is the owner and manager of Diesel 24 a small petrol station. His workforce of 30 workers consists of 20% full-time staff and 80% of staff employed on a part-time basis. Barney when giving orders to his staff, yells at his workers. He has strong opinions about “work ethic” and is inclined to “tell off” workers when he thinks they have not done their job well.**

**In a recent all staff message, Barney has said he wants the culture at Diesel 24 to change. He said he wants Diesel 24 to be a place where staff feel a sense of positivity and look forward to coming to work.**

1. **Identify and describe the type of management style used by Barney. Justify your selection. (3 marks)**

**Suggested Solution**

***Barney uses an autocratic management style. Barney uses one-way communication, which is quite aggressive, as supported by the fact he ‘yells’ orders and then “tells off” staff when they have made a mistake. The key decision making is controlled by Barney and staff have little autonomy in deciding what work practices would be best for them and the petrol station.***

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| **Marks** | **Descriptors** |
| **3** | * **Correctly identify that an autocratic management style is used** * **Use of evidence from the case study to justify why Barney uses an autocratic management style and links to aspects of autocratic management style** |
| **2** | * **Correctly identify that an autocratic management style is used** * **Identify a reason why but without linking to theory** |
| **1** | * **Correctly identify that an autocratic management style is used** |

1. **Suggest and outline a different management style Barney could use to improve the workplace corporate culture. Explain why this would improve the corporate culture. (3 marks)**

**Suggested Solution**

***Barney could use a consultative management style that would involve a manager asking employees for their opinions before making decisions. Barney would need to engage in two-way communication and make the staff feel more valued by Barney. By adopting a consultative management style and showing that he values the relationships with his staff, the culture of Diesel 24 can be improved. By Barney beginning to use inclusive language instead of aggressive language, and empowering staff by incorporating their ideas into the procedures used at Diesel 24 he will create a more positive work environment*.**

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| **Marks** | **Descriptors** |
| **3** | * **An alternative management style to autocratic is outlined with key aspects (persuasive, consultative or participative)** * **A comprehensive explanation reason why the change in management style would improve corporate culture** |
| **2** | * **An alternative management style to autocratic is outlined with key aspects (persuasive, consultative or participative)** * **A reason why the change in management style would improve corporate culture is mentioned, however it is unclear why it would improve the corporate culture.** |
| **1** | * **An alternative management style to autocratic is outlined with key aspects (persuasive, consultative or participative)** |

1. **Explain the difference between official corporate culture and real corporate culture. (3 marks)**

**Suggested Solution**

***Official corporate culture is portrayed in policies, objectives or publications in the media by an organisation – it is the image the organisation wants to display publicly. Whereas the real corporate culture is seen in the unwritten and informal rules of an organisation. Examples of the real corporate culture are found in the language used by staff, the way staff dress and the nature of relationships between staff and customers.***

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| **Marks** | **Descriptors** |
| **3** | * **Comprehensive description of both the official corporate culture and real corporate culture which includes relevant examples of each.** * **Use of a contrasting word or phrase to distinguish between the two concepts** |
| **2** | * **Comprehensive description of both the official corporate culture and real corporate culture which includes relevant examples of each.** * **However, no contrasting word or phrase to distinguish between the two concepts** |
| **1** | * **Some aspects of official or real corporate culture are addressed but key elements are missing** |

1. **Examine how two strategies could be used by Barney to make the workplace corporate culture more positive. (6 marks)**

**Suggested Solution**

***A training and up-skilling program could be introduced to assist staff at Diesel 24 to develop their skills and capabilities in customer service and help advance their careers. The training program would incorporate methods of using inclusive and collaborative language when resolving workplace problems. It would be advisable for Barney to be involved in this training with his staff so that he demonstrates a willingness to make Diesel 24 a place where managers and staff learn together, and demonstrate that teamwork is valued at Diesel 24.***

***Another strategy used would be rewarding staff who are living the new aim of making Diesel 24 a great place to work. Staff members who practice teamwork and demonstrate leadership by using collaborative problem-solving skills will be provided with a staff member of the month award and a financial bonus. Through providing this reward staff morale and the general feeling of positivity towards their work at Diesel 24 will improve.***

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| **Marks** | **Descriptors** |
| **6** | * **Two strategies for developing corporate culture are identified (training, rewards, recruiting)** * **Both strategies are applied to the problems facing Diesel 24 and it is clearly explained how these strategies could make the workplace a more positive working environment.** |
| **5** | * **Two strategies for developing corporate culture are identified (training, rewards, recruiting)** * **One strategy is applied to the problems facing Diesel 24 and it is clearly explained how this strategy could make the workplace a more positive working environment.** * **One strategy is applied to the problems facing Diesel 24 and is not clear how this strategy could make the workplace a more positive working environment.** |
| **4** | * **Two strategies for developing corporate culture are identified (training, rewards, recruiting)** * **Both strategies are applied to the problems facing Diesel 24 but do not clearly explain how these strategies could make the workplace a more positive working environment.** |
| **3** | * **Two strategies for developing corporate culture are identified (training, rewards, recruiting)** * **One strategy is explained but is lacking detail how it will create a more positive working culture at Diesel 24** |
| **1-2** | * **Two strategies for developing corporate culture are identified (training, rewards, recruiting)** * **If only one strategy is identified only one mark can be awarded** |

**Question 3 (12 marks)**

**Mollymilk Ltd is an ice-cream company that has lost 30% of its market share over the past 5 years. The CEO Wendy Symes has asked her marketing department to present a plan for the next 12 months to increase sales, increase market share and develop a** **community-based program supporting socially disadvantaged groups to improve its corporate image.**

1. **Identify the type of business Mollymilk Ltd is and provide one characteristic of this type of business. (2 marks)**

**Suggested Solution**

***Mollymilk Ltd is a public company that is listed on the Australian Stock Exchange. One characteristic of this organisation is that it has limited liability for all the shareholders of Mollymilk Ltd.***

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| **Marks** | **Descriptors** |
| **2** | * **Correctly identify Mollymilk Ltd as a public company** * **Provide a feature of a public company: limited liability for owners, generally has a large number of shareholders, legal requirement to publish public financial accounts each year.** |
| **1** | * **Correctly identify Mollymilk Ltd as a public company**   **OR**   * **Provide a feature of a public company: limited liability for owners, generally has a large number of shareholders, legal requirement to publish public financial accounts each year.** |

1. **Describe how a successful marketing campaign for Mollymilk Ltd could impact the key performance indicators of net profit and percentage of market share. (6 marks)**

**Suggested Solution**

***A new promotions campaign that re-energises the brand of Mollymilk ice-cream could improve the level of sales of the business. By the introduction of new product line or strategy to re-design the packaging of the ice-cream sold will re-establish the brand in the ice-cream market, attract more interest from customers and lead to a rise in the level of revenue.***

***Net profit is calculated by subtracting the operating costs of Mollymilk from the level of sales over a period. With the brand of Mollymilk reinvigorated and the level of sales increasing because of the marketing campaign. Assuming operating costs remain similar to previous years, the level of net profit will increase.***

***With the level of sales improving Mollymilk will regain the market share lost to rivals over the past few years. As sales increase the proportion of the market of the total industry (in this case the ice-cream retail market) that Mollymilk have ownership of will improve. For example, from a position of having 20% of the total market to having a 30% share of the total market.***

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| **Marks** | **Descriptors** |
| **5-6** | * **Comprehensive description of why a marketing campaign will increase net profit and the percentage of market share for Mollymilk** * **Correct description of each KPI and a plausible suggestion of marketing campaign that would be effective for an ice-cream company.** |
| **3-4** | * **A good description of how a marketing campaign could improve the net profit figures and increase the percentage of market share, however some detail is missing or incorrect** |
| **1-2** | * **In brief address the KPI’s of net profit and percentage of market share.** * **Key aspects of the KPI’s is missing and no plausible marketing ideas are suggested.** |

**“Mollymilk is wasting time and money by establishing a community engagement program”**

1. **Analyse whether you agree with this statement. (4 marks)**

**Suggested Solution**

***Mollymilk investing in a community-based program such as, supporting local sporting clubs, addressing social problems such as homelessness or focussing on supporting greater environmental care through a tree planting program could improve its corporate image. Therefore, it is untrue to suggest community engagement programs is a waste of time and money. If the community program translates into a higher level of sales, it will be a success for Mollymilk..***

***Although, it is dependent on how successful the program is in relation to the costs associated with the community engagement program. Should too much time, money and business resources be tied up focussing on solving social issues like homelessness, it could jeopardise the core business of selling ice-cream. Therefore it is critical, the community engagement program does not cause a significant rise in expenses that will not be recovered in new sales, otherwise it would be go beyond being a ‘waste of time and money’ and risk the survival of the business.***

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| **Marks** | **Descriptors** |
| **4** | * **Analysis of the reason why adopting a community engagement program can be a positive for Mollymilk: improved reputation and increase in sales.** * **Must be contrasted with the cost/benefit analysis of the expense and time used within the program. Question of whether the benefits outweigh the costs** |
| **3** | * **A good analysis of the costs and benefits of a community engagement program.** * **Although, detail and relevant considerations such as use of resources and overall expense are not considered** |
| **1-2** | * **One sided response, that does not consider the costs and benefits** * **Some relevance to the prompt but with little detail and no analysis** |

**Question 4 (10 marks)**

**Thomas Wallace & Sons a distillery (whiskey business) from South Australia is changing to use 50% of their factory to make hand sanitiser. New inputs will be ordered in bulk, such as aloe vera gel and glycerine. The production process will be more streamlined to achieve greater efficiency by using technology.**

**George Wallace, the operations manager, is responsible for the transition to making hand sanitiser. He is worried that in the first month of production there is a risk the product will not be effective. His main concern being that their product will not properly remove bacteria from customers hands.**

**Outline whether the outbreak of the corona virus is a driving or restraining force for change for Thomas Wallace & Sons.**

**Select two areas of operations management from the list below. Describe how George Wallace could use a strategy for each of the selected operations areas to assist the business achieve its goals.**

* **technology**
* **materials management**
* **quality**

**Suggested Solution**

***Driving forces initiate and support change, at Thomas Wallace & Sons the need to innovate and diversify is a driving force for change. It is a market-based decision to best meet the demands in society, by deciding to produce hand sanitiser because of the corona virus pandemic.***

***The introduction of new technology by George Wallace in the transition to using the plant and facilities to make hand sanitiser instead of Whiskey. The use of robotics whereby technology is capable of complex tasks, could be used to streamline the process of making and packaging hand sanitiser for sale. Mr Wallace by designing an automated production line where machinery and equipment is arranged in a sequence can generate high levels of efficiency. The bottles moving along a conveyor belt can be filled with the hand sanitiser, labelled and packed all within a few minutes. Overall, the use of robotics will lift the level of productivity with a higher level of outputs being produced from a smaller amount of inputs.***

***Mr Wallace could use Total Quality Management (TQM) to ensure the product is safe, uniform, and effective at removing 99.99% of germs from customers hands. The three key principles of continuous improvement, customer focus and employee empowerment need to be used at Thomas Wallace & Sons. The aim of TQM is to create a defect-free production process and maintain a customer focus in operations. It would involve employees at Wallace & Sons being involved in the planning, design and the testing of the hand sanitiser product. Quality circles could be used where staff at the frontline making the hand sanitiser would meet in the initial stages to solve any teething problems in the production process, the product design and importantly the quality of the hand sanitiser. Through this strategy Wallace & Sons will ensure the external customer receives a high-quality product that is effective at keeping their customers safe from germs and infection.***

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| **Marks** | **Descriptors** |
| **10** | * **correctly identify and outline why the corona virus is driving force for change at Thomas Wallace & Sons** * **comprehensively describe two operations management strategies that could be introduced to focus on achieving one of the aims of: improving efficiency, achieve a high-quality product and manage materials effectively** * **to attain full marks both explanations need to link how the strategy will assist in achieving one of the stated aims.** |
| **8-9** | * **correctly identify and outline why the corona virus is driving force for change at Thomas Wallace & Sons** * **describe two operations management strategies that could be introduced to focus on achieving one of the aims of: improving efficiency, achieve a high-quality product and manage materials effectively** * **both explanations are good but do not clearly link the strategy to how it supports the aims being achieved** |
| **6-7** | * **correctly identify and outline why the corona virus is driving force for change at Thomas Wallace & Sons** * **briefly describe two operations management strategies that could be introduced to focus on achieving one of the aims of: improving efficiency, achieve a high-quality product and manage materials effectively** * **The explanation is not clearly linked to the Wallace and Sons goals for the transition to hand sanitiser** |
| **4-5** | * **correctly identify and outline why the corona virus is driving force for change at Thomas Wallace & Sons** * **describe one operations management strategies that could be introduced to focus on achieving one of the aims of: improving efficiency, achieve a high-quality product and manage materials effectively** |
| **1-3** | * **correctly identify and outline why the corona virus is driving force for change at Thomas Wallace & Sons** * **one or two operations strategies are mentioned but no detail about how they will work to achieve the aims** |

## **SECTION B – Case study**

**Question 1 (16 marks)**

**Hammer and Nails is a national hardware retailer specialising in tools, electric tools, garden wares, building supplies and paints. Its two main customers groups are trades people in the building industry and Do-It-Yourself homeowners completing home improvements.**

**A recent National staff survey reveals low staff morale in the Melbourne stores. The Human Resources manager Rachel Fink believes the low morale in the Melbourne stores is caused by problems with the working relationships between managers and frontline staff.**

**Hammer and Nails has stores in Melbourne and Sydney and is looking to open stores in Brisbane in the next 12 months.**

**Below are tables of the state-by-state performance of Hammer and Nails over the past 3 years**

**Table 1.1 Melbourne**

|  |  |  |  |
| --- | --- | --- | --- |
| **Key Performance Indicator (KPI)** | **2017** | **2018** | **2019** |
| **Net Profit ($)** | **4.5 Million** | **4.1 Million** | **3.9 Million** |
| **No. of sales ($)** | **500 Million** | **600 Million** | **650 Million** |
| **Rate of Productivity Growth** | **3%** | **2.1%** | **0.9%** |

**Table 1.2 Sydney**

|  |  |  |  |
| --- | --- | --- | --- |
| **Key Performance Indicator (KPI)** | **2017** | **2018** | **2019** |
| **Net Profit ($)** | **3.5 Million** | **4.0 Million** | **4.2 Million** |
| **No. of sales ($)** | **200 Million** | **250 Million** | **290 Million** |
| **Rate of Productivity Growth** | **2.8%** | **3.2%** | **3.5%** |

1. **Define ‘rate of productivity growth’. (1 mark)**

**Suggested Solution**

***Refers to the measurement of the level of output given a level of inputs that is taken from one point in time and compared with another point in time. If the amount of output increases, while keeping the number of inputs the same, the rate of productivity growth has improved. (also known as a measurement of efficiency)***

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| **Marks** | **Descriptor** |
| **1 mark** | * **Refers to a level of outputs given a certain level of inputs** * **It must have a time component ‘rate of growth’ implies it is over time.** |

1. **With reference to the data in Table 1.1 and Table 1.2, justify whether the managers of Hammer and Nails should use the business systems and procedures from the Melbourne stores or the Sydney stores** **when opening new stores in Brisbane. (5 mark)**

**Suggested Solution**

***Managers at Hammer and Nails should use the business systems and procedures currently being used in the Sydney stores as they expand to open more stores in Brisbane. Over the past 3 years the performance of the Sydney stores has been superior to the performance of the Melbourne stores.***

***The Melbourne outlets returned higher net profit figures from 2017 to 2019, however the net profit figure has been in decline. Even more concerning is the fact net profit is falling with a strong growth in the level of sales. In contrast, Sydney from 2017-2019 has achieved improvement in its net profit figures with some consistent growth in the level of sales.***

***The one key measure of rate of productivity growth that has shown consistent improvement in the Sydney region, while Melbourne’s productivity figures measure is -2.1% over the 3 years. This is the main reason why the systems and processes the Sydney stores should be adopted in the Brisbane outlets. Benefiting from the systems that are making the Sydney stores more efficient.***

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| **Marks** | **Descriptors** |
| **5** | * **Correctly selecting the Sydney outlets processes and systems to use in Brisbane** * **Correctly referencing the data to state that the performance in Sydney has been improving and the performance in Melbourne has been worsening** * **Picking up key details that cause great concern, such as Melbourne sales increasing with net profit falling** |
| **3-4** | * **Correctly selecting the Sydney outlets processes and systems to use in Brisbane** * **Some reference to the data that demonstrates why Sydney outlets are performing better.** * **Missing specific concerns like Melbourne sales increasing with net profit falling** |
| **1-2** | * **Correctly selecting the Sydney outlets processes and systems to use in Brisbane** * **Minimal use of data to support the decision to use Sydney processes and systems** |

**It has been identified that motivation levels are low at the Melbourne stores.**

1. **Select two of the following motivation strategies and describe how each could be used to motivate the staff at the Melbourne stores. (3 + 3 = 6 marks)**

* **Pay**
* **Career advancement**
* **Investment in training**

***Career advancement involves a person taking on a job that carries greater responsibilities and the opportunity to develop their leadership capacity. At Hammer and Nails it is important to target all staff for career development, by providing opportunities for workers whether they be stacking shelves or a duty manager managing a small team. By providing career advancement opportunities it can provide both a short and long-term boost to motivation. Staff at the Melbourne stores would get a boost to their self-esteem and possibly their pay packet, both of which will lift the level of effort exerted by employees over time.***

***Investment in training involves Hammer and Nails directing finances into teaching employees at the Melbourne stores new skills. Providing staff with new skills can increase job satisfaction and promote not only short-term but promote long-term sustained improvement in motivation. Management at Hammer and Nails should take a holistic approach by ensuring all levels of workers are provided this training, avoiding a situation where workplace bias creates an undercurrent of negativity towards management playing favourites with who has access to training and who does not.***

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| **Marks** | **Descriptor** |
| **6** | * **Comprehensive description of two motivation strategies chosen** * **The explanation of both strategies is clear and the application to the scenario is on point and very clear.** |
| **5** | * **Comprehensive description of two motivation strategies chosen** * **The explanation of both strategies is clear but one of the strategies is not applied to the situation facing Hammer & Nails** |
| **4** | * **Comprehensive description of one strategy which is applied to the situation correctly** * **However, one strategy is only explained very briefly** |
| **3** | * **Comprehensive description of one motivation strategy** * **The explanation of the strategy is clear and the application to the scenario is on point and very clear.** * **But one strategy is not answered** |
| **2** | * **One strategy is explained, but not applied to the scenario facing Hammer & Nails** |
| **1** | * **One strategy is explained very briefly without much detail** |

1. **Propose and justify a management skill that could be used by managers to develop better working relationships between managers and frontline staff. (4 marks)**

***Interpersonal skills refer to management’s ability to liaise with people and build positive relationships with staff. The survey data shows that in the Melbourne stores morale is low and Rachel Fink thinks this is being caused by poor working relationships between managers and frontline staff. An emphasis on managers expanding their ability to communicate clearly, but demonstrate empathy, care and consideration for the staff will help improve staff morale. It will create a workplace where staff feel respected and that they are valued for the work they do, ultimately driving stronger levels of enthusiasm for the work they do at Hammer and Nails.***

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| **Marks** | **Descriptors** |
| **4** | * **Correct definition of the management skill chosen is provided** * **Comprehensive description of how the management skill like interpersonal skill, communication skill or problem-solving skill could be used to improved working relationships** |
| **3** | * **Correct definition of the management skill chosen is provided** * **A good application of how it could be used, with some key aspects missing** |
| **1-2** | * **Correct definition of the management skill chosen is provided** * **Minimal application of how the skill could be used to improve working relationships** |

**Question 2**

**Define leadership. Explain why effective leadership is needed to successfully implement change when organisational inertia exists. (4 marks)**

***Leadership refers to positively influencing and encouraging individuals to work towards achieving a set of goals and objectives. Effective leadership involves the delivery of a clear vision of why a business exists that inspires workers. During change a manager that displays confidence, open mindedness, and agility will achieve a better ‘buy in’ from staff. In an organisation experiencing inertia where staff are unenthusiastic towards the prospect of proposed changes. A leader with a vision that inspires will create a sense of urgency to embrace the change and overcome the negativity of organisational inertia.***

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| **Marks** | **Descriptors** |
| **4** | * **Correct definition of leadership** * **Comprehensive explanation of why leadership through, motivating, influencing and inspiring can reduce resistance** |
| **3** | * **Correct definition of leadership** * **Good explanation of why leadership through, motivating, influencing and inspiring can reduce resistance** |
| **1-2** | * **Correct definition of leadership** * **Minimal explanation of how leadership can be used to overcome staff resistance.** |

**Question 3**

**“Local restaurants, bars and clubs on-going survival is threatened by COVID-19 restrictions not allowing customers into their premises”**

**Analyse the use of a proactive and a reactive approach to business change given the COVID-19 restrictions. (5 marks)**

***During the pandemic of 2020 various restrictions to trading have adversely impacted retail and restaurants. A manager that takes a proactive approach anticipate and adjust to changing circumstances, such managers integrating the adjusting circumstances into their operations. Whereas a reactive approach involves a manager getting swept up in the evolving circumstances and is unprepared for the new conditions they face.***

***For example, a Pizza restaurant manager could be proactive when faced with the restrictions of having no sit-down customers, by adding a new range of products to sell to take-away customers e.g. pasta, sauces, and fresh produce. Although if being reactive would simply revert to take-away only and be unprepared to take advantage of new business opportunities even with the restrictions in place. In the log-run, the proactive approach is likely to support a restaurant, bar or clubs survive the crisis and retain its financial viability into the future.***

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| **Marks** | **Descriptors** |
| **5** | * **Comprehensive description of proactive and proactive approaches** * **Excellent application of proactive and proactive approaches to dealing with COVD-19** |
| **3-4** | * **Comprehensive description of proactive and proactive approaches** * **Very good application of proactive and proactive approaches to dealing with COVD-19 (but some application missing)** |
| **1-2** | * **Comprehensive description of proactive and proactive approaches** * **Minimal application of proactive and reactive approaches in the response.** |

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