



A non-profit organisation supporting students to achieve their best.

Unit 3 Business Management

Practice Exam Solutions

Stop!

Don't look at these solutions until you have attempted the exam.

Found a mistake?

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Section A – Short-answer questions

Marks allocated are indicated by a number in square brackets, for example, [1] indicates that the line is worth one mark.

Question 1a

Operations: activities involved in the actual production of goods and services. [1]

Students should avoid using the actual wording (operations) of the term in their explanation.

Question 1b

Only characteristics which relate to the information provided are appropriate.

- Operates globally 'global transport corporation' [1]
OR
- Substantial total assets 'trucks, planes' [1]

Question 1c

Students need to provide two characteristics of a service organisation [1 mark each, for a maximum of 2 marks]. Acceptable characteristics include:

- Products of service organisations are intangible
- Products cannot be stored
- Products are consumed as produced
- High degree of customer contact
- Products are usually tailored to meet individual needs

They then need to compare this with a manufacturing organisation, giving two examples of characteristics of such an organisation [1 mark each, for a maximum of 2 marks]. Acceptable characteristics include:

- Products are identifiable (tangible) goods
- Products can be stored
- Products are generally permanent
- Minimal customer contact
- Products are usually standardised

Question 1d

Key Performance Indicators: Specific measures of data used to gauge an organization's progress toward achieving targets/goals. [1]

Students then need to identify two KPIs [1 mark each, for a maximum of 2 marks]. These could include:

- Rate of staff turnover
- Results of a customer/staff satisfaction survey
- Level of net profit
- Levels of waste
- Percentage of market share
- Level of productivity growth
- Number of clients
- Number of customer complaints
- Number of workplace accidents

Students then need to link these two examples to the case study, for example 'Speedy Delivery could measure its progress in becoming more socially responsible by monitoring the levels of waste produced.' [1]

Question 2a

Students need to provide two elements in the **internal** environment which may need ethical and socially responsible management [1 mark each, for a maximum of 2 marks]. Acceptable elements include:

- Corporate culture, develop one which reflects ethical values
- Leadership, model ethical behaviour and integrity
- Management style, should reflect democracy such as consultative or participative styles
- Management skills, should reflect compassion and sensitivity

They then need to provide two elements in the **external** environment which may need ethical and socially responsible management [1 mark each, for a maximum of 2 marks]. Acceptable elements include:

- Suppliers, fair dealings
- Outsourcing, may compromise quality of products and effect jobs in Australia
- Environment, do not compromise the position of the future
- Privacy, respect for the exclusive rights of others
- Customer relations, provide quality and equitable treatment
- Marketing, not be misleading

Question 2b

Students first need to identify one operations management strategy relating to quality [1 mark each, for a maximum of 1 mark]. Acceptable strategies include:

- Quality Control
- Quality Assurance
- Total Quality Management

They then need to explain the chosen quality management strategy in relation to Luke's organisation [for a maximum of 3 marks], for example:

Using a Quality Control operations strategy, Luke could optimise the quality of his bottled water through monitoring the quality of his goods during its production and delivery. This will involve setting performance standards of quality that he may wish to achieve in the operations process. Luke could then inspect the outputs through statistical techniques to measure whether the bottled water meet the predetermined quality standards. Luke should then make corrective adjustments if checking revealed it is necessary.

Question 2c

Students need to identify one management structure and explain how it will assist Luke in coordinating the work activities of his organisation [2 marks each, for a maximum of 2 marks]. Appropriate definitions and explanations include:

- Functional Structure: team members are grouped into departments according to function such as marketing to develop new strategies.
- Divisional Structure: team members are grouped according to similarity of products, services or markets such as the development of new flavours of bottled water.
- Matrix Structure: team members are grouped according to function and division which allows specialisation by project such as developing new flavours, whilst each member remains part of a department based on function such as marketing.

Question 3a

Students first need to define corporate culture.

Corporate Culture: the shared values and beliefs of the people in an organisation. This is shown by the relationship between staff and management, which is reflected through their policies, procedures and unwritten rules of the organisation. [1]

Then then need to identify the official corporate culture and real corporate culture in Gym4Life.

- Gym4Life's official corporate culture (values wished to be presented to the public) is that of a positive 'learning organisation'. [1]
- Gym4Life's real corporate culture (actual values prevailing in an organisation) is negative, with little staff recognition and trust. [1]

Question 3b

Students need to identify three management skills [1 mark each, for a maximum of 3 marks]. Appropriate management skills include:

- Communication
- Delegation
- Decision making and Problem solving
- Emotional Intelligence

And to a lesser extent

- Negotiation
- Time management
- Stress Management

They then need to describe the three chosen management skills and justify how they could be used to create a positive learning culture in Gym4Life. [1 mark each, for a maximum of 3 marks].

Students should make sure to relate their answer to the specific situation of the organisation.

Question 4a

Students first need to identify what type of large scale organisation Going Green is.

- Charity and foundation (non-government organisation) [1]

Then then need to explain why, using evidence from the information provided.

- Uses profits received from the sale of stationery to preserve the natural environment rather than adding to net assets. [1]

Question 4b

Students should first identify the main objectives of a charity and foundation (non-government organisation) [1], for example:

Aim to provide goods, services or funds to relieve specific social problems and benefit the community.

They should then identify how this objective relates to the television advertisements [1], for example:

The purpose of the television advertisements is to attract funds for their social work through developing 'Going Green' a reputation in the public.

Question 5a

Students need to describe two positive contributions the organisation makes to the economy and provide an example for each from the information provided [2 marks each, for a maximum of 4 marks].

Acceptable positive economic contributions include:

- Develop Australia's industrial base, through the introduction of new operations technology.
- Stimulate infrastructure growth, as the factory is built in a 'remote location' the corporation will need facilities such as electricity, water, communication, and so governments may plan infrastructure growth in consultation with the organisation.
- Earn export income, from the products produced.

Economic contributions such as 'provide employment' would not be acceptable as this positive contribution is not indicated in the information provided.

They then need to describe two negative contributions and provide an example for each from the information provided [2 marks each, for a maximum of 4 marks]. Acceptable negative economic contributions include:

- Downsizing, introduction of process technology results in the loss of employment
- Importing, goods from overseas rather than from Australian suppliers

Question 5b

Students need to identify two forms of process technology [1 mark each, for a maximum of 2 marks].

Acceptable process technology includes:

- Computer-aided design (CAD)
- Computer-aided manufacturing (CAM)
- Flexible manufacturing systems (FMS)
- Electronic data interchange (EDI)
- Computer-integrated manufacturing (CIM)
- Robotics

Then then need to explain how each of the chosen two process technology could be used to optimise operations [1 mark each, for a maximum of 2 marks]. Possible explanations include:

- The use of computer-aided manufacturing (CAM) technology to design and control the production process would reduce labour costs and human errors.
- Introduction of robotics (computer-directed work machines) would replace human skills and effort in production and create more efficient and effective operations.

Question 6a

In order to achieve full marks, students need to list two characteristics of an appropriate management style [1 mark each, with a maximum of 2 marks]. Appropriate management styles and characteristics include:

- Consultative – employees are part of the planning process, staff suggestions are valued
- Participative – communication is two way, decision making is shared, high level of trust in staff

And to a lesser extent:

- Persuasive – decisions are communicated effectively to staff, centralisation of power

The autocratic and laissez-faire management styles would not be appropriate as they are too extreme in this situation.

They then need to compare this with a different management style (regardless of whether it is appropriate to the situation or not) and list two characteristics [1 mark each, for a maximum of 2 marks].

Students also need to include a justification on why the first management style would be better [1 mark]. Students must make sure their answers relate to the information provided.

Question 6b

Students need to define leading: process of providing direction and motivation as to where a team, department, or whole organisation should be heading and how it intends to get there. [1]

They then need to identify and discuss two leadership qualities needed by Susan in relation to directing change in the organisation [2 marks each, for a maximum of 4 marks].

- Interpersonal leadership qualities – to assist in dealing with people
- Informational qualities – gathering and communicating information
- Decision making qualities – making choices to solve a problem or take up opportunity

Question 6c

Students need to define policy and discuss the process of introducing new policy.

- Policy: a written statement of processes and procedures used to achieve objectives.

A brief outline of the major steps of policy development should include:

- Issue identification
- Research and analysis
- Stakeholder input
- Policy development
- Draft policy posting
- Policy approval
- Evaluation

Students must link these steps to the scenario presented in the question, for example, 'Susan's first step in developing a new policy would be to identify the issue at hand, in this case, the use of new technology'.

To gain full marks for this question, students should plan their answer and include a definition of policy [1 mark], the stages of policy development [7 marks], and links back to the question at each stage [2 marks]. The structure of the answer should be clear and concise, in paragraph format.

Students should also note that the 10 mark question on the exam will not be on unit 3 – the study design states that it will involve only unit 4 material.