



**Victorian Certificate of Education
2017**

Name: _____

Teacher's name: _____

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STUDENT NUMBER

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Letter

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BUSINESS MANAGEMENT

Written examination

2017

Reading time: 15 minutes

Writing time: 2 hours

QUESTION AND ANSWER BOOK

Structure of book

<i>Section</i>	<i>Number of questions</i>	<i>Number of questions to be answered</i>	<i>Number of marks</i>
A	6	6	50
B	5	5	25
			Total 75

- Students are to write in blue or black pen.
- Students are permitted to bring into the examination room: pens, pencils, highlighters, erasers, sharpeners and rulers.
- Students are NOT permitted to bring into the examination room: blank sheets of paper and/or correction fluid/tape.
- No calculator is allowed in this examination.

Materials supplied

- Question and answer booklet.
- Additional space is available at the end of the book if you need extra paper to complete an answer.

Instructions

- Write your **student number** in the space provided above on this page.
- All written responses must be in English.

Students are NOT permitted to bring mobile phones and/or any other unauthorised electronic devices into the examination room.

- c. Explain how the objectives of private companies such as A-Z Advertising differ from the objectives of a social enterprise. 2 marks

- d. Describe **one** strategy management at A-Z Advertising could use to take advantage of domestic or global business opportunities. Discuss how this strategy could help the business maintain its image as an industry leader in advertising design services. 4 marks

SECTION B – Case study

Instructions for Section B

Use the case study provided to answer the questions in this section. Answers must apply to the case study. Answer **all** questions in the spaces provided.

Case Study

Tiny Tots Pty. Ltd. is a manufacturer of children’s educational toys established in 1997 by Janelle Clarke. Now the CEO of Tiny Tots, Janelle identified an opportunity in the market for children’s educational toys in 1996 after becoming a new mum, establishing the business as a sole trader. In 2011, Tiny Tots was awarded the Parents’ Choice Foundation Toy of the Year Award in recognition of having ‘the safest, highest quality and most educational children’s toys’.

On the back of this success, Janelle and her senior management team decided to expand operations into Asia and take advantage of growing demand, particularly in China. Due to rising labour costs in Australia, senior management made the decision in 2012 to shift production of Tiny Tots’ toys to China, seeking a cost advantage over new rivals in the market. However, since relocating production offshore, the business has experienced a severe decline in performance. Below is a summary of Tiny Tots’ performance over the past five years. Senior management have held a crisis meeting to discuss performance concerns, and have identified the following issues:

- Employees in the new factory in China do not have the necessary skills to manage operations effectively;
- Low levels of employee motivation due to poor working conditions;
- A perception among Australian-based retailers that Tiny Tots is not fulfilling its corporate social responsibilities in moving manufacturing off-shore.
- An increasing number of toys being damaged during shipping and handling from China;
- A lack of transference of Tiny Tots’ cultural values and traditions from Australia to China.

Key performance indicator	2012-13 financial year	2016-17 financial year
Net profit	\$5.9 million	-\$0.8 million
Percentage of market share (Australia)	7%	8%
Percentage of market share (China)	0.8%	0%
Percentage of waste generated in production	3%	15%
Labour costs	\$6.4 million	\$2.9 million
Rate of staff turnover	12%	28%

