

VCE[®] Business Management

SCHOOL-ASSESSED COURSEWORK

Introduction

OUTCOME 2

Evaluate the effectiveness of a variety of strategies used by managers to implement change and discuss the effect of change on the stakeholders of a business.

Task

Case Study

This task will be marked out of 25.

It will contribute 50% of the marks (50) allocated for this outcome. A second task will need to be completed.

The task has been designed to allow achievement up to and including the highest level in the Performance Descriptors.

You have 55 minutes including 5 minutes reading time to complete this task.

Answer in the space provided.

Your teacher will advise you of any variation to these conditions.

This task covers a range of **key knowledge** and **key skills** from this outcome.

NAME:

Task

AustraJet is a business that has grown from a small regional airline into one of three major airlines operating across the country with the possibility of further developing both local and international market opportunities to service a growing demand from South East Asia and China. The airline caters to both family and business travellers.

Over the past few years there have been increased levels of competition, particularly on price, with new airlines joining the market. This has had an impact on the revenue and the profit of AustraJet, as well as decreasing its market share. As a result there have been concerns among staff about their job security which saw staff absenteeism increase. This in turn caused issues when customers raised concerns about a lack of staff and issues with the self-check in technology. New planes are on order which have a longer range, operate more efficiently and provide a high degree of comfort for passengers.

The CEO of AustraJet, Erin Joseph, is keen for any changes that take place to be managed in a way that will be accepted by employees. She is keen to seek new business opportunities to assist in increasing the market share of AustraJet both domestically and globally. Once appropriate strategies have been chosen, it will be vital for the business to learn from its current situation so that business change can be managed effectively and for its impact to be appropriately assessed.

Question 1 (2 marks)

Describe the importance of a leader in the change process at AustraJet.

Task

Question 2 (6 marks)

- a From the information provided, identify and describe two key performance indicators that Austrajet could use to analyse its recent performance.

2 marks

- b From the key performance indicators identified in Question 2a, discuss two strategies that could be adopted by management at Austrajet to initiate change in the business.

4 marks

Task

Question 3 (4 marks)

Propose one strategy that Austrajet could adopt to seek new business opportunities domestically and one strategy that could be adopted to seek business opportunities globally to assist with increasing market share.

Question 4 (5 marks)

Peter Senge's Learning Organisation principles have allowed many businesses to harness their knowledge to build capacity and results.

Describe the 'five principles' which underpin the concept of the learning organisation.



Task

Question 5 (4 marks)

Apply two of Senge’s five disciplines to the potential strategies that were identified in Question 3.

Task

Question 6 (4 marks)

Evaluate whether staff training would be appropriate in AustraJet’s current situation.

Total: 25 marks

Teacher Advice

Key knowledge and key skills

The following **key knowledge** is the focus of this task:

- the importance of leadership in change management
- management strategies to respond to key performance indicators, including staff training, staff motivation, change in management styles or skills, increased investment in technology, improving quality in production, cost cutting, initiating lean production techniques and redeployment of resources (natural, labour, and capital)
- management strategies to seek new business opportunities both domestically and globally
- an overview of the principles of the Learning Organisation (Senge)

The following **key skills** are the focus of this task:

- define, describe and apply relevant business management concepts and terms
- research and analyse case studies and contemporary examples of business management applicable to managing change in a business
- interpret business information and ideas
- apply business knowledge to practical and/or simulated business situations
- evaluate the advantages and disadvantages of various strategies in implementing change in a business
- propose and justify strategies in response to key performance indicators and to assist in implementing change in a business

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Highest performance descriptor

The following table indicates the relationship between the highest level (Very High) of the Performance Descriptor and the questions in this task.

Aspect of 'Very High' Performance Descriptor	Question/s
Comprehensive evaluation of the advantages, disadvantages and effectiveness of a variety of strategies used by managers to implement change.	3, 4, 5
Critical analysis of case studies and contemporary examples of business management applicable to managing change in a business within the last four years, based on extensive research.	2b, 3, 5
Sophisticated and appropriate proposition and well-argued justification of management strategies to respond to key performance indicators and assist in implementing change in a business.	3, 5

Note: This is one of **two** tasks for this outcome.

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Teacher Advice

NOTE: This task is sold on condition that it is NOT placed on any school network or social media site (such as Facebook, Wikispaces, etc.) at any time.

NOT FOR USE BY PRIVATE TUTORS.

Embargo

In order to protect the integrity of your VCE assessment process, please **do not** return this item to students before **the end of the term in which it was undertaken**. You may indicate the results to students and/or dedicate class time to working through student responses but do not allow students to retain their work until the term has concluded.

We advise that you use a variety of assessment tasks from one year to the next to further enhance the integrity of your assessment program.

Solution Pathway

Below are suggested responses. Teachers should consider the merits of alternative responses.

Question 1 (2 marks)

Students will be awarded the two marks if they are able to describe, at a high level, the importance of a leader in the change process including reference to a manager's ability to plan, communicate or deal with employees.

Sample high level response:

Managers, such as Erin Joseph, play a vital role in ensuring that change is implemented effectively at an organisation such as Austrajet. Managers need to lead by example and demonstrate to their employees that the change will benefit them and the business as a whole. Communicating the vision for the change to employees is essential. Employees need to be provided with relevant information in a timely manner to ensure a smooth transition to the new phase of the business. Planning for this change will be essential and Joseph would need to have undertaken extensive planning to assist with the implementation of change at a business like Austrajet.

Question 2 (6 marks)

- a There are a number of possibilities in response to this question. Ideally, students will respond using a key performance indicator that relates to the information provided. Possibilities include, but are not limited to, percentage of market share, net profit figures, number of sales, rate of staff absenteeism, level of staff turnover, number of customer complaints. This question is worth 2 marks.

Sample high level response:

Two key performance indicators that could be used by Austrajet to analyse its current performance are net profit figures and levels of staff absenteeism. Net profit figures can indicate how successful a business is in managing expenses in relation to its revenue. Austrajet has had some issues with revenue and will need to be mindful of expenses with new planes.

Austrajet has also experienced issues with its staff who are feeling uncertain about the future of the business given the change in the market. This uncertainty could have led to higher levels of staff absenteeism with staff feeling unmotivated which could lead to greater levels of inconvenience for customers.

- b It is preferable, but not essential, that students provide strategies from the list in the Study Design. These should be related to the key performance indicators from Question 2a. Students should discuss and, therefore, explain both the positives and negatives of the strategies identified for full marks. If students just nominate strategies without discussion they can be awarded only one mark. If only one side of the discussion is apparent for each strategy then a maximum of two marks can be awarded. This question is worth 4 marks.

Sample high level response:

One strategy that Austrajet could adopt in response to a decrease in net profits is to cut costs. The costs of running an airline can be quite high and it is vital that costs are controlled to ensure the smooth running of the airline so that the business is able to make a profit to ensure its long term viability. Costs could be cut through minimising the services that are provided to passengers on board or outsourcing non-core elements of the business.

Solution Pathway

This could also be detrimental to the business as customers may not wish to pay extra for things like food on their travel, particularly if other competitors are offering a higher level of service that may include these extras, unlike Austrajet. This strategy could prove beneficial in the short term, but may damage the business in the longer term.

Adopting strategies to assist with staff motivation, such as performance related pay, might also prove beneficial to Austrajet. It is vital for the ongoing success of the business that staff are motivated to achieve at a high level and this should focus on minimising any potential staff dissatisfaction. Management will need to ensure that employees are appropriately motivated to assist the business to remain competitive.

What is important with motivation is to engage all employees. If only some employees feel as though they are being motivated appropriately this could cause further issues with those employees who continue to feel as though their needs are not being met. Austrajet will need to draw upon a wide range of motivational strategies that engage as many employees as possible.

Question 3 (4 marks)

Two marks are awarded per strategy outlined by the student. There should be a high level of description or explanation of the strategy explaining how it will assist Austrajet to increase its market share. There are many possible strategies that students could outline. The most common response will probably be around expanding routes or partnering with other airlines.

Sample high level response:

Austrajet could seek to expand its offering on domestic routes within Australia. It could look at those routes which are popular with families such as various holiday destinations in Queensland and northern New South Wales. They could offer family packages with various hotels and resorts that could entice customers to the airline and thus assist with increasing its market share in Australia.

Austrajet could look at destinations in South East Asia. This could entice both Australian travellers to travel to these destinations but it could also bring travellers to Australia from destinations such as China. There could be a focus on holiday destinations for families but there could also be a business and holiday focus for those travellers coming from Asia. This could see an increase in the market share of Austrajet on these routes and allow it to build a reputation in these global markets.

Question 4 (5 marks)

For the full five marks, students must clearly identify the five principles and describe them accurately. A list of the five principles can be awarded one mark. Accurate descriptions of each principle can be awarded a mark each.

Sample high level response:

Peter Senge developed his concept of the learning organisation based around five principles. These are system thinking, personal mastery, mental models, building shared vision and team learning. It was Senge's belief that organisations that were able to 'learn' and adapt would be the businesses that would succeed.

System thinking can be described as a business being able to review what it has done and being able to put a system in place to evaluate the factors that have led it to a particular point. System

Solution Pathway

thinking should be viewed over a long term with ideas to be implemented for sustained business success.

Personal mastery takes into account that a business' knowledge comes from its employees. If the employees are able to attain a level of personal mastery then the business should be able to learn as the employee learns and develops. If employees are aware of what they need to work on improving then, according to Senge, they and the business will be able to learn and grow.

Individuals will often have entrenched views on certain aspects of their professional and personal lives. Senge's mental models are an attempt to minimise the interruptions that these entrenched views can have on a business. If employees are provided skills to develop their own capacity and to use mental models, they can self-reflect and carry out meaningful dialogue with other employees to develop ideas for business growth.

Businesses will be more successful if all employees are provided a clear understanding of the direction that the business is taking. In developing this direction, successful learning organisations allow for input from a range of staff, not just managers and leaders. A business that is able to build a shared vision is more likely to be able to successfully implement change and build commitment in employees.

An individual's personal mastery is then developed through team learning. If employees are able to build personal mastery and a shared vision, then this can act as a catalyst for team learning. This enables work teams to function at their best and to achieve greater results than would be possible for individuals on their own.

Question 5 (4 marks)

Students are required to link the principle they choose with one of the strategies. Students only need to link to one of the strategies that were highlighted in Question 3. However, they might choose to demonstrate their understanding across both strategies. This is not necessary. Marks will be awarded on the basis of two marks per principle provided there is a link to the strategy from Question 3. Minimal description can only be awarded one mark.

Sample high level response:

System thinking would be vital for AustraJet to adopt in the change process. The business has found itself in a situation where it needs to adopt a new long term approach to ensure the business succeeds. AustraJet should review what the current situation of the business is and how this occurred. The business could then map the various aspects of the business and how these are connected. This would be vital for AustraJet if it adopts a push into the Asian market. AustraJet would need to understand how each element of the business could connect to achieve the desired outcome.

It is also important for the success of any strategy at AustraJet that there is a shared vision. This could be developed by leaders and managers and involve employees who provide input into the developed vision. If this can occur, employees will be more likely to commit to the vision that the business has, particularly if AustraJet is going to expand its global offering. AustraJet will need to be innovative so that it can set itself apart in the large Asian market and see some success in the long term.

Solution Pathway

Question 6 (4 marks)

Students will need to show both sides (advantages/disadvantages, strengths/weaknesses) and then conclude if staff training is appropriate for AustraJet at this time for the full marks. If only an evaluation is given without a recommendation, then only two marks can be awarded. The student will need to make a choice as to whether the training is or is not appropriate and express this for the further two marks.

Sample high level response:

Staff training can prove beneficial when conducted in an appropriate manner to allow various employees' needs to be met. Targeted training in areas such as customer service, technology and safety could prove beneficial for the customers of AustraJet and have a positive impact on the culture of the organisation, staff motivation and overall business performance.

The training of staff can be costly in both financial terms and time away from work tasks. Some employees might also be reluctant to undertake training that is not directly targeted to their role within the business. At times, the value of the investment that a business like AustraJet makes in training cannot be easily seen in actual outcomes. It relies heavily on employee involvement and uptake of the new skills being delivered in training to see these actual outcomes realised. Time away from work tasks might also place a broader strain on the operations of the business.

If AustraJet were to undertake an investment in training it would be essential that an appropriate analysis take place as to broad business needs as well as the needs of departments and individuals. In order for this investment to benefit the employees and the business, appropriate time would need to be devoted to training and to allow employees to see where the skills that they have acquired will be applied. This could lead to greater levels of productivity and benefit to the business in the long term.