



Teaching Bubble
Your VCE Business Resource

VCE BUSINESS MANAGEMENT

UNITS 3&4

2017

TeachingBubble.com Trial Exam

SUGGESTED MARKING SCHEME AND

SAMPLE RESPONSES

Section A

Question 1

2 marks

Distinguish between a sole trader and a private limited company

Suggested Marking Scheme

Two marks are allocated for students that are able to give a strong response as to the differences between a sole trader and a private limited company. A maximum of one mark can be awarded to weaker responses. If students only provide a definition of each business type, they can be awarded a maximum of one mark (as long as their definitions demonstrate a difference). No marks can be awarded for responses that only provide a definition of one type of business.

Sample Response

A sole trader is a type of business that is owned and operated by one person, whereas a private limited company is an incorporated business that is owned by up to 50 shareholders. The difference between the two is that a private limited company is incorporated and the shareholders have limited liability, meaning their liability is limited by the amount of their investment. Whereas a sole trader is not incorporated and the owners have unlimited liability meaning they are responsible for any debts incurred by the business.

Question 2

3 marks

Explain how a business you have studied this year could use a Force-Field Analysis when looking to implement change

Suggested Marking Scheme

This question is to be marked high/medium/low (High = 3 marks, Medium = 2 marks, Low = 1 mark). Responses must clearly demonstrate an understanding of a force-field analysis and how a business can use it during times of change. The force-field analysis must be applied to a business the student has studied throughout the year. It is important that the question is addressed and that students explain **how** the business could use the force-field analysis, not just a response on a change that a business has made.

Sample Response

A force-field analysis is a process businesses can use to determine the forces that will drive and those that will resist a specified change. This can help the business that is looking to implement change as it identifies those forces that will work against the change so that managers can work to remove them or minimise their impact, and also identify the forces that will help drive the change. The force-field analysis could have been used by Vita Group when they were looking to open up a series of new men's active wear stores. The force-field analysis would have enabled the CEO Maxine Horne to assess the driving forces such as increased revenue and opportunity to enter a growing market as well as the restraining forces such as high cost and shareholder disapproval. She then has a clear picture of the challenges she will face and can work to reduce their impact so the new stores are implemented successfully.

Question 3**4 marks**

“Our whole belief is that if you get the culture right, great customer service and long term branding will naturally happen on its own”

Distinguish between real corporate culture and official corporate culture. Refer to the above statement in your response

Suggested Marking Scheme

- One mark is allocated to a definition of real corporate culture
- One mark is allocated to a definition of official corporate culture
- One mark is allocated to the differences between the two forms of corporate culture
- One mark is allocated to making appropriate reference to the above statement.

Some students may approach this question by only focussing on the differences between the two types of cultures without giving precise definitions. If a student does this and they make it clear what both types of corporate culture are and the differences between them, they can receive full marks (as long as they also make appropriate reference to the above statement).

Sample Response

Corporate culture is the shared values and beliefs of the people within the business and can be seen in the official corporate culture and real corporate culture. The official corporate culture is what the business wants the culture to be and is seen in written documents such as policies and vision statements. The real corporate culture is what the shared values and beliefs of the people in the business actually is and can be seen in areas such as, the way employees behave, communication between managers and employees and the way employees treat customers. The main difference between the two is that the real corporate culture is seen in the actions of the people while official corporate culture is seen in formal statements from the business. In regards to the above statement, a business needs to ensure its real corporate culture matches the official corporate culture so that all employees share the desired values and beliefs. If a business is able to achieve this, then all employees will represent the business in a way that improves customer service and develops the brand.

Question 4**6 marks**

Analyse the impact ‘time’ and the ‘nature of task’ can have on the appropriateness of management styles

Suggested Marking Scheme

This question is assessed globally, meaning there are no marks given to specific parts of the question. Instead, the response is read and an overall/global mark is given. Analyse in this response means to examine in depth. It is important that both ‘time’ and ‘nature of task’ are examined in depth on how they impact the appropriateness of a management style, however equal weighting does not have to be given to each. To receive full marks, it is important that responses are clear in the way that each factor impacts the appropriateness of a management style. There are a number of ways that students could approach this question. For example, they may decide to look at both time and nature of task together. Or they may decide to address their impact individually.

Sample Response

Management styles are the way in which a manager communicates with employees and makes decisions. The amount of time available for making decisions can impact the appropriateness of different management styles. If there is sufficient time available to make a decision, a manager may use a more employee centred management style such as a consultative style. This style allows the manager to spend time consulting with employees and seeking their ideas and opinions about a particular decision. This can help the manager make a more informed decision as they can use the information gathered from the employees. However, if there is time pressure for a decision to be made, the manager may not have the time to consult with employees. In this case, an autocratic management style may be the most appropriate. An autocratic management style is where the manager makes the decision with no employee input. This ensures that decisions are made quickly due to the lack of employee input which is important if there is only a small amount of time available to make a decision.

The nature of the task can also impact the appropriateness of the management style. If the tasks are very basic and lack complexity, a persuasive management style may be the most appropriate to use. A persuasive management style is where the manager makes the final decision themselves and then aims to convince the employees that it is the best decision to make. If tasks are simple, the manager can ensure that employees are on board with completing the tasks and it gives clear instructions which will ensure the tasks are completed in an effective manner. However, if the tasks are more complex and problems need to be solved, a participative management style may be the most appropriate. The participative management style is where the employees join in with managers in making decisions and it can help improve the level of problem solving as the team works together to solve the complex tasks.

Question 5

3 marks

Explain the importance of leadership when implementing change

Suggested Marking Scheme

One mark is allocated to a definition/description of leadership. Two marks are allocated for a strong response that explains the importance of leadership when implementing change. Students may describe or define leadership throughout their answer which is also fine. It is important that responses express the **importance** of leadership during times of change and not focus on how a manager can use leadership during times of change. While the latter is fine to use in a response, the importance of doing so must then be expressed. Responses that define leadership and explain how leadership can be used without expressing the importance of leadership when implementing change, can receive a maximum of one mark.

Sample Response

Leadership is the ability of a manager to motivate and inspire employees towards business objectives. Change can be a difficult process where people have feelings of fear and anxiety which can cause resistance to the proposed change. Leadership is important during these times as it can help reduce this resistance and help inspire the employees and motivate them towards the change. A strong leader will have open communication and provide support for those that are finding the change difficult which is important if the change is going to be implemented successfully.

Explain TWO principles a business must implement to be considered a learning organisation

Suggested Marking Scheme

Three marks are allocated for an explanation of EACH learning organisation principle. Each principle is marked high/medium/low (3 + 3). Students are expected to give a high level of depth

to demonstrate their understanding of each chosen principle. The 5 principles of the learning organisation are:

Systems Thinking: Systems thinking is the key to the learning organisation. It is the ability to see the big picture rather than see things in isolation. Managers that are systems thinkers understand the interrelationships between the parts of the business and the same goes with the learning organisation. There are 4 other key principles of the learning organisation, but neither one can occur on their own. They all impact each other and are interrelated. This interrelationship is what systems thinking is about.

Personal Mastery: businesses learn through individuals that learn. Personal mastery is where the people within the business undertake continual learning and strive towards a personal vision they develop for themselves. It involves learning and developing skills and competencies, but also spiritual growth. The employee works continually towards the goal or vision they have set for themselves. Employees that have a high level of personal mastery are more committed, take more initiative and have deeper responsibility in their work.

Mental Models: mental models are the deeply ingrained assumptions, generalisations and images of how people understand the world and how they take action. Mental models impact the way people behave. These can be basic assumptions such as “people are untrustworthy’ or more complex. In order for a business to transform itself, the business and its people must “turn the mirror inwards” to look inside themselves and scrutinise their mental models. There needs to be an element of self-reflection so that any entrenched mental models can be challenged which will allow changes to occur.

Building a Shared Vision: a shared vision is the idea that having a vision that people within the business share, will see them excel and learn because they are committed to the same cause rather than simple compliance. Businesses that do not have a shared vision tell their employees what to do and they do what they are told. But those that have a shared vision have employees that are committed to the end goal because it is something they truly believe in. Many leaders have a vision that is not translated into a shared vision that galvanises the business. Having a shared vision can foster a sense of long-term commitment which is fundamental to the learning organisation. Once the vision is clear and shared, it creates enthusiasm towards its achievement.

Team Learning: team learning can be viewed as the process of aligning and developing the capacities of a team to create the results its members truly desire. This discipline builds on both personal mastery and the shared vision. When people in the business learn together, individuals will also grow more rapidly than they could have otherwise. Much like a successful sporting team, it is important that the athletes have skills to perform at a high level, but they will likely not succeed unless they work together as a team and develop together. Team learning starts with an open dialogue between members that is free from pre-conceptions so that they can genuinely learn together.

Sample Response

A learning organisation is one that is adaptive, flexible and productive during times of change. There are five key principles that a business must implement if it is going to be deemed a learning organisation.

The first principle is personal mastery which is an individual's lifelong commitment to learning and developing themselves. Those that have a high degree of personal mastery are more committed, take more initiative and have deeper responsibility in their work. To develop personal mastery in employees, a business needs to build an environment where it is safe for people to create their visions and challenge the status quo.

The next principle is mental models. Mental models are the assumptions and values that determine the way people in the business act. All people have mental models that impact the way they see things and influence their behaviour. To be a learning organisation, managers need to be aware of their mental models and challenge them so they are able to make effective transformations that benefit the business. By challenging their mental models, they are able to see outside the box and identify areas for transformation they may never have previously seen.

Question 7 (16 marks)

Indoor Campers is a campervan manufacturer that aims to offer its customers a high quality campervan at a cheaper price than its main rivals. However, after 8 years in operation, Indoor Campers hasn't grown its market share beyond 6% and recently, customers have been complaining about the quality of the campervans. Operations manager, Rachel Ramsay, has been asked to present to the board of directors on strategies the business can implement to overcome the identified problems.

Question 7a

4 marks

Justify one quality management strategy, Rachel could implement to improve the quality of the campervans

Suggested Marking Scheme

Two marks are allocated for the description of a quality management strategy. Two marks are allocated for the justification of the management strategy. Although the question does not ask students to describe the strategy, it is still expected they do so with a 'justify' question. If a student simply gives a definition of the quality strategy, they can receive a maximum of one mark for the description part of the response. The justification MUST be linked to how it will improve the quality of the campervans.

The quality strategies listed in the study design are:

Quality control: quality control is where a business performs quality checks at regular intervals. When conducting a quality check, the product will be assessed against predetermined quality standards. If there is a gap in the level of expected quality, corrective action is taken.

Quality assurance: quality assurance is where a business achieves a series of quality standards which are set by an independent body. One common quality standard is the ISO9000 series. Once a business has met these standards, they are approved by the independent body for their quality processes.

Total quality management: TQM is a whole business approach to achieving quality. Every employee has a role to play in improving the quality of the good or service and it becomes part of the corporate

culture. TQM is based on continuous improvement where the business aims to find ways to improve quality. The business empowers employees to solve problems regarding quality by gathering in small groups, known as quality circles.

Sample Response

One quality strategy that Rachel could implement is total quality management. Total quality management is a whole business approach to quality where every employee has a role to play in delivering a high quality product. It is based around continuous improvement and empowering employees to develop new ways of solving quality problems. Continuous improvement is where the business constantly strives to improve their quality processes. Empowerment involves the employees getting together in small groups, known as quality circles, to solve problems around quality.

Total quality management would be an effective quality strategy for Rachel to implement as the employees will be able to get together into their quality circles and develop ways to overcome the quality issues they are having with the campervans. Having quality being a focus for every employee will ensure that only the highest quality campervans are sold to customers. The continuous improvement will drive the business to constantly lift their standards around the campervans.

Question 7b

6 marks

Explain two of Porter's Generic Strategies. Propose and justify which strategy Indoor Campers should implement to increase its market share

Suggested Marking Scheme

Four marks are allocated to the explanation of Porter's two generic strategies (lower cost and differentiation (2 + 2)). Responses that simply give a definition of each strategy can receive a maximum of 2 marks. It is important to note that 'explain' is much more than a definition. Responses need to demonstrate a clear understanding of the two generic strategies. Students must not address the Porter's focus strategy. Although it is one of his generic strategies it is not a part of the study design and should therefore not be used.

Two marks are allocated for the justification of the most appropriate generic strategy for Indoor Campers should use. The justification must refer to how it will help Indoor Campers to improve market share. It is important that the justification is specific to the case material and not general in nature. Part of the justification is to propose which strategy is best for Indoor Campers.

Sample Response

Porter found that businesses are able to develop a competitive advantage by using generic strategies. One generic strategy is the lower cost strategy. The lower cost strategy is where the business looks to become the lower cost producer in the industry. While reducing its costs in the value chain, the business needs to ensure it is not having a significant impact on the value to the customer. Porter found that if the business was able to become a cost leader, and price its products at or near the industry average, it would gain a significant competitive advantage.

Another one of Porter's generic strategies is differentiation. The differentiation strategy is where the business is able to produce unique features in their products so they stand out from their competitors. Businesses can differentiate their products in a number of ways including, having unique features, having a relationship with famous athlete or by having patents. By differentiating themselves, the business is able to charge a premium price the products as consumers are willing to pay a high price for something they are unable to get elsewhere.

Indoor campers should implement the differentiation strategy and produce campervans that stand out from their competitors. This differentiation could come by having campervans with unique features such as the latest technology or a high level of ongoing customer service that is not offered elsewhere. This will allow Indoor Campers to have campervans that are in demand which allows them to charge a premium price. Having campervans that are now in demand from customers will ensure Indoor Campers improves their market share beyond their current 6%.

Question 7c

2 marks

Define the following terms

Suggested Marking Scheme

One mark is allocated for each appropriate definition. Definitions do not need to be word perfect but must capture the essence of the term.

Sample Response

I. Percentage of market share

Percentage of market share is the proportion of the market that a business owns, expressed as a percentage

II. Rates of staff absenteeism

Rates of staff absenteeism is the amount of people that do not come to work when they are expected to be there.

Question 7d

4 marks

Many businesses look to implement global strategies into their operations.

Discuss one global operations strategy Indoor Campers could implement to improve efficiency

Suggested Marking Scheme

This question is marked globally, meaning that marks are not allocated to specific parts of the question. Instead, the response is read and given an overall/global mark. The term discuss means that students must address both the benefits and limitations of the selected global strategy. While they must address both sides, equal weight does not need to be given to both to receive full marks. It is important that the global strategy is applied to Indoor Campers and how it will improve their efficiency. It is foreseeable that many responses will discuss how the chosen global strategy will benefit Indoor Campers in general, but to receive full marks, students must discuss how it will improve their efficiency.

The global strategies listed in the study design are global sourcing of inputs, overseas manufacture, global outsourcing and supply chain management (with global context). Other global strategies would also be accepted.

Sample Response

One global operations strategy that Indoor Campers could use to improve efficiency is to source inputs from overseas. Sourcing raw materials from another country can help to reduce the costs of the materials being used which will reduce the overall operating costs and improve efficiency in the operations system. Indoor Campers may be able to source materials that are higher quality than local materials which will also improve efficiencies as less wastage will be produced in the production of the campervans. However, sourcing materials from overseas can result in loss of local employment which can have a negative impact on the local economy. Another issue is that if the materials arrive and Rachel is not happy with their quality, they will need to be sent back which can cause production to halt while they wait for another shipment of supplies.

Question 8**10 marks**

Discuss ONE management strategy a business can implement to overcome poor results in EACH of the following key performance indicators

- Rate of productivity growth
- Customer complaints

Explain the corporate social responsibility issues a business must consider when implementing these changes

Suggested Marking Scheme

This question is marked globally which means that marks are not allocated for specific parts of the question. Instead, the response is read and given an overall/global mark. To receive full marks, it is important that each part of the question is addressed, however each part of the response does not need to be exceptional to receive full marks.

The term discuss means that students must address both benefits and limitations of the chosen strategy. For the benefits, it is important that students demonstrate how the strategy will help overcome the poor results of the key performance indicator. Responses must discuss one strategy for each key performance indicator. The same strategy cannot be used for both KPIs.

When addressing the CSR issues associated with implementing the changes, students can address this individually with strategy, or overall. However, it is important that both strategies be mentioned when addressing this part of the question.

Below is a guide to marking this response. Please keep in mind that there will be varying ways to respond to this question, therefore the below table should be used as a guide.

Mark Range	Descriptor: Typical performance in each range (guide only)
9 – 10 marks Very High	Very high level discussion of two strategies that will overcome poor results in the listed KPIs. The discussion addresses how the strategy will overcome poor results in the KPI and addresses the drawbacks of implementing this strategy. There is a very good explanation of the CSR issues that a business needs to consider when implementing the strategies.
7 – 8 marks High	High level of discussion of two strategies that will overcome poor results in the listed KPIs. The discussion addresses how the strategy will overcome poor results in the KPI and addresses the drawbacks of implementing this strategy. A good explanation of the CSR issues that a business needs to consider when implementing the strategies.
5 – 6 marks Medium	Medium level of discussion of two strategies that will overcome poor results in the listed KPIs. The discussion addresses how the strategy will overcome poor results in the KPI and addresses some drawbacks. There is a good explanation of the CSR issues that a business needs to consider when implementing the strategies. Some parts may be missing or may be covered in minimal depth
3 – 4 marks Low	Discussion is limited and not all elements of the question are addressed. The response shows a basic understanding of how management strategies can help to overcome poor KPI data. There is a basic understanding of CSR issues demonstrated.
1 – 2 marks Very Low	Discussion is very limited and not all elements of the question are addressed. The response shows a very basic understanding of how management strategies can assist in overcoming poor KPI data.
0	Response does not relate to the question

Sample Response

Productivity growth is the amount of outputs produced compared to the amount of inputs used and the rate at which this is increasing over a period of time. One management strategy to overcome poor productivity growth results is implementing staff training. Training is the process where an employee improves their skills and knowledge to perform more effectively and efficiently in their job. Training staff will ensure that employees will have the skills to perform better at their job which will result in them improving the rate of productivity. Employees will have less errors in their work and be able to complete their work at a faster rate which will also positively impact the rate of productivity growth. However, training staff can take time and has a significant cost to the business. Often during training, the employee will need to be off site which means their work is not completed while they are away or the business needs to pay someone to replace them which can be very costly.

Corporate social responsibility (CSR) is a business's ongoing commitment to operate in an economically, socially and environmentally sustainable manner while considering the interests of diverse stakeholders. One CSR issue with staff training is its accessibility. For a business to be socially responsible when implementing this strategy, they should ensure that all employees have an opportunity to undertake the training programs and not just a select few.

Customer complaints is the amount of people that are dissatisfied with the business or its products and have notified the business of their dissatisfaction. One strategy to overcome a high level of customer complaints is to improve quality in production. Improving quality in production can be achieved by introducing quality control processes which is where the products are checked against quality standards at regular intervals. This will improve the end quality of the product and ensure that only those that meet a high quality standard make it to the end customer. This will reduce the number of customer complaints as the customers will be happy with the end product which will ensure their satisfaction. However, introducing quality control can significantly slow down production as the products are constantly checked at regular intervals. This can slow the speed of production and impact the productivity levels.

One CSR consideration when introducing quality in production is that the set standards should be high so that the end product is of the highest quality and adds value to the customer's life. Increasing the quality standards above the legal obligations so that only the products that are of the highest quality reach the consumer and will not harm the consumer is being socially responsible.

Section B

Crazy Jim's is an electronics retailer across Australia that has seen continuous growth over the past 20 years. It is Australia's largest electronics retailer and is famous for its low prices and large range of high quality brands.

Radio Hut is one of the USA's largest online retailers. It is well known for its large range of products, especially in electronics and home entertainment. Throughout the USA, consumers are able to pay an annual membership fee which allows them to receive delivery within two hours. Because of the size and capabilities of Radio Hut, many electronics retailers in the USA have been forced to close their doors as they have found it difficult to compete.

Radio Hut has recently announced they will be coming to Australia, setting up major warehouse facilities in each capital city by 2020. Analysts believe the introduction of Radio Hut to Australia could strip as much as \$2 billion in sales from local retailers, with electronics retailers such as Crazy Jim's to be the first in the firing line.

While Crazy Jim's is concerned about the introduction of such a fearsome competitor, they feel they are able to implement a number of changes that will ensure their success into the future. CEO Brian Geary is going to implement a number of changes to ensure Crazy Jim's can offer a high level of service that Radio Hut simply can't as an online retailer. Some of the changes include:

1. Offering in store repairs, where customers are able to bring in their equipment to have it repaired by professionals
2. In store pickup. When purchasing goods from Crazy Jim's online, customers can choose to pick up the product in store to save on delivery costs
3. High level training programs to allow in store staff to become experts in the goods they are selling to better service the needs of customers
4. Offering installation services. Customers can ask for a Crazy Jim's professional to install electronics into the home if required

Brian believes that this improved customer service will allow Crazy Jim's to increase its competitive advantage because they are services that Radio Hut will find difficult to replicate due to only selling online.

Question 1

6 marks

Brian is looking to implement training programs that allow his employees to become experts in the products they are selling.

Distinguish between on-the-job and off-the-job training. Propose and justify which form of training would be the most appropriate for Brian to implement in this situation

Suggested Marking Scheme

- One mark is allocated for a definition of on-the-job training
- One mark is allocated for a definition of off-the-job training
- One mark is allocated for outlining the differences between the two types of training
- Three marks are allocated for proposing and justifying the most appropriate type of training for Brian to use in the situation at Crazy Jim's.

If students do not give a specific definition of each type of training but address the differences between the two and demonstrate a clear understanding of each type of training, full marks can still be awarded.

It is important that the justification is applied specifically to Brian and Crazy Jim's. The business is looking to implement some changes and the training should be referred to these changes. There is not correct answer for this question as to which type of training is the most appropriate. Both types of training are acceptable as a proposal. How the student justifies their selection is the important factor in this case. For example, students may believe that on-the-job training is best so the employees are able to learn more about the exact products they will be selling or learning to repair products with the equipment and tools they will have in store. While other students may justify off-the-job training because Brian wants them to be experts, so they should learn from experts and complete courses off-site to give them time to learn to a high level.

Sample Response

Training is the process of an employee improving their skills and knowledge to enable them to perform more effectively and efficiently in their job. On-the-job training is where the employee undertakes training while they are at their place of work and often performing their job. Whereas off-the-job training is where the employee undertakes training away from their workplace which may involve being in a classroom setting. When undertaking on-the-job training, the employee is able to perform their job and remain somewhat productive, whereas with off-the-job training the employee is unable to perform their job as they are away from the work setting. I would recommend Brian implements off the job training in this situation. This would allow the employees to learn about the products they are selling from experts in the field. Brian needs his employees to become experts in the types of products so the employees should go off site to learn from other experts. This could be learning from the companies that design and make the products which will ensure they are able to learn to a high level. Learning away from the job will allow the employees to spend time learning more about each product and learn how to repair the products. This will enable Brian to implement his changes and compete with Radio Hut by offering a higher quality service.

Question 2

8 marks

Due to the efficiency of Radio Hut, it is able to offer low prices on electronics products.

Discuss one management strategy from the two areas below that Crazy Jim's could implement to improve its efficiency

- **Materials management**
- **Technology**

Suggested Marking Scheme

This question is marked globally, meaning that marks are not allocated to specific parts of the question. Instead, the response is read and given an overall/global mark. To receive full marks, it is important that all parts of the question be addressed, yet equal weighting does not need to be given to each necessarily. This question asks students to discuss their chosen management strategy. This means students must address both the benefits and limitations of their chosen strategies. When discussing each strategy, it is important that it is discussed how the strategy will improve efficiency at Crazy Jim's. Below are the strategies listed in the study design:

Material Strategies

- **Forecasting:** Forecasting is where data is used to identify trends so that the correct amount of materials can be ordered in the future. Improves efficiency as only the correct amount of materials are kept on hand. It helps ensure there are enough materials to ensure the campervan production is at a high level. However, there is no guarantee the forecasts will be accurate which may result in not enough materials being on hand which could slow or stop production.

- **Master production schedule:** A master production schedule details what is to be produced, in what quantities and when it is going to be produced. It provides the operations manager the information they need so they can ensure there are enough materials on hand and the right amount of employees on hand. However, this can cause a lack of flexibility. If orders suddenly spike quickly, production may not be able to meet the demand.
- **Materials requirement plan:** The materials requirement planning looks at the MPS and determines the exact materials that will be required to meet the MPS. Ensuring the right amount of materials are on hand so that production can continue at a fast rate. However, it leaves little room for error. It is important that data is kept up to date so that MRP is accurate. This can take time to continually input data into the system.
- **Just-in time:** JIT is where materials are delivered just as they are needed in production. This reduces the need for large amounts of storage which reduces costs. Stops stock being idle or damaged or lost while being stored which improves efficiency as wastage is reduced. However, if materials do not arrive on time, production may slow or stop.

Technology Strategies

- **Automated production lines:** An automated production line is where a series of workstations are linked by an electronic control system. Each station performs a specific task which will happen automatically. Machines can operate with minimal breaks and operate faster than humans. Reduces costs and improves productivity. However, high initial set up costs, and ongoing maintenance of machinery.
- **Computer aided design:** CAD is a software system that allows a product to be designed and tested on computer before it is put into production. Improves efficiency as products don't need to be produced before they are tested. Can allow a better use of resources. However, software can be costly.
- **Computer aided manufacture:** CAM is software used to allow the manufacturing process to be directed by computer systems. Improves efficiency as it can reduce long term costs, especially wage costs. However, can cause a loss of jobs, expensive to implement initially
- **Website development:** Developing a website where customers can access the business on the world wide web. More efficient as it can access more customers in the same amount of time. However ongoing maintenance can be time consuming.

Sample Response

One materials management strategy that Crazy Jim's could implement is the just-in-time strategy (JIT). JIT is where materials arrive just as they are needed for production. This reduces the needs for Crazy Jim's to have large warehouses as inventory is kept to a minimum which improves efficiency as storage costs are reduced. Having the JIT system also allows reduced wastage. Because many electronics products become obsolete quickly, holding large quantities of stock can increase waste if stock remains idle for long periods of time. The JIT system ensures that only current and up to date electronics products are brought into the stores which improves efficiency due to the less wastage. However, the JIT system comes at a risk, because if the products do not arrive on time then Crazy Jim's may not have enough to meet consumer demand. This may cause Crazy Jim's to lose customers.

One technology strategy for Crazy Jim's to use is website development. Website development is where a business creates a webpage that is accessible to customers on the world wide web. Although Radio Hut is a major online retailer, it is important for Crazy Jim's to have a website to enable its customers to shop 24 hours a day, 7 days a week. While the retail shops will close at the end of the day, the website can still service customers which improves the efficiency of their operations as they are able to service more customers in the same time. However, maintaining a website can be a timely process as all information on products and prices must be up to date. It can also be costly to initially develop an effective website and the 24/7 customer support required.

Question 3

3 marks

Explain one performance management strategy Crazy Jim's could implement to ensure its employees were delivering exceptional service to customers

Suggested Marking Scheme

One mark is allocated for the explanation of a performance management strategy. Two marks are allocated for explaining how it can help Crazy Jim's deliver exceptional customer service. A maximum of two marks can be allocated for responses that define a performance management strategy and give a weak reference to how it will ensure employees deliver exceptional customer service.

The performance management strategies listed in the study design include:

Management by objectives: the process where a manager and employee set individual goals which contribute to the overall business objectives. These objectives are then regularly monitored.

Performance appraisal: the process that evaluates how well an employee has performed in their job and provides feedback to the employee, often once every 12 months.

Self-evaluation: employee's carry out self-assessment against pre-determined criteria.

Observation: feedback is received from a variety of sources that observe an employee during their daily work.

Sample Response

One performance management strategy that Crazy Jim's could implement is management by objectives. Management by objectives (MBO) is where managers and an employee work together to set objectives and regularly evaluate or measure these objectives. Setting customer service targets for Crazy Jim's retail employees will ensure the employees are working towards delivering exceptional customer service. Managers could set objectives such as ensuring that all customers are greeted within 30 seconds of entering the store. Employees then understand exactly how they will be measured which will lead to them delivering a high level of customer service.

Question 4

4 marks

Brian understands that some employees may resist the proposed changes.

Describe one high risk strategy and one low risk strategy and explain how Brian could use each to overcome employee resistance

Suggested Marking Scheme

One mark is allocated for one high risk and one low risk strategy (1 + 1). One mark is allocated for each explanation of how Brian could use the strategy to overcome employee resistance (1 + 1). Although some students may address the issues with the strategies (especially the high risk strategy) this is not necessary. Students must be able to express how the low risk AND the high risk strategy could help Brian reduce any resistance to the changes.

The low risk strategies listed in the study design are communication, empowerment, support and incentives.

The high risk strategies listed in the study design are threats and manipulation. Other high risk strategies or low risk strategies can be used by students. The appropriateness of these would be determined by the assessor.

Sample Response

One high risk strategy is threats. Threats are where the manager gives employees an ultimatum and forces them to accept the change or face some form of sanction. This is a high risk strategy as it can backfire and cause harm to the relationships between Brian and his staff. This will help Brian reduce any employee resistance as the employees will fear being sanctioned. Brian may threaten them with a demotion so they will quickly accept the changes. Doing so will ensure that employees stop causing any resistance and work towards the change.

A low risk strategy is communication. Communication is the transfer of information from sender to receiver with the ability to listen to feedback. Two-way communication is important during times of change. If Brian is able to clearly communicate with employees about the change and its benefits, it will likely help reduce any employee resistance as the employees will be clear about the benefits. It is also important for Brian to listen to any concerns from employees so he can address them and be open and honest about the impact of the change. This can help reduce the resistance from employees as they are well informed and clearly know where they stand.

Question 5

4 marks

To ensure the level of service remains high, Crazy Jim's human resource manager Sally Evans is proposing they introduce performance related pay to assist in motivating the employees. Explain one advantage and one disadvantage of Crazy Jim's implementing performance related pay

Suggested Marking Scheme

- Two marks are allocated for an explanation of one advantage of Crazy Jim's implementing performance related pay
- Two marks are allocated for an explanation of one disadvantage of Crazy Jim's implementing performance related pay

The key to this question is that student must 'explain' and not list the advantage and disadvantage. During their explanation, they must refer their response to Crazy Jim's. Students that give a general explanation of the advantage and disadvantage can only receive a maximum of two marks (1 + 1).

Sample Response

Performance related pay is where employees are payed based on their level of performance at work. The higher the level of their performance the more they get paid. One advantage of performance related pay is that employees are clear on how they will be evaluated. This can increase motivation for the employees as they work towards achieving an increased level of pay. If Brian was to implement performance related pay for his sales staff, it would ensure they were motivated to service customers so they would receive higher pay if they were to increase their sales and they had clarity around what was expected of them. The same could happen with their professional repair staff. The more repairs they perform the high they get paid which will increase motivation and also improve the standard of the service Crazy Jim's delivers to customers.

One disadvantage of performance related pay is that it can cause a competitive corporate culture. This can be a negative as employees begin to look out for themselves rather than having a culture where the employees work towards a common goal. This can result in a culture where employees try and steal customers from each other in order to be paid more which can cause conflicts amongst staff. This could cause the sales staff at Crazy Jim's to fight over customers on the shop floor which could result in the culture at Crazy Jim's becoming more negative where the employees look out for themselves rather than what's best for the overall business and the customer.