



Figures										Letter
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Name \_\_\_\_\_

# VCE BUSINESS MANAGEMENT 3/4 2019

## Practice examination No. 1

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	4	4	50
B	5	5	25
			Total 75

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

#### Materials supplied

- Question and answer book of 22 pages.
- 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**

## Section A

### Instructions for Section A

Answer **all** questions in the spaces provided.

#### Question 1 (26 marks)

Great Southern Pty. Ltd. manufactures and installs solar panels. The business is based in Melbourne and employs 300 people. Great Southern prides itself on the quality of its products. The company's CEO, Maryam Natanson, believes that it is important that staff are motivated to do their job. However, Maryam has recently noticed a fall in productivity and an increase in the number of customer complaints. Maryam knows she must act now or the business will lose market share to competitors.

a. Define the following key performance indicators.

2 marks

- Percentage of market share \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

- Number of customer complaints \_\_\_\_\_

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b. Discuss a management style that would be appropriate for overcoming the fall in productivity that has been identified by Maryam. 4 marks

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- c. Other than communication, explain and justify **two** management skills required to address the issue of customer complaints at Great Southern. 4 marks

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- d. Describe and discuss the use of either Maslow’s or Locke and Latham’s theory of motivation for assisting Great Southern to motivate its employees. Recommend which motivational theory would be the most suitable for Great Southern. 8 marks

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- e. Maryam is assessing the management of quality at Great Southern to determine if it best suits the needs of the business. She is considering implementing quality assurance to improve the effectiveness of the business's operations.

Compare quality assurance with **one** other quality strategy that Great Southern could implement to maintain the quality of its products. 4 marks

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- f. Identify and explain **two** corporate social responsibility considerations that can influence the decisions made by management at Great Southern in relation to its operations system.

4 marks

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**Question 2** (10 marks)

Facing rising costs, particularly high labour and energy costs, and increasing global competition, Australian Chemicals has decided to close down its manufacturing plant in Altona. The company has also announced a 50 per cent fall in its full-year profit from its previous full-year result in 2018. Australian Chemicals will now make use of overseas manufacture.

- a. Describe how business change has come about at Australian Chemicals. 4 marks

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b. Analyse the effect of overseas manufacture on **two** of Australian Chemicals' stakeholders.

6 marks

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**Question 3** (4 marks)

Using a contemporary business case study from the past four years, illustrate the importance of reviewing key performance indicators to evaluate the effectiveness of business transformation.

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## 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

Insurance Max is an insurance company listed on the Australian Securities Exchange (ASX) and headquartered in Sydney. It employs 10,000 people in over 30 countries.

#### Insurance Max's objective:

To build a quality insurance business that helps customers protect their well-being.

#### Insurance Max's values:

- We do what's right for our stakeholders.
- We are accountable and deliver on our promises.
- We act with integrity and professionalism.
- We work together as a team.

Following a huge loss in 2018, the company appointed Steven Taylor as its new chief executive officer the following year. Mr Taylor has recently announced a number of strategies that the business will implement to turn around its fortunes. These strategies will be implemented in response to the key performance indicators that can be seen in the following table.

	2018	2019
Percentage of market share	10%	9%
Net profit figures	(\$1.1 billion)	(\$3 million)
Rate of productivity growth	1%	0.4%
Level of wastage	0.5%	0.9%
Number of customer complaints	0.7%	0.8%
Rate of staff absenteeism	1.6%	5%

Firstly, Insurance Max will seek to simplify the business by cutting costs. Mr Taylor said that the business will also focus on increasing investment in innovation and technology. Furthermore, Insurance Max will attempt to embed a culture that supports its business objectives and encourages the right behaviours amongst its employees. Mr Taylor said that as part of a review into the business, he will also seek new business opportunities both domestically and globally.

Notably, Insurance Max's share price rose 5.5 per cent to \$5.92 after the announcement, following a fall of 10 per cent across the year.

**Question 1** (3 marks)

Outline **three** characteristics of Insurance Max as a service business.

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**Question 2** (4 marks)

Identify **two** indicators of corporate culture at Insurance Max and explain how each reflects the shared values and beliefs of Insurance Max.

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**Question 3** (8 marks)

Explain how each of the following management strategies could be used to respond to Insurance Max’s key performance indicators and position the business for the future.

- Cost cutting \_\_\_\_\_  
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- Increased investment in technology \_\_\_\_\_  
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