

NAME:

BUSINESS MANAGEMENT

Unit 3&4 Examination 2

Reading time: 15 minutes

Writing time: 120 minutes

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	5	5	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 permitted.

Materials supplied

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

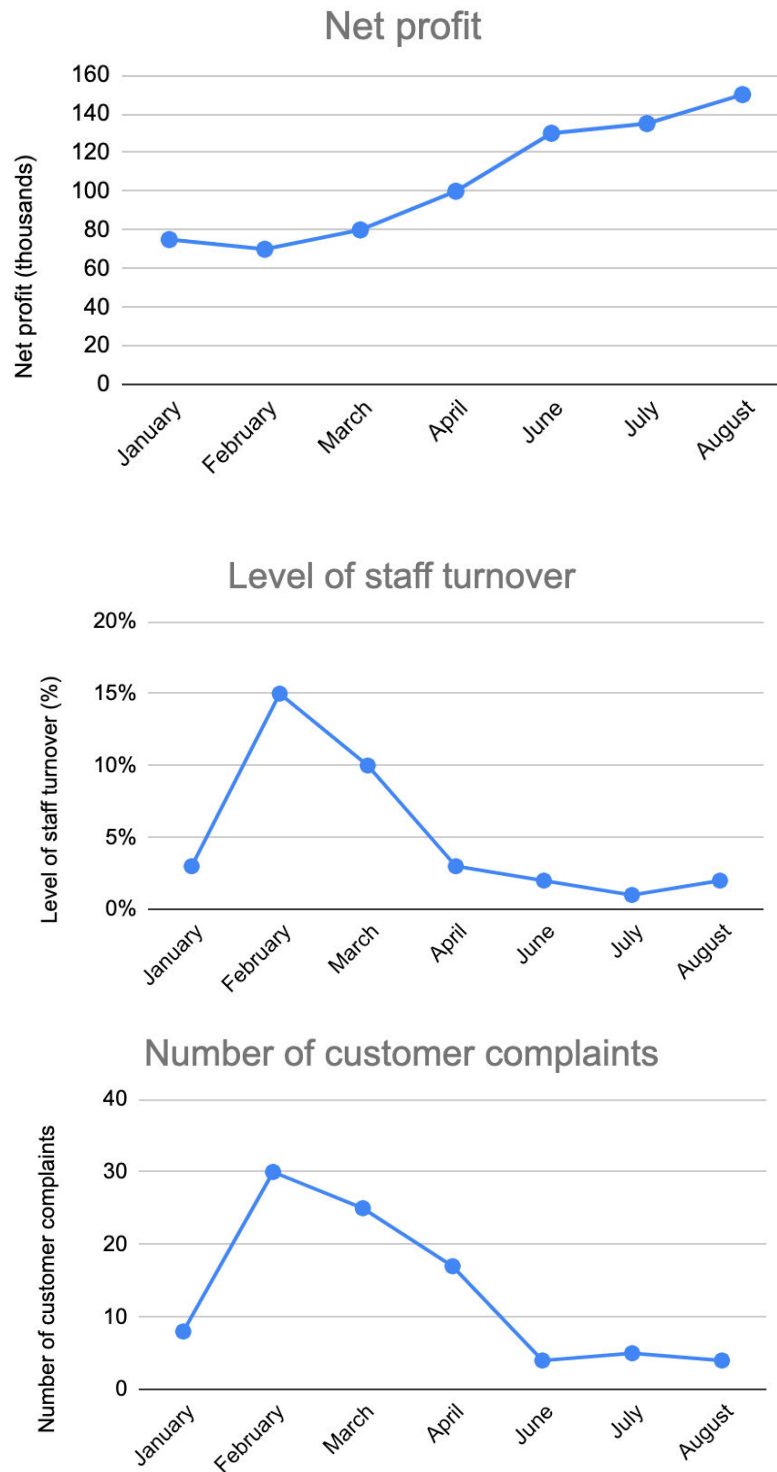
Instructions

- Write your **name** 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 room.

Question 2 (18 marks)

Travel Now Ltd is a travel agency that aims to provide an optimum service at competitive prices. In February, its main office was relocated to a regional town to reduce costs. Owing to the new office also being smaller, less employees are now required. Data from the following key performance indicators has been collected.



Question 5 (6 marks)

Describe how the following materials strategies can contribute to business effectiveness:

Just In Time

Materials Requirement Planning

SECTION B – CASE STUDY

Instructions for Section B

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

Case Study

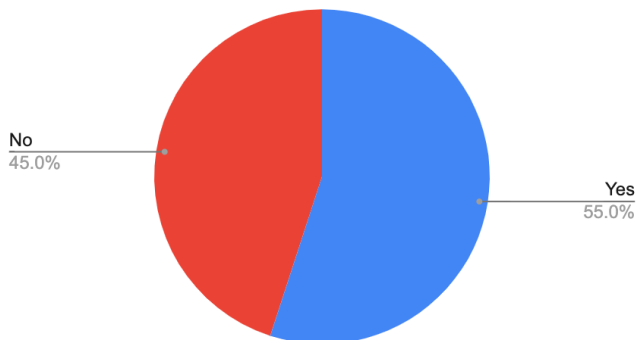
Fabulous Furnishings Pty Ltd is a business that has been selling a variety of products including sofas, beds, tables, and chairs since 2010.

In 2019, the CEO Fran Jennings introduced an employee incentivization program in an effort to increase levels of customer satisfaction with their in-store experience. This was done in response to an increase in customer complaints. This incentivization program involves:

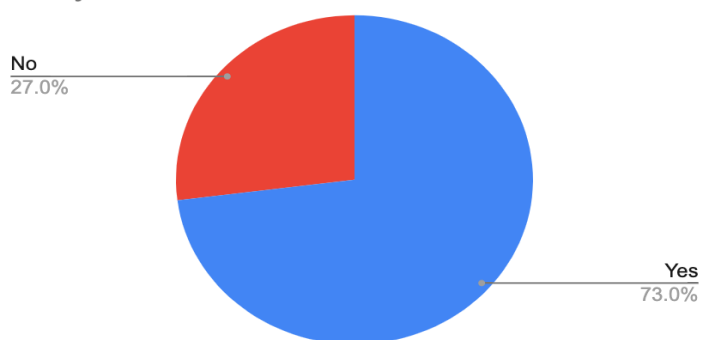
- individual employees being given a 5% commission from all sales derived from customers referred to the store by them
- an overall 2% profit sharing arrangement, which is equally distributed to all employees.

In January 2021, Fran Jennings undertook a review of this program by undertaking staff surveys.

Are you satisfied with the profit sharing?



Are you satisfied with the commissions?



Employees were also given the opportunity to write down the reasons for their views. A selection of such views are reproduced below:

Employee 1:

“I think it is great that I am given the opportunity to earn commissions on top of my base salary. It would be better though if the commissions were slightly higher, considering my salary is only slightly higher than the award rate.”

Employee 2:

“The whole profit-sharing arrangement has put me off from putting much effort in. Since the profit sharing involves all employees equally benefiting, irrespective of their efforts, what is the point?”

Employee 3:

“There needs to be more oversight about how commissions are organised. A fellow employee took credit for a person I referred to the shop, and despite my complaints, nothing has been done to fix this.”

Question 1 (7 marks)

a. Define the management style being used at *Fabulous Furnishings*.

2 marks

b. Evaluate the usefulness of this management style for increasing customer satisfaction with their instore experience.

5 marks

Question 2 (3 marks)

Explain **one** strategy that can be used to develop a positive corporate culture at *Fabulous Furnishings*.
