

BUSINESS MANAGEMENT
Unit 3&4 Examination 3

MARKING GUIDE

SECTION A

Instructions for Section A

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

Question 1 (14 marks)

Frame Pro Pty Ltd is a photography business which also specialises in developing picture frames. Most of its employees are experienced in this field and want to further develop their artistic ability.

a. Outline **one** feature of the type of business that *Frame Pro* is. 2 marks

1 mark – stating a feature of a private limited company

1 mark – further outline of this feature

Notes:

- *If more than one feature is mentioned, then only the first feature can be considered for marking. Ensure that the feature outlined is the same as the feature stated.*
- *Possible features include*
 - *Limited liability*
 - *Ownership by shareholders*
 - *Incorporation*
 - *Corporate tax rate*

SAMPLE ANSWER

One feature is limited liability. This means that responsibility for the debts of the business only extends to the business itself, and not its shareholders because they are a distinct legal entity to the business.

b. Propose and justify a management style that could be used at *Frame Pro*. 3 marks

1 mark – stating a management style

2 marks – justifying its use (1 mark for a very brief justification OR if it is unrelated to the stimulus)

Notes:

- *Management styles to choose from include: autocratic, persuasive, consultative, participative, laissez faire. To link to the stimulus, a participative or laissez faire style should be selected. Otherwise, it would seem impossible to get 2 marks for the justification.*
- *No marks should be awarded if a management skill is addressed instead of a style*

SAMPLE ANSWER

A laissez faire style would suit. This is because it will give employees a sense of ownership over the work they do, because they are empowered to take the lead with decision making. This is important because employees at *Frame Pro* are experienced, so they can be trusted to take the lead with deciding how to organise the photo frames. Additionally, the work is creative in nature, so employees need to be given the opportunity to have significant control over their work.

- c. Describe how Maslow's Hierarchy of Needs theory could be used to increase employee motivation at *Frame Pro*.

4 marks

Mark globally

4	<ul style="list-style-type: none"> <i>Detailed description is given about how Maslow's Hierarchy of Needs theory could be used in this situation.</i>
3	<ul style="list-style-type: none"> <i>Clear explanation is given about how Maslow's Hierarchy of Needs theory could be used in this situation, but the response lacks detail sufficient for a 4 mark answer, e.g.: correctly linking need/s to the situation, but insufficiently following up the response in terms of actions that could be taken to meet these need/s</i>
2	<ul style="list-style-type: none"> <i>Description is given about how Maslow's Hierarchy of Needs theory can be used in general, but not in reference to this situation</i> OR <i>Brief description is given about how it can be applied in this situation, e.g.: correctly linking need/s to the situation, but not following up the response in terms of actions that could be taken to meet these need/s</i>
1	<ul style="list-style-type: none"> <i>Outline about Maslow's Hierarchy of needs theory is given, but no connection is made to how it can be used</i> OR <i>Statement is made about how it can be applied in this situation</i>
0	<ul style="list-style-type: none"> <i>Response does not relate to any elements of the question or there is no answer provided</i>

Notes:

- There is no specific number of needs that must be linked.*
- Owing to employees being experienced and creative, self-actualization would stand out as a need that can more clearly be linked to. This, however, is not strictly required.*

SAMPLE ANSWER

Maslow's Hierarchy of Needs theory can be used to identify what needs employees have, by inspecting the hierarchy and classifying employees at the correct level. From this, strategies can be developed to motivate based on the need that employees have. At Frame Pro, employees would want to achieve their full potential in developing picture frames, due to being experienced in the field, and wanting to be creative. Therefore, management should target their self-actualisation needs. This can be done through providing employees with the desired tools and equipment to allow them to excel in their creativity, and offer career advancement opportunities to further allow employees to achieve their full potential in this chosen career path.

d. Outline **one** relevant objective for *Frame Pro*. Describe how **one** area of management responsibility could help the business achieve this objective.

5 marks

1 mark – stating an objective

1 mark – further outline of this objective

1 mark – outline as to how an area of management can help

1 mark – clearly linking description to the objective

1 mark – link to the stimulus

Notes:

- *Only the first objective and first area of management responsibility mentioned should be considered for marking*
- *Objectives that could be selected include (but are not limited to) the following: making profit, increasing market share, fulfilling a market need, fulfilling a social need, meeting shareholder expectations*
- *Areas of management responsibility that could be selected include (but are not limited to) the following: operations, finance, human resources, sales and marketing, technology support*
- *Students must describe relevant ways the specific area of management responsibility can help. For instance, it would be incorrect to say that human resources can help by developing advertisements (which would be relevant for “sales and marketing” instead)*

SAMPLE ANSWER

One objective would be to increase net profit. This involves increasing the amount of money left over once expenses have been deducted from revenue. One area of management responsibility that could assist is Sales and Marketing. This area can help by ensuring the business has advertisements developed on social media, to target potential customers based on their interest in picture frames. As a result, the business is likely to obtain greater sales revenue due to such exposure. Consequently, net profit will increase because of this increase in revenue relative to expenses.

Question 2 (6 marks)

Using a contemporary business case study, discuss how **one** strategy in relation to materials can increase efficiency **or** effectiveness.

Mark globally:

Mark Allocation	Descriptor: typical performance in each range
<i>5-6 marks</i>	<ul style="list-style-type: none"> • <i>Response addresses the elements of the question in a detailed way</i>
<i>3-4marks</i>	<ul style="list-style-type: none"> • <i>a discussion about a materials strategy with reference to efficiency or effectiveness, but no reference to a contemporary business case study</i> <p>OR</p> <ul style="list-style-type: none"> • <i>a discussion about a materials strategy with reference to a contemporary case study, but efficiency or effectiveness is not linked to</i> <p>OR</p> <ul style="list-style-type: none"> • <i>the materials strategy connects to efficiency or effectiveness, through a contemporary case study, but only one side of the discussion is provided</i>
<i>1 - 2 marks</i>	<p><i>Only <u>one</u> of the following has been provided:</i></p> <ul style="list-style-type: none"> • <i>An outline of a contemporary case study</i> • <i>An outline about a materials strategy</i> <p>OR</p> <ul style="list-style-type: none"> • <i>The question is well answered, but in reference to a non-materials operating strategy</i>
<i>0 marks</i>	<i>Response does not relate to any elements of the question or no attempt to answer the question</i>

Notes:

- *Only the first material strategy mentioned can be considered for marking*
- *Only the first concept mentioned (from efficiency or effectiveness) can be considered for*

marking

- *Materials strategies that can be selected include (but are not limited to): just in time, materials requirement planning, master production schedules, forecasting*

SAMPLE ANSWER

A contemporary business is Krispy Kreme, which recently introduced cinnamon rolls as an additional product offering for customers. The strategy of forecasting could increase efficiency. Through forecasting, predictions can be made about the quantity of rolls that will be sold, by analysing past and current sales trends. Therefore, Krispy Kreme is more likely to order a correct amount of ingredients (like cinnamon) that will be needed to produce the correct number of cinnamon rolls. This will increase efficiency through not over ordering such ingredients, which otherwise might go to waste. Additionally, it will prevent a situation where under ordering occurs, which will waste time as a resource when needing to quickly order more. However, forecasting might not increase efficiency because it can be difficult to do accurately. Since the cinnamon rolls were a new product item, it would not have been possible to directly analyse previous sales trends of the same product, but instead, only the sales trends of similar products could be analysed. As a result, it is likely that under ordering or over ordering of resources would occur, despite the attempt at forecasting, thereby decreasing efficiency.

Question 3 (10 marks)

"Without a zoomed-out view about an organisation's context, it is impossible to plan for change".

Analyse how Senge's Learning Organisation theory can be applied to help businesses navigate through a period of change. Refer to **one** low risk strategy and **one** high risk strategy in your response.

Mark globally

<i>Marks</i>	<i>Descriptor: typical performance in each range</i>
<i>9-10 Very High</i>	<ul style="list-style-type: none"> • <i>All parts of the question are addressed, with very good conceptual clarity</i>
<i>7-8 High</i>	<ul style="list-style-type: none"> • <i>A detailed analysis connects Senge’s theory to managing change, but the analysis is lacking sufficient clarity when relating it to the low risk and high risk strategy</i>
<i>5-6 Medium</i>	<ul style="list-style-type: none"> • <i>A detailed description is provided of Senge’s theory, but there is limited analysis connecting to managing change.</i> <i>OR</i> • <i>Analysis connects Senge’s theory to change in some detail, but only in reference to a high risk <u>or</u> low risk strategy (but not both)</i> <i>OR</i> • <i>Analysis connects to all parts of the question, but in a vague or superficial way</i>
<i>3-4 Low</i>	<ul style="list-style-type: none"> • <i>A low risk and high risk strategy are explained, but no reference to Senge’s theory</i> <i>OR</i> • <i>Some principles of Senge’s theory are explained, but there is no analysis connecting it to managing change, and no reference is provided to a low risk and high risk strategy</i>
<i>1-2</i>	<ul style="list-style-type: none"> • <i>Response largely is unrelated to the question. It may only refer to</i>

<i>Very Low</i>	<i>one or two key points in a very brief way.</i>
<i>0</i>	<ul style="list-style-type: none"> • <i>Response does not relate to any elements of the question or there is no answer provided</i>

Notes:

- *The principles of Senge’s theory that can be addressed include: systems thinking, personal mastery, mental models, team learning, building shared vision. There is no set number that must be addressed in the answer*
- *Low risk strategies include (but are not limited to): communication, empowerment, support, incentives*
- *High risk strategies include (but are not limited to): threats, manipulation*
- *Since the task word is “analyse”, there needs to be clear links between the concepts and elements of the question.*

SAMPLE ANSWER

Systems thinking is a key part of Senge’s theory that can be used to help navigate through change. It will enable a business to understand how the various parts of the business connect with each other and with forces outside of it. Through insight about this, it is easier to understand the impact of change on various stakeholders. Whilst a change might have a desired impact, systems thinking will enable managers to be made aware of other unintended impacts. For example, while a decision to implement redundancies might have the intention to reduce costs, it might have a damaging impact on the morale of employees. Through analysing this, the change can be fine-tuned to avoid such negative consequences. For example, the low-risk strategy of communication could be used to explain to employees the reasons behind the redundancy, which might relate to it being necessary for the business to continue. From this, a mutual understanding is developed, averting the damage to employee morale that would have occurred otherwise. Another part of Senge’s theory is building a shared vision. This is important during a time of change because employees need to be on board with what the business is trying to achieve. Through employees all aiming for the same goal, a change is easier to implement due to a business-wide commitment to it. Building a shared vision should normally be achieved through careful communication to employees about the purpose of the vision behind the change, where concerns and suggestions can be respectfully exchanged and incorporated into the overall vision. Sometimes however it is hard to get every single employee on board with it. In such a case, threats as a high-risk strategy could be used to demand compliance. This might involve stating to non-compliant employees that their contract is at risk of not being renewed if they continue to obstruct the business’ plans for change. Building shared vision should be done through positively engaging with employees through two-way communication, but threats might be a last resort to consider at times.

Question 4 (14 marks)

Employees at *Supra Rugs* are currently in the process of negotiating a new enterprise agreement. Management is prepared to offer a 3% wage increase over three years but wants to ensure that the productivity of employees is strictly monitored in the rug making processes.

a. Define the 'rate of productivity growth' as a key performance indicator. 2 marks

1 mark – understanding of productivity (as the quantity of outputs generated in relation to the quantity of inputs)

1 mark – quantifiable reference, to link to the KPI (i.e.: rate of growth as expressed by a percentage)

Notes:

- *There could be a variety of synonyms employed to outline these concepts, so some discretion should be applied when marking this question*

SAMPLE ANSWER

This involves the percentage growth in relation the quantity of outputs generated for a given quantity of inputs.

b. Describe how appraisals could help management at *Supra Rugs* monitor employee performance. 3 marks

1 mark – outline about how appraisals can help businesses in general

1 mark – further description

1 mark – link to stimulus

Notes:

- *Possible ways appraisals could help:*
 - *Managers compiling detailed notes about work done*
 - *Managers noting down significant considerations about work done (aspects that stand out)*
 - *Managers rating employees based on a set criteria*
 - *Managers having regular conversations with employees at different stages of the process over the period the appraisal is running*

SAMPLE ANSWER

Appraisals can involve managers collecting evidence about employee performance through observing how they are making rugs and their diligence in doing so. One such way could involve ranking employees based on different criteria, which means that different aspects of performance can be quantified and monitored for future progress. For example, one such criteria might be the

speed at which rugs are made, and another criteria might be the attention to detail given when making the rugs.

- c. If the rate of productivity growth increases at *Supra Rugs*, describe how the following key performance indicators could be impacted: rate of staff absenteeism, number of workplace accidents 6 marks

1 mark – stating a reason how rate of staff absenteeism could be impacted

1 mark – further outline of this reason

1 mark – further description of this reason or another reason outlined

1 mark – stating a reason how number of workplace accidents could be impacted

1 mark – further outline of this reason

1 mark – further description of this reason or another reason outlined

Notes:

- *This question requires students to consider the correlation between one KPI (rate of productivity growth) to these other KPIs.*
- *Possible reasons why rate of staff absenteeism could be impacted:*
 - *Decrease owing to greater confidence resulting from productivity increasing*
 - *Decrease owing to employees wanting to maintain the momentum*
 - *Increase owing to employees getting tired from working harder*
 - *Decrease owing to employees enjoying work more, if productivity has increased due to ‘work smarter but not harder’ approaches*
- *Possible reasons why number of workplace accidents could be impacted:*
 - *Decrease due to employees having greater skills in working well (developed through productive commitment to their work)*
 - *Increase due to employees taking short cuts / rushing to maintain productivity growth*

SAMPLE ANSWER

The rate of staff absenteeism can decrease when productivity increases due to employees feeling a greater sense of confidence and achievement through seeing that productivity rates are rising. This can motivate employees to attend work to make rugs, due to an increased sense of self-worth.

However, the rate of staff absenteeism could decrease if productivity is increasing at a fast rate, because such an increase might not be sustainable. Employees might get fatigued, and therefore more inclined to take days off when scheduled to be in.

The number of workplace accidents could decrease because of productivity increasing, because increased productivity could be the result of an increased work ethic in which skills are refined. When skills are refined, it decreases the potential for accidents due to employees knowing how to safely do the work. However, if productivity growth occurs because of employees rushing, this can increase accidents due to safety considerations not being properly catered for.

d. Describe arbitration as a dispute resolution method in a business such as *Supra Rugs*. 3 marks

1 mark – definition of arbitration

1 mark – description about how it contributes to dispute resolution

1 mark – link to Supra Rugs or a business with similar circumstances

Notes:

- *It is not essential that Supra Rugs is directly linked to, so long as examples of a similar nature are linked to (as indicated by “such as”)*

SAMPLE ANSWER

Arbitration could be performed by the Fair Work Commission in the context of unfair dismissals occurring during a process of enterprise bargaining. For instance, if management at Supra Rugs dismissed an employee for giving their viewpoint about what wages and conditions should be included in the new enterprise agreement, then this would be an unfair dismissal. The employee could lodge a complaint with the Fair Work Commission, which would then be the arbitrator to make a legally binding decision about whether unfair dismissal occurred, and if so, how it is to be resolved.

Question 5 (6 marks)

Discuss how overseas manufacture can occur while meeting corporate social responsibility considerations.

Mark globally:

Mark Allocation	Descriptor: typical performance in each range
<i>5-6 marks</i>	<ul style="list-style-type: none"> • <i>Response addresses the elements of the question in a detailed way</i>
<i>3- 4 marks</i>	<ul style="list-style-type: none"> • <i>Detailed response, but only one side of the discussion is addressed</i> <li style="text-align: center;"><i>OR</i> • <i>Both sides of the discussion addressed, but discussion is not linked to corporate social responsibility</i>
<i>1 - 2 marks</i>	<ul style="list-style-type: none"> • <i>Some key terms are defined (like overseas manufacture, corporate social responsibility), but nothing else provided</i> <li style="text-align: center;"><i>OR</i> • <i>Discussion is in reference to an incorrect global strategy</i>

	<i>(like global outsourcing or global sourcing of inputs)</i>
<i>0 marks</i>	<i>Response does not relate to any elements of the question or no attempt to answer the question</i>

Notes:

- Possible ways overseas manufacture helps with corporate social responsibility:

- *Providing employment opportunities to people overseas who need employment*
- *Cutting costs allows for customers to experience decent prices*
- *Can act as a springboard for charitable endeavors overseas*

- Possible ways overseas manufacture may not help with corporate social responsibility:

- *Decreasing local employment opportunities and therefore the local economy*
- *Local redundancies if changing to overseas manufacture*
- *Exploitation of overseas employees with low wages*

SAMPLE ANSWER

Overseas manufacture can foster corporate social responsibility [CSR] through providing employment opportunities to people overseas who need employment, who otherwise would not have a job at all. Additionally, through this overseas presence, it could serve as a springboard for a business to further expand its presence in ways that directly connect to meeting people's social needs, such as establishing charities and other fundraising initiatives. However, overseas manufacture can result in local employment opportunities suffering, due to manufacturing occurring overseas instead. When locals have less access to employment, it has a negative impact on the local economy through other businesses suffering due to people in general having less disposable income. It is especially against CSR if overseas manufacture occurs in the context of making local employees redundant, which causes such employees the pain and inconvenience of having to find new employment.

End of Section A

SECTION B – CASE STUDY

Instructions for Section B

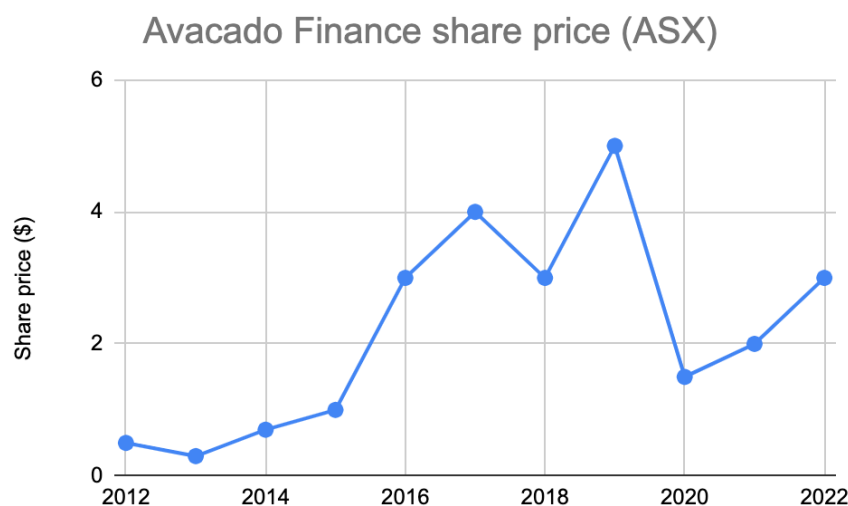
Use the stimulus material provided to answer the questions in this section. Answers must apply to the stimulus material. Answer **all** questions in the spaces provided.

Case Study

Avocado Finance Ltd is a mortgage brokering business that especially focuses on helping young people obtain loans for cars, holidays, and properties. The service is free of charge for clients, with the business obtaining revenue from lending institutions that their clients are referred on to. The business' website states that “[w]e aim to provide a stand-out, customised service, recognising that everyone’s aspirations and life goals are unique.”

Founding director and CEO, Sylvio Alvarez, also operates a Youtube channel in which he gives advice on wide ranging topics such as budgeting, investing, and processes involved in buying a first home.

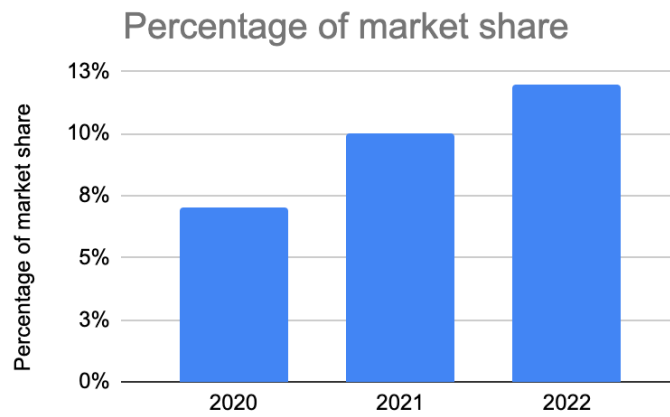
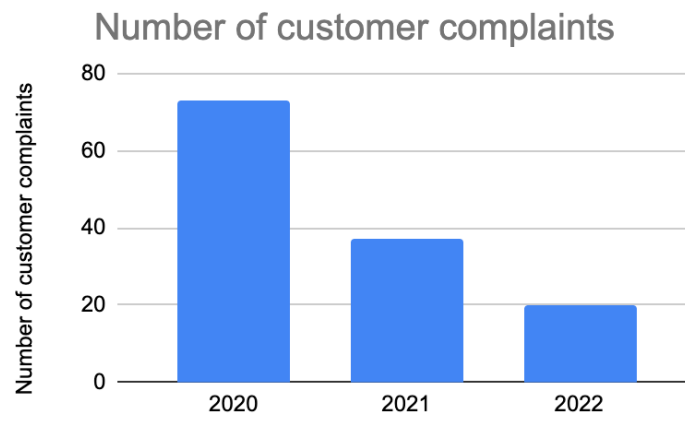
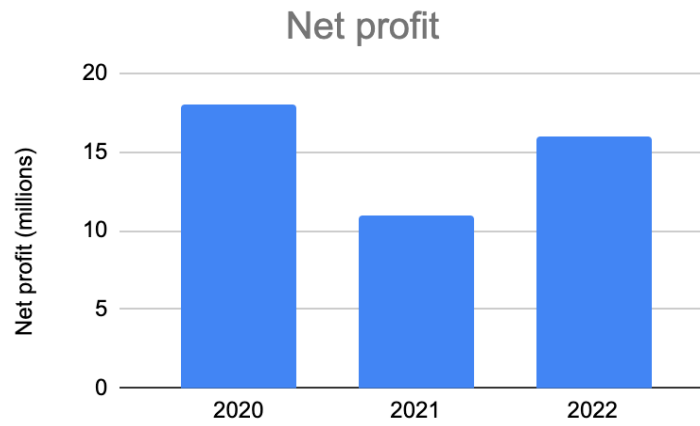
However, in 2019, *Avocado Finance* struggled to obtain new clients, due to many online lenders offering more convenient methods of applying for loans, without the need to use a mortgage broker as a facilitator of the process. This had an impact on the company’s share price.



In response to these concerns, the company introduced a two-year “come back” plan in 2020 to regain market share, through implementing the following:

- gift vouchers for returning clients
- individual contracts to retain high performing employees
- more targeted social media promotions, showcasing client success stories.

Data concerning the following key performance indicators has been collated from 2020 to 2022.



Question 1 (2 marks)

Outline **one** advantage of *Avocado Finance* being a public listed company instead of a private limited company.

1 mark – stating an advantage

1 mark – further outline of this advantage

Notes:

- *Only the first advantage mentioned can be considered for marking. This means the ‘further outline’ needs to be connected to the advantage already stated, as opposed to being a distinct advantage to it*
- *Advantages cannot be any advantage of a public listed company; it needs to be an advantage that is not shared with private limited companies. Therefore, advantages like ‘limited liability’ cannot be accepted for this question.*
- *Possible advantages include:*
 - *ability to raise share capital from the public*
 - *ability to gain a good reputation from public financial records*

SAMPLE ANSWER

One advantage is the ability to gain a good reputation from public financial records. This occurs when the company’s finances are showing healthy growth in profits from mortgage brokering, which will make the company more attractive to potential investors.

Question 2 (7 marks)

Evaluate *Avocado Finance*’s use of Porter’s generic strategy of differentiation to obtain a competitive advantage.

1 mark – outline of an advantage of differentiation

1 mark – further description

1 mark – clear link to competitive advantage

1 mark – outline of a disadvantage of differentiation

1 mark – further description

1 mark – clear link to competitive advantage

1 mark – overall statement

Notes:

- *If one side of the evaluation is answered in significant detail, it can be awarded more marks; in which case, fewer marks are needed for the other side of the evaluation*
- *The evaluation needs to be focused on how *Avocado Finance* is using the strategy, as opposed to how it could use the strategy*
- *Possible advantages:*
 - *Opportunity to obtain premium commission rates from lenders, if many clients are referred on to lenders*
 - *Increased brand recognition as an industry leader*

- *Possible disadvantages*
 - *Expensive to implement, so it might not be possible to be more profitable than competitors*
 - *Not able to benefit directly from premium prices aimed at clients, as it is a free service for clients, so it might not be possible to be more profitable than competitors who are charging clients for the service*

SAMPLE ANSWER

One advantage is that it will allow Avocado Finance to gain brand recognition as an industry leader in this field. This would likely be achieved through carefully targeting its service to the unique circumstances of each client, and through offering generous incentives to clients to return, such as vouchers. As a result, the business obtains a competitive advantage through offering a superior and more generous service to other mortgage broker businesses. However, differentiation might not help obtain a competitive advantage owing to the increased expenses in implementing this strategy. It could be expensive to implement due to needing to hire more employees to make sure each client gets a tailored service, as opposed to a standardised quicker service that takes less time to do. Additionally, offering vouchers to returning clients is an additional expense. Therefore, at least in the short term, profits might decrease in comparison to competing firms. Overall, whilst differentiation could help Avocado Finance obtain increased brand recognition, it might not help achieve competitive advantage due to the increased costs.

Question 3 (4 marks)

Propose and justify **one** technology strategy that could be implemented to improve key performance indicator performance beyond 2022.

1 mark – stating a technology strategy

1 mark – outlining a benefit of that strategy in reference to Avocado Finance as a service business

2 marks – justification has detailed reference to improving KPI data (1 mark if this is done superficially / without much detail)

Notes:

- *Only the first strategy mentioned should be considered for marking*
- *Technology strategies include (but are not limited to) the following: computer aided design, computer aided manufacturing, automated production lines, website development. From this list, only website development would be acceptable in the context of a service business. No marks should be awarded if the technology strategy proposed does not fit the context of this service business.*
- *If a non-technology strategy is used, no marks can be awarded*
- *There is no set number of KPIs that need to be addressed in the response*

SAMPLE ANSWER

One strategy involves further developing its website to incorporate more automation. This can be done through offering automated customer assistant chat boxes on the website to answer common inquiries people might have about loans. This can further improve the percentage of market share due to the convenience of Avocado Finance's website in comparison to other similar businesses, which will therefore attract potential clients. Net profit therefore will be increased due to more clients coming on board and could also increase due to a potential reduction in expenses associated

with customer service staff. Not as many will be needed if many basic inquiries are answered automatically.

Question 4 (4 marks)

Describe how two principles of Lewin's Three Step Change Model could have been used in the "come back" plan.

1 mark – outline of one principle

1 mark – description in application to the “come back plan”

1 mark – outline of another principle

1 mark – description in application to the “come back plan”

Notes:

- *The principles can be chosen from: unfreeze, change, refreeze*
- *Possible ways unfreeze could have been used:*
 - *Getting employees to understand the reason/s why current arrangements were not ideal*
 - *Opening discussions about current arrangements and discussing alternatives*
- *Possible ways change could have been used:*
 - *Communication throughout the process of change*
 - *Implementing the change through clear directives and planning*
- *Possible ways refreeze could have been used:*
 - *Making the changes official in policies/procedures*
 - *Reminding employees about the change*
 - *Establishing clear routines that embed the change in the business*

SAMPLE ANSWERS

The unfreeze stage could have been used to help employees understand the reasons why a change is needed, through highlighting problems with current arrangements. Specifically, to get employees open to the prospect of change, they could have been informed about the business struggling to obtain new clients. This would get employees behind the idea that something needs to be changed.

The change stage would involve two-way communication with employees throughout the process of the change, to help with its implementation. For instance, employees could give ideas to management about the types of vouchers clients should get, and how to source the vouchers. Through involving employees in the process of change, it makes them feel more valued, and will help the change be implemented successfully.

The refreeze stage involves making the change official through updated policies and procedures, so employees know there is no going back to the previous status quo. This can be done through updating the website regarding the vouchers being offered. It will involve giving employees copies of the individual contracts they might have signed, as a reminder of the agreement between them and the business.

Question 5 (8 marks)

Discuss how the use of agreements, as opposed to awards, could have increased staff motivation to positively impact two key performance indicators from 2020 to 2022.

For one KPI:

2 marks – how a) the use of agreements instead of awards b) could have helped improve staff motivation, which therefore c) improves the KPI from 2020 and 2022 (1 mark if not all concepts are linked to, e.g.: if motivation is skipped)

2 marks – how a) the use of agreements instead of awards b) might not have helped improve staff motivation, which therefore c) did not improve the KPI (1 mark if not all concepts are linked to, e.g.: if motivation is skipped)

Repeat the above for a second KPI

Notes:

- ***The discussion requires a clear progression through the considerations in the question.***
- ***If one side of a discussion is answered in significant detail, it can be awarded 3 marks; in which case, 1 mark is sufficient for the other side of the discussion***

SAMPLE ANSWERS

Percentage of market share can be increased through employees being more motivated to work well owing to being offered superior pay and conditions to that offered in the award. This will give employees a sense of feeling appreciated, thereby enhancing their commitment to the business in providing clients an optimal mortgage brokering service. This will result in clients preferring Avocado Finance to other mortgage brokering businesses, which overall did happen from 2020 to 2022. However, the use of individual contracts, as a form of agreement, could result in tensions amongst employees, some of whom did not get the same pay and conditions negotiated in some of the individual contracts. This can cause a negative corporate culture where employees do not feel comfortable working in. As a result, the quality of the mortgage brokering could have decreased, leading clients to prefer other mortgage brokering businesses instead. Owing to this potential negative, the percentage of market share did not increase as much as it could have.

Net profit can increase due to employees feeling more motivated to work well, owing to feeling valued by being given superior pay and conditions compared to award rates. This will give employees a sense of feeling appreciated, thereby enhancing their commitment to the business in providing clients an optimal mortgage brokering service. Therefore, the rate of net profit did not decrease as much as it could have between 2020 and 2022, due the increased revenue. However, the use of agreements could have significantly increased business expenses, especially those agreements in the form of individual contracts, which would have offered very lucrative pay and conditions to some employees. Such an increase in expenses might have outweighed revenue gains, explaining the trend decrease in net profit from 2020 to 2022.

The number of customer complaints could have been decreased due to employees feeling more motivated to work well, owing to feeling valued by being given superior pay and conditions compared to award rates. This will give employees a sense of feeling appreciated, thereby enhancing their commitment to the business in providing clients an optimal mortgage brokering service. Therefore, customers would be satisfied with the service, resulting in the decrease in customer

complaints seen between 2020 and 2022. However, the use of individual contracts, as a form of agreement, could result in tensions amongst employees, some of whom did not get the same pay and conditions negotiated in some of the individual contracts. This can cause a negative corporate culture where employees do not feel comfortable working in. As a result, the quality of the mortgage brokering could have decreased, leading clients to make more complaints. Therefore, the data between 2020 and 2022 could have been even better if this potential negative were properly considered.