

## YEAR 12 *Trial Exam Paper*

# 2023

## BUSINESS MANAGEMENT

### Written examination

Reading time: 15 minutes

Writing time: 2 hours

**STUDENT NAME:**

## 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	3	3	40
B	7	7	35
			Total 75

- Students are permitted to bring the following items 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 allowed in this examination.

#### Materials supplied

- Question and answer book of 27 pages
- Additional space is available at the end of the book if you need extra space 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 examination room.**

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**SECTION A****Instructions for Section A**

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

**Question 1** (13 marks)

Flying High Ltd is an Australian-based travel company that specialises in booking flights, accommodation, holiday deals, cruises, car hire and travel insurance services for their clients. Recently, the business has experienced a reduction in sales and profits due to the rapid development in information technology that has allowed customers to become more confident about making their own airline and hotel reservations online, reducing the demand for travel agents.

Flying High has introduced a new online travel deal business called ‘e-Pilot Deals’. This service allows customers to book online pre-organised travel tours that have been curated for thousands of destinations around the world. This change in direction will require the closing down of some of Flying High’s existing travel branches, which will result in redundancies for some of their valued employees.

- a.** Explain how Flying High Ltd can achieve the business objective ‘to improve efficiency’.

2 marks

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- b.** Define ‘business change’ and justify whether Flying High Ltd has adopted a proactive or reactive approach to change.

3 marks

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- c.** Explain one relevant driving force and one restraining force that impacted the change at Flying High Ltd.

4 marks

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- d. Evaluate the use of an award at Flying High Ltd to determine wages and conditions for its remaining employees.

4 marks

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**Question 2** (12 marks)

- a. Compare Maslow's Hierarchy of Needs Theory to Lawrence and Nohria's Four Drive Theory and explain **one** relevant motivation strategy that could be applied to both theories.

6 marks

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**b.** Referencing a contemporary business case study from your studies this year, explain how corporate social responsibility considerations have been implemented into the business’ operations system.

6 marks

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**Question 3** (15 marks)

Bubblepop Pty Ltd produces bubble tea drinks using black and green teas that are blended with high-quality ingredients, such as fruit or milk, along with chewy tapioca pearls and fruit. CEO of Bubblepop, Candice Boba, wants to improve competitiveness and grow the company’s market share in the Australian bubble tea market. She has started doing this by adding new flavours and changing recipes to use natural and healthier ingredients that contain less sugar and are sourced from local suppliers. She also wants all plastic packaging, seals and straws to be made from recyclable materials. Candice’s Human Resources Manager wants to implement new performance management and training programs to improve the efficiency of employees.

However, all of these strategies have resulted in higher production costs and staff have considered leaving the business because they do not feel appreciated or rewarded for their efforts, resulting in reduced motivation.

- a. Discuss the use of off-the-job training as a strategy for improving the effectiveness of employees at Bubblepop.

4 marks

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- b.** Describe how Bubblepop’s Human Resources Manager could use the performance management strategy of self-evaluation to improve employees’ performances.

4 marks

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- c. Evaluate an alternative Porter’s Generic Strategy that Bubblepop could use to help them gain a competitive edge.

4 marks

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- d.** Describe **one** global consideration in operations management that can be used to help Bubblepop meet its business objectives.

3 marks

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**SECTION B****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**

Delilah's Doggie Doughnuts is a gourmet dog treat business that produces specially formulated doughnuts for dogs, made with organic and natural local ingredients. The business was started by Delilah Delray and the dog treats are expertly baked with a nutty biscuit base and covered in decadent carob or yoghurt frosting with fun swirls and funky patterns. To meet customer preferences, the doughnuts are hand-baked with no preservatives, artificial flavourings or added sugars.

Delilah's Doggie Doughnuts was established as a Social Enterprise in 2017 because Delilah had a strong and genuine commitment to animal welfare. Therefore, her business donates a portion of the sales to the RSPCA, which is the most widely recognised charity organisation working to protect animal welfare in Australia. As a result of this, Delilah is able to display the RSPCA trademarked logo on products in order to promote her initiative.

Customer demand has exploded over the past six years, thanks to changing customer tastes for gourmet treats for their dogs and the strengthened social responsibility ethic in the community. Delilah has a strong customer base and distributes her products to dog day-care centres and veterinarians. She has recently secured a long-term contract to supply her dog treats to PetPantry, one of the largest pet food retailers, and this will significantly boost her profits and market share. Delilah currently employs a receptionist, who takes customer orders over the phone, and another 20 staff members – eight of whom are new to the business – who hand-bake and produce the doughnuts out of the small Dandenong factory.

Delilah uses a laissez-faire management style and places great trust in her employees to make decisions. However, due to the increased workload, she has experienced an increase in staff turnover. Employees have complained that they are under enormous stress and pressure to meet tight deadlines and there has been no recognition for the work undertaken. The employees have had trouble meeting customer orders as they are slower in producing output and are regularly misplacing orders or sending the wrong order to customers due to the high volume of invoices and paperwork that has accumulated. In addition, insufficient ingredients are available to meet production targets due to inaccurate planning of inputs needed to meet customer demand.

In 2023, Delilah plans to expand her business operations to increase her market share but she knows she must improve her efficiency by investing in state-of-the-art technology to automate her operations in order to increase outputs. Employees have expressed concern about the change because it threatens their job security. However, continuing her operations without improved technology will increase the number of dissatisfied customers, which will result in a loss of profit and the inability to meet her social objectives. Delilah may also lose her new contract with PetPantry and any other large potential pet food retailers that may seek to stock her products in future if she is unable to keep up with rising demand for her doggie doughnuts.

Below is an outline of Delilah's key performance indicators for the past four years:

	2019	2020	2021	2022
Number of customer complaints	12	27	33	78
Level of staff turnover	↓5%	↑9%	↑22%	↑35%
Rate of productivity growth	↓7%	↓15%	↓36%	↓48%
Number of sales	286,950	365,800	475,000	546,000

**Question 1** (2 marks)

Outline **one** advantage and **one** disadvantage of the suitability of Delilah operating her business as a social enterprise.

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