

2023 VCE Business Management external assessment report

General comments

In 2023, the average score for the VCE Business Management examination was slightly higher than that of recent years. The following aspects of the paper were however notable and should be considered by both teachers and students when preparing for future examinations.

- **Definitions:** Students should be mindful about when the inclusion of a specific definition is required within a response. A mark will only be awarded for a definition either when it is specifically requested within the question itself (such as in Section A, Question 1a.), or when the use of a definition illuminates the response provided to the question being asked. For example, when asked to compare two items (such as entitlement and transition issues in Section B, Question 3), a student **might** use the definitions to highlight similarities and differences. Simply stating a definition without added context and application to the question being asked will not be enough in itself for students to receive a mark.
- **The 10-mark task:** Many students found it difficult to sustain a piece of writing throughout an extended response. There is no set length for the 10-mark response, but in most cases higher-scoring students wrote a response filling most of the lines provided. While this task is not an essay, many students did choose to use paragraphs. This helped to organise their response in a more coherent and logical way, enabling assessors to understand the students' responses. Many successful responses included a brief plan. Students who adopted a systematic approach and planned a response to this question were usually those who prepared a targeted and comprehensive response (although the plan in isolation was not awarded marks). Finally, the 10-mark task is designed to allow students to draw various aspects of the course and integrate a broad cross-section of knowledge; a skill that is worth practising throughout the year.
- **Command Terms:** The VCAA has published a glossary of command terms. Students and teachers are encouraged to use this resource during examination preparation and ensure that an understanding of the requirements implicit in each term is understood. Many students, for example, failed to include both similarities and differences in responding to questions designating the word 'compare'. Similarly, a significant number of students inaccurately discussed strengths and weaknesses when responding to tasks using the command term 'analyse'. When responding to an 'analyse' task, students are required to demonstrate relationships and causal effects between things/factors. Simply pointing out the strengths and weaknesses alone is not a relevant response to an analysis question.
- **Contemporary case studies:** The Business Management study design mandates that contemporary business case studies must have occurred within the last four years. Many students used case studies that were outside this time period. Students and teachers must ensure that they use updated case studies. For example, Coles and Woolworths began phasing out single-use plastic bags more than four years ago, while the introduction of artificial intelligence to examine the way in which customers are scanning items is a more recent event.

In 2023 the majority of students were able to complete the paper within the allocated time available. This suggests that students have worked on the development of appropriate and efficient examination techniques. In order to continue refining this, students should also consider the following:

- Using the reading time to decide the order in which the questions within the paper will be completed. It was apparent many students had decided to attempt Section B before Section A. The confidence this instilled in these students was apparent in their responses.
- Generally, dot-point answers are to be avoided. If students feel they are running out of time, the use of dot points is potentially an effective strategy to gain some extra marks quickly. Full marks will not be awarded for responses that are not written in full sentences.
- Responses that accurately used the language of the subject, as expressed in the study design, were rewarded. Students should familiarise themselves with appropriate language and terminology from the study design throughout the year.

Specific information

Note: Student responses reproduced in this report have not been corrected for grammar, spelling or factual information.

This report provides sample answers, or an indication of what answers may have included. Unless otherwise stated, these are not intended to be exemplary or complete responses.

The statistics in this report may be subject to rounding, resulting in a total of more or less than 100 per cent.

Section A

Question 1a.

Mark	0	1	2	Average
%	13	28	59	1.5

This question required students to define corporate social responsibility (CSR).

To achieve full marks, two accurate pieces of information were required. Most students noted that CSR requires a business to act in a way that is above legal requirements and made some reference to stakeholders, the community and/or the environment.

The question required a generic definition, not just an example pulled from the stimulus material about how the business demonstrated CSR. It was generally well answered, with most students able to access at least one mark.

The following is an example of a high-scoring response.

Corporate social responsibility (CSR) is where a business goes above and beyond their legal obligations to demonstrate an ongoing commitment to the economy, environment and community. Here, Furny-Chur demonstrates CSR through using locally sourced inputs and materials, hence displaying an ongoing commitment to the local Australian economy above their legal obligations.

Question 1b.

Mark	0	1	2	3	4	Average
%	11	14	26	24	25	2.4

This question required students to explain how two of the four given lean management principles could be used to reduce waste at Furny-Chur. To earn full marks for this question, students were required to:

- explain how the strategy minimises waste
- explain how Furny-Chur specifically could use the strategy.

As two principles were required, these two criteria were applied to each principle.

It was important that students noted the command term as well as the specified parameters of this question. Specifically, **how** waste could be reduced at the stadium seating manufacturer. Simply stating that it would be reduced, without giving a specific explanation as to how, was insufficient to be awarded full marks.

As a specific application to the business was specifically requested within the question, explanations referring to the reduction of a specific waste (such as metal, paint or labour) in making chairs were generally awarded higher marks.

A common error appeared to come from the apparent confusion about the meaning of different Lean management principles. Definitions and explanations of each of these principles can be found in the 'Resources and terminology' section of the [Planning – Developing a Program](#) section of the support materials on the VCAA Business Management webpage. There was also apparent confusion about the distinction between the principles of pull and Just In Time (JIT), the latter being a materials management strategy.

It is also important to note that students should avoid using the actual word or concept being explained within its definition or explanation. For example, stating that the principle of zero defects 'reduces waste because it has zero defects' does not in any way demonstrate an understanding or ability to accurately apply the principle.

The following is an example of a high-scoring response.

Zero-defects is where a business such as Furny-Chur strives for perfection in that none of the products are below selling standard or (defective). This means that Furny-Chur's manufacturing process for the seats is consistent and thus won't produce defective seats (seats that can't be sold and have to be discarded or recycled). This reduces waste of the materials (i.e., plastic) that is used to make the unsellable chairs as they will instead always be used with zero-defects implemented. Pull refers to customer demand to determine quantity of production. In conjunction with lean management (the systematic reduction of all processes that don't add value), pull ensures that Furny-Chur does not overproduce seats, thus mitigating the need for storage. This reduces wastage of the labour and time used in managing the storage of overproduced chairs.

Question 1c.

Mark	0	1	2	3	Average
%	25	17	27	31	1.7

In this question students were required to explain one disadvantage of using agreements when determining wages at Furny-Chur.

Higher-scoring responses were able to identify what enterprise agreements are as well as explain that because agreements are negotiated between the employer and the employees (or their union representatives), the process is time consuming and may result in disputes.

Common errors included incorrectly stating that agreements are not legally binding, or involved general references to agreements as simply being those discussed between an individual employee and the employer, without specifying which type of agreement they were referring to.

The following is an example of a high-scoring response.

Agreements are decided and negotiated on at the workplace level between groups of employees and/or their unions and employers. They outline the conditions and pay for this workplace. A disadvantage of using agreements when determining wages is that it can take Furny Chur a very long time to negotiate the terms and conditions. This means less time is spent on other parts of the business, such as producing the seating.

Question 2a.

Mark	0	1	2	3	4	Average
%	17	18	34	17	14	1.9

This question required students to justify the decision by Blue Berry Juice to become a public-listed company. Possible justification for adopting a public-listed company structure for this business included the funds that might be generated through selling shares (which could help finance the expansion into overseas markets), the benefit of operating with limited liability and the taxation implications.

As noted in the general comments above, the correct use of the command term 'justify' was important for gaining the marks available. The term 'justify' means 'show, prove or defend, with reasoning and evidence, an argument, decision and/or point of view using given data and/or other information' (VCAA Glossary of Command Terms). Thus, in their response, students were required to explain why the change to a public-listed company was appropriate, in this situation as specified within the stimulus, for this business.

The most common error was the misinterpretation of the command term shown usually through listing strengths and weaknesses, rather than justification of the suitability of adopting a public listed company structure in this scenario.

The following is an example of a high-scoring response.

A public listed company is an incorporated business with many shareholders that is listed on the Australian Securities Exchange (ASX). The owners of Blue Berry Juice may wish to change from a partnership to a public listed company to pay company tax on revenue, which is usually taxed at a lower rate than personal income tax, which is what revenues for partnerships are taxed on, thus, to maximise Blue Berry Juice's profits. Another advantage is Blue Berry Juice may receive increased funding from the Australian public purchasing company shares, which was impossible as a partnership. Hence, Blue Berry Juice could raise more money to facilitate the business's expansion into overseas markets. Another advantage is public listed companies are incorporated with limited liability, meaning the owners of Blue Berry Juice are not personally responsible for all business debts, which is not the case for partnerships, hence benefits the owners.

Question 2b.

Mark	0	1	2	3	4	Average
%	18	10	22	29	21	2.3

In this question students were required to explain how Blue Berry Juice could use Porter's differentiation strategy to meet shareholder expectations. There were two aspects to this question, the first being the application of the theory and the second being how that application would help to meet shareholder expectations.

For full marks, students were required to:

- demonstrate an understanding of the differentiation strategy
- explain a suitable example of how Blue Berry Juice could use the differentiation strategy

- outline at least one shareholder expectation
- link the results of using the theory to achievement of ‘meeting shareholder expectations’ at Blue Berry Juice (such as increased dividends/return on investment over time).

As this question required students to ‘explain how’, higher-scoring answers were able to not only explain the principles of the theory, but also make a specific suggestion, usually through packaging or ingredient changes, on how the company could change their healthy juice product to make it unique in the market. They were then required to link this to meeting shareholder expectations by referencing that ‘if this point of difference is valued, their customers may be willing to pay higher prices for this product, rather than those offered by competitors at a lower cost’ (from the ‘Resources and terminology’ section of the [Planning – Developing a Program](#)). This should, in turn, increase sales and revenue and therefore also profit, leading to an increase in dividends to shareholders.

Students are reminded that there are numerous acceptable ways by which a business can differentiate its product, not just by increasing the quality of the inputs to create a luxury product.

The following is an example of a high-scoring response.

Porter’s differentiation strategy involves Blue Berry Juice offering a unique service or product feature, that is of perceived value to customers, and thus they are able to charge higher prices for it. For example, Blue Berry Juice could offer healthy fruit juices that have unique flavours that other competitors don’t sell, such as ‘Boost Juice’. This would not [be] available at other competitors. Because they are able to charge premium prices, this can increase Blue Berry Juice’s revenue, and thus their profit. This ultimately gives them more money to pay their shareholders (owners) regular sums of money in the form of dividends, which can also increase the value of the shares over time in capital gain due to increased popularity, meeting their shareholders expectations.

Question 3

Mark	0	1	2	3	4	5	6	Average
%	16	9	16	20	23	12	4	2.8

Students were required to compare Maslow’s Hierarchy of Needs with one other motivational theory, with reference to a statement about money as a motivator.

For full marks, students needed to:

- provide a detailed explanation of at least **three** items, either two similarities and one difference, or vice versa, demonstrating a strong understanding of the principles of Maslow’s motivation theory and one other motivation theory studied
- make specific reference to the statement **in both** the similarities explanations and the differences explanations.

As this question was marked globally, higher-scoring answers were able to not only describe multiple similarities and differences between Maslow and another theory but were also able to interweave aspects of the statement about money into their similarities and differences.

Most students demonstrated a sound level of understanding of Maslow’s theory and either the Goal Setting or Four Drive theories. Better responses were then able to break these theories down in explaining aspects of similarity and difference.

Correct use of the command term was vital to gaining full marks for this question. A simple definition and/or straight explanation of the theories did not in itself attract full marks. Many wasted time writing long descriptions rather than explaining the similarities and differences between the theories.

The following is an example of a high-scoring response.

A key difference is that Maslows Hierarchy of Needs (MHON) suggests employees strive to achieve 5 fundamental desires in a specific order, while Lawrence and Nohria's 4 drive theory (4DT) suggests employees strive to achieve and balance 4 fundamental drives all at once. This suggests in MHON, employees may only be motivated by money initially via the physiological needs, while in 4DT employees may be motivated by money via the drive to acquire alongside other drives, such as the drive to bond, learn and defend. Another key difference is MHON suggests once a need is fulfilled it no longer motivates employees and the next needs drive their behaviour, while for 4DT employees may continuously be motivated by all 4 drives. This suggests in MHON money may only be a temporary motivator for employees for the physiological and esteem needs, whilst for 4DT employees may be continuously motivated by money via the drive to acquire.

A key similarity is both MHON and 4DT recognise that employees are motivated by a range of motivators, such as money through the drive to acquire and physiological needs, but also social factors through the drive to bond and social needs, where money may be less of a motivator for employees. Another similarity is both MHON and 4DT aim to appeal to the personal desires of employees, through esteem needs and the drive to acquire, which may involve money and other motivators such as desire for respect and to be noticed and distinguished within a business. Hence, the statement that money can be the main motivator is true for some employees in some cases, but other motivators may also motivate employees in other scenarios.

Question 4a.

Mark	0	1	2	3	Average
%	33	14	27	26	1.5

Students needed to describe a materials management strategy linked to efficient management of the input element of an operations system. To earn full marks, students were required to:

- describe a relevant materials management strategy, such as Just In Time, Materials Resource Planning, Forecasting, or a Master Production Schedule
- explain the link to efficiency of the strategy specified
- link the description provided to the case study.

Most students were able to describe a materials management strategy. Some common mistakes were not linking the materials management strategy to the relevant element (for example, many students who described forecasting linked to outputs rather than inputs), not linking the identified materials management strategy to the efficient use of materials or not making any links to the inputs, such as flour, at a bread manufacturing business.

The following is an example of a high-scoring response.

Eshan's breads could use Just In Time, which involves the right number of inputs arriving just as they're needed for production. By ensuring their ingredients to make bread like flour, oil and sugar only arrive as they're needed for production, this can reduce the amount of ingredients in Eshan's inventory that may spoil and become unusable, thus reducing wasted inputs and the costs associated with this wastage, which is an optimal use of resources, improving efficiency of inputs at Eshan's Breads.

Question 4b.

Mark	0	1	2	3	4	Average
%	9	18	34	24	15	2.2

There were several elements to this question that students were required to address in order to achieve full marks. Students were expected to:

- describe how an automated production line can improve effectiveness
- link this to the effective management of processes at Eshan's Bread's
- describe how an automated production line can improve efficiency
- link this to efficient management of processes at Eshan's Bread's.

Students generally understood the improvements that an automated production line could provide for the processes at a manufacturing business. Despite this, many struggled to categorise these as improvements to both the efficiency or effectiveness of processes, and referred to 'efficiency and effectiveness' together as a generic term rather than two separate and specific concepts. In many cases, the responses didn't include a specific link to the processes of manufacturing bread.

The following is an example of a high-scoring response.

An automated production line (APL) refers to a process where raw materials enter and finished products leave with little to no human intervention. This can reduce the time and labour resources used as the APL will quickly transfer the bread through the entire production process without requiring manual handling or manual mixing of ingredients etc., which optimises resource use and reduces inputs required to produce their bread, thus improving efficient management of its processes. Furthermore, this will allow them to reduce wastage (as an APL is often very accurate) in the form of low-quality bread, cracked eggshells and improve the quality of their product, meeting customer expectations, reducing level of wastage and increasing sales of their bread, thus meeting its objectives and therefore improving effectiveness.

Question 4c.

Mark	0	1	2	3	4	Average
%	21	12	25	26	16	2.0

Responses were required to show the following elements:

- Propose an appropriate quality management strategy.
- Identify an advantage of using the specific quality strategy proposed in terms of effectiveness.
- Justify how the proposed strategy could improve the effective management of outputs specifically at Eshan's Breads.

Most students were able to propose a quality management strategy, such as quality control, quality assurance, or total quality management. Most were able to also logically justify its use in an operations system, although they didn't always link to the outputs at Eshan's Breads. Some students linked the quality management strategy to the incorrect element (i.e. processes rather than outputs). Some students also linked to efficiency rather than effectiveness, which was an inaccurate interpretation of the question.

The following is an example of a high-scoring response.

One quality management strategy that could be used to improve effective management of outputs (the produced good/service being bread) is quality control. As quality control refers to the evaluation and checking of bread by highly trained quality control teams, this will ensure that Eshan's Breads are able to produce crisp and fresh bread as desired in their business objectives. Through inspection and removing the sub-standard bread before reaching the supermarkets, restaurants and catering businesses, Eshan's breads are able to achieve their objectives of increasing customer satisfaction through removing faulty or undesirable bread. This will ensure that Eshan's Breads is able to maintain a good quality reputation and this leading to an increase in sales, revenue to achieve business objectives of profit (expense deducted from revenue) where quality is under constant surveillance.

Question 5

Mark	0	1	2	3	4	5	6	Average
%	7	7	15	25	26	15	5	3.2

This question required students to analyse both proactive and reactive responses to change. The command term ‘analyse’ requires students to break down concepts and show relationships. The response was marked globally, but in general the following elements needed to be included:

- reference to at least one relevant contemporary case study
- analysis of business change
- an explanation and analysis of both proactive and reactive approaches to change.

For full marks, the response needed to break down the concept of business change, which some students struggled to do. Students are reminded that a contemporary case study for change must have occurred within the past four years – older case studies are not accepted. Higher-scoring responses wove the concepts of proactive and reactive change into an analysis of a case study (or case studies – students were able to use a different case study for each approach to change), including the implications for the business that took each approach.

The following is an example of a high-scoring response.

A reactive approach to change is one where a business responds to change only after being impacted by the external or internal business shifts. For example, following the pandemic and the decrease in sales in 2021, Dominoes decided to launch a new cost savers pizza xxx to appeal to price sensitive customers and ceasing [?] their expansion into Denmark. This is a reactive approach to change as Dominoes only introduced the scheme after suffering from profit and sales losses due to the lasting economic effects of the pandemic leading to less customers willing to purchase pizzas. A reactive change is unplanned and means the business has to react in a short amount of time, which can negatively impact their competitive edge, such as Dominoes being unable to expand to Denmark in order to save costs from losses of sales.

Proactive change is where a business initiates change and aims to implement it before being impacted by shifts in the internal or external environment. For example, following a \$1 billion investment into Open AI, as of 2021, Microsoft invested a further \$10 billion into the technology in order to implement its features into Microsoft applications and tools. This type of change is carefully planned and provides the business with more time to prepare and create a competitive advantage as any changes to not negatively impact them or greatly disrupt their operations because they initiated it.

Section B – Case study

Question 1

Skill 1

Mark	0	1	2	3	Average
%	12	7	37	44	2.2

Skill 2

Mark	0	1	2	3	Average
%	21	11	35	34	1.9

This question required students to identify two relevant management skills, then describe how each management skill had been applied by the CEO of the airline.

The question was generally handled well by students. Most were able to identify appropriate skills and make links to the case material. Some students experienced difficulty in demonstrating an understanding of the skill.

All skills listed in the study design were accepted. In some cases, students were able to identify appropriate skills not listed specifically in the study design, but this often made it more difficult for those students to write a complete response.

The following is an example of a high-scoring response.

Skill 1: One management skill Riley Jones used is communication. Here Jones used effective communication through an email to all employees of ECF Air to communicate the change from Fly-A-Lot to ECF, an environmentally sustainable airline. By ensuring that all employees understand that change is necessary and communicating the need to change, Jones is able to act as a 'bridge' for stakeholders to cross from the current state of ECF to the new desired status quo. This is important as Jones can ensure that the restraining forces from employees would likely to be reduced through understanding of the proposed change, thereby ensuring the change could be smoothly and successfully implemented via his ability to transfer information to his employees and subordinates.

Skill 2: Another management skill Jones used is decision-making. This involved Jones recognising the need for change at ECF, to become competitive in the airline industry, looking at different options and strategies, and then making an effective choice from the options presented. Jones understood that with growing globalisation, ECF would need to diversify to separate themselves from other airlines to gain a competitive advantage. Jones would then analyse different strategies that could help ECF gain a competitive advantage, such as Porter's low cost strategy and differentiation strategy. Ultimately, Jones made the choice to use the differentiation strategy, to make ECF the first environmentally sustainable airline, in order to help ECF become more competitive and enhance their performance.

Question 2

Mark	0	1	2	3	Average
%	22	23	35	20	1.5

Students were required to outline one strategy that could be used to develop corporate culture after the change had been implemented and then explain how the strategy could be used to develop the corporate culture at the airline in the case study.

As the study design does not list specific ways to develop corporate culture, a wide range of different strategies was accepted. Most students were able to identify a relevant strategy and then explain how it could be used to develop corporate culture; many, however, did not link this strategy to the changes that had been made at the airline. High-scoring responses discussed the airline needing to rebuild corporate culture after 50% redundancies or to encourage a focus on environmentally friendly practices to fit the new business model.

The following is an example of a high-scoring response.

ECF Air can implement staff training sessions to train flight attendants and other customer service personnel on how to perform excellent customer service. This will increase the skills and knowledge of employees at ECF Air and help improve the airline's real corporate culture by creating a culture where employees strive to give great customer service. This will further assist in the success of the change due to this improved customer service contributing to the airline's new image. This would require ECF Air to invest in either on-the-job or off-the-job training sessions.

Question 3

Mark	0	1	2	3	4	5	6	Average
%	26	12	18	16	16	9	4	2.3

The command term for this question was 'compare', thus students were required to follow a structure similar to Question 3 in Section A. Specifically, to earn full marks a response was expected to include a discussion of both similarities and differences (at least three overall), and make clear reference to the case study in both sections of the response.

Similarities included:

- Transition considerations and entitlement considerations can both require a need for union involvement.
- Both sets of considerations could contribute to a business's labour expense. For example, in relation to transition considerations, the airline could hire an external organisation to provide a range of transition services, such as career counselling and resumé writing workshops, to affected employees; an outlay of money will also be required when paying out employees' entitlements such as accrued annual leave and long service leave.
- Both are part of the termination process.
- Both may be built into redundancy packages.

Differences included:

- Transition considerations may take into account socially responsible practices, whereas entitlement considerations generally do not, given that they pertain to a business abiding by legal minimum standards.

- Transition considerations can include activities such as workshops for resumé writing and interviewing skills, whereas entitlement usually covers areas such as outstanding leave entitlements, including long service and holiday leave.
- Transition requirements are not legal obligations, whereas businesses are legally obliged to meet the entitlements that are identified in the National Employment Standards.

Most students were able to explain the differences between entitlement and transition considerations, but many still needed to improve the structure of 'compare' responses. Defining the two terms was not sufficient for this type of question, and responses needed to demonstrate an understanding of the similarities and differences clearly. This could have been achieved by using statements that act as a **signpost** for each section of the response, for example: 'A difference between entitlement and transition considerations is ... On the other hand, a similarity between entitlement and transition considerations is ...'.

Use of this structure will assist in ensuring students become aware of the requirements of the command term, and do not simply repeat facts they have learned about this key knowledge point. Many students neglected to include similarities and many students struggled to clearly link both entitlement and transition considerations to the case material.

Students need to note that sick leave will not be paid out as an entitlement when employees leave a business.

The following is an example of a high-scoring response.

Transition considerations are those given to individuals who are moving from one job to another or from one circumstance to another, to assist them in the transition process. Whereas entitlement considerations are the rights to benefits that employees are entitled to as per their employment contract as they leave the workforce either on involuntary or voluntary circumstances. Another difference between the two are that transition considerations go above and beyond legal obligations of the business as they are implemented to ensure positive workplace relations are upheld and support employee morale whereas entitlement considerations are legally required and these are specifically determined by authorised individuals/tribunals like the Fair Work commission and if not provided to employees, businesses may face serious legal action/penalty. However, a similarity between the two are that they are both applied to employees leaving the work place. In the case of ECF-Air, it is mentioned that 50% of employees are being made redundant due to their job positions no longer being existed as of the new sustainability measures and technology put in place. Whether voluntary or involuntary redundancy, employees are entitled to redundancy packages which provide them financial aid for the loss of their jobs, or a notice of leave provided by the manager indicating the number of days/weeks/months they have left in ECF-Air and also accrued pay/leave that have accumulated over time due to the employees' working hours but have not been used yet. A transition consideration includes outplacement services as these provide CV/resume writing workshops; potential references that employees can use to help them transition as well as support services if they are emotionally hurt.

Question 4

Mark	0	1	2	3	4	5	6	7	8	9	10	Average
%	16	11	12	12	11	11	10	8	6	3	1	3.7

This was the first time that the 10-mark task appeared in Section B of the examination paper. In general, students appeared to appreciate the context that was provided by the case study. Fewer pre-prepared responses were submitted by students, but the data makes it clear that students continue to struggle with the higher-order literacy expectations of an extended piece of writing.

The question required students to analyse the relationship between key performance indicators and management strategies during a period of change. High-scoring responses usually included the following:

- a description of several different key performance indicators (KPIs) applicable to analysing the performance of a business
- an explanation of the way these KPIs may have changed over time to indicate that the performance of the business was deteriorating
- an outline of the way in which senior managers might have used these KPIs to **inform** the process of selecting and implementing management strategies
- clear and direct links to Eco-Comfort-Fly Air throughout the response.

Some students found it difficult to sustain a consistent message throughout an extended response. It was apparent that these students did not plan their responses and were writing thoughts as they occurred rather than working towards a specific line of argument. Other common errors included:

- confusing the term 'management strategies' with either 'management styles' or 'management skills'
- use of driving forces (such as societal attitudes) rather than changing KPIs as the reason for management decisions
- failing to notice the use of plurals in the task (i.e. 'key performance indicators' suggest that the students must write about more than one).

The following is an example of a high-scoring response.

The senior managers at Fly-A-Lot Airlines will have been monitoring changes in key performance indicators (KPIs) over time to make decisions about the management strategies that needed to be implemented and to forecast the likely future direction of the company. As the trend in these KPIs became increasingly negative it may have been more difficult to justify the ongoing operation of the business as Fly-A-Lot Airlines.

For example, the managers will have watched the number of website hits very closely. If the number of website hits was lower than expected this suggests to the managers that the number of flights booked in the future will also be below the budgeted outcome. This would indicate that it is going to become increasingly difficult to meet the fixed costs of the business, such as the wages for airline staff and the fuel that is required for the planes. Very closely linked to this will be the number of sales and the expected net profit of the business. If these figures also started to trend downwards, then the ongoing viability of the business must be questioned. No business is able to sustain ongoing net losses over a period of time. If Fly-A-Lot Airlines was experiencing consistent losses then it would not make sense to continue operating the business. Managers will have responded to these changes by innovating (such as implementing more environmentally friendly policies and procedures) and also with staff training. These strategies will have facilitated the change to Eco-Comfort-Fly Air.

Another KPI that would have been tracked during this period was the number of customer complaints. Airline bookings are often linked to either the cost of the flight or the reputation of the business. Flights that run late or negative on-board experiences are likely to lead to an increase in the number of customer complaints. As this number increases it will be matched by detrimental reviews that appear online. These actions make it more difficult for the airline to build a positive view of their brand and, as a result, fewer customers will book flights with them in the future. If the business reached a point where it was going to take too much time to rebuild their brand then it might make more sense to close the existing business and, perhaps, open under a new name in the future. The managers will have responded to this data by redeploying their resources. For example, rather than maintaining high labour costs with staff that are generating complaints, the airline could use more staff for training and fewer staff on board. This will also help to reduce the overall weight of the plane, helping to reduce fuel usage.

Finally, it is also likely that the managers were carefully tracking the overall market share of Eco-Comfort-Fly Air, especially in the domestic market. There is significant competition in this market from established

businesses (such as Qantas). If Eco-Comfort-Fly Air was unable to establish a reasonable foothold in the industry by building a sustainable market share then it would make sense to focus on improving quality in production. The managers may have decided to implement a range of quality strategies, such as the use of a 'secret passenger' to review the experience on board a flight. This would, once again, help to inform the training that is required as the airline transitions to focus on doing things in a more environmentally friendly way.

Question 5

Mark	0	1	2	3	4	5	6	Average
%	16	7	14	16	20	15	12	3.1

To achieve full marks students were required to explain how two driving forces may have acted to pressure the airline to implement change. Marks were awarded for including each of the following points twice (once for each driving force):

- an understanding of a driving force from the case study
- a brief explanation of the impact of that force
- a link to the change at the airline.

High-scoring responses tended to use the driving forces identified in the case study. For example, the case study outlined the way in which societal attitudes, globalisation and innovation were all pushing the airline towards change. Cost reduction was another option used effectively.

Some students found this task challenging, possibly because students were working with a relatively limited number of possible driving forces. For example, many argued that 'owners' were a driving force, then stated that Ryley Jones (the CEO) was the owner. The case study stated that the airline was a company, so the ownership structure was not as simple as implied by these responses. Many students also wrote about employees as a driving force. While employees can act as a driving force in some cases, this situation made it clear that the employees were likely to experience negative outcomes as a result of this change. It follows, therefore, that they were unlikely to be pushing for the change to occur. It was also clear many students wanted to write about 'pursuit of profit', even though this was specifically excluded in the wording of the task.

The following is an example of a high-scoring response.

One driving force is societal attitudes, which are the values and beliefs shared within a community. This may act as a driving force for change as community values can often impact consumers purchasing behaviours. As many people have begun valuing sustainable transport, due to wanting their purchase of services to have a positive impact on the environment, ECF Air may have had these societal attitudes promoting a change to an eco comfort airline in order to remain an airline that consumers would like to purchase and fly with. Another driving [force] is reduction of costs, which is the decreasing of expenses such that a business can make a profit. This can be a driving force for change as ECF Air have identified costs of fuel have increased and are therefore increasing their expenses. Thus, change can be implemented to reduce these costs, by switching to a fuel alternative. Therefore, reduction of costs may be a factor that supports ECF Air switching to a more sustainable approach, as costs will be reduced. Maximising the business profit levels.

Question 6

Mark	0	1	2	3	4	Average
%	7	7	23	29	34	2.8

Students were required to describe the way the change to the airline in the case study would affect two different stakeholders. Marks were awarded based on the following:

- describing a consequence for the selected stakeholder (the response did not need to **explicitly** state whether the consequence was positive or negative)
- a specific link to the case study.

These points would then need to be repeated to earn the remaining marks.

In general, most students were able to make a reasonable attempt at this task. For example, most were able to identify that the airline would be flying to fewer destinations and, as a result, some customers might need to choose an alternative airline. They were also confident when writing about the consequences for suppliers.

A significant number of students found it difficult to distinguish between customers and the general community as stakeholders of the airline. Customers are the people who fly with the airline; they will be affected by the price that is charged and the service that is offered. The general community includes those who live in the general vicinity of the airport. They will be affected by the emissions that come from the planes and the sound that they make when they fly overhead. Many students tried to argue that the general community would be negatively affected because they would have to pay higher prices for the flights that they take. This response could not be rewarded.

The following is an example of a high-scoring response.

Suppliers are the businesses that provide Fly-A-Lot Airlines with inputs and other materials in exchange for profit and revenue. This switch to becoming more environmentally focused negatively impacts suppliers as they lose sales and revenue from the airline using inputs that are more biodegradable and sustainable that may need a different supplier or inputs that the current supplier does not have which leads to decreased number of sales for the supplier and in turn decreased profit.

The general community are the individuals who observe the impacts of the business and seek responsible and sustainable practices. As Fly-A-Lot Airlines is switching to use more sustainable practices, it positively impacts the community as there are reduced emissions and the planet is able to maintain longevity for the future of the business and community which they have a large interest in.