



## Fortify Sample Exam A

# BUSINESS MANAGEMENT

## Written examination

Reading time: 15 minutes

Writing time: 2 hours

## QUESTION AND ANSWER BOOK

### Structure of book

| <i>Section</i> | <i>Number of questions</i> | <i>Number of questions to be answered</i> | <i>Number of marks</i> |
|----------------|----------------------------|---|------------------------|
| A              | 5                          | 5   | 50                     |
| B              | 6                          | 6   | 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 allowed in this examination.

### Materials supplied

- Question and answer book of 24 pages.
- Additional space is available at the end of the book if you need extra paper to complete an answer.

### Instructions

- All written responses must be in English.

**Students are NOT permitted to bring mobile phones and/or any other unauthorised electronic devices into the examination room.**

**SECTION A**

**Instructions for Section A**

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

**Question 1** (9 marks)

Hair Empire is a business operating as a sole trader. It is a typical hair salon providing clients with haircuts, styling and treatment. The owner Jacinta Kahn wants to improve the salon’s competitiveness and quality of service. However, recently Jacinta has found it difficult to retain her high performing employees and struggles to train her new employees effectively.

- a. Define the term ‘sole trader’ as a type of business. 1 mark

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- b. Outline **one** reason why a business may choose to operate as a sole trader rather than as a partnership. 2 marks

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- c. Explain how Locke and Latham’s Goal Setting Theory can help Jacinta retain her top performing employees. 3 marks

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**d.** Propose **one** of Porter's Generic Strategies and describe how it can improve Hair Empire's competitiveness. 3 marks

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**Question 2** (4 marks)

Compare awards and agreements as means of determining wages and working conditions.

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**Question 3** (15 marks)

Logo Land Inc. is a service business that designs premium logos for all types of businesses. The business operates under a laissez-faire management style. The business opened in 2018 and performed very well. Shareholders were expecting an even better performance in 2019.

However, the manager of Logo Land recently conducted a performance evaluation in 2019, and is concerned after determining the data below.

| <b>Key performance indicator</b> | <b>2018</b> | <b>2019</b> |
|----------------------------------|-------------|-------------|
| rate of productivity growth      | 25%         | 12%         |
| number of customer complaints    | 5           | 87          |

- a. Explain how a change of management style could assist Logo Land with improving their performance. In your response, refer to the data provided. 4 marks

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b. Distinguish between the key elements of Logo Land's operations system and the key elements of a car manufacturing business. 6 marks

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**c.** The manager of Logo Land is considering investing in more training for her employees.

5 marks

Evaluate the use of off-the-job training at Logo Land.

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**Question 4** (10 marks)

“Employees are a company’s greatest asset – they’re your competitive advantage.”

Source: Anne M. Mulcahy, Former CEO, Xerox, Inc., Life Event Management Conference, 2003.

Analyse the relationship between managing employees and business objectives. In your response, explain **one** motivation strategy and explain **one** performance management strategy that can help a business get the most out of their employees.

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**Question 5** (12 marks)

Beckett Supermarkets Pty Ltd has recently introduced new self-service checkouts to their stores. This change has led to major changes to the store’s policies and training program.

**a.** Explain how each of the following stakeholders will be impacted by this change. 6 marks

- Customers \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
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- General Community \_\_\_\_\_  
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- b.** Explain **one** corporate social responsibility consideration that could arise when implementing this change. **3 marks**

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**c.** Other than to make to a profit, identify **one** business objective and describe how the change can impact upon its achievement. **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**

*The Albion Alert* is a local print newspaper. It recently published the following article about a local business.

Randy Burr opened up Clean it Up Club in 2018. It is a social enterprise aimed at cleaning up local beaches, parks and streets. To fund their operations, Randy and his team recycle some of the trash they collect, transforming them into reusable bottles and bags which they then sell to customers. Clean It Up Club also offer adult-only educational classes to teach people how to minimise waste in their daily lives.

Mid-2017, Randy was studying hard in a Law degree. However, when visiting the beach with his family Randy was appalled at the amount of rubbish on the sand and floating in the water. It was that moment that saw Randy abandon his dreams of becoming a lawyer, and instead decide to save the environment. Randy commented that he “wanted the community to be aware of the damage they were doing to the environment by polluting the town with waste.” He also said that he “wanted Clean It Up Club’s classes to provide an avenue for all adult members of the community to learn about how they can make a difference to the environment.”

Clean It Up Club has recently enhanced its online presence by developing a website and blog. Their website allows customers to browse and purchase Clean It Up’s recycled products, and even leave feedback for the business. The Clean It Up Club Blog is designed to complement the business’s classes, and aims to educate readers about ways to minimise their waste and help the environment.

The employees of Clean It Up Club are from the Albion area. Randy appreciates the effort his employees give to the business and admits that his employees’ ideas and feedback him to make effective business decisions that allow the business to thrive. Though he has found that the business’ clean-up process is time-consuming and laborious. With the input of his employees, Randy hopes to improve the efficiency of the process.

Until recently, Clean It Up Club has primarily operated locally within Albion. However, following the business’s success, Randy is ready to expand the business throughout Victoria and potentially even interstate. Randy also plans to implement a change where Clean It Up Club will run free workshops at local schools for students. All employees will be expected to participate.

“I’m always looking for new ways to improve and to better meet the community’s needs. So, who knows where the future will lead Clean It Up Club? All I know is that I’m very excited for it!” Randy said.

**Question 1** (4 marks)

Identify the management style being used by Randy at Clean It Up Club and explain **one** advantage to using this style.

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**Question 2 (5 marks)**

Evaluate the use of website development at Clean It Up Club as a strategy to improve efficiency and effectiveness.

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**Question 3** (6 marks)

Apply Lewin's Three Step Change Model to Randy's proposed change.

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**Question 4** (3 marks)

Propose and justify **one** low-risk strategy Randy can use to overcome employee resistance to change.

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**Question 5** (4 marks)

Explain how Randy might utilise leading and planning skills when expanding his business.

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**Question 6** (3 marks)

Explain **one** management strategy (other than website development) Randy could use to seek new business opportunities domestically.

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