



Fortify Sample Exam A

BUSINESS MANAGEMENT

Full Solutions

Section A

Question 1a.

A high-scoring response could be:

A sole trader is a type of business structure where the business is owned and operated by one individual. (1)

‘Define’ questions only require a simple definition. There is no need to talk about characteristics such as unlimited liability and start-up costs as there are no marks (or time) allocated for a more detailed response.

Question 1b.

A high-scoring response could be:

A business may choose to operate as a sole trader instead of a partnership due to the owner having complete control over the operations of the business. (1) All planning and decision making are done by the sole owner; therefore eliminating the possibility of conflicts between partners over the way the business is run. (2)

‘Outline’ requires you to go one step further than simply stating the reason why one might operate as a sole trader. In this case, in order to receive the second mark, you must tell your examiner why the reason you have given will be advantageous to a business and make them want to operate as a sole trader instead of a partnership.

Other acceptable answers may include:

- It is easier to close down the business as there are no partners involved.

Question 1c.

A high-scoring response could be:

Locke and Latham's Goal Setting Theory can help Jacinta in retaining her top performing employees by both motivating her employees and fostering loyalty to her business. (1) Perhaps, in order to retain top-performing employees, Jacinta needs to provide them with a more stimulating environment where they can expand and test their skills. Locke and Latham's theory can help achieve this stimulating environment as it involves both managers and employees working together to set goals that will challenge the employee. (2) Additionally, Locke and Latham goal setting can link employee goals to broader business objectives. Thus, Jacinta's top-performing employees will feel as though they are genuinely contributing to the business's success, which may encourage them to stay and continue their participation in the business's achievements. (3)

Mark allocations in 'Explain' questions are not as straightforward as other task words. In this case, to obtain full marks you are required to continually apply Locke and Latham to Jacinta's business *specifically*, meaning you must always be referring to the case study. Then in more detail than a describe/outline question, tell your examiner how Locke & Latham can assist in retaining employees. In the sample answer, 1 mark is allocated for identifying the ways Locke and Latham's theory will help Jacinta, and the last 2 marks are allocated for a more detailed explanation of which parts of the theory will help and how, as well as linking this to the case study.

TIP: Notice how this question does not ask you to explain the theory in general, but in relation to the case study. This means you can draw out parts of the theory that work best with the question and use those. These questions are testing your ability to read the case study and apply the theory in a way that is appropriate to the information being presented. In the sample answer, the only characteristics of the theory being discussed are challenging goals, co-creation of goals between managers and employees, and linking of employee and business goals because these characteristics apply best with Jacinta's business.

Question 1d.

A high-scoring response could be:

Jacinta can use Porter's strategy of differentiation to improve the competitiveness of Hair Empire. (1) A differentiation strategy will enable Jacinta to set her salon apart from other businesses, so she might invent a new hair-style, new hair cutting technique, or even provide additional services such as nail care and make-up. (2) This will enhance the competitiveness of Hair Empire by providing customers with some new and exciting options that might entice them to go to her salon instead of a competitor's salon who does not provide these options. (3)

When asked to propose a strategy, all an examiner requires is one sentence where you identify the strategy that the business should use. Nothing else is required for this mark. The last 2 marks can be earned through a brief description of what differentiation would look like at Hair Empire and how their competitiveness would be impacted.

Other acceptable answers may include:

- Lower Cost - improves competitiveness as Jacinta's lower rates for services might encourage more customers to go to her instead of other competitors who are priced higher

Question 2

A high-scoring response could be:

Awards are industry-based minimum employment standards which apply to all businesses that operate within that specific industry. Conversely, collective agreements are made between employers and employees, and therefore only apply to employees within that particular business. (1) The two are also different in that award standards are determined by the Fair Work Commission, following submissions from employers and unions. Agreement conditions, on the other hand, are negotiated between employers and employee representatives during the collective bargaining process. (2) Though, the pair are similar in that they are both legally obligated to include the 10 National Employment Standards. (3) Another similarity between the two is that they both involve unions, who play a role in bargaining and negotiating on behalf of employees or employers. (4)

Compare questions require you to address similarities and differences. Generally, it is best to stick to two similarities (1 mark each) and two differences (1 mark each). Make sure that your explanations of the similarities and differences are clear and do not confuse your reader.

Other acceptable answers may include:

Similarities

- includes four weeks of paid annual leave for each year of service paid at their base rate of pay
- a shift worker is entitled to 5 weeks of paid leave at their base rate of pay
- industrial action is only permitted during the protected period
- includes unfair dismissal protection

Differences

- an agreement includes The Better Off Overall Test (BOOT) whereas Awards do not
- Agreements can last from months up until 4 years whereas awards are revised periodically every 4 years

Question 3a.

A high-scoring response could be:

From 2018 to 2019, Logo Land's productivity growth decreased by 13 and the business received 82 more complaints from customers, indicating that employees were not working as productively and their logos were not meeting their customers' needs. (1)(2) Logo Land currently operates under a laissez-faire management style, however perhaps the lack of management interference has allowed employees to slack off, thereby reducing their productivity and quality of work. (3) Thus, a change of management style that involves more management control can help restore Logo Land's productivity and quality as employees will be held more accountable for the amount of output they produce and the quality of it. (4)

To achieve full marks for this question, you need to analyse the data presented and refer to it in your answer. Following this there needs to be a thorough explanation of why a change of management style will benefit Logo Land's KPIs. It is not enough to just say 'A new management style can help performance because employees work harder'. This is too vague and may not earn you a mark at all. Only a specific, thorough explanation of **WHY AND HOW** this strategy will help business performance will earn full marks.

TIP: Even if the question does not ask you to refer to the data, always refer to the data. It shows your examiner that you have read the case study and understand the way the data relates to the question being asked.

Question 3b.

A high-scoring response could be:

The key elements system of any operations system is made up of inputs, processes and outputs. As a service business, Logo Land's inputs can include design software, computers, internet, ideas for logos, time, and electricity. (1) The process of transforming inputs into outputs at Logo Land is a labour-intensive one, meaning it relies on human effort. This process at Logo Land is when an employee combines all of the inputs to create a logo for their client. (2) Therefore, the outputs of Logo Land are the intangible logos that are customised for specific clients. (3) In contrast, a car manufacturing business' inputs, process and outputs is different to Logo Land. Their inputs will include the car parts, machinery and utilities used to manufacture their cars. (4) As a result, their process of transforming inputs into outputs is capital-intensive, relying heavily on the use of machinery. (5) The car manufacturer's output would be a tangible car. (6)

Distinguish questions only require you to address the differences between the two concepts. As there are 3 elements of the operations system, this question has 3 marks allocated for discussion of Logo Land's system, and 3 marks allocated for discussing how a car manufacturing business is different. In a question like this it is important to not make your concepts sound similar - note how the two will have similar inputs such as employees & electricity, but the sample answer only mentions inputs they do not have in common. This is to ensure the examiner has no reason to deduct marks for not doing what the question is asking.

TIP: When asked to distinguish, address all the points you have about one concept before moving onto the next. This is to avoid jumping around and confusing your examiner.

Question 3c.

A high-scoring response could be:

Off the job training can be beneficial for Logo Land as seminars, workshops and lectures are generally hosted by industry experts. Their expertise and experience with the industry can pass on helpful knowledge, advice and tips to Logo Land's employees that can help them achieve greater productivity, which can in turn help with the achievement of business objectives. (1) Another advantage to off the job training is that there is less potential for employee training to be interrupted by workplace issues. This allows employees to solely focus on improving their workplace skills, and can increase the effectiveness of the training. (2) Though, a drawback to off-the-job training is that employees are learning a broad range of skills and knowledge that might not be relevant or applicable to Logo Land's operations, rendering the training useless to the needs of the business. (3) Additionally, off-the-job training can be disadvantageous to Logo Land as the business will lose output and productivity from employees who have to miss work to attend training. This might lead to an even worse KPI performance in terms of productivity growth. (4) Therefore, overall, off-the-job training is not the best option for Logo Land as the skills learnt are too broad to improve performance, and crucial productivity can be lost because of employees being absent for training. (5)

Evaluate questions comprise of 5 marks, where 2 marks are allocated for advantages of the topic, 2 for disadvantages, and 1 for your opinion on whether the topic is worthwhile for a business to consider. It is important when writing about the advantages and disadvantages that you actually explain WHY your point will benefit/hinder business. It is not enough to state 'A con of off-the-job training is that employees have to leave the business'. This does not tell your examiner why this would negatively impact the business. You must ALWAYS go that extra step and explain that if employees are leaving the business, then the business may lose the productivity of the employees who are absent which can impact business performance. Without this extra step, you may not even earn a mark.

Other acceptable answers may include:

Advantages

- more variety in the skills being taught
- allows employees to network and share information with people from other businesses

Disadvantages

- can be expensive
- employees may find that their training/qualifications can earn them a better paying job and so leave the business

TIP: Notice how there are no marks allocated for a definition. The business management exam is tight for time and you do not want to waste any of it adding unnecessary information that earns you no marks.

Question 4

A high-scoring response could be:

The relationship between management of employees and the achievement of business objectives is of primary importance for any business looking to be successful. Employees are a crucial element of any operations system, as their labour directly impacts upon the efficiency, productivity and quality of the goods or services being sold by the business. (1) Additionally, employees are often the ones actually interacting with the customers, and therefore are the face of the business. (2) Managing them - ensuring their motivation, carrying out performance evaluations, and ensuring their working conditions are appropriate - enables employees to perform at their best, which can improve a business' profits and market share as improvements in efficiency and customer service can reduce costs and increase sales. (3) Businesses who do not effectively manage their employees run the risk of their staff feeling unmotivated and undervalued, which will negatively impact on their own performance as well as the business's. One element of managing employees is ensuring they are motivated. (4) One strategy that can be used for this is performance-related pay. Performance-related pay is a monetary reward system for employees whose performance exceeds what is expected of them. (5) This strategy acts to motivate employees by promising that their efforts will be acknowledged and rewarded by the business, thus encouraging employees to work hard in order to receive that recognition. (6) The achievement of business objectives can be assisted through this strategy as employees' increased efforts can translate into better productivity and/or quality of output which can result in more sales for the business. (7) Another important component when dealing with employees is performance management. One strategy that can be used for this is self-evaluation. Self-evaluation involves an employee evaluating their own performance in relation to predetermined objectives. (8) This strategy actively involves the employees in the process, and provides management with some insight into how the employee views themselves. (9) Self-evaluation can assist a business achieve business objectives as the employee will receive feedback on areas to improve which, when rectified by the employee, can result in greater efficiency, productivity and quality that can translate into an improved business performance. (10)

In this 10 marker, Analyse is worth 4 marks, Explain of performance management strategy is 3 and Explain of motivation strategy is worth 3 marks. Analyse requires you to think in depth about the topic at hand, and consider both sides. In this answer, the relationship between business objectives and managing employees is thoroughly explained, but there is also a description of what might happen to a business that does not effectively manage their employees. You need to show this balance. In terms of the Explain components of the question, an outline of what the strategies are would be enough but it is always a good idea to link the strategy back to the main topic of the question - employees and business objectives. So discussing the impacts of the strategy on business objectives will likely impress your examiner and earn you full marks.

Other acceptable answers may include:

Performance Management

- employee observation
- appraisals
- management by objectives

Employee Motivation

- career advancement
- support and sanction
- investment in training

TIP #1: 10 markers are not as scary as you might think. Always try to break the mark allocation down into smaller parts. So do what was done in the breakdown and turn the question into one Analyse worth 4 marks, and two Explain worth 3 each, instead of viewing the question as one whole big 10 marker. This is a mental strategy to avoid panic.

TIP #2: Structure your 10 marker answer in order of how the task words appear in the question. For example, do not mix the explain components of your answer with your analyse or start off your answer by answering the explain components. Your examiner can get confused, as they will be looking for analyse first. You want to make things as easy as possible for your examiner so they know exactly where to look to award you marks.

Question 5a.

A high-scoring response could be:

Customers will be impacted by the introduction of self-serve checkouts at Beckett Supermarkets as it will alter their checkout experience. (1) Rather than just being served by an employee, customers can now choose to pack their own groceries. For some customers this will be a positive, as it can be convenient and save them time. (2) For other customers who are not so tech savvy, or have never used a self-serve machine before, the change might be confusing and stressful. (3)

General Community will be impacted by this change at Beckett Supermarkets as the self-serve checkouts could replace the jobs of employees who will be made redundant. (4) As a result, the unemployment rate of the general community could increase, and sales at other businesses in the community could decrease due to redundant community members losing their income. (5)(6)

The marking allocation for this question is simple - 3 marks for customers, and 3 marks for general community. This is a case study question, not a general content question. Your entire answer must be based around Beckett Supermarket's self-serve checkouts, and how this will impact customers and the general community. References to other changes, or change in general, will earn you no marks. Also, keep in mind that not all customers are the same, and change will impact customers differently. Using this in your answer will demonstrate your ability to consider implications when applying the content.

Question 5b.

A high-scoring response could be:

One corporate social responsibility Beckett Supermarkets should consider when making this change is introducing technology to replace human labour. (1) Wider society look to businesses to provide employment and development opportunities for community members. Thus, while the technology may be beneficial for the Beckett Supermarkets, they can also be criticised for removing jobs for employees and impacting their ability to earn a living. (2) They can also be condemned for letting go of employees because it can hurt the local economy, as these employees now have no income to spend at other local businesses. (3)

In questions like these where a number is highlighted in the question, there is generally always one mark allocated for simply identifying the one strategy/topic you're going to discuss. The last two marks are for in depth explanation of why Beckett Supermarkets should think about this CSR issue before implementing the change. Essentially, the question wants you to explain the backlash that might result if Beckett goes ahead with the change.

Other acceptable answers may include:

- Impact of self-serve checkouts on emissions
- Energy Consumption

Question 5c.

A high-scoring response could be:

Increasing market share is one business objective that Beckett's proposed change can impact upon. (1) Self-serve checkouts can assist Beckett Supermarket's entice new customers by providing a more convenient check-out experience than other stores who do not have the technology. (2) Though, it can also hinder market share by deterring new customers or driving away loyal customers, as self-serve checkouts may be confusing for some customers to use. Thus, this might make them search for another supermarket who do not have the technology and have regular checkouts, so they can avoid this confusing experience altogether. (3)

There is one mark allocated for identifying the business objective you're going to discuss. The other two are for briefly describing how the business objective you've chosen will be impacted - try to address both positive and negative impacts.

Other acceptable answers may include:

- Fulfilling a market need - self-serve checkouts fulfill the need for convenience and fast service, does not fulfil the needs of customers who require human assistance when checking out

Section B

Question 1

A high-scoring response could be:

Randy is using a consultative management style when managing Clean It Up Club. (1) This style of management can be advantageous to Randy as it involves two-way communication between him and his employees allowing Randy to benefit from the insight, ideas and feedback from his employees. (2) Their input can ensure Randy makes more informed and effective decisions as he is more aware of the issues and concerns facing employees in the business. (3) Additionally, employee can potentially contribute new ideas to improve efficiency or to expand the services being offered, which can help Randy meet his customer's needs better. (4)

One mark can be earned by simply identifying the management style being used. Careful, an error here will mean that your entire answer is wrong as the rest of the question is about the management style you identified. The final 3 marks can be earned through a detailed explanation of one advantage. Inside this explanation, try to include two points as to why Randy will benefit from the advantage you've selected. This will ensure you've written enough to earn full marks.

Other acceptable answers may include:

- Employee input can result in increased employee morale
- Enables a better relationship between management and employees
- Randy still makes the final decision allowing the business to operate as he wants it to

Question 2

A high-scoring response could be:

Clean It Up Club's use of website development can have positive and adverse impacts on the business's efficiency and effectiveness. Efficiency at Clean It Up Club can be improved as websites are accessible at any time and from anywhere, therefore increasing the potential output sold, which could not be achieved in the physical store without using up more materials such as employee labour and utilities. (1) Websites can also improve effectiveness at Clean It Up Club as the technology enables the business to reach a larger market than its physical store would be able to reach. This can assist in the achievement of business objectives as more customers purchasing their goods can lead to greater profit margins and market share. (2) Conversely, website development can negatively affect Clean It Up Club's efficiency as it may be costly upfront to implement and maintain. It also requires Randy or an employee to continually update and respond to customer feedback. Ultimately, this takes time and money from other areas of the business and increase the overall consumption of materials. (3) In terms of effectiveness, websites are prone to technological breakdowns which can lead to a loss of sales and visibility to new customers. Consequently, business objectives such as increasing profit and market share can be negatively impacted by the breakdown. (4) However, overall website development is a worthwhile strategy for Randy to pursue as the benefits to efficiency and effectiveness outweigh the negatives. (5)

Again, evaluate marking allocation is 2 for advantages, 2 for disadvantages, 1 for your opinion on whether it is worthwhile. This one is slightly more complicated as it wants you to discuss efficiency and effectiveness also. So, you earn 1 mark for discussing how efficiency is positively impacted, 1 mark for how effectiveness is positively impacted, 1 mark for how efficiency is negatively impacted and 1 mark for how effectiveness is negatively impacted. Efficiency and effectiveness are not the same thing, so your points for both should not be similar.

Question 3

A high-scoring response could be:

Lewin's 3-Step Change Model outlines three crucial steps in ensuring change is implemented successfully. When introducing free classes and workshops at schools, Randy's first step would be to Unfreeze the current attitudes of his employees (1). In this step, Randy needs to break the equilibrium between driving and restraining forces so that old attitudes can be unlearned and employees can successfully embrace the new ideas being presented (2). The next step in Lewin's model that Randy needs to implement is Move (3). This step involves Randy implementing the change, and beginning to host free workshops at local schools. This step is a trial and error process where Randy can identify problems within the change and try to improve upon this (4). The last step in Lewin's model is Refreezing (5). Once Randy perfects the change, he needs to cement the new ideas and behaviours within the business so the business does not return to the way it was. Randy can achieve this by implementing policies and procedures that encourage the behaviour needed for the school workshops, as well as altering the corporate culture so that school children are considered just as important as adults in achieving the social objectives of Clean It Up Club (6).

Apply questions require constant linking to the case study you've been provided with. As Lewin's Change Model has 3 steps, there are 2 marks allocated per step. The 2 marks are earned by showing your examiner what the step would look like if Randy was to implement it. Show off your knowledge of Lewin's theory in the context of Randy's business.

Question 4

A high-scoring response could be:

One low risk strategy Randy can use to overcome employee resistance is two-way communication. (1) By using two-way communication, Randy can overcome resistance in a way that does not threaten his relationship with his employees. Two-way communication allows employees of Clean It Up Club to ask questions and provide feedback during the change process, better equipping them to deal with the change and reducing their uneasiness. (2) Two-way communication also can empower employees as they feel a part of the process rather than just being ordered what to do without any employee input. (3)

Propose is always worth one mark, and should always be a stand-alone sentence at the beginning of your answer. Justify is worth 2 marks, as it is a brief description of why you think this strategy will be beneficial.

Other acceptable answers may include:

- Support - positive manager/employee relationship, employee feels valued
- Incentives - makes the employee accept the change to receive the reward, makes employees see benefits in the change

Question 5

A high-scoring response could be:

When expanding his business, Randy might utilise leadership and planning skills to ensure the expansion is carried out successfully. Randy will need to draw on his leadership skills in order to model and communicate the key values and corporate culture of Clean It Up Club to ensure it remains consistent across the branches. (1) Leadership skills will also come in handy for Randy when motivating his new employees, who may be new to the industry or who feel daunted with the opening of a brand new branch. (2) Planning can also be used by Randy to schedule when the new branches will be open, what sort of services they are going to offer, what their opening hours will be and what equipment they will need to open up a new branch. (3) Randy will also need to use his planning skills to organise how the business will intend to meet their business objectives. (4)

This question is comprised of two describe components. 2 marks are earned by detailing situations during the change where Randy would need to exercise his leadership skills. Try to briefly cover two situations to ensure your description is not too short and it appears that you've thought deeply about the question. The remaining two marks are for the same things except in relation to planning.

Question 6

A high-scoring response could be:

One management strategy Randy could implement to seek new domestic opportunities is franchising. (1) Franchising involves Randy granting permission for another individual to use the brand and name of Clean It Up Club to set up a new club in a different area or state in Australia. (2) This strategy would allow Randy to expand his business throughout Australia, but not add to much to his workload as the franchisee would be most responsible for the operations of that particular branch. (3)

As explained earlier, whenever there is a number highlighted in the question there is are marks allocated for identifying the amount of strategies the question is asking. In this case, the identification of one management strategy for domestic opportunities will earn you a mark. The remaining 2 marks are earned by explaining what franchising is, and very briefly justifying why it is the strategy you chose.

Other acceptable answers may include:

- Innovation / Technology
- Finding a niche

TIP: Read the questions very carefully. This question has two ‘tricks’ to it - one is that you cannot talk about website development. Discussion of a website, even if your content is correct and your writing is perfect, will be an automatic 0. Additionally, the question asks for a domestic strategy. Again, discussion of a global strategy will automatically be a 0.