



# Victorian Certificate of Education 2002

## BUSINESS MANAGEMENT

### Written examination

Thursday 14 November 2002

Reading time: 3.00 pm to 3.15 pm (15 minutes)

Writing time: 3.15 pm to 5.15 pm (2 hours)

### QUESTION 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	7	7	30
B	1	1 (part a., b. or c.)	10
		Total	40

- 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 white out liquid/tape.
- No calculator is allowed in this examination.

#### Materials supplied

- Question book of 4 pages.
- One or more script books.

#### Instructions

- Write your **student number** in the space provided on the front cover of the script book(s).
- All written responses must be in English.

#### At the end of the examination

- Place all other used script books inside the front cover of the first script book.
- You may keep this question book.

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

**SECTION A – Short-answer questions****Instructions for Section A**

Answer **all** questions in the script book(s) provided.

**PART 1**

Read the case study (below) and answer the following questions.

**Johnston Wineries**

When Mr Phil Johnston, Chief Executive Officer of Johnston Wineries, was on holidays in California, he visited a few wineries and saw some very interesting automated equipment. Mr Johnston knew the equipment could save him the trouble and expense of managing his labour-intensive winery operation in Victoria. He was so impressed by the equipment that he contacted the manufacturer immediately and had a set of the equipment airfreighted to his winery at a cost of \$8 million.

Before returning to Australia, Mr Johnston emailed his site manager, Ms Dimetriou, to tell her that this automation would improve quality, productivity and reduce by half the existing 270 full-time staff. He also informed her that she was to arrange the installation of the equipment immediately upon its arrival. Ms Dimetriou promptly forwarded the email from Mr Johnston to all staff.

Upon Mr Johnston's return, he found that the workers had not only refused to install the equipment, but also refused to pick the grapes. They had left the grapes to rot on the vines while they went on an extended strike. Mr Johnston did not have the money to sustain his business through the strike and the loss of a whole crop of grapes almost sent him bankrupt.

**Question 1**

Define these terms and provide an example for each term to demonstrate your understanding.

- a. labour-intensive operation
- b. automated equipment

2 + 2 = 4 marks

**Question 2**

- a. Identify and describe the style of management used by Mr Johnston.
- b. Select and justify a more effective style of management that Mr Johnston could have used.

2 + 2 = 4 marks

**Question 3**

Identify and explain **three** skills Ms Dimetriou should have used to ensure a smooth introduction of the new equipment.

3 marks

**Question 4**

Describe **three** Human Resource strategies Ms Dimetriou should have adopted for the effective implementation of the new equipment.

3 marks

Total 14 marks

## PART 2

Read the case study (below) and answer the following questions.

### New entrant in the finance industry causes concern

Based in Melbourne, the A1 Finance company provided loans for people buying new and used cars all over Australia. A1 had exclusive deals with over 800 car dealerships nationally. For each car loan arranged, a sum of \$1000 was paid to the dealer as a commission. A1 was a profitable business as it charged high interest rates of 18% on its loans to customers. This comfortable situation for A1 lasted for years, until the global giant company www.CarFinanz announced that it was going to enter the Australian market. www.CarFinanz offered an independent car loan service over the Internet at only 10%. Customers in the USA and Europe had changed to www.CarFinanz in large numbers. As an Internet only company, www.CarFinanz became a low cost competitor wherever it operated. In other countries, the experience was that traditional automobile finance companies lost about half of their market share to www.CarFinanz. A1 claimed that it offered customers and car dealers superior personal service and therefore could charge a higher interest rate.

The managing director of A1 called a meeting of the executive team to discuss how they might formulate a strategic plan in response to the threat of a new entrant in their marketplace.

Options considered by the executive team included

- lowering its fees, interest rates and commissions
- starting its own Internet business to compete with www.CarFinanz directly
- approaching www.CarFinanz for a joint venture
- introducing a telephone call centre to improve customer service.

### Question 5

Define these terms and provide an example for each term.

- a. market share
- b. strategic plan

2 + 2 = 4 marks

### Question 6

Identify and describe the planning steps the executive team could use to achieve success.

5 marks

### Question 7

- a. Devise an operations management strategy for the proposed call centre.
- b. Choose **one** of the options considered by the executive team and apply **three** key performance indicators to measure its effectiveness and efficiency.

4 + 3 = 7 marks

Total 16 marks

**SECTION B – Extended response****Instructions for Section B**

Answer either **a.**, **b.** or **c.** of Question 8 in this section in the script book(s) provided.

Indicate which part, **a.**, **b.** or **c.** of Question 8 you have answered.

In your answer you should refer to your study of organisations and/or recent research that is relevant to the study of Business Management.

**Question 8**

**a.** Operations Management is important in large-scale organisations.

- Describe what Operations Management involves.
- Compare and contrast the Operations Management activities of a service company, for example a bank, with a manufacturer, for example a car manufacturer.
- Use the examples given above or other examples from your studies or research.

**OR**

**b.** Creating a ‘high performance’ workplace is essential to large-scale organisations.

- Discuss the strategic human resource management initiatives an organisation would implement to develop high-performing staff.
- Use an example from a large-scale organisation to support your answer.

**OR**

**c.** Companies that do not accept change are likely to have difficulties satisfying all their stakeholders.

- Discuss one or more contemporary management issue(s) that cause pressures for organisational change.
- How would this affect two stakeholders?
- Use a current example to explain.

10 marks

**END OF QUESTION BOOK**

