

**BUSINESS MANAGEMENT**

**UNITS 3 & 4**

2020

**TRIAL EXAM B**

**SUGGESTED SOLUTIONS/RESPONSES**

**SECTION A**

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| **Instructions for Section A**  **Answer all questions in the spaces provided.** |

**Question 1**

**Australia Post is a government business enterprise and its core business is the delivery of post and parcels throughout Australia. Recently the product range sold by Australia Post has diversified. Australia Post selling books, novelty goods and small inexpensive electronic goods.**

**The consequence of this diversification is the revenue streams of Australia Post has grown and contributed to better financial performance. Also, contributing to improved financial performance is the reduction of wage expenses with some delivery workers being stood down (made redundant).**

1. **Distinguish between a government business enterprise and social enterprise. (3 marks)**

**Suggested Solution**

***A government business enterprise is an organisation that is owned and operated by government, for example Australia Post. On the other hand, a social enterprise is an organisation that exists to meet a social need, for example ‘The Big Issue’.***

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| **Marks** | **Descriptor** |
| **3** | * **Two precise and correct definitions of a GBE and a social enterprise** * **Use of a contrasting word or phrase to distinguish between the two concepts** |
| **2** | * **Two precise and correct definitions of a GBE and a social enterprise** * **However, no contrasting term like, whereas or on the other hand** |
| **1** | * **One correct definition of the terms GBE or social enterprise** |

1. **Explain two objectives that a government business enterprise might have. (4 marks)**

**Suggested Solution**

***One key objective of a Government Business Enterprise (GBE) is to make a profit. A GBE is an organisation that has been restructured and streamlined to operate under the principles of a private enterprise and seeks to make a profit.***

***Another objective of a GBE is to fulfil a market need. A trend in society is the rise of online purchasing which means there is an increasing need for fast, efficient and cost-effective parcel delivery services. Australia Post (which is a GBE) is currently fulfilling this market need along with its competition.***

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| **Marks** | **Descriptor** |
| **4** | **-two correct business objectives are identified (make a profit, increase market share, fulfil a market need or fulfil a social need)**  **- a clear explanation and justification of why a GBE would seek this business objective** |
| **3** | **-two correct business objectives are identified (make a profit, increase market share, fulfil a market need or fulfil a social need)**  **- a clear explanation and justification of why a GBE would seek this business objective, but one of the objectives would not apply to a GBE** |
| **2** | **-two correct business objectives are identified (make a profit, increase market share, fulfil a market need or fulfil a social need)** |
| **1** | **-one correct business objective is identified** |

1. **Discuss a potential conflict between two stakeholders of Australia Post. (4 marks)**

**Suggested Solution**

***Within an organisation that aims to use the efficiency model it is likely conflict between management and frontline workers will arise. Management at Australia Post have over the past few years aimed to reduce the operating costs and a key strategy has been to downsize the workforce. A restructuring of the operating model of Australia Post has resulted in hundreds of jobs being made redundant, with the aim of reducing an excess supply of employees not needed at Australia Post.***

***The employees who may have expected stable employment will now have lost their jobs. Employees who are members of the Union may attempt to contest these redundancies or protest to show their dissatisfaction with the decision to make the workers redundant. Possibly, if there are legal grounds for action the Union may take Australia Post to the Fair Work Commission to pursue an unfair dismissal case. However, if Australia Post ensures all entitlements issues are within Australian Employment laws it may be a pointless exercise, for the Unions to pursue legal action.***

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| **Marks** | **Descriptor** |
| **4** | * **Australia post has a range of stakeholders: Management, employees, customers, wider community and shareholder (government)** * **Two stakeholders vested interest is articulated clearly and the reason why this may cause tension/ conflict is explained clearly** |
| **3** | * **Two stakeholders are identified and a reason for conflict is described** * **However, the reason why there is a conflict between the two is not comprehensive** |
| **2** | * **Two correct stakeholders of Australia Post are explained** * **The reason for the conflict is not explained clearly** |
| **1** | * **One stakeholder of Australia is described** * **No clear conflict between two stakeholders of Australia Post is explained** |

**Question 2 (13 marks)**

**Heritage Chocolatier & Co is a medium sized family business based in Melbourne that produce a range of premium chocolates for the Australian market. They source many of their inputs locally and aim to support Australian farmers by paying above market prices for milk extracts used to make their chocolates. The cocoa used in their chocolates is sourced from “fair trade” sources, ensuring farmers from African countries where the cocoa is sourced are paid a fair price.**

1. **Explain the relationship between operations management and business objectives. (3 marks)**

**Suggested Solution**

***Operations management involves the core activity of a business and involves the systems and processes that combine to generate the organisations good or service. This transformation of inputs into the final output is conducted with specific aims or business objectives of the organisation. The successful transformation of inputs into the final good or service will mean the key aims of a business to make a profit, improve productivity and increasing market share is more likely to be achieved. In the case of Heritage Chocolatier & Co the efficient and effective production and distribution of chocolate to customer will positively contribute to the business achieving the objective of increasing its market share.***

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| **Marks** | **Descriptor** |
| **3** | * **A correct definition of operations management is used** * **A clear link between operations management and one business objective is made.** * **The response uses an example to illustrate how successfully managing OM results in business objectives being achieved** |
| **2** | * **A correct definition of operations management is used** * **A good link between the successful management of OM and business objectives is made, but some detail is missing** |
| **1** | * **A correct definition of operations management is used** |

1. **Evaluate the corporate social responsibility of Heritage Chocolatier & Co and how it might impact its business objectives. (6 marks)**

**Suggested Solution**

***Corporate social responsibility for Heritage Chocolatier & Co involves the obligations it has over and above its legal responsibilities to the wellbeing of employees, customers, shareholders, and the wider community as well as the environment.***

***The supply chain currently used by Heritage suggests it operates as an ethical corporate citizen. By sourcing of cocoa through ‘fair trade’ sources shows the organisation is seeking to ensure suppliers are paid a fair wage and that the actions of Heritage does not contribute to any situations where African farmers are treated unfairly and avoids any suppliers who may use “child slave labour”. Heritage could attain positive publicity for taking this stand against the exploitation of workers in less developed countries. Such publicity attracting a wider customer base and would improve the key performance indicator of number of sales.***

***Heritage Chocolatier & Co have committed to Australian producers for other inputs such as milk extracts. By supporting other local businesses Heritage is making a financial commitment to keep more money in Australia and hopefully build up long lasting and beneficial partnerships with its Australian suppliers. This emphasis on ‘supporting local suppliers’ is a decision that is made on the premise that buying locally is ‘right thing to do’. However, the preference to use local suppliers over international suppliers could be more expensive than importing essential inputs from overseas. Hence, at least in the short term this decision may hurt the bottom line, the added expense of buying locally reducing Heritage Chocolatier & Co’s net profit figures.***

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| **Marks** | **Descriptor** |
| **6** | * **Complete definition of Corporate Social Responsibility is provided** * **A comprehensive discussion of the positive and negatives of choosing ethical supply chains such as ‘fair trade’ and local supply chains.** * **A clear application of the case study to the response using key facts from the case** |
| **5** | * **Complete definition of Corporate Social Responsibility is provided** * **A comprehensive discussion of the positive and negatives of choosing ethical supply chains such as ‘fair trade’ and local supply chains, but some aspects could have more detail** * **A clear application of the case study to the response using key facts from the case** |
| **4** | * **Complete definition of Corporate Social Responsibility is provided** * **A very good discussion of the positive and negatives of choosing ethical supply chains such as ‘fair trade’ and local supply chains, but some aspects could have more detail** * **A clear application of the case study to the response using key facts from the case** |
| **3** | * **Complete definition of Corporate Social Responsibility is provided** * **A clear application of the case study to the response using key facts from the case** |
| **2** | * **Complete definition of Corporate Social Responsibility is provided** * **Minimal evaluation is shown** |
| **1** | * **Complete definition of Corporate Social Responsibility is provided** * **But no evaluation is completed** |

1. **Describe how Heritage Chocolatier & Co could use a materials management strategy to improve business performance. (4 marks)**

***A just-in-time materials management strategy could be used at Heritage Chocolatier & Co to reduce operating costs. This approach would mean the operations manage for Heritage Chocolatier & Co would place orders to have the milk extracts, the cocoa and other inputs required to make their chocolates arrive just as they are needed in production. By using this material management approach Heritage can reduce storage costs and reduce the risk of supplies being damaged or going to waste in storage. Over the financial year, this will keep the operating expenses low, allowing Heritage Chocolatier & Co to record higher net profit figures.***

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| **Marks** | **Descriptor** |
| **4** | * **Identify an appropriate materials management strategy (Just-in-time, Forecasting or Master Production Schedule)** * **Correct definition of the strategy chosen** * **Comprehensive application of how the strategy could be used by Heritage Chocolatier & Co to improve the effectiveness or efficiency of the business.** |
| **3** | * **Identify an appropriate materials management strategy (Just-in-time, Forecasting or Master Production Schedule)** * **Correct definition of the strategy chosen** * **Good application of how the strategy could be used by Heritage Chocolatier & Co to improve the effectiveness or efficiency of the business.** |
| **2** | * **Identify an appropriate materials management strategy (Just-in-time, Forecasting or Master Production Schedule)** * **Correct definition of the strategy chosen** * **Little to no application is shown** |
| **1** | * **Correct definition of a materials management strategy** |

**Question 3 (12 marks)**

1. **Using an example of a business you have studied this year, describe how Porter’s Generic Strategies have been used to gain a competitive advantage. (3 + 3 = 6 marks)**
2. **Lower cost**

**Suggested Solution**

***Porters generic Lower costs strategy involves a business using strategies to alter the cost structure of a business. At Bunnings hardware store the use of bulk buying and sourcing goods from lower cost geographic regions keeps the costs of purchasing hardware material low and enables Bunnings to live up to the claim of being a market leader in ‘low cost’ hardware, gardening and household items appealing to the price conscious consumers. This approach gives Bunnings a competitive advantage over its other hardware rivals such as the Home Hardware Stores and Mitre 10.***

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| **Marks** | **Descriptor** |
| **3** | * **Detailed explanation of an example of how a business could reduce costs.** * **Excellent use of an example of business that uses a low-cost strategy to gain a competitive advantage** |
| **2** | * **Detailed explanation of an example of how a business could reduce costs.** * **Good use of an example of business that uses a low-cost strategy to gain a competitive advantage** |
| **1** | * **Good explanation of how a lower cost strategy could be used, but no example is explained.** |

1. **Differentiation**

**Suggested Solution**

***A differentiation strategy a business makes their product unique, different or of superior quality to gain a competitive advantage in an industry. A company can make their product distinctive with attributes that separate it from their competitors. Apple as a market leader in the invention and development of smart phones has used this as a differentiation strategy to gain and maintain a competitive advantage over rivals such as, Nokia and Blackberry. Apple by continually innovating and updating camera features, security capabilities and the look and design. The result being, Apple have retained a loyal customer base for their smart phones, even with the company charging a premium price for their product.***

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| **Marks** | **Descriptor** |
| **3** | * **Detailed explanation of an example of how a business could use a differentiation strategy** * **Excellent use of an example of business that uses a differentiation strategy to gain a competitive advantage** |
| **2** | * **Detailed explanation of an example of how a business could use a differentiation strategy** * **Good use of an example of business that uses a differentiation strategy to gain a competitive advantage** |
| **1** | **Good explanation of how a differentiation strategy could be used, but no example is explained.** |

1. **Outline the principles of lean management. Using a contemporary business example, explain how lean management principles could be adopted to improve business performance. (6 marks)**

***The four key principles of lean management include, pull, one-piece flow, takt and zero defects. A business using these principles establishes processes eliminate waste, reduce costs and increase profitability.***

***At Volvo the company is embarking on introducing a range of electric cars to compete with other electric car manufacturers like Tesla and BMW. In the manufacturing process by using the principle of ‘pull’ Volvo will ensure customer demand dictates the rate of production, helping to avoid overproduction and stockpiling. Secondly Volvo could implement the principles of ‘one-piece flow’ on the production floor. By having all the steps in the operations process aligned and focused to adding one piece at a time, it will remove any wasteful or unnecessary steps in the production of Volvo electric cars. The result of using these lean management principles will be a reduction in the level of waste and an improvement in the productivity growth of Volvo.***

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| **Marks** | **Descriptor** |
| **6** | * **A complete and accurate description of the principles of lean management is explained** * **A comprehensive description of how at least two principles of lean management could be used through a contemporary example** |
| **5** | * **A complete and accurate description of the principles of lean management is explained** * **A very good description of how at least two principles of lean management could be used through a contemporary example** |
| **4** | * **A complete and accurate description of the principles of lean management is explained** * **A good description of how at least two principles of lean management could be used through a contemporary example** |
| **3** | * **A complete and accurate description of the principles of lean management is explained** * **Some principles of lean management are applied but the example is poorly used** |
| **1-2** | * **A complete and accurate description of the principles of lean management is explained** |

**Question 4**

**Explain Lewin’s Force Field analysis theory. Justify why an accurate Force Field Analysis contributes to successful organisational change. (4 marks)**

**Suggested Solution**

***Lewin’s Force Field Analysis (FFA) is a method of weighing up the driving and restraining forces impacting on a proposed change. Once the proposed change is determined e.g. an expansion of operations, the organisation needs to establish which forces will drive the change like competitors or new technology and which forces will work against the change like financial considerations or time. Then each force is assigned a numerical value to evaluate whether the forces for change outweigh the forces restricting the proposed change.***

***An accurate and precise FFA allows the appropriate pressure to be applied to factors that will contribute to a successful business change. For instance, ensuring key driving forces like embracing new technology is fast tracked to give the change process the best chance of succeeding. Alternatively, a successful FFA will identify the threats posed by the key restraining forces and inform which strategies could be used to overcome the biggest threats to the success of the change, like a lack of finance or a lack of time.***

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| **Marks** | **Descriptor** |
| **4** | * **Thorough description of how the FFA is used. The key elements of identifying the change, weighting the driving and restraining forces need to be shown** * **Why an accurate FFA can inform decision making to ensure the change is a success.** |
| **3** | * **Thorough description of how the FFA is used. The key elements of identifying the change, weighting the driving and restraining forces need to be shown.** * **A good but incomplete description of why an accurate FFA is important to the change process** |
| **2** | * **Thorough description of how the FFA is used. The key elements of identifying the change, weighting the driving and restraining forces need to be shown.** |
| **1** | * **Identify some elements of a Force Field Analysis, but mostly the response is incomplete** |

**Question 5 (10 marks)**

**Australian Football League player surveys in 2020 indicate the two main stressors for players and their family is:**

1. **The health and safety of themselves and their family**
2. **A diminished income and financial insecurity**

**Some players highlighting the forced relocation of players and families to Queensland and Western Australia hubs, has increased tension, conflict and stress within their families.**

**It has been suggested by the AFL operations manager Lawrence and Nohrias four drive theory should be used to address the concerns of players. Contradictory to this view, is the view of the AFL player psychologist, who is convinced Maslow’s Hierarchy of Needs theory will better address the concerns of the players.**

**Evaluate whether the AFL should use the Four Drive Theory or Hierarchy of Needs theory to address player concerns. Justify which theory should be used.**

**Suggested Solution**

***Lawrence and Nohria drive theory proposes that four drives cause people to be motivated, these include the drive to acquire, the drive to bond, the drive to learn and drive to defend. The advantage of using this theory to motivate AFL players in the current set of circumstances is to target the drive to acquire which relates to being ambitious, striving to acquire a higher level of salary and improve their status in life. Players have cited concerns about income and financial security, by promoting the fact they will receive nearly all their contracted incomes by adhering to the AFL guidelines associated with hubs, it will not only ease their concerns but motivate players to perform on a weekly basis. A disadvantage of using the Four Drive theory is its limitation in addressing the safety and family concerns expressed by players. Family conflict, tension and safety concerns are key areas that need to be addressed by the AFL to ensure the relocation/hub program does not cause players to be divided and demotivated. A downside of Four Drive theory is that Bonding, Learning and Defending provide no methods of addressing these concerns*.**

***Maslows hierarchy of needs suggests that staff will exert more effort when specific needs are satisfied; these needs range from lower order needs such as physiological and safety to higher order needs such as social, self-esteem and self-actualisation. The AFL could target player concerns about health and safety by providing a system of regular health checks. Not only in testing for COVID-19, but also providing counselling services for families facing a range of stressors because of the player relocation. Maslow’s safety level (addressing concerns about financial security) could be met through players being reassured that by participating in the hub program ensures a reasonable level of income for AFL players in 2020.***

***It is advisable the AFL adopt Maslow’s Hierarchy of needs theory in attempting to motivate players during the Queensland and Western Australian hub program. The Four Drive theories drive to acquire would be useful to alleviating financial concerns but offer little in the way of targeting family worries. It is recommended the use of Maslow’s theory would have the added benefit of providing an approach to address safety and security needs of the players and their immediate families.***

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| **Marks** | **Descriptor** |
| **10** | * **A comprehensive description of the Four Drive Theory and the Hierarchy of Needs is completed** * **A detailed analysis of how these theories could be applied to the AFL players and their families is completed** * **A clear justification of which motivation theory would be most appropriate is clearly made and explained.** |
| **9** | * **A comprehensive description of the Four Drive Theory and the Hierarchy of Needs is completed** * **A very good analysis of how these theories could be applied to the AFL players and their families is completed** * **A clear justification of which motivation theory would be most appropriate is clearly made and explained.** |
| **8** | * **A comprehensive description of the Four Drive Theory and the Hierarchy of Needs is completed** * **A good analysis of how these theories could be applied to the AFL players and their families is completed** * **A clear justification of which motivation theory would be most appropriate is clearly made and explained** |
| **7** | * **A comprehensive description of the Four Drive Theory and the Hierarchy of Needs is completed** * **A good analysis of how these theories could be applied to the AFL players and their families is completed** * **Poor justification of which to use is applied** |
| **6** | * **A comprehensive description of the Four Drive Theory and the Hierarchy of Needs is completed** * **A good analysis of how these theories could be applied to the AFL players and their families is completed** * **No justification of which to use is applied** |
| **5** | * **A comprehensive description of the Four Drive Theory and the Hierarchy of Needs is completed** * **However, there is only minimal application to the situation facing the AFL players and their families is shown** |
| **3-4** | * **Some details of either the Four Drive Theory or Maslows Hierarchy of Needs theory is explained** * **However, no application to the situation facing the AFL players and their families is shown** |
| **1-2** | * **Minimal details of either the Four Drive Theory or Maslows Hierarchy of Needs theory is explained** |

## **SECTION B – Case study**

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| **Instructions for Section B**  Use the case study provided to answer the questions in this section. |

**Case study**

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| **Corporate Fresh seek cleaning opportunities**  Corporate Fresh a large commercial catering business is investing in developing a cleaning division to seize the opportunities presented by outbreaks of the corona virus in schools, hospitals and aged care facilities.  Corporate Fresh has grown over the past 20 years to be the largest catering company in Melbourne providing banquet lunches, meals and finger food to large corporate clients like Telstra, National Australia Bank and BHP-Billiton. In the last financial year sales reached $20 million and Net Profit was $5 million.  Corporate Fresh has lost at least 50% of its revenue stream during the health pandemic and is now seeking to establish itself as a major player in the commercial cleaning industry. The new Head of the cleaning division Tyson Jakes released a media statement stating that by September 2020 Corporate Fresh will be ready to take on “deep clean” jobs that earn revenue of $10,000 per job. Corporate Fresh is aiming to have 20% of the market share of the Melbourne commercial cleaning market by 2022.  The market share breakdown for commercial cleaning in 2020 is displayed in the chart below:  Chart 1 – Melbourne Commercial Cleaning Market 2020 |

**Question 1 (25 marks)**

1. Explain how Tyson could use the skills of decision-making and delegating to manage the change at Corporate Fresh (4 marks)

***Decision-making refers to the ability to identify the options available and then choose a specific course of actions from the alternatives. Mr Jakes will need to decide on the best, most cost-effective methods of preparing Corporate Fresh for the transition into the commercial cleaning industry. A critical decision that needs to transition the organisation quickly and effectively to the new way of operating.***

***Delegating involves transferring authority and responsibility from a manager to an employee to carry out specific tasks. To ensure a timely transition the key responsibility of sourcing new equipment, chemicals and protective equipment needs to be delegated to competent and trustworthy staff. This sharing of responsibility will increase the speed at which Corporate Fresh adjusts to the being ready to take on new clients in a matter of weeks.***

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| **Marks** | **Descriptor** |
| **4** | * **Accurate and complete definition of the skills of decision-making and delegating is provided** * **Excellent application of these skills in assisting Tyson Jakes in implementing the change at Corporate Fresh** |
| **3** | * **Accurate and complete definition of the skills of decision-making and delegating is provided** * **Good application of one skill that Tyson Jakes can successfully implement the change at Corporate Fresh** |
| **2** | * **Accurate and complete definition of the skills of decision-making and delegating is provided** * **No application to the scenario facing Corporate Fresh** |
| **1** | * **Accurate definition of the skills of decision-making or delegating** |

1. **Suggest how the key principles of the Three Step Change Model (Lewin) could be applied at Corporate Fresh with the development of the Commercial cleaning business. (6 marks)**

***The first Step of Lewin’s change theory is unfreezing which begins with preparing the organisation for change. Management need to clearly communicate the vision for change and explain why it is necessary. During this stage Managers like Tyson Jakes must identify any obstacles that could block the change and establish a group of ‘change agents’ that can assist Tyson Jakes in building momentum towards the diversification into commercial cleaning. It is important Tyson clearly communicates to staff the reason why Corporate Fresh is diversifying. Highlighting the recent poor financial performance of the organisation and signalling to staff that this opportunity is a way of ensuring the business continues to thrive and protects their jobs at Corporate Fresh.***

***The second Step of Lewins change theory is the change itself, where policies and procedures need to be rewritten and support is provided to ensure the change takes place with minimal resistance. Tyson Jakes at this stage will need to provide OH & S training to ensure all the workers of Corporate Fresh are aware of the risks and dangers of being involved in ‘deep cleaning’ a site that has had a known case of the corona virus. Tyson Jakes will need to purchase the safest protective workwear and appropriate cleaning equipment to ensure staff feel safe and can therefore be efficient at completing ‘deep cleans’ to build the image and reputation of Corporate Fresh as a new competitor in this market.***

***The final step is refreezing where the change begins to be institutionalised and the new processes and procedures become part of the ‘new way of doing things’. It is important Tyson Jakes celebrates the small wins with staff, whether it be securing the first 5 clients or receiving impressive feedback from new customers. Further support by providing frequent training updates will also assist Corporate Fresh consolidate their changes and help staff feel empowered to successfully maintain the change.***

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| **Marks** | **Descriptor** |
| **5-6** | * **Comprehensive description of Lewin’s three step change theory, using key terms to explain the unfreezing, change and re-freeze at Corporate Fresh** * **Excellent application of how Tyson Jakes could implement Lewin’s change theory, to successfully open up and begin operating the commercial cleaning division of the business** |
| **3-4** | * **Good description of Lewin’s three step change theory, using key terms to explain the unfreezing, change and re-freeze at Corporate Fresh** * **Some good application of how Tyson Jakes could implement Lewin’s change theory.** * **However, key details about Lewin’s theory is missing or incomplete** |
| **1-2** | * **Good description of Lewin’s three step change theory, using key terms to explain the unfreezing, change and re-freeze at Corporate Fresh** * **However, minimal application to the case study is shown** |

**Tyson is unsure whether he will hire trained cleaners or invest in training and re-skilling the current employees at Corporate Fresh.**

1. **Discuss the costs and benefits of hiring qualified cleaners as opposed to re-skilling and training existing Corporate Fresh staff members. (8 marks)**

***At Corporate Fresh to undertake a new recruitment program and hire qualified trainers provides the benefit of the business being able to quickly transition to providing cleaning services for new clients. Hiring experienced cleaners who have conducted several deep cleans will instil confidence in potential clients such as schools or Aged Care facilities that the job will be done right. A disadvantage of hiring new cleaning staff is the expense of recruiting which is reported to cost around $25,000 per new staff member hired. In addition, the downsizing of the number of workers needed in the catering arm of the business will involve redundancy pay-outs, possibly running into the hundreds of thousands of dollars.***

***Alternatively, Tyson Jakes could re-skill the current workforce. Corporate Fresh could organise and co-ordinate training that gives the current employees skills and qualifications to deliver cleaning services for new clients who require their workplaces undergo a ‘deep clean’. It is feasible this method will be less costly in getting the program off the ground than hiring new staff, with only the expense of the training needing to be covered by Corporate Fresh. The disadvantage of re-skilling the untrained workforce is the delay in getting staff prepared to transition to be prepared to offer the new services. This delay potentially costing Corporate Fresh new clients and possibly resulting in all their effort being in vain as little revenue will be generated because the transition to offering the new service took far too long.***

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| **Marks** | **Descriptor** |
| **8** | * **A detailed evaluation of the pros and cons of hiring new qualified staff** * **Contrasted with a detailed evaluation of the pros and cons of re-training the staff currently employed at Corporate Fresh** * **Comprehensive cost/benefit analysis is completed when weighing up the best way to prepare staff for the change** |
| **7** | * **A very good evaluation of the pros and cons of hiring new qualified staff** * **A very good evaluation of the pros and cons of re-training the staff currently employed at Corporate Fresh** * **Comprehensive cost/benefit analysis is completed when weighing up the best way to prepare staff for the change** |
| **6** | * **A good evaluation of the pros and cons of hiring new qualified staff** * **A good evaluation of the pros and cons of re-training the staff currently employed at Corporate Fresh**   **Comprehensive cost/benefit analysis is completed when weighing up the best way to prepare staff for the change** |
| **5** | * **A good cost/benefit analysis is completed when weighing up the best way to prepare staff for the change** |
| **3-4** | * **Some cost/benefit analysis is completed when weighing up the best way to prepare staff for the change** |
| **1-2** | * **Some cost/ benefit analysis is attempted but incomplete** |

1. **Outline the difference between reactive and proactive strategies when introducing change. (3 marks)**

**Suggested Solution**

***Tyson Jakes and the management at Corporate Fresh are initiating change and being proactive in relation the circumstances they face with the corona virus pandemic. A proactive approach to change is where management anticipate and adjust to changing circumstances to secure new opportunities in the market. Alternatively, a reactive approach to change involves management being swept along passively and unprepared for changes in the market. If Corporate Fresh were to take this approach they would just accept a decline in their catering business and fail to pursue any new opportunities that have arisen because of the pandemic.***

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| **Marks** | **Descriptor** |
| **3** | * **A comprehensive definition of the difference between reactive and proactive strategies is provided.** * **A contrasting term such as ‘whereas’ , ‘Alternatively’ or ‘on the other hand is provided.** |
| **2** | * **A comprehensive definition of the difference between reactive and proactive strategies is provided.** |
| **1** | * **A definition and explanation of only a proactive or reactive approach is provided.** |

**“Employees are usually your greatest barrier to effective change”**

1. **Advise Tyson Jakes of two strategies he could use to overcome resistance from staff to adjust to delivering the commercial cleaning services. (4 marks)**

***One strategy Tyson Jakes utilise would be to use a collaborative management style to empower staff during the change process. Adopting a consultative management style which involves Tyson asking staff for ideas and feedback on the best way to procced before Mr jakes making the final decision on processes and procedures used. Coupled with this approach would be a two-way communication where Tyson Jakes could develop his ability transfer information from the sender to the receiver. It is vital Tyson communicates the vision for staff to feel confident in the change and feel motivated to work towards making the diversifying into commercial cleaning services a success.***

***Mr Jakes could also implement a redeployment of resources with labour being distributed out of catering into cleaning services. In addition, the amount of capital resources per person could be increased to ensure the procedures used in the commercial cleaning business are efficient and effective. The redeployment of labour from one division to another will ensure staff retain employment and satisfy their job security concerns, motivating staff to make the change a success. Secondly, by entering the new market with market leading cleaning equipment will ensure they are competitive in winning cleaning contracts and making a ‘good name’ for Corporate Fresh in the growing commercial cleaning market.***

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| **Marks** | **Descriptor** |
| **4** | * **Comprehensive description of two strategies that can be used to respond to resistance to the change at Corporate Fresh** * **Excellent application of the factors involved in changing to help staff re-skill and deliver on the new commercial cleaning business** |
| **3** | * **Comprehensive description of two strategies that can be used to respond to resistance to the change at Corporate Fresh** * **Very good application of the factors involved in changing to help staff re-skill and deliver on the new commercial cleaning business** |
| **2** | * **Good description of two strategies that can be used to respond to resistance to the change at Corporate Fresh** * **However, minimal application to the scenario** |
| **1** | * **A description of one strategy that could be used to overcome employee resistance at Corporate Fresh** |

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