

2017 VCE Business Management examination report

General comments

The 2017 Business Management examination was in a new format with two sections. Section A consisted of short-answer and extended-answer questions and was worth 50 marks. Section B consisted of short-answer and extended-answer questions based on a case study and was worth 25 marks. Higher-scoring responses addressed each element of a question, met the requirements of the task words within a question and effectively applied theoretical knowledge to scenarios when required.

In the case study questions in Section B, students were asked to ensure that their responses applied to the case material. High-scoring responses were detailed and showed an understanding of the business in its nature and objectives, rather than general comments – for example, students could refer to the fact that in this case study, the business was a dairy, and dairy products are perishable and so storing them or transporting them over long distances is difficult and costly.

Students are encouraged to use the reading time wisely. In some instances a thoughtful choice of strategy or option allowed the student to better respond to the demands of a question. This meant that they selected options that were easier to justify or discuss. Students who took the time to consider the most logical approach to a question were better able to give a higher-quality response.

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 more or less than 100 per cent.

Section A

Question 1a.

Marks	0	1	Average
%	20	80	0.8

Students should have stated that a sole trader is a business structure where one person owns the business. The key term was 'owned'.

Only using the terms 'control', 'operate' or 'run' was insufficient to be awarded the mark.

In general, this question was well answered. Students needed to ensure that their response was accurate to score the one mark available. This question highlighted the need for students to use precise language when answering a question.

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

A sole trader is a small business, owned and operated by a single proprietor, often with the primary objective of making a profit.

Question 1b.

Marks	0	1	2	Average
%	11	62	27	1.2

While most students were able to state a reason why a partnership may be advantageous compared to a sole trader – more start-up capital, shared workload, shared decision-making, bigger pool of experience, etc. – few of these students then expanded upon this reason. The question required students to outline their chosen reason and provide more detail than simply stating the reason. For example, with two or more owners contributing capital there is less need for the business to borrow money to finance the start-up of the business. This removes a cost (interest), making it cheaper financially to commence business.

Lower-scoring responses defined a partnership or simply named a second reason. A second reason was not awarded a mark.

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

A partnership is a structure that can consist of 2 to 20 people and combines the expertise and capital of these people. They also have unlimited liability, however, a business may choose to operate under this structure as it means there's more perpetuity for the business, in that even if one person leaves or passes away, the life of the business will still continue. If this were the case with a sole trader the business would no longer operate.

Question 1c.

Marks	0	1	2	Average
%	46	31	23	0.8

This question required students to analyse and interpret data presented in a graph. It was not answered well. Some common errors included:

- students misunderstanding the question, believing that the question related to change in general and not the change in the key performance indicator (KPI) provided
- not understanding the KPI provided – staff turnover does not result in fewer employees in a business; staff turnover refers to the number of staff who leave the business and need to be replaced
- not providing a link between the change in staff turnover and another separate KPI. Simply stating that an increase in staff turnover would lead to a decrease in net profit was insufficient to gain full marks. Students needed to describe how the change in staff turnover could affect another KPI.

Higher-scoring responses referred to net profit figures, rate of productivity growth and number of sales as the KPI affected by staff turnover, and were able to describe the link.

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

Net profit figures are a key performance indicator relating to a business's overall profit after taxes and expenses are deducted. Increasing rates of staff turnover at Gadget Industries is likely to have negatively impacted net profit. As employees leave the business it can become

expensive for them to go through the recruitment process and provide new employees with the opportunities for training and development. These expenses are likely to decrease the net profit of Gadget Industries.

Question 1d.

Marks	0	1	2	3	Average
%	22	28	33	17	1.5

Many students were unable to explain how a persuasive management style could assist in reducing the level of staff turnover. Some lower-scoring responses explained the consultative management style, rather than the persuasive style as stipulated.

Students were required to show an understanding of the persuasive management style, such as centralised decision-making whereby the manager makes the decision without any employee input and then 'sells' the decision made to employees and other stakeholders by providing a reason for the decision. They also needed to link the style to a reduction in staff turnover. Higher-scoring responses referred to staff feeling comforted by the fact that management had taken time to explain their decisions, building some level of trust with employees. This may lead to increased staff satisfaction and fewer resignations, thereby reducing the level of staff turnover.

Lower-scoring responses did not understand the style referred to in the question, confused the intent of the question, explained either how the style can lead to staff turnover or how the persuasive style is more appropriate than the autocratic style, and did not link it to reducing staff turnover.

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

A persuasive management style is where a manager convinces employees to undertake certain actions, however they still maintain complete control over decision making, and communication is one-way top down (management passes down to subordinates). As the staff turnover at Gadget Industries may be the result of uncertainty and lack of direction in the workplace, the persuasive would be suitable as it means that the manager can include the reasons why certain actions need to take place. If employees have a better understanding of the task and why it must be done, then staff turnover may decrease.

Question 2

Marks	0	1	2	3	Average
%	30	25	27	18	1.4

High-scoring responses to this question showed a clear understanding of both mediation and arbitration and were able to state the differences between them as a means of dispute resolution.

Low-scoring responses tended to focus on the similarities between the two means of dispute resolution or just wrote two definitions without highlighting their differences. Low-scoring responses also tended to state that the role of a mediator is to 'just listen' to the disputing parties, when, in fact, the role of a mediator is to facilitate the discussion in order to allow the disputing parties to come to their own resolution.

Many students were unaware that the Fair Work Commission can be requested to be a mediator in a workplace dispute. Some confused mediation with conciliation.

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

Mediation is a formal process where the two disputing parties bring in a third party who facilitates the conversation between the disputing parties. Both parties then communicate with each other and reach their own decision. This differs to arbitration which is where the two parties put their case forward to an independent third party who then makes the final decision.

In mediation, the disputing parties will decide on their own agreement however it is not necessarily legally binding upon the decision, while in arbitration the third party decides on a resolution for them and this is legally binding.

Question 3a.

Marks	0	1	2	Average
%	24	34	43	1.2

Students needed to describe a suitable motivational strategy to answer this question. There was some confusion about the distinction between motivational strategies and performance management strategies. Students were expected to outline one of the following and link it to the scenario – that is, show how Aaron could make use of this strategy to improve employee performance:

- performance-related pay
- career advancement
- investment in training
- support
- sanction.

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

Aaron could implement performance related pay. This is where employees receive a financial reward based on meeting or exceeding performance expectations. By offering monetary rewards to employees who achieve expectations in their work, such as fully cleaning all cars, this will motivate the employees to work hard at their job and perform highly in order to receive the financial incentive such as a bonus which benefits them.

Question 3b.

Marks	0	1	2	3	4	Average
%	9	14	30	30	16	2.3

In order to be awarded full marks students were required to discuss both the benefits and limitations of a suitable training option. They had the choice of on-the-job training or off-the-job training (as stated in the study design). Students needed to provide a brief explanation of what the training involved, provide benefits and limitations of the training option selected and relate it to Car Bright's employees.

Responses were marked according to the depth and detail of the discussion of how the training option could be used in this scenario.

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

Car Bright should use on-the-job training. This is where employees improve their skills and knowledge while at the workplace, often while performing their actual job. Using on-the-job training will allow for Aaron's employees to improve their car cleaning services more effectively as they are able to learn with the actual equipment that they need to use. Furthermore this will likely be more cost effective for Aaron to implement rather than sending employees elsewhere for training. On-the-job training will result in highly skilled employees at Car Bright in this manner. However, this form of training can result in poor habits from trainers within the workplace being passed down to employees as it often relies on employees to teach other employees. Furthermore, there may be workplace interruptions which interfere with the learning of Car Bright's employees at the workplace.

Question 3c.

Marks	0	1	2	3	4	Average
%	23	24	27	20	7	1.7

This question asked students to examine whether Locke and Latham's Goal Setting Theory was appropriate for Car Bright. Students needed to demonstrate knowledge of the theory and then comment on whether it could be beneficial or unhelpful in addressing staff motivation. This involved looking at the theory in detail and commenting on its suitability specifically for Car Bright.

High-scoring responses included an explanation of Locke and Latham's theory, an explanation of how the theory could either benefit Car Bright and/or be unhelpful to the business in addressing staff motivation.

Some students referred to other motivational theories (for example, Four Drive Theory or Maslow), which was not necessary.

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

The goal setting theory is a theory that describes how goals that are clear, specific, challenging and where employees are committed and receive feedback provide high levels of motivation. This would be beneficial in providing motivation as Aaron could use it to set clear and challenging goals such as cleaning a certain number of cars each day. Aaron could work with employees to develop these goals to ensure his employees are committed to them and therefore motivated to achieve them. By providing ongoing feedback based on these goals, Aaron can recognise the efforts of his employees and keep them on track toward meeting their goals. Aaron would need to ensure that the goals are both relevant and achievable or else they may be ineffective in motivating staff. Hence this theory would be appropriate as it would allow for long term commitment and motivation in Aaron's staff with each goal driving them to work hard.

Question 4a.

Marks	0	1	2	Average
%	19	45	36	1.2

High-scoring responses to this question provided more than just a definition of lean management. They described at least two principles underlying the concept of lean management.

Students who did not answer this question well confused lean management with materials management, focusing only on the waste that can occur in materials while omitting the other types of waste that can occur in businesses.

Some students wrote about lean management as a strategy designed to benefit the environment or to improve quality, whereas the principles of lean management are related to minimising all types of waste and inefficiencies in production of a good or service.

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

Lean management is a systematic process for the elimination of waste that involves taking out all aspects that do not add value to the end product, and only consisting of what is appealing to the customer. The principles of this include the system of Just-In-Time (where goods arrive just as they are required in the production process), Kaizen which refers to continuous improvement in the organisation and its production processes, and the use of automation (which refers to replacing processes that could be conducted by humans with technology). This aims to increase productivity whilst decreasing the amount of unnecessary wastage.

Question 4b.

Marks	0	1	2	3	4	Average
%	33	22	23	14	7	1.4

Students who answered this question well were able to directly apply their knowledge of lean management principles to Small Goods Pty Ltd. They tended to relate the concepts they had studied – such as 5S, the seven different types of waste, kaizen (focused on efficiency) or pull, takt, One Piece Flow or Zero Defects – to the situation described at Small Goods Pty Ltd and use this to explain how they could assist in the reduction of the level of wastage.

Students who did not answer this question well did not apply their answer to Small Goods Pty Ltd. Some students wrote about the effect on the environment rather than directly addressing the question.

In order to achieve full marks, a clear link was required to show how the strategy actually reduced wastage levels.

The following is an example of a mid- to high-scoring response. This response would have benefitted from a more specific relationship to the case material.

Heidi may implement lean through considering the 'Pull' principle. By letting customer demand pull the business, they're more likely to generate less waste as they're only manufacturing the outputs they will sell. This decreases the amount of idle stock from perishing, decreasing the amount of waste at Small goods.

Heidi may also decide to implement the principle 'Zero Defects' in which the business must strive for perfection. Doing so will mean that levels of waste will decrease as there are less defects going to waste rather than being sold. This efficient use of resources will also act to increase profits as they're maximising outputs whilst minimising waste.

Question 4c.

Marks	0	1	2	3	4	Average
%	16	19	30	23	11	2

High-scoring responses to this question clearly identified the impact that the reduction of wastage – which is an efficiency improvement for Small Goods Pty Ltd – could have on suppliers and one other stakeholder. They then explicitly analysed the impact on both stakeholders.

Lower-scoring responses did not clearly identify if the impact was positive or negative for the stakeholders. Nor did they clearly describe how a reduction in waste would actually work to impact two stakeholders. Some students wrote about the impact of a reduction of prices, a change in quality or the implementation of Just In Time (often a response to Question 4b.), rather than addressing the question, which was about the impact of the reduction of the level of wastage.

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

Suppliers are the businesses that provide a business with its raw materials and resources. By reducing wastage, this could have a negative impact on suppliers as there may be less demand for resources as the business is making better use of the resources they have. Suppliers may see decreases in their quantities they deliver, and receive less pay. Reducing level of wastage will likely positively impact shareholders. Shareholders are those who own part of the business. With wastage levels decreasing, this will significantly reduce costs for the business in the long term. As a result, shareholders may receive increased dividends through improved profit margins, and they will receive a better return on investment as the business increases in value and so do their shares.

Question 4d.

Marks	0	1	2	3	Average
%	33	34	24	9	1.1

High-scoring responses specifically linked corporate social responsibility to the implementation of change and justified why it was a consideration. These responses focused on one corporate social responsibility consideration, as the question required, and justified this in depth.

Lower-scoring responses wrote only about corporate social responsibility as a concept, without relating it to change. Some students confused this question with low-risk strategies to implement change, especially in overcoming employee resistance. Some responses simply contained lists of corporate social responsibility obligations, rather than a justification of one.

Many examples provided by students were of the legal obligations of businesses and were not considered to be examples of businesses demonstrating corporate social responsibility.

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

Corporate social responsibility takes into account what is ethical and socially responsible. It expresses concern for how its practices effect the environment, society's health and welfare and the workplace and their families, but does not include what is legally required by regulators (eg. OH&S). When implementing change, the business should ensure that they are always considering how its processes impact the environment. As a company who sells meats including ham and salami's, they should try to purchase their products from a local supplier as the travel time that it takes to reach them is closer, reducing carbon emissions that damage the environment. Doing this also helps the local community and supports farmers in the area.

Question 5

Marks	0	1	2	3	4	5	6	Average
%	13	21	24	20	14	6	2	2.3

Students who answered this question well demonstrated a clear understanding of the roles of both human resource managers and the Fair Work Commission, and were also able to apply these to the process of determining new wages and conditions of work at Jackson Incorporated.

Lower-scoring responses tended to simply outline the roles of both human resource managers and the Fair Work Commission without any application to Jackson Incorporated's process of determining new wages and conditions. Some students incorrectly wrote about the human resource manager as an employee advocate in this process.

While it was possible to interpret this question as making a decision about whether to introduce Award wages and conditions or negotiate an agreement, most students tended to write about the latter.

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

Human resource managers are responsible for managing the overall relationship the business has with its employees. A human resource manager may act as a mediator between employees and their representatives and employers and their representatives when bargaining for new wages and agreements. They must ensure there is a balance between the employee and employer that both are being satisfied with the new agreements being bargained to create fairness within the workplace. They must ensure that the legally binding safety net of awards are being met.

Fair Work Commission is Australia's independent national workplace relations tribunal. They are responsible for creating awards for different industries as well as the 10 national employment standards. They approve enterprise bargaining agreements and facilitate good faith bargaining.

The Fair Work Commission are involved during arbitration where they make a legally binding decision on new wages and working conditions that employees and a business must follow.

Question 6

Marks	0	1	2	3	4	5	6	7	8	9	10	Average
%	8	7	11	15	15	14	13	8	5	2	1	4.1

This question required students to evaluate the statement. A large proportion of students evaluated technology as a means of improving productivity, competitiveness and effectiveness.

The task required students to evaluate whether technology is the **only** means of improving productivity, competitiveness and effectiveness. This was a subtle distinction that not all students discerned.

Students who interpreted the question correctly were able to draw on a range of other factors that could contribute to improvements in productivity, competitiveness and effectiveness. These other factors included:

- introducing a quality management system to reduce defective products and/or waste
- operate using lean management to reduce costs and waste
- motivate staff to work more efficiently – performance-related pay
- introduce a performance management system to assist staff to improve their performance
- consider using global options to reduce costs – overseas manufacturing, source inputs from overseas or outsource a non-core activity
- change the corporate culture
- become a learning organisation, to be proactive in dealing with any change and resulting in a more competitive and effective business.

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

While technological advancements can see an improvement in productivity, competitiveness and effectiveness, the implementation of technology is not the only way a business can hope to see improvements in these areas. Technology can be implemented to improve many areas of the business. New technologies can be implemented into the processes of a business, such as increased automation, which will see improved productivity. For example, new technological advances such as robotics in automated production allow for processes to occur faster during production which can increase the speed at which outputs are produced. Technologies also help employees to better manage their workflow and communication with one another, resulting in an improvement in their ability to achieve objectives efficiently. Technology can also see an increase in competitiveness as it can be implemented to improve the quality of an end product or service, therefore driving more sales for the business, and can significantly reduce long term costs as it improves the efficiency and reduces wastage of the business. With more advanced technology, a business will likely be able to achieve objectives such as meeting market demand more effectively.

However, there are other factors which are incremental to achieving these three areas. Employees themselves are a major catalyst for business success. Training employees can see a significant improvement in productivity, as employees are able to use their skills to carry out their role quicker and make less errors. The reduced errors from employees in turn improves quality of the good or service, enhancing competitiveness and effectiveness. If a business is reliant on technological advances alone for improvements, it would be ineffective as it needs highly skilled and experienced employees to use and manipulate the technology. Similarly, motivation is a key factor that will determine success in these areas. Using strategies to motivate employees such as support can see them working much harder towards business objectives and will improve their productivity and the overall competitiveness of the business in this way. With advanced technology, but an unmotivated workforce, a business is unable to get far. Thus, while technological advancements are key in maintaining and improving the

productivity, competitiveness and effectiveness of a business, it is not solely responsible for this. A business needs to consider a wide array of its activities, resources and tools, in particular the employees themselves, and be able to continually utilise these in unison with technologies to secure its ongoing success.

Section B

Question 1a.

Marks	0	1	Average
%	43	57	0.6

The study design identifies five clear areas of management responsibility and it was expected that students would select one of these five (other than operations): finance, human resources, technology support or sales and marketing.

Some students provided operations as a response, which was not accepted (it was a constraint in the question). Another common response that was not accepted was 'technology'. This is a strategy and not deemed an area of management responsibility.

Question 1b.

Marks	0	1	2	Average
%	55	27	18	0.6

In order to achieve full marks for this question, students were required to explain how a strategy or action from the area of management responsibility could improve environmental sustainability.

Many students did not establish the link between the designated area of management responsibility and the stated objective. Some suggested approaches were:

- finance – providing/obtaining finance/determining budgets for sustainable initiatives
- human resources – focus could be on staff training linked to sustainability
- sales and marketing – focus could be on the use of green marketing (process of selling products and/or services based on their environmental benefits)
- technological support – focus could be on digital technology for communication, more efficient energy use.

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

Financial managers are able to budget for new and upcoming technology such as solar power that will enable the business to reduce its energy usage. By enabling Shandra's Dairy to have the funds to purchase solar panels they're able to decrease their economic footprint and make use of natural forms of energy.

Question 2

Marks	0	1	2	3	Average
%	41	21	31	7	1.1

This question was not answered well by students. Efficiency and effectiveness are two separate concepts. Treating these two concepts as one made it very difficult for students to gain full marks.

Also, many students stated a strategy and then stated that strategy would improve efficiency and effectiveness, but they did not explain how the strategy would do this.

High-scoring responses explained how a relevant strategy could improve both efficiency and effectiveness of its operations in relation to materials.

The strategy provided needed to relate to materials management. The student could have referred to any of the following:

- Forecasting
- Just in Time
- Master Production Schedule
- Master Requirement Plan.

The student needed to describe the strategy, for example, a Just in Time (JIT) system could be introduced to ensure inputs arrive at the business just in time to be used in the production process. The strategy then needed to be linked to efficiency – for example, a dairy business would reduce waste if it used JIT as the risk of produce becoming out of date and unusable would decrease. The strategy then needed to be linked to effectiveness – for example, JIT is a suitable material management strategy as it means that the dairy can be more flexible, changing production to suit customer demand and making the business more effective.

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

Shandra's Dairy Ltd could make use of the just in time approach. This is where the right amount of materials arrive in operations just as they are needed. Using the JIT approach would improve efficiency as it would ensure that the business is not oversupplied with materials so that resources are not expended on maintaining large stockpiles and production can continue to flow with the right amount of materials arriving when needed. It can also improve effectiveness as by ensuring that materials arrive to order at Shandra's Dairy Ltd, they will consistently have the right quantities that are required to meet dairy production.

Question 3

Marks	0	1	2	3	4	Average
%	40	21	20	15	4	1.3

This question was poorly answered, with many students failing to achieve a mark. This question required students to comment on the similarities and differences between quality control and one other quality strategy in relation to Shandra's Dairy Ltd. Both quality assurance and total quality management were satisfactory choices, and both were used successfully. Those students who chose quality assurance seemed to find it easier to comment on both similarities and differences. The question also required students to show how both strategies could improve the excellence of the product provided by Shandra's Dairy Ltd.

There is no requirement that with a 'compare' question the number of similarities and differences should be equal, although both need to be examined. It is acceptable to have one similarity or difference and multiples of the other option.

Lower-scoring responses did not provide detail about the quality strategies and often confused them. Only a simple definition of a strategy did not meet the requirements of the question.

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

Quality control is where the business ensures its goods or services adhere to a set of quality criteria by performing checks at regular intervals during production. Whereas total quality management is a system based on the principle that every member of staff is committed to maintaining high standards of work in all aspects of operations. Both of these strategies can be implemented by a business to see a significant improvement in the standard of quality of outputs. Both of these strategies also incorporate the use of corrective action by staff to ensure that defects are minimised and outputs meet expected value. However, quality control is reliant upon developing an initial set of standards to which the quality of items are compared to, whereas total quality management is focused on ongoing improvements and developments that are mediated by employees. In QC, employees are only involved in performing the regular

checks and are less empowered, whereas in TQM they are empowered to find solutions and innovations.

Question 4

Marks	0	1	2	3	4	5	6	Average
%	9	7	16	27	22	13	6	3.1

High-scoring responses to this question demonstrated a thorough understanding of Lewin's Three Step Change Model and then applied it to Shandra's Dairy Ltd and their goal to diversify into the snack food market. Many students were able to show an understanding of Lewin's Model, and provide some application of each stage to Shandra's Dairy Ltd.

Lower-scoring responses either lacked detail in the explanation of the Change Model or confused the steps. Lewin's Model is far more complex than simply Unfreeze, Change, Refreeze, and there are tasks that need to be accomplished at each stage that needed to be incorporated into an answer. Some students linked the model to Shandra's Dairy Ltd's aim to be a global brand, which did not address the question.

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

The three step change model provides a scaffold which a business can follow to implement successful changes. The first step, unfreeze, is about opening up the business to a state where it has the momentum to undergo the change. This involves communicating a vision for the change to stakeholders and creating a sense of urgency for the change. Shandra's Dairy Ltd could unfreeze by first communicating a vision of the snack foods that they are hoping to implement and highlighting the benefits of the expansion to key stakeholders to get them on board with the change.

The next step, change, is about moving towards the desired state of the business by transforming and involves providing ongoing support and dedicating the necessary resources towards the change. Shandra's Dairy Ltd could empower employees to get them working towards developing the new snack foods and allocate the necessary resources towards expanding the product range in order to provide a smooth transition.

The final stage, refreeze, is about reinforcing the change into the business so it will not revert to old ways. This involves anchoring the changes into the culture and making necessary adjustments. Shandra's Dairy Ltd should provide ongoing training to staff who have taken on new roles in the snack food production and allow for new suggestions and product innovations so that the business will continue its commitment to the expanded product range and snack foods.

Question 5

Marks	0	1	2	3	4	5	Average
%	30	12	19	20	13	6	1.9

This question began with the task word 'identify', therefore the first requirement was identification of either of Porter's Generic Strategies – lower cost or differentiation. Students then needed to relate to it Shandra's Dairy Ltd and discuss how it might be used. The task word 'discuss' requires students to identify benefits or limitations (pros or cons) of what they are talking about. Both of Porter's Generic Strategies were used equally as successfully as the other. Higher-scoring responses that discussed lower cost referred to the recent purchase of wind turbines and solar panels, and the savings that these provided – this meant a reduction in operating costs was an option for the business. Higher-scoring responses that used Differentiation talked about being able to create dairy options that other businesses did not provide, such as different gourmet flavours.

Lower-scoring responses spoke of the benefits or limitations of their choice in a general or broad sense and did not relate it to the business with any detail.

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

The differentiation approach is where the business is able to gain a stable competitive advantage by becoming unique in its industry in a way that is valued by customers. Shandra's Dairy Ltd should differentiate their dairy products by giving them unique value, which could be done by using unique ingredients and recipes for their dairy products which are unmatched by competitors in the industry. By having a unique dairy range which customers value, Shandra's Dairy Ltd will be able to develop a highly loyal customer base and demand for their products as customers are unable to get the unique items from competitors. This approach, if done correctly, will allow for Shandra's Dairy Ltd to charge a premium price for their products, as customers are willing to pay more as they perceive their dairy products to be of special value. This will allow for Shandra's Dairy Ltd to increase their profits on each sale made. However, Shandra's Dairy Ltd may find that they run into cost issues in their attempts to add value to their products. If costs rise uncontrollably, the benefit of premium pricing will be negated. Also, if a competitor decides to copy the products produced by Shandra's Dairy Ltd, they may lose their unique attributes and therefore run the risk of no longer being unique.

Question 6

Marks	0	1	2	3	4	Average
%	16	23	33	20	8	1.8

Students were often able to name at least one driving and one restraining force and then relate it to the objective to become a global brand. In order to achieve full marks students were required to explain the driving force and restraining force – for example, employees – and how the driving or restraining force affected the achievement of the objective. Most students did not respond to the demand to explain the driving force and restraining force.

Students should avoid general statements such as 'all employees dislike change', when responding to questions. This is not the case.

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

One driving force could be globalisation. This is where economic boundaries are removed and businesses begin operating on a global scale. Increased globalisation could drive Shandra's Dairy Ltd to become a truly global brand as it encourages the business to enter new overseas markets in order to take advantage of new customer bases and remain competitive in an international market. One restraining force would be financial considerations. The short and long term costs of expanding the brand across multiple countries may dissuade and make it more difficult for Shandra's Dairy Ltd to establish a global brand. There would likely be many expenses associated with operating and selling on an international level such as transportation which will work against the change.