Chapter 3 – Revision test solutions

Part A
1 A
2 C
3 D
4 a F
   b T
c T
d T

Part B
1 a Productivity – productivity measures the amount of output from a given amount of input. It is an important PI to measure organisational efficiency.
b Benchmarking – benchmarking is a way to ensure that the organisation is working to a high standard. The benchmark may an internal standard to work towards or it may be a benchmark against the best organisations in the world, i.e. World’s Best Practice.
c Market share – this is a PI that measures the percentage or proportion of the market or sales of the organisation.
d Stakeholder approach – an approach ensures that an organisation measures its performance from a number of stakeholder viewpoints not just the more traditional financial PIs. The views of customers, employees and shareholders may be integrated into an evaluation of the organisation.

2 a Staff morale – staff absenteeism or staff turnover.
b Safety levels in the workplace – number of work place accidents or the number of WorkCover claims.
c How well employees are working – productivity or number of faulty products (quality).

3 a An organisation might use a Balanced Scorecard approach as it will enable an organisation to assess performance from a number of different perspectives. It allows for a more integrated approach to performance. The approach examines the performance of the organisation from four different perspectives. These are: a customer focus, an internal capability perspective, innovation and learning and lastly a financial perspective.

b One advantage of this approach is that it examines the organisation from a number of different viewpoints and provides a more rounded or complete approach to the organisation. One disadvantage is that it might be time consuming and more difficult to measure. It also means that the organisation may not be focusing on how it is performing internally in enough detail.

4 Organisations can ensure that their social responsibility obligations are incorporated into any evaluation by ensuring that more than just financial Performance Indicators are used. By looking at indicators such as waste and customer and employee satisfaction it enables the organisation to assess whether it is performing in a way that the community values and sees to be in a socially responsible manner.