Unit 3, Outcome 2 assessment task A: structured questions

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This task is the first of two assessment tasks provided for Outcome 2 in VCE Business Management Unit 3. It assesses management structures, corporate culture and its further development, and the need for, and process of, policy development and application. The other key knowledge for Outcome 2 is covered in a separate assessment task (task B), which is also published in this edition of Compak.

This task has been designed as a closed-book task to be completed in a single lesson. It has a mark allocation of 25 marks. If used in conjunction with Task B (also marked out of 25), teachers will need to adjust this mark, as Outcome 2 contributes 40 marks to School-assessed Coursework for Unit 3. Suggested answers to this task are provided.

Task details

Assessment task
Structured questions

Unit/area of study
Unit 3: Corporate Management
Area of Study 2: ‘Internal environment of large-scale organisations’

Outcome 2

Discuss and analyse major aspects of the internal environment of large-scale organisations.

To achieve this outcome the student will draw on the following key knowledge:

- management structures
- corporate culture and its future development
- key management roles:
  - planning: long-, medium- and short-term
  - organising: resource and task allocation techniques
− leading: importance of leadership qualities, including interpersonal, informational and decision-making
− controlling: financial and non-financial processes and control systems
• the need for, and process of, policy development and its application
• different styles of management, including autocratic, persuasive, consultative, participative and laissez-faire, and their appropriate application to various management situations
• key management skills as appropriate to the process of effective management
• the relationship between management styles and skills
• implications of managing the internal environment of large-scale organisations in an ethical and a socially responsible manner.

To achieve this outcome the student will apply the following key skills:
• accurately use relevant management terms
• research aspects of the internal environment of large-scale organisations using print and online sources
• analyse business information and data
• analyse major aspects of the internal environment of large-scale organisations
• apply knowledge and concepts to practical and/or simulated situations.

**Relevant key knowledge and key skills for this task**

**Key knowledge**

The relevant key knowledge for this assessment task includes:
• management structures
• corporate culture and its further development
• the need for, and process of, policy development and its application.

**Key skills**

The relevant key skills for this assessment task include the ability to:
• accurately use relevant management terms
• analyse business information and data
• analyse major aspects of the internal environment of large-scale organisations
• apply knowledge and concepts to practical and/or simulated situations.

**Instructions and conditions**

In completing these structured questions, students should demonstrate an understanding of the relevant key knowledge and key skills for Outcome 2, and an ability to plan, organise and undertake written communication.

Answer all questions in this answer book. The marks for each question are indicated after each question.

**Conditions:** Closed book

**Time allowed:** 50 minutes (plus reading time)

**Marks allocated:** 25 marks
Questions

Refer to the following extract to complete Questions 1a and 1b and 4b.

The Grand Prix is to be held once again in Melbourne in 2011. Specialised Sports Events has been awarded the contract to manage this event. The Grand Prix is expected to attract more than 300 000 spectators over the four days of the event. Specialised Sports Events Chief Executive Officer, Robert Wellington, has made the decision to change the organisation’s current structure by dividing the organisation into three separate divisions: Participating Racing Teams, Corporate Sponsors and Clients, and the General Public. Robert called his senior management team together to explain the benefits of adopting this new organisational structure. At the meeting, not all senior managers were in favour of the proposed change in structure, their main objections being:

- the effect on the overall corporate culture of Specialised Sports Events by dividing into three separate operational areas
- the loss of shared knowledge by dividing the staff
- the impact the change in organisational structure could have on the organisation working towards its common purpose of being the ‘No.1 organiser of sporting events in Australia’.

Question 1

Organisations can choose to group their workers based on the following classifications:

i. function
ii. geographic
iii. product
iv. customer

a. Identify the organisational structure proposed by Robert Wellington.

b. Analyse that structure in terms of whether you think it would be the most appropriate for Specialised Sports Events to adopt.
Question 2

Identify the three levels of management found in most organisational hierarchies. In relation to each level, explain the degree of responsibility, authority and control exerted by each level of management.
Question 3

It has become a trend for modern organisations to adopt a flatter organisational structure. Identify and discuss two advantages of adopting a flatter organisational structure rather than adopting a bureaucratic structure.

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1 + 2 = 3 marks

Question 4

a. Define the term ‘corporate culture’.

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1 mark

b. Discuss two strategies that the senior management team at Specialised Sports Events could use to assist the organisation to maintain a single corporate culture.

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2 marks
c. No two organisations have identical corporate cultures. Identify two elements that can influence or act to differentiate an organisation’s corporate culture.

2 marks

Question 5

Refer to the following extract to complete the following questions.

Whitehouse Corporation Limited has recognised the need to change its Parental Leave policy to reflect the legislative changes made by the Australian Government. The Paid Parental Leave Scheme is a government-funded payment of $570 per week before tax, for a period of up to 18 weeks. The payment is made to working parents of children born or adopted on or after 1 January 2011.

Whitehouse Corporation Limited has a policy that currently allows for eligible female employees to take unpaid maternity leave for a period of up to 52 weeks. If an employee is the primary caregiver of a child, the policy also provides for a payment of an allowance at the employee’s ordinary rate of pay for the first 12 weeks of the period of maternity leave.

a. Compare and contrast the terms ‘policy’ and ‘procedures’.

2 marks
b. Describe **two** reasons why policies might need to change.

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2 marks

c. Describe an appropriate policy development process that Whitehouse Corporation Limited would need to adopt to develop its new Parental (Maternity) Leave policy.

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Suggested answers

Question 1

Organisations can choose to group their workers based on the following classifications:

i. function
ii. geographic
iii. product
iv. customer

a. Identify the organisational structure proposed by Robert Wellington. (1 mark)

The organisational structure proposed is departmentalisation or divisions based on customer—Participating Racing Teams, Corporate Sponsors and Clients, and the General Public.

b. Analyse that structure in terms of whether you think it would be the most appropriate for Specialised Sports Events to adopt. (3 marks)

Adopting a structure based on customers means that employees are grouped together into departments according to the customer they are selling to or providing the service for. Dividing the labour (who does what) into customer-related departments means that those employees with specialised skills can handle their customers with a degree of expertise and knowledge relevant to that customer. For example, the needs of racing teams will be very different from the needs of the general public.

Adopting this structure means that communication channels can then flow easily and openly within each department. Also, the reporting relationships will be clearly understood as well as the chain of command. This structure would be the most appropriate for Specialised Sports Events to adopt, as it would assist the company to achieve its goal of being ‘No.1 organiser of sporting events in Australia’.

Question 2

Identify the three levels of management found in most organisational hierarchies. In relation to each level, explain the degree of responsibility, authority and control exerted by each level of management. (3 marks)

Senior or executive management is the top or highest level of management. It is responsible for strategic (long-term) planning and decision-making for the whole organisation. Senior management has the highest level of authority and control of all management levels.

Middle managers are those managers who are in charge or responsible for their designated department or division. For example, in a bank such as ANZ, the middle manager is the branch manager. For a supermarket chain, the store manager is the middle manager. They have responsibility for tactical decision-making and planning, with authority and control over their designated department or branch.

Front-line management is also be referred to as supervisors, team leaders or leading hands. They are responsible for day-to-day planning and decision-making, and have authority and control over their immediate area of operations.

As managers progress up the management hierarchy, their level of responsibility, authority and control increases.
Question 3

It has become a trend for modern organisations to adopt a flatter organisational structure. Identify and discuss two advantages of adopting a flatter organisational structure rather than adopting a bureaucratic structure. (1 + 2 = 3 marks)

From the list below, students could choose two features of a flatter organisational structure and discuss the advantages of the features compared with those of a bureaucratic structure:

- Communication—more open, direct and occurs quickly.
- Employees are actively involved in participative decision-making, which leads to increased motivation and empowerment.
- Employees’ knowledge, skills and experience are more actively used.
- Creates more opportunity for workplace operational flexibility and greater ability to respond to change in the external environment.
- Decreases operating costs due to downsizing (removal) of layers of management.
- Encourages the use of teams and employees working together to achieve corporate objectives.
- Reduces the opportunity for empire-building.

Sample answer (two advantages need to be discussed):

For example, one advantage is that a flatter organisational structure has fewer layers of staff between senior management and the front-line workers, which results in communication being more direct and speedier than in a bureaucratic structure. Under a bureaucratic structure there are multiple layers of management, which requires communication to pass through each level (up and down), so it takes more time than under a flatter organisational structure, and there is more likelihood of communication being blocked from reaching the required receiver or distorted in the transmission process.

The immediate impact of a flatter organisational structure is cost reductions, as the organisation is paying fewer people and has lower overheads for office space. With fewer people working together, they are likely to work more efficiently to get the same or even more work done. On the other hand, a bureaucratic structure requires more workers and is therefore more costly, and possibly less efficient.

With fewer levels of management, managers have more people reporting to them and delegate more decision-making to teams or lead employees, and have faster turnaround times for decision-making. Under a bureaucratic structure, it is more likely that there will be delays in waiting for decisions from busy managers and that the work of the organisation will move forward more slowly.

Question 4

a. Define the term ‘corporate culture’. (1 mark)

Corporate culture is a system of values and beliefs shared by the people within an organisation. It affects how employees behave and act towards each other and can influence the actions and decision-making style of both employees and managers.

b. Discuss two strategies that the senior management team at Specialised Sports Events could use to assist the organisation to maintain a single corporate culture. (2 marks)

Students can choose from the list below or discuss any relevant strategy:

- Senior management of the three divisions could proactively work together to ensure a system of shared values and beliefs.
- All three divisions could recognise and reward actions and behaviour in a similar manner.
- They could use the same recruitment and selection practices.
- They could ensure that training programs within the three divisions align to the desired culture.
Senior management could ensure that the induction/orientation process for the three divisions contains similar elements.

They could encourage socialisation among the three divisions.

They could adopt the same management style and approach across the three divisions.

Physical environment—adopt a layout and colour scheme reflective of the entire organisation. Use of a corporate uniform to bind employees.

Official documentation—brochures and logos to bear the name of the organisation.

c. No two organisations have identical corporate cultures. Identify two elements that can influence or act to differentiate an organisation’s corporate culture. (2 marks)

Below are some examples of elements that can influence or act to differentiate an organisation’s corporate culture:

- degree to which the organisation encourages employees to be risk-takers and innovators
- the level (high or low) of precision, attention to detail and analysis required with activities and tasks being undertaken
- orientation—is it merely towards the tasks required to be performed by the employee/team or is it towards the needs and wants of employees and/or the team
- ethics and social responsibility—what level of emphasis is placed by the organisation on these two areas?
- diversity of employees—skills, experience, ethnic mix, male/female ratios
- age of the organisation—is it older with established practices or newly established?

Question 5

a. Compare and contrast the terms ‘policy’ and ‘procedures’. (2 marks)

A policy is a written statement that provides the guiding principles that mandate or constrain the actions of people within the organisation. They establish expected standards of, and guidelines for, behaviour. A policy often details the processes, procedures and rules and regulations that must be observed in a given situation. Procedures, however, are a series of steps that must be followed to implement a policy. For instance, an organisation may have a policy relating to parental leave, which will set out the general terms and conditions relating to parental leave. An employee will then need to check the procedures (steps) to find out how to apply for such leave.

b. Describe two reasons why policies might need to change. (2 marks)

Pressures for change can come from:

- the external macro environment, such as legislative compliance, social responsibility, globalisation and technological development; for example, the introduction of the Fair Work legislation has required organisations to review their policies relating to pay and working conditions
- the external operating environment, such as regulatory bodies, lobby groups, trade unions, customers, competitors and suppliers; for example, competitors that have already made policy changes may cause organisations to introduce changes in order to remain competitive
- the internal environment, such as shareholders, management and employees; for example, employees may pressure for changes to an organisation’s parental leave policy to ensure they get greater leave entitlements than those enacted through recent legislative change.
c. Describe an appropriate policy development process that Whitehouse Corporation Limited would need to adopt to develop its new Parental (Maternity) Leave policy. (6 marks)

The policy development process is a multi-step process as follows:

1. **Issue identification**: Whitehouse Corporation has determined that due to the federal government enacting legislation relating to paid maternity leave, it needs to review and, if necessary, change its Parental (Maternity) Leave Policy to ensure that it complies with the legislation.

2. **Research and analysis**: Whitehouse Corporation needs to find out the exact details of the legislative change, when it becomes operative, how this will impact on its current policy. They should also check to see how their business competitors are handling this issue.

3. **Stakeholder input**: Gain input from parties that have a vested interest in this policy area. This can be done by convening a working party to gain input from employees, etc.

4. **Policy development**: A draft policy with the necessary changes needs to be prepared by the working party, taking into account stakeholders’ opinions and ideas.

5. **Draft policy posting**: The draft Parental Leave Policy needs to be circulated to gain feedback and to raise discussion or comments on any points.

6. **Policy approval**: The draft with feedback is referred back to the working party to consider and, if necessary, make any necessary changes. The document in its amended form is then submitted to senior management of Whitehouse Corporation for approval and issue. If needed, employees will receive training on the policy and relevant procedures and processes.

After the policy has been implemented and a period of time has passed, Whitehouse Corporation should conduct an evaluation. The policy should be evaluated to see if it is effective and that it complies with the legislative changes that caused the revision to be made.

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