



# VCE BUSINESS MANAGEMENT ASSESSMENT TASK UNIT 3 2014

## Outcome 2

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

Reading time: 5 minutes  
Writing time: 75 minutes

### QUESTION AND ANSWER BOOK

#### Structure of book

<i>Number of questions</i>	<i>Number of questions to be answered</i>	<i>Number of Marks</i>
6	6	40

**STUDENT NAME** \_\_\_\_\_

**TEACHER NAME** \_\_\_\_\_

- \_Students are permitted to bring into the assessment room: pens, pencils, highlighters, erasers, sharpeners and rulers.
- \_Students are NOT permitted to bring into the assessment room: blank sheets of paper and/or white out liquid/tape.
- \_No calculator is allowed in this assessment task.

#### Materials supplied

- aQuestion and answer book of 13 pages.
- pAdditional space is available at the end of the book if you need extra paper to complete an answer

#### Instructions

- nWrite your **name and teacher's name** in the space provided above.
- nAll written responses must be in English.

**Students are NOT permitted to bring mobile phones and/or any other unauthorised electronic devices into the assessment room**



## GOOGLE - Our culture

It's really the people that make Google the kind of company it is... we strive to maintain the open culture often associated with startups, in which everyone is a hands-on contributor and feels comfortable sharing ideas and opinions.

In our weekly all-hands ("TGIF") meetings—not to mention over email or in the cafe—Googlers ask questions directly to Larry, Sergey and other execs about any number of company issues. Our offices and cafes are designed to encourage interactions between Googlers within and across teams, and to spark conversation about work as well as play.

*Source: <http://www.google.com/about/company/facts/culture/>*

### Question 1

Define the following terms.

1 + 1 + 1 + 1 + 1 = 5 marks

i. Autocratic management style

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ii. Policy

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iii. Strategic planning

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**Question 5**

Society expects organisations to act ethically and socially responsible. Since its founding, **Google** has been firmly committed to active philanthropy and to addressing the global challenges of climate change, education and poverty alleviation. Some of their initiatives include:

- "Google China Social Innovation Cup for College Students" which is a nationwide competition that aims to empower China's youth to become agents of social change. Social issues addressed have included education, poverty alleviation, disability aid, healthcare, women and children, arts and culture, and community development.
- "Supporting Earthquake Relief Efforts"
- "Google Grants" to a range of charities and causes

Source: <http://www.google.cn/intl/en/about/company/responsibility/>

a) Define the term 'ethics and social responsibility'.

1 mark

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b) Evaluate the impacts these ethical and socially responsible initiatives (listed above) may have on Google. In your response include a discussion of two advantages and two disadvantages and include a conclusion that states your overall evaluation of the impacts.

5 marks

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**COMMERCE PRESENTATIONS AND PUBLICATIONS****VCE BUSINESS MANAGEMENT  
Unit 3****Outcome 2****2014**

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

**SUGGESTED ANSWERS  
AND MARKING SCHEME**



### **GOOGLE - Our culture**

**It's really the people that make Google the kind of company it is... we strive to maintain the open culture often associated with startups, in which everyone is a hands-on contributor and feels comfortable sharing ideas and opinions.**

**In our weekly all-hands ("TGIF") meetings—not to mention over email or in the cafe—Googlers ask questions directly to Larry, Sergey and other execs about any number of company issues. Our offices and cafes are designed to encourage interactions between Googlers within and across teams, and to spark conversation about work as well as play.**

*Source: <http://www.google.com/about/company/facts/culture/>*

#### **Question 1**

**Define the following terms.**

**1 + 1 + 1 + 1 + 1 = 5 marks**

- 1 mark for each definition. Students are advised to include a brief example (where applicable) in addition to their definition, as per VCAA expectations.

i. Autocratic management style

An autocratic management style is where the manager tells employees how things have to be done, and involves no input from employees into decision making. It is characterised by centralised control and decision making and one-way downward communication.

ii. Policy

A policy is a set of broad rules or guidelines that guide decision making and action in an organisation. For example: a uniform policy.

iii. Strategic planning

Strategic planning is long-term planning, generally covering a period of the next 2-5 years, undertaken by senior management. It tends to impact across the whole organisation. For example: the CEO and Board of Directors decide to expand company operations overseas.

iv. Matrix structure

A matrix structure is a combination of a functional structure and a divisional structure. It uses a cross-functional approach, where specialists from various areas of the functional structure work together on a specific project for a specified period of time. For example: staff members from the finance and human resources areas may work together to work out redundancy payments for upcoming terminations.

## v. SWOT analysis

A SWOT analysis is the process of analysing an organisations strengths and weaknesses from its internal environment, as well as the opportunities and threats that exist from the external environment. It is part of the Analysis phase of the Planning process/model.

**Question 2**

**a) Given the nature of Google’s operations, an organic/network management structure would be most suited. Explain what this type of structure entails.**

**3 marks**

- Students must provide at least three key points of information regarding this structure
- Marks deducted if little to no depth provided

**Sample answer:** *An organic management structure is a dynamic structure that tends to change along with changes to business objectives and strategies. Employees tend to move in and out of various teams and projects, based on the requirements of the time. It is not departmental based and as such, team members report to the team leader. This type of structure is mostly used in creative, innovative and research type work environments like Google.*

**b) Explain one advantage and one disadvantage of using the structure discussed in part a).**

**4 marks**

- 1 mark for each correct advantage and disadvantage identified
- 1 mark for an explanation of each
- Marks deducted if little to no depth provided

**Sample answer:** One advantage of an organic structure is that it allows for a multi-skilled workforce to develop due to the scope of activities and responsibilities surrounding the various projects undertaken by employees. A disadvantage however, is there can be an unclear chain of command. This may be due to staff working within teams as opposed to departments where there are managers assigned to oversee each staff member. It may become confusing for employees having to report to multiple team leaders as opposed to one departmental manager. It may also be difficult for managers to closely monitor and evaluate the work performance of some staff.

*Other accepted advantages:* flexibility, greater motivation

*Other accepted disadvantages:* unclear lines of communication

### Question 3

**Describe one key management role that the Head of Research and Development (R&D) at Google would be expected to undertake. In your response, include appropriate examples to illustrate your understanding.**

**4 marks**

- 1 mark for identifying a correct management role
- 2 marks for describing this role
- 1 mark for applying this role back to the case study – specifically related to R&D position

**Sample answer:** *One key management role the Head of Research and Development at Google would be expected to undertake is controlling. Controlling is the process of monitoring and evaluating performance and taking corrective action where necessary to ensure the company is achieving its desired objectives. The Head of R&D would need to look at both financial and non-financial aspects. The manager may wish to develop a new prototype (e.g. new social networking site) and set a target to do so within 12 months. Should this target not be met, he/she needs to take corrective action by allocating more resources, such as requesting the Human Resources manager to employ more staff in this area. The Head of R&D would also need to consider the financial impact of the proposed project, to ensure the company has budgeted accordingly.*

*Other accepted roles: planning, organising, leading.*

### Question 4

**Management style refers to the behaviour and attitude of the manager. Managers generally exhibit one of five different management styles; however, they must also be able to change their style depending on the situation.**

**c) Define 'participative management style'. Outline two key characteristics of this style and suggest when this style is generally best used.**

**4 marks**

- 1 mark for correctly defining the management style specified in the question
- 2 marks for two correct characteristics – marks deducted if no depth provided
- 1 mark for stating when best used

**Sample answer:** *A participative management style is where the manager unites with staff in making decisions together. This style is characterised by decentralised control where there is staff participation and ownership in decision making. There is also two way communication where staff are encouraged to provide ideas and feedback. This style is generally best used in times of organisational change, or when employees have a high level of experience and knowledge and/or when staff are better equipped with information than management.*

*Other accepted characteristics: Focus on the employee not the task and a belief that motivation of employees relates to an understanding of how to satisfy the employees' range of needs*



**d) Given the nature of Google’s operations, management tend to adopt a participative management style (as evident in the case study). Analyse the impacts this may have on the organisation and/or employees. In your response include a discussion of one positive impact and one negative impact. 4 marks**

- 1 mark for identifying one correct advantage of this management style
- 1 mark for identifying one correct disadvantage of this management style
- 2 marks for elaborating on both points
- Marks deducted if little to no depth provided

Choose one of the following from each list:

Advantages:

- Wide viewpoint makes for better informed decisions
- Employee motivation is high as they feel valued
- Opportunities for staff development
- Greater trust between staff and managers

Disadvantages:

- Slower decision making
- Less management control
- Too many opinions may cause disagreement in the workplace
- Lack of contribution from some staff as they may prefer to be told what to do

**Sample answer:** *One advantage of the participative management style is the provision of a wider viewpoint which makes for better informed decisions. This is due to the decentralised nature of this style that enables staff to be involved in the decision making process. Having a pool of people from a variety of backgrounds would lead to more favourable outcomes. This is an advantage, because it avoids the same people (management) with a narrow set of skills, experience and viewpoints working in isolation and making all the decisions, which is what occurs when using more centralised management styles. However, as more people must be consulted and partake in the decision making process, decision making can be slower. This at times may impede the organisation’s ability to work efficiently and to meet deadlines.*

### Question 5

Society expects organisations to act ethically and socially responsible. Since its founding, Google has been firmly committed to active philanthropy and to addressing the global challenges of climate change, education and poverty alleviation. Some of their initiatives include:

- "Google China Social Innovation Cup for College Students" which is a nationwide competition that aims to empower China's youth to become agents of social change. Social issues addressed have included education, poverty alleviation, disability aid, healthcare, women and children, arts and culture, and community development.
- "Supporting Earthquake Relief Efforts"
- "Google Grants" to a range of charities and causes

Source: <http://www.google.cn/intl/en/about/company/responsibility/>

c) Define the term 'ethics and social responsibility'.

1 mark

- 1 mark for a correct definition

**Sample answer:** Ethics and social responsibility is the process of abiding by moral standards and doing the right thing in the best interests of the company's stakeholders and society, above and beyond that imposed by law. For example: an ongoing affiliation with a charity.

d) Evaluate the impacts these ethical and socially responsible initiatives (listed above) may have on Google. In your response include a discussion of two advantages and two disadvantages and include a conclusion that states your overall evaluation of the impacts.

5 marks

- 2 marks for outlining two correct advantages
- 2 marks for outlining two correct disadvantages
- 1 mark for a conclusion

**Sample answer:** There are many advantages and disadvantages to behaving in an ethical and socially responsible (ESR) manner. As stated in the case study; "Google has been firmly committed to active philanthropy and to addressing the global challenges of climate change, education and poverty alleviation" through their 'China Social Innovation Cup for College Students', 'Supporting Earthquake Relief Efforts' and donating to charities.

Two advantages of implementing these ESR strategies is, firstly, the potential to attract more shareholders and, secondly, to attract more and new customers. Even though shareholders are primarily profit driven, they are increasingly interested in investing in companies that behave in an ethical and socially responsible manner. Therefore, an advantage for Google, should they continue to participate in these initiatives, is an increase in investors interested in investing in a more ethical and socially responsible company. This in turn could result in an increase in their sources of capital, which may enable them to invest heavily in research and development. In addition, consumers prefer to purchase from companies who behave in an

*ESR manner as they feel 'part of it' and might gain a sense of satisfaction knowing they are purchasing from a company that is making a positive contribution to the community. As a result, Google's revenue and profit margins may rise.*

*However, there are disadvantages to participating in ESR initiatives, particularly as the process can be very time consuming and expensive. Due to the planning and devising of policies and procedures to reflect these strategies, Google would need to employ and appoint staff to dedicate their time, and allocate money and other resources to these projects. Such resources may be required/used elsewhere in the organisation, and some may argue that a focus on ESR diverts Google away from the focus on its 'core business'.*

*Having considered both the advantages and disadvantages, the advantages to behaving in an ESR manner (in the long term) far outweigh the disadvantages. Short term losses may be endured by investing in these initiatives, but if this behaviour is attracting more investors and consumers, the company will be a success in the long run. Also, increasingly, companies are being expected to report on their performance in the area of ESR and companies that do not act in an ethical and socially responsible manner can become the target of consumer and community concern and anger, which negatively impacts their reputation and, ultimately, their business performance.*

*Other accepted advantages: becoming an employer of choice*

#### **Question 6**

**d) Define the term 'corporate culture'.**

**1 mark**

- 1 mark for a correct definition

Corporate culture refers to the shared values and beliefs held by people in the organisation that unite and keep the organisation together. It is the way organisations 'do things'. It guides how employees think, act and feel within an organisation.

**e) In an attempt to ensure a positive and united culture is developed and maintained, Google have decided to implement a new corporate culture policy. The 'Human Resource Manager' has been assigned this task.**

**Describe and apply all steps that should be followed to ensure an effective corporate culture policy is developed. In your response, include some 'elements' of corporate culture that may assist with the development and success of this policy.**

**6 marks**

- 1 mark for each correct step – must outline what each step entails and apply each step back to the development of a new corporate culture policy
- Students must refer to the 'elements' of corporate culture as a solution pathway to developing/maintaining a positive corporate culture
- 1 additional mark for depth of overall response

**Sample answer:** *There are a number of steps associated with the development of any policy.*

*Firstly, Google needs to identify the issue. This establishes a need for a policy. In this case, Google pride themselves on having a positive corporate culture and as such, wish to ensure a*

*positive and united culture is developed and maintained. By having a clear policy and set of procedures for all staff to follow and enjoy, this could be achieved.*

*Secondly, Google need to research and seek stakeholder input. This is where management find out why the problem exists and seeks feedback as to possible solutions from various stakeholders. Ideally, the Human Resources Manager could have organised a meeting with the employees to discuss the possibilities. For example: the possible types of 'rituals' they may hold/add such as a monthly social gathering or weekly morning tea. They may also include 'heroes' in the form of 'employee of the year' award or 'employee of the month' award.*

*The third step is to draft the policy and seek stakeholder input. A draft policy is written and sent to employees for feedback. This may be distributed via email initially and feedback discussed and noted at a staff forum such as the 'TGIF' meetings.*

*The fourth step is to approve, distribute and implement the policy. The policy is made final and communicated to staff perhaps at a staff meeting. Perhaps the new policy could be launched at one of the morning teas, and a copy of the policy would be provided on the company intranet.*

*The final step is to monitor and evaluate the policy. The policy could be monitored and then evaluated after 6 months to determine whether the policy and associated strategies (elements) have been a success. This could be determined by measuring staff satisfaction levels in relation to the culture of the work place, via an online survey. If the satisfaction levels have declined and/or target has not been met, the Human Resource Manager will need to review strategies.*

*Other accepted elements of corporate culture: values, symbols*

**f) Identify and explain one management skill the Human Resource Manager at Google could use before, during and/or after the implementation of the new corporate culture policy.**

**3 marks**

- 1 mark for identifying a correct management skill
- 1 mark for defining this skill
- 1 mark for applying the use of this skill back to the case study – specifically with regard to the situation specified in the question

**Sample answer:** *A management skill is the application of prior knowledge, abilities and experience to successfully achieve a specific outcome. One management skill the Human Resources (HR) Manager could use to successfully implement the new corporate culture policy is two-way communication. Communication is the process of creating and exchanging information. Effective communication is the ability to effectively transmit a message from the sender to the receiver so the message received is actual intended message. This skill is essential, as managers must be able to clarify with employees the tasks that are required to be completed. In this case the manager must be able to communicate about the development implementation of the new policy.*

*The HR Manager could hold a number of open forums such as the 'TGIF' meetings to liaise with staff and discuss ideas for the new policy. The use of this skill would assist in ensuring*

*staff have the opportunity to feel valued and have a say in how they are treated and, as such, would result in an increase in morale. It would also provide the opportunity for instant feedback. This would assist in the smooth implementation of the new policy.*

*Other accepted skills: negotiation, delegation, stress management, time management, team building skills.*

**SAMPLE ONLY**  
**Not for re-production**