

Short Answer Questions

Identify the breadth of government policies that affect operations management 2 marks.

Government policies such as taxation rates, required materials handling practices and environmental policies all impact on business operations. As policies can inform law-making, and lead to business opportunities, operations managers need to be fully aware of the contemporary government policies and what they comprise.

Describe the features of operations management for businesses in a tertiary industry 3 marks

Tertiary businesses' prime function is related to providing a service, requiring a lot of interaction with customers; for e.g. a hair salon. Operations for businesses in a tertiary industry involve using technology, make predictions about consumer demand, deal with customers and suppliers and make decisions about capacity, location and physical layout of the business. The operations management is also easy to modify and customise the service to suit the desires of the customer, however, productivity is difficult measure due to each service being different for different customers.

Discuss the balance between cost and quality in operations strategy 4 marks

Operations can implement cost leadership to achieve low costs through economies of scale or access to cheaper raw material. Businesses can achieve a competitive advantage through lower cost products. Although, the business may expect a small profit margin on each item sold, it will be balanced by a high volume of sales to generate revenue. However, this may generate customer perception of poor quality products compared to those of its competitors or consumer preferences may change and the market for a 'low-cost, low quality' product may shrink.

Explain why corporate social responsibility is a key concern in operations management 4 marks

Corporate social responsibility refers to business actions exceeding legal requirements based on respect for people, society and the broader environment. This allows a business to demonstrate that it values more than earning maximum profits as it is allocating money over and above what it costs to comply with the law. As a result, customers will reward socially responsible businesses by purchasing more of their products. At the same time, customers can react and stop buying a business's product if they learn that the business is exploiting employees, accepting bribes or polluting the environment.

Explain how globalisation has affected marketing management 2 marks

Globalisation refers to the removal of trade barriers between nations, and has enabled businesses to sell to a wider market. As a result, globalisation has enabled businesses' marketing to extend to the global market. It has affected marketing management enabling execution of global marketing strategies including global branding, standardisation, customisation and competitive positioning and global pricing.

Why is ethical behaviour and government regulation are important in marketing? 3 marks

Ethical behaviour can lead to significant marketing and business opportunities through regularly publicity in the media, creating a positive image of the business. Thus, if customers find out a certain business acts unethically, they may react and avoid their products. Government regulation are important to protect businesses and customers, and promote competition and fair trade which benefits customers, businesses and the community in general.

Explain why goods and/or services are central to both marketing and operations. 3 marks.

The operations function determines how to produce products or provide services, underlining operations central to any business because without a good or service, the business would not exist. Simply producing a product, however, doesn't necessarily result in sales. Marketing plays a key role in determining the appearance of the product and its functions, as well as communicating with the market. Operations therefore relies on the marketing to carry out market research to produce a product that will satisfy customer's needs. Operations also rely on marketing to inform the market, distribute products, determine a price and persuade people to purchase the products.

Compare the risks involved in domestic and global financial transactions. 4 marks

Both domestic and global financial transactions increase the expectation of profits or dividends. Domestic transactions provide risk toward a business of not being able to cover its financial obligations, such as the short or long term debts that a business incurs through borrowings. On the other hand, financial risks associated with global transactions are greater, including exchange rates, interest rates, methods of international payment, hedging and derivatives. Similarly, if a business is unable to meet its financial obligations domestically or globally, bankruptcy will result.