

# Chapter 16

## Ordinary Level Questions

Q1. Outline two internal changes that organisations encounter through their lifetime

### Change in leadership or management

As businesses grow or restructure, new leaders or managers may bring different priorities, communication styles, or strategies that affect how the organisation operates.

### Introduction of new technology or systems

Businesses often adopt new digital tools or processes to improve efficiency or communication. These changes require staff training and can alter workflows or job roles.

### Expansion or reorganisation of staff

As a business develops, new departments or roles may be created to handle additional responsibilities. This can change reporting lines, teamwork structures, and workplace culture.

Q2. Explain two reasons for resistance to change in an organisation.

### Fear of the unknown

Employees may feel anxious or uncertain about how change will affect their job, responsibilities, or security, leading them to resist new initiatives.

### Lack of communication or understanding

If management fails to clearly explain the purpose and benefits of the change, staff may misunderstand the reasons behind it and feel excluded from the process.

### Loss of control or routine

Change often disrupts established habits or systems. When employees feel their usual way of working is being replaced, they may resist to protect their comfort or independence.

**Q3.** Identify three practices that promote innovation in an organisation.

**Encouraging employee ideas** - Managers can create opportunities for staff to share suggestions and reward creative thinking.

**Investing in research and development** - Businesses that allocate time and resources to exploring new products or processes are more likely to innovate.

**Providing training and collaboration opportunities** - Supporting continuous learning and teamwork helps employees develop fresh approaches and new solutions.

**Q4.** Indicate whether the following statements about approaches a business can take to overcome change are TRUE or FALSE.

Statement	TRUE / FALSE
Open communication about the reasons for change helps reduce employee fears.	TRUE
Ignoring staff concerns usually leads to faster acceptance of change.	FALSE
Providing training makes employees more confident about change	TRUE
Only senior management should be involved in managing change.	FALSE

**Q5.** (i) Outline what is meant by strategic planning

Strategic planning is the process of setting long-term goals for an organisation and deciding the actions, resources, and timelines needed to achieve them. It provides overall direction and helps the business adapt to future challenges and opportunities.

(ii) Describe one benefit of strategic planning for an organisation.

**Provides direction and focus**

Strategic planning helps the business stay focused on long-term goals and priorities.

A company developing a five-year expansion plan ensures all departments are working towards shared objectives/understand what the longer term priority is.

**Improves decision-making**

By analysing internal strengths and external trends, management can make better-informed decisions.

A retailer uses strategic planning to decide whether to expand into online sales or open new stores.

**Enhances coordination across departments**

Strategic planning encourages communication and cooperation between teams so that activities are aligned with the overall strategy.

The finance and marketing teams work together to budget for a new advertising campaign that supports the company's growth goals.

Q6. (i) Explain what is meant by contingency planning in an organisation.

Contingency planning involves preparing backup plans to deal with unexpected events or emergencies that could disrupt normal operations. It ensures the organisation can respond quickly and continue functioning if something goes wrong, such as a power failure, data breach, or staff shortage.

(ii) Outline how **cost** is a factor when an organisation is preparing contingency plans.

Creating and maintaining contingency plans can be expensive, as it may involve extra resources, training, or equipment. Businesses must balance the cost of planning against the potential financial impact of being unprepared for a crisis.

## Higher Level Questions

**Q1.** Outline three external changes that organisations encounter through their lifetime

### **Technological advancements**

Rapid developments in digital tools, automation, and artificial intelligence can change how products are made, sold, or delivered. Businesses may need to invest in new systems, retrain staff, or update their online presence to stay competitive.

### **Economic conditions**

Fluctuations in inflation, interest rates, or consumer confidence can impact business costs and customer spending. During an economic downturn, for example, a business might reduce prices, cut expenses, or delay expansion plans.

### **Government policy or legal changes**

New legislation, taxation policies, or employment laws can directly influence how organisations operate. Businesses may need to adjust their contracts, pay structures, or sustainability practices to remain compliant with new requirements.

**Q2.** (i) Analyse three reasons for resistance to change in an organisation

### **Fear of job loss or reduced security**

When change involves automation, restructuring, or cost-cutting, employees may worry that their role will become unnecessary. This fear can lead to anxiety, lower morale, and reluctance to support new initiatives.

### **Poor communication or lack of involvement**

If staff are not informed about the reasons for change or feel excluded from decisions, they may mistrust management intentions. This lack of clarity can cause rumours, misunderstandings, and pushback.

### **Loss of routine or comfort**

Change often disrupts established work habits and relationships. Employees who are comfortable with existing systems may resist learning new skills or adapting to unfamiliar ways of working.

(ii) Outline a range of approaches to help overcome these reasons for resistance to change

### **Open and regular communication**

Management should clearly explain why change is necessary, how it will be implemented, and what benefits it brings. This transparency helps reduce fear and uncertainty.

## Training and support

Providing employees with the training and resources they need to adapt builds confidence and competence. It also shows that management values their role in the change process.

## Involvement and recognition

Including employees in planning and decision-making encourages ownership of the change. Recognising their input and progress helps maintain motivation and trust during the transition.

Read the following and then answer the questions that follow

*Fabric & Co is an Irish clothing retailer with ten stores nationwide. In recent years, more customers are shopping through their upgraded online store, which now accounts for 40% of sales. Meanwhile, footfall in physical stores has fallen, and costs like rent and wages are rising. Management is considering closing several stores to focus on online growth. However, they worry about losing loyal customers who prefer shopping in person and damaging their reputation in local communities.*

**Q3.** Outline what is meant by strategic planning and appreciate the importance of strategic planning as an ongoing process for *Fabric & Co*.

The process of setting long-term goals for the entire organisation and identifying the actions, resources, and timelines needed to achieve them. It provides direction and helps a business respond to future challenges and opportunities.

Strategic planning allows *Fabric & Co*. to regularly review its goals as market conditions change, such as shifts from in-store to online shopping. By treating planning as an ongoing process, management can adapt store closures, digital investments, and customer service strategies to balance profitability with customer loyalty. Continuous review also helps anticipate risks, such as reputational damage in local areas, and ensures decisions support long-term growth and sustainability.

**Q4.** Conduct a force-field analysis for *Fabric & Co's* for their decision to move their business online. Identify two driving forces and two restraining forces for the decision.

## Driving Forces

### 1. Growth in online sales

Fabric & Co's upgraded online store now accounts for 40% of total sales, showing strong demand and potential for further digital expansion.

### 2. Rising operational costs

Higher rent and wage expenses in physical stores are reducing profitability, encouraging management to focus more on the lower-cost online model.

## Restraining Forces

### 1. Risk of losing loyal in-store customers

Some customers prefer shopping in person and value the personal service and experience of visiting physical stores.

### 2. Potential damage to local reputation

Closing stores may harm the company's image in communities where it has built long-term relationships, affecting brand loyalty and trust.

**Q5.** Explain what is meant by contingency planning in terms of crisis management for a business like *Fabric & Co*.

Contingency planning involves preparing backup plans and procedures to deal with unexpected events that could disrupt business operations. It helps minimise damage and ensures the organisation can respond quickly to protect staff, customers, and reputation.

### Or explained using *Fabric & Co*:

For *Fabric & Co*, contingency planning could include having a backup plan / systems in place to manage online security breaches, supply chain disruptions, or website failures. Having a backup plan for effective crisis management would allow the company to continue serving customers and protect its brand if problems arise with its online business.

**Q6.** Discuss the factors that should be considered when developing a contingency plan. Use the headings **cost**, **time** and **risk**.

## **Cost**

Preparing for potential crises often involves expenses such as data protection systems, emergency stock, or specialist insurance. A business must consider whether these costs are justified by the potential savings if a crisis is avoided or managed effectively. For example, investing in cloud data backup could prevent far greater financial losses in the event of a server crash.

## **Time**

Some risks require rapid responses, so plans must be created and practised in advance to avoid delays. Time is also needed for regular reviews to ensure plans stay relevant. For example, a logistics company might schedule annual drills to ensure staff know how to reroute deliveries if a major transport route is closed unexpectedly.

## **Risk**

Firms should identify which risks are most likely to occur and which would have the greatest impact. Contingency plans should focus on those with both high likelihood and high potential damage. For example, a food producer may prioritise backup refrigeration options to avoid spoilage during equipment breakdowns or power outages.