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SUPERVISOR'S USE ONLY

Level 2 Business Studies, 2019

90843 Demonstrate understanding of the internal operations of a large business

9.30 a.m. Tuesday 26 November 2019
Credits: Four

Achievement	Achievement with Merit	Achievement with Excellence
Demonstrate understanding of the internal operations of a large business.	Demonstrate in-depth understanding of the internal operations of a large business.	Demonstrate comprehensive understanding of the internal operations of a large business.

Check that the National Student Number (NSN) on your admission slip is the same as the number at the top of this page.

You should attempt ALL parts of the task in this booklet.

If you need more room for any answer, use the extra space provided at the back of this booklet.

Check that this booklet has pages 2–12 in the correct order and that none of these pages is blank.

YOU MUST HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION.

Low Merit

TOTAL

05

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TASK

This task has four parts, (a) to (d). Use the background information below, the supplementary information in the other boxes, and your business knowledge to complete this task. You may integrate any relevant Māori business concepts into your answer.

Wellington Associated Sports Group (WASG) is a new business that has been formed to combine the administrative tasks, such as event management and marketing, of a variety of different sports in the Wellington region. WASG is funded mainly by local government, but also receives income through subscriptions from various sporting organisations and from sponsors, as well as by managing food stalls at venues. It began operations in March 2019, but has run into some difficulties in its first six months.

WASG's mission statement is: "To be Wellington's premium provider of sports administration and support." The core values of trust, integrity, and transparency are considered the most important when dealing with publicly funded income streams.

***Note:** In this context, "transparency" means that business decisions and use of finance can easily be followed and are open to inspection by the stakeholders of the business.*

Melanie Ruawai, a well-known sports personality, has been selected to lead WASG despite having limited experience in business. Her knowledge in leading and managing people has mainly come from her time captaining Wellington representative teams on the national stage. To fill gaps in her business knowledge, Melanie has been researching successful business leaders and managers to see what has worked best for them in their businesses.

You may choose **either** Wellington Associated Sports Group (WASG) or a large business (more than 20 employees and/or with a national or regional significance) that you have studied in depth.

- (a) Referring to WASG or your chosen business, discuss the differing roles and skills of leaders and managers in the business.

In your answer:

- explain ONE key difference between the roles of a leader and a manager in the business context
- fully explain TWO skills that leaders and/or managers would need in order to run an effective business
- justify, with TWO reasons, which skill would be more important for a new leader and/or manager in the business.

A leader is someone that controls the business operations. The manager ensures the operations are done to the required specifications. The leader also makes important decisions to benefit the business which can include staff if it is a democratic structure. The managers can have roles such as marketing or sales. //

One skill that leaders or managers need to run an effective business is to have efficient Communication. Efficient communication is vital because then staff will know what needs to be done or what changes need to be done to achieve the aims and objectives of the business. //

Another skill that leaders or managers need is to be ~~a good~~ motivated. This is because leaders and managers are rolemodels in the business and have an impact on other staff members and/or customers. If there is good motivation within the business then people will feel sense to achieve goals within the business and allow everyone to have a positive mind set. This can lead to more profitability if goals are met as sales will be increased. //

~~A skill~~ The skill that would be more important will be having efficient communication. One reason for this is because if there is a change in policies or procedures the message can get passed on quickly. Another reason for efficient communication is any issues with staff or floor operations can be reported to the managers who can then act if need be. //

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The examination continues on the following page.**

Much of Melanie's time in the first few weeks has been spent putting together policies and procedures for WASG's staff to follow when it comes to dealing with different aspects of business operations.

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You may choose **either** Wellington Associated Sports Group (WASG) or a large business (more than 20 employees and/or with a national or regional significance) that you have studied in depth.

- (b) Referring to WASG or your chosen business, fully explain the need for a business to have clear policies and procedures for staff to follow.

In your answer:

- explain a policy or procedure that would be suitable for the business
- fully explain why the business needs to have this policy or procedure in place.

The business I have studied is Fonterra produces dairy products. //

A policy ~~Fonterra~~ that would suit Fonterra is would be, from milk pick up the milk must be below 7°C.

Having the milk below 7°C will ensure it is always chilled and not warm. This is important because warm milk can easily grow bacteria which can be harmful to the human body.

If a dairy product is sent out with bacteria and causes harm to a customer this will directly impact Fonterra. The word will get out to the media or the community.

If this happens people will not trust their products therefore not purchase them. This will decrease sales and then the profitability of Fonterra. //

A key income stream for WASG is running food caravans and coffee carts at venues. WASG employs a number of staff to source, prepare, and sell the food and coffee. At the first few events issues have arisen, such as lengthy delays between when a customer orders and receives their food or coffee, resulting in long lines of people at certain times of the day. Often this has been caused by staff having to order extra supplies, due either to stock running out part-way through the day or staff not following recipes and using more ingredients than necessary.

- (c) Referring to a large business (more than 20 employees and/or with a national or regional significance) that you have studied, discuss solutions the business has implemented, or could implement, to improve productivity in production processes.

In your answer:

- explain the term 'productivity' as it relates to your chosen business
- fully explain TWO ways in which the business has improved, or could improve, its productivity
- justify, with TWO reasons, which method would be the most effective for improving productivity in the business.

Name of large business:	Fonterra //
Goods and/or services provided:	Dairy products //

The term productivity ~~relates~~ refers to the output over input. In Fonterra's case this would relate to the amount of dairy products made for the amount of milk/dairy put in as well as cost. One way that Fonterra could improve productivity is to change or improve the structure of production eg. batch to flow. Batch production could be ineffective as it is time consuming when changing batches. The time it takes is the amount of less product that are being produced. If Fonterra were to change to //

Flow production then products will be continuously made. Also less labour will be involved since the same process is occurring for employees. //

Another way ~~Fontena~~ can improve productivity is to adopt the lean manufacturing structure. Lean manufacturing was first introduced by Toyota where they minimise waste when manufacturing products. For ~~Fontena~~ there could be a lot of by-product that could be used to ~~not~~ be put into something else. For example old milk can be used into sour-cream instead of being risky and bottling it.

④ The best method would be flow production.

A reason for this is to reduce cost of production. Flow production will require less skilled workers and therefore can be paid less. Another reason is because more products will be produced throughout the day. More products will mean more sales which increases profits. //

Melanie has been told that it is important to gather sales and expense data from the sports events as soon as possible, to help her plan for future events and review how the previous ones have performed. The WASG board of directors is particularly interested in reports that show variance analysis for each of the events.

You may choose **either** Wellington Associated Sports Group (WASG) or a large business (more than 20 employees and/or with a national or regional significance) that you have studied in depth.

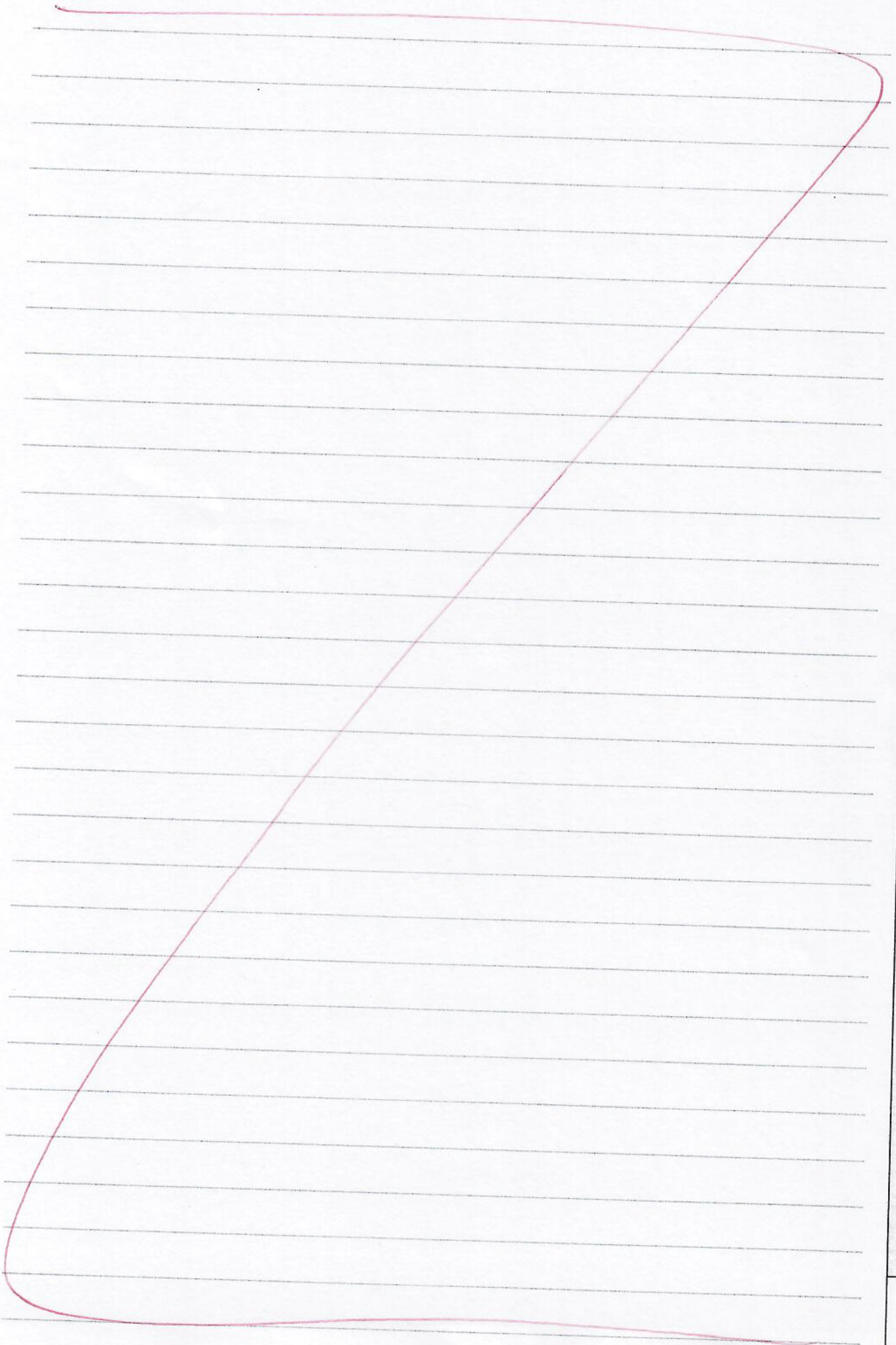
- (d) Referring to WASG or your chosen business, fully explain ONE way in which variance analysis could be used to improve decision-making for the business.

In your answer:

- explain the term 'variance analysis', using examples
- fully explain ONE way in which variance analysis improves decision-making.

Variance analysis can show what goes well and what doesn't for example the sausage stand had significantly higher sales than the coffee stand.

Analysis improves decision making because the business can look at what to do next. At the next event WASG can possibly add an extra member on the sausage stand. They can be on the onion cooking job, this will relieve stress on the sausage cooker as he now doesn't have to cook 2 products. Having an easier job the sausage cooker can now reduce the risk of burning the sausages. If the customers are satisfied with their sausage then they will likely return at the next event and buy more sausages. This will increase the profits ~~and~~ of WASG by having more sausages sold. //



Merit Exemplar 2019

Subject	Level 2 Business Studies		Standard	90843	Total score	05
Part	Grade score	Annotation				
a	M5	<p>This response demonstrates evidence towards Achievement. The candidate does not reach Merit, because the differences between leaders and managers needed to be further expanded.</p> <p>While the candidate explains why organisation skills are important for leaders / managers, further explanation linking the impacts on WASG or stakeholders was needed. The skill of communication was fully explained to Merit level.</p>				
b		<p>The response just meets the requirements for Merit. The candidate has included a policy relating to WASG (the 'what') and sufficiently explained the 'why', with some impacts on WASG.</p> <p>A more secure Merit would include applying a specific policy and less repetition throughout the response.</p>				
c		<p>The candidate has correctly explained the term 'productivity', using inputs and outputs.</p> <p>The candidate has identified and explained two ways to improve productivity. The second way, specialisation, could have been further explained in context, using an example from the chosen company.</p> <p>The candidate is precluded from Excellence, as information (reasons) is repeated.</p>				
d		<p>The response demonstrates consistent evidence towards Merit. The term 'variance analysis' is correctly defined and explained, using an example in context.</p> <p>The candidate has fully explained how variance analysis improves decision-making, using an example and focussing on the benefits of better resource use. A Māori concept is included to demonstrate in-depth understanding.</p>				