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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 Excellence

TOTAL

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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.

The role of a leader is to cast vision, motivate employees and implement positive change within the business. While a manager would ideally also strive for this, they are more policy and procedure oriented and are driven by ^{more} short term goals as opposed to long term goals (as a leader is). As a leader, Melanie would look at the bigger picture and implement strategic objectives to try reach this end goal. As a manager, Melanie would be more focused on the day to day running of the business and on obtaining/meeting daily, weekly and monthly targets. One skill that managers and leaders need in order to run an effective business is time management. This means they are able to set and meet all deadlines. ~~For~~ If ~~however, if~~ Melanie they are unable to do this, their business may suffer financially. For example, if Melanie ^{were} ~~would be~~ in charge of managing food stalls at venues and she were unable to effectively manage her time, she may forget to inform staff of this event, she may forget to order "sufficient quantity of food and she may not book the venue with enough notice so she may not //

get the space she likes. This poor treatment of staff may cause upheaval in the workplace which may cause them to work less efficiently which compromises the quality of the product. The sub-standard food is then sold onto the consumers who are dissatisfied with their purchase. They may then complain and demand a refund or use word of mouth to negatively promote WASG. This will cost the business as they will lose customers which means they'll bring in less sales revenue and therefore will have decreased profits. This may then place a financial strain on WASG as the Government funding, subscriptions and sponsors may not be enough to continue the functioning of the business. ^{hence, time management is important.} Another skill that effective managers and leaders need is communication. They need to be able to engage in two-way communication so they can deliver messages to their employees while receiving suggestions and feedback simultaneously. It is important for managers/leaders to have this skill as effective communication prevents misunderstandings in the workplace. If Melanie is able to demonstrate this skill, her employees will feel valued and as if their ideas and contributions are being listened to and taken into account. This will improve employee morale, which will increase their productivity and reduce WASG's staff turnover. Increased productivity will lead to higher output which may increase sales and generate more profit. Low staff turnover means staff retention will be high so there will be very little need for training new ~~staff~~ employees which saves the business on allocating funds to do so, meaning there are more funds which can be put back into the expansion of the company. While both of these skills are important, effective two-way communication skills are more important to the functioning of the business as it ensures ~~ensures~~ all employees are on the same page which can prevent misunderstandings that are potentially dangerous. For example, Melanie may communicate to her employees about the health and safety risks of a new piece of equipment. If she is unable to do...

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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.

Policies are the guidelines of the business. ^{Procedures} are the methods used to carry out ^{a businesses} day to day activities, in line with the policies. A policy ^{that would be suitable for} ~~in a~~ a large business I have studied (McDonalds) is a health and safety policy. This would indicate what employees must and must not do when in the workplace. For example, it would state that hairnets and gloves must be worn at all times by all employees, that the preparation of ^{safe food} chicken and meat products must be done separately to avoid cross contamination, and that ^{that staff must take m} ~~that~~ all handling of cash ~~from~~ and till transactions must be done by those who are not also handling the food. McDonalds needs to have this policy in place to ensure the safety of both their employees and their customers. The policy provides a clear guideline on what is expected protocol in the workplace, which if followed correctly by employees, minimizes the risk of harm or injury to themselves and others. The consequence of not having this policy is that employees do the opposite of all the aforementioned guidelines, which may put their consumers at risk of contracting food poisoning and their employees may feel fatigued and/or underappreciated. If consumers have a bad experience at McDonalds, they may choose to eat elsewhere next time which decreases McDonalds market share and decreases their sales revenue. They may also make a public

complaint which deters others from eating there, further exacerbating the former consequences. They may even seek legal action resulting in McDonald's making a large payment to the unsatisfied customer which decreases ~~the quantity of~~ ^{the quantity of} funds ~~can~~ ^{which could} be allocated to other areas of the business such as growth and development. Furthermore if the staff feel underappreciated they may choose to leave McDonald's employment. This is then a cost to the business as they must spend resources ^{such as time and money} on hiring new employees and training them up to the same level as the ones who left. This cost may ^{need to} come out of the funding for CSR, which if they are unable to continue doing, may leave them in a negative light in the customer's eyes. This negative perception may decrease the quantity of customers, which will decrease their market share and subsequently their profits. //

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:	McDonalds
Goods and/or services provided:	Fast food

Productivity is measured by units of ^{output} ~~input~~ per unit of ^{input} ~~output~~. The input is usually measured in labour. One way which McDonalds has improved their productivity is through the implementation of self-serve kiosks in their restaurants. This has improved productivity as consumers who are unsure what they feel like usually go to the kiosk as opposed to the counter, which minimizes the amount of time consumers who know what they want spend in line as they do not have to wait for people to make up their minds. This results in more orders being sent through from the counter at a faster rate, which means more food can be prepared by the employees in an efficient manner, which boosts their productivity rates and minimizes idle downtime. This increased productivity means there is higher output for the same amount of ~~and~~ input which //

decreases costs to McDonalds as the cost to produce each unit falls. This decreased cost then increases McDonald's profits. Another method McDonalds has implemented to improve productivity is their systematic machinery. Everything that requires cooking has a timer so that the employees can tend to other things while it is cooking and not need to hover over it wondering if its ready. ~~Assurances~~ This increases productivity as more is able to be accomplished in the same amount of time (increased output). All the sauces come in bottles that dispense the exact right amount each time. This increases productivity as employees will know how many uses are left in each bottle, which will allow them to order stock in advanced and constantly have a sufficient supply of sauce. Employees will then not have to run out the back to grab more while in the middle of an order, which allows them to continue the order in an efficient manner and does not decrease productivity (as running out the back would). The systematic machinery ~~would~~ ^{can} be the most effective method for improving productivity in the business as it is one that ~~is~~ ^{can} be continuously improved upon. This method is a lean production method which looks at minimizing waste while maximizing customer satisfaction. This is the most effective way of increasing productivity as it reduces ~~human~~ ^{the} input ~~must be used~~ ^{required} to acquire the same level of output. Moreover, this method's ability to be developed and improved and implemented in every aspect of the business makes it the most viable long term method for improving productivity, as its potential expansion is limitless. //

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 ^{is a financial document which shows a business} ~~is~~ the difference between ~~the~~ forecasted and actual amount of sales and expenses. An example could be WASG forecasting a total of 200 sales at ^{one} their sports event and estimating expenses at around \$13000. A variance analysis could be conducted afterwards to compare how the actual figures stacked up. Let's say on the day of the sports event, ~~WASG~~ ^{there were} make a total of 312 sales and their actual expenses were \$23800. Their variance analysis would show a difference of +112 sales and + ^{\$10,800} ~~\$13000~~ in expenses. This is important as this information could then be used by the business for future sport events. Variance analysis ^{could} ~~now~~ help improve decision-making ~~as it~~ ^{allows} them to plan better in the future. Taking the example above, for the next sport event, WASG may no longer predict that they'll only reach 200 sales but rather (based on their actual sales of 312) aim for 350 sales (taking into consideration their increased brand recognition from the first sport event). This new forecast will then impact their expenses as they will need to accommodate for the increase in sales. This improves decision-making as the financial director will then prepare a new budget with increased funding for expenses based on the variance analysis, which will be more accurate and will allow for more sales to be

made if necessary (with enough funding there will be less limitations on how many sales can be made). This may then allow for higher sales revenue and greater profit. As more sports events occur, more variance analysis's can be compiled which will give an accurate picture of how many sales WASC can expect and the average expenses they incur. This will then improve decision making as they will be able to properly budget for upcoming sports events, without over or underestimating expenses. //

Extra space if required.
Write the question number(s) if applicable.

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QUESTION
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a) this, her employees are at risk of harming themselves. Their safety is more important than the profits of the company. Another reason communication is more important is because clear communication creates accountability so everyone knows who is responsible for each task. If anything goes wrong, the source is able to be located and remedied, preventing further mistakes in the future. //

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Excellence Exemplar 2019

Subject	Level 2 Business Studies		Standard	90843	Total score	07
Part	Grade score	Annotation				
a	E7	<p>The candidate has explained the difference between leaders and managers in some detail, using the context of WASG. The candidate has integrated a variety of business terms, demonstrating their business knowledge.</p> <p>Two skills of leaders and managers (time management and communication) are fully explained, using 'what', 'why', and impacts. The candidate has particularly focused on the impacts, linking several impacts to the business and stakeholders.</p> <p>The justification is weaker, as one of the reasons (prevent misunderstandings) is repeated.</p> <p>A more secure Excellence could have compared the two skills – for example, why communication would be more important than time management for a new leader/manager like Melanie.</p>				
c		<p>This response is at Excellence level, because the candidate has justified, with two new reasons, why systematic machinery is the most effective way of improving productivity. The candidate has integrated the concept of lean production (new information) into the response, and linked this idea to the definition of productivity (input per unit of output). Furthermore, the candidate has used a timeframe (long term) to justify the benefits of lean production.</p> <p>Again, a more secure Excellence would have compared the two methods, explaining why systematic machinery is better than self-serve kiosks in the context of McDonalds.</p>				