

**Assessment Schedule – 2011**

**Business Studies: Demonstrate understanding of the internal operations of a large business (90843)**

**Evidence Statement**

Q	Evidence	Achievement	Achievement with Merit	Achievement with Excellence
<b>ONE</b>				
(a)	Characteristic is explained. <ul style="list-style-type: none"> <li>• It has more levels of management, therefore the firm must employ more managers.</li> <li>• There is a narrow span of control, which allows closer supervision.</li> <li>• As there are more managers to make decisions, there is less decision-making by workers.</li> <li>• There are smaller numbers for each manager to communicate with, thus speeding up communication.</li> </ul>	Answers TWO of: <ul style="list-style-type: none"> <li>• One characteristic is <b>explained</b>.</li> <li>• How a tall structure can create problems for a business is <b>explained</b>.</li> <li>• An advantage of a decentralised structure is <b>explained</b>.</li> </ul>	Answers ONE of: <ul style="list-style-type: none"> <li>• How a tall structure can create problems for a business is <b>fully explained</b>.</li> <li>• A way Kai Enterprises can decentralise is <b>fully explained</b>.</li> </ul>	The impact of decentralising is discussed by <b>explaining</b> an advantage of decentralisation, and <b>fully explaining</b> how Kai Enterprises might decentralise. AND A <b>justification</b> for the decision to decentralise the decision-making as an appropriate solution.
(b)	A tall organisational structure can create problems through: <ul style="list-style-type: none"> <li>• Chain of command – the greater the number of levels of hierarchy, the longer the chain of command. This leads to poor and inefficient communication.</li> <li>• Span of control – a smaller span of control may mean more managers, and therefore greater salary expenses.</li> </ul>	• A way Kai Enterprises can decentralise is <b>explained</b> .  (Answers will typically <b>state</b> relevant examples, business knowledge or Māori business concepts.)	(Answers will typically <b>include</b> relevant examples, business knowledge or Māori business concepts.)	AND The answer demonstrates coherent links between concepts.  (Answers will typically <b>integrate</b> relevant examples, business knowledge or Māori business concepts into explanations.)
(c)	<p><i>Sample answer:</i></p> <p><u>Advantage is stated and how it affects the business is provided</u></p> <p>Not all important decision-making powers lie with the senior management – this may motivate junior managers.</p> <p>Increased delegation to managers and /or staff in other areas, which spreads the workload.</p> <p>Sections /branches /departments can be more flexible, allowing them to adapt for local conditions.</p> <p><u>How to decentralise</u></p> <p>A change in company policies, and by changing job descriptions and employment terms. This allows decisions to be taken away from head office.</p> <p>Pass decision-making to store managers in other areas – this allows other employees to be responsible and accountable for decision-making.</p>			

<p>(c) (continued)</p>	<p><u>Justification</u> Decentralising would allow store managers to make decisions based on their local conditions, giving them greater flexibility to offer foodstuffs or opening hours that their customers want. Allows staff to be more empowered / demonstrates trust in staff, so they feel more motivated to give their best to the company.</p>			
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<b>TWO</b>				
(a)	<p><u>Explanation of productivity</u> Productivity is the measure of output per unit of input; it is generally used to measure the efficiency of the firm.</p>	<p>Answers TWO of:</p> <ul style="list-style-type: none"> <li>The term is <b>explained</b>.</li> <li>The importance of improved productivity is <b>explained</b>.</li> </ul>	<p>Answers ONE of:</p> <ul style="list-style-type: none"> <li>The importance of improved productivity is <b>fully explained</b>.</li> </ul>	<p>The impact is discussed by <b>explaining</b> a benefit of operating above normal capacity, <b>fully explaining</b> the disadvantages <b>and</b> the consequences for the level of customer service.</p>
(b)	<p><u>Importance of improved productivity</u> Globalisation and free trade means greater competition. Firms must be more competitive if they are to survive. Greater efficiency can be gained by increased productivity, meaning lower costs.</p>	<ul style="list-style-type: none"> <li>A benefit of operating above normal capacity is <b>explained</b>.</li> <li>A disadvantage of operating above normal capacity is <b>explained</b>.</li> </ul>	<ul style="list-style-type: none"> <li>A disadvantage of operating above normal capacity and a consequence for customer service is <b>fully explained</b>.</li> </ul>	<p><b>AND</b> The answer demonstrates coherent links between concepts.</p>
(c)	<p><i>Sample answer:</i> <u>Benefits</u></p> <ul style="list-style-type: none"> <li>Sales / revenue may increase because more customers can be supplied.</li> <li>Unit fixed costs will be at their lowest level, which will increase profits.</li> <li>Operating above normal capacity will allow for more revenue and profit.</li> <li>Greater job security for employees, so less staff turnover and reduced HR costs.</li> </ul> <p><u>Disadvantages:</u></p> <ul style="list-style-type: none"> <li>Staff could experience higher stress levels through extra workload.</li> <li>Operations staff are pressured not to make mistakes, as there is little time to fix them.</li> <li>Lack of servicing may cause future unreliability.</li> <li>Insufficient time for maintenance and repairs of existing machinery.</li> </ul> <p><u>Consequences:</u></p> <ul style="list-style-type: none"> <li>Staff may leave, due to workload and stress. This leads to poor customer service, due to new staff who are not familiar with the business systems and processes, or with the customers.</li> <li>Unreliable machinery could result in accidents in the workplace and temporary closure of the business – this will delay customer deliveries.</li> </ul>	<ul style="list-style-type: none"> <li>A consequence for customer service is <b>explained</b>.</li> </ul> <p>(Answers will typically <b>state</b> relevant examples, business knowledge or Māori business concepts.)</p>	<p>(Answers will typically <b>include</b> relevant examples, business knowledge or Māori business concepts.)</p>	<p>(Answers will typically <b>integrate</b> relevant examples, business knowledge or Māori business concepts into explanations.)</p>

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<b>THREE</b>				
(a)	<p><u>Explanation of a budget</u> A plan for future income and expenses, therefore allowing financial control.</p> <p>A budget can also be a set limit on the amount that a department can spend on its activities. This ensures the department does not overspend.</p>	<p>Answers TWO of:</p> <ul style="list-style-type: none"> <li>The term is <b>explained</b>.</li> <li>A way in which budgeting can help is <b>explained</b>.</li> <li>An advantage of variance analysis is <b>explained</b>.</li> </ul>	<p>Answers ONE of:</p> <ul style="list-style-type: none"> <li>A way in which budgeting can help is <b>fully explained</b>.</li> <li>Two ways in which the named business could correct the negative variance are <b>fully explained</b>.</li> </ul>	<p>The effects of variances are discussed by <b>explaining</b> an advantage of using variance analysis, and <b>fully explaining</b> two ways in which the named business could correct the negative variance.</p> <p><i>AND</i></p> <p>A justification of the better way to correct the variance.</p> <p><i>AND</i></p> <p>The answer demonstrates coherent links between concepts.</p>
(b)	<p><u>Budgeting can help with planning by:</u></p> <p><i>Budgeted figures</i> – enable all the costing of projects to see if they are feasible.</p> <p><i>Resourcing</i> – allows a firm to prioritise resource needs in relation to availability.</p>	<ul style="list-style-type: none"> <li>One way in which the named business could correct the negative variance is <b>explained</b>.</li> </ul>		
(c)	<p><i>Sample answer:</i></p> <p><u>Advantages:</u></p> <ul style="list-style-type: none"> <li>Variance – allows opportunities for differences to be identified, then explained and solved.</li> <li>KE can respond to the variance by changing their operating costs, and plan future budgets accordingly.</li> </ul> <p><u>Ways to correct a negative variance:</u></p> <ul style="list-style-type: none"> <li>Dropping some poorly performing product lines, therefore increasing profitability.</li> <li>Cut costs by reducing hours of some bakery staff.</li> <li>Set realistic sales targets for the bakery, and make the manager responsible for meeting these.</li> <li>Increase marketing – this will create more revenue.</li> </ul> <p><u>Justification</u></p> <p>Dropping some poorly performing product lines would be the best option, because it would not affect workers' income and therefore will not reduce motivation.</p>	<p>(Answers will typically <b>state</b> relevant examples, business knowledge or Māori business concepts.)</p>	<p>(Answers will typically <b>include</b> relevant examples, business knowledge or Māori business concepts.)</p>	<p>(Answers will typically <b>integrate</b> relevant examples, business knowledge or Māori business concepts into explanations.)</p>

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<b>FOUR</b>				
(a)	<p><u>Ways:</u></p> <ul style="list-style-type: none"> <li>• Sponsorship of a healthy eating campaign, to go alongside an epidemic such as diabetes or obesity.</li> <li>• Any other relevant activity that then improves the welfare of a cause or community group.</li> </ul>	<p>Answers TWO of:</p> <ul style="list-style-type: none"> <li>• A way is <b>explained</b>.</li> <li>• The similarities between corporate social responsibility and a philanthropist are <b>explained</b>.</li> </ul>	<p>Answers ONE of:</p> <ul style="list-style-type: none"> <li>• The similarities between corporate social responsibility and a philanthropist are <b>fully explained</b>.</li> </ul>	<p>Why a business might choose to exercise corporate social responsibility is <b>fully explained</b> and <b>justified</b> by fully explaining the effects on customers of the named business.</p>
(b)	<p><u>Similarities:</u></p> <ul style="list-style-type: none"> <li>• Philanthropists are good citizens.</li> <li>• Same goal to help and get involved in community improvements and developments.</li> </ul>	<ul style="list-style-type: none"> <li>• One effect on the customers of the named business is <b>explained</b>.</li> </ul>	<ul style="list-style-type: none"> <li>• The consequences in the short term and the long term for the named business are <b>fully explained</b>.</li> </ul>	<p><i>AND</i></p> <p>The consequences in the short term and the long term for the named business are <b>fully explained</b>.</p>
(c)	<p><i>Sample answer:</i></p> <p><u>Effects on customers:</u></p> <ul style="list-style-type: none"> <li>• Creates brand loyalty – positive influence to buy from the business.</li> <li>• Feel-good factor from knowing they are indirectly contributing to the community.</li> <li>• Dissatisfaction from those customers who do not share the culture.</li> <li>• Increased prices to customers – increased costs are passed on.</li> </ul> <p><u>Consequences</u></p> <p><i>Short term:</i></p> <p>May have an increase in sales, as customers value their work. CSR initiatives are costly – an increase in costs may reduce profitability.</p> <p><i>Long term:</i></p> <p>Gaining market share, as sales increase/have a point of differentiation. Retain quality employees, as they value the company image.</p>	<ul style="list-style-type: none"> <li>• The consequence in the short term for the named business is <b>explained</b>.</li> <li>• The consequence in the long term for the named business is <b>explained</b>.</li> </ul> <p>(Answers will typically <b>state</b> relevant examples, business knowledge or Māori business concepts.)</p>	<p>(Answers will typically <b>include</b> relevant examples, business knowledge or Māori business concepts.)</p>	<p><i>AND</i></p> <p>The answer demonstrates coherent links between concepts.</p> <p>(Answers will typically <b>integrate</b> relevant examples, business knowledge or Māori business concepts into explanations.)</p>

**Marking Codes**

- U = Evidence of Achievement
- I = Evidence of Merit
- C = Evidence of Excellence

**Judgement Statement**

Achievement	Achievement with Merit	Achievement with Excellence
3 A	3 M	3 E