

**Assessment Schedule – 2011**

**Business Studies: Demonstrate understanding of how a large business responds to external factors (90844)**

**Evidence Statement**

Q	Evidence	Achievement	Achievement with Merit	Achievement with Excellence
<b>ONE</b>				
(a)	<p><u>Economic sustainability</u> The efficient use of economic/ financial resources, so that they are not depleted or they allow a business/ economy to support a given level of production/long-term profitability.</p>	<p>Answers TWO of:</p> <ul style="list-style-type: none"> <li>The term is <b>explained</b>.</li> <li>How <i>Parakore Oils</i> is economically sustainable is <b>explained</b>.</li> </ul>	<p>Answers ONE of:</p> <ul style="list-style-type: none"> <li>How <i>Parakore Oils</i> is economically sustainable is <b>fully explained</b>.</li> <li>Effects of PO operating in an economically sustainable manner on at least TWO groups in (c) are <b>fully explained</b>.</li> </ul>	<p>The effects on <i>Parakore Oils</i> of operating in an economically sustainable manner are <b>fully explained</b> and <b>justified</b> by discussing the effects on ALL groups <b>and</b> linking the consequences for staff.</p> <p><b>AND</b></p> <p>The answer demonstrates coherent links between concepts.</p>
(b)	<p><u>How <i>Parakore Oils</i> is economically sustainable:</u></p> <p><i>Production</i></p> <ul style="list-style-type: none"> <li>PO use the raukawa leaves in production – these replenish and therefore production can continue.</li> <li>Their production through to packaging is all done on one site. This saves on transport and makes efficient use of labour and machinery.</li> <li>All staff are trained in all aspects of the business – this means if one leaves another can take their place and production is not affected.</li> </ul> <p><i>Distribution</i></p> <ul style="list-style-type: none"> <li>use of nationwide courier with local branches – this saves on fuel costs and time, and promotes efficiency and flexibility.</li> </ul>	<ul style="list-style-type: none"> <li>Effect of PO operating in an economically sustainable manner on suppliers is <b>explained</b>.</li> <li>Effect of PO operating in an economically sustainable manner on consumers is <b>explained</b>.</li> <li>Effect of PO operating in an economically sustainable manner on staff is <b>explained</b>.</li> </ul>		
(c)	<p><u>Sample answer:</u> <u>Their relationship with suppliers</u> is likely to improve – because the suppliers can align themselves with a “one hundred percent pure and natural New Zealand” brand. In terms of delivery and supplies, it is convenient for the suppliers to deal with a company that is based in New Zealand. Suppliers will feel more confident and may offer better terms, because they know the financial relationship with PO will continue. Consumers are more likely to use <i>Parakore Oils</i>, because it is a “one hundred percent pure and natural” brand, made in New Zealand, and it may be cheaper than its competitors because the business can price it to reflect lower costs. PO has a range of products, so it meets the needs of a greater number</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>

<p>of target markets.</p> <p>Consumers may be more willing to build brand loyalty with the product if PO is more sustainable, because they know it will be on the market for longer.</p> <p><u>Justification / Consequences</u></p> <p>Consequences of behaving in an economically sustainable manner are:</p> <p><i>Recruitment</i> – it would attract quality local staff who want to work for a successful New Zealand company and learn all aspects of running a business.</p> <p><i>Retention and motivation</i> – staff are offered more opportunities for career growth, leading to increased job satisfaction and low labour turnover.</p> <p>As workers are likely to be local, this leads to a better work/life balance.</p>			
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<b>TWO</b>				
(a)	<p><u>Supply chain</u></p> <p>Supply chain details the stages taken to transform raw materials into a finished product for the customer.</p> <p>At each stage of the supply chain, value is added by the firm and suppliers.</p> <p>It is an important consideration because businesses will wish to minimise costs / inventory.</p> <p>It is important because businesses wish to maximise efficiency / productivity.</p>	<p>Answers TWO of:</p> <ul style="list-style-type: none"> <li>• The term is <b>explained</b>.</li> <li>• How value is added is <b>explained</b>.</li> <li>• One effect on the supply chain is <b>explained</b>.</li> <li>• An impact on sales revenue is <b>explained</b>.</li> <li>• A flow-on effect for customers is <b>explained</b>.</li> </ul>	<p>Answers ONE of:</p> <ul style="list-style-type: none"> <li>• How value is added is <b>fully explained</b>.</li> <li>• The impact on the supply chain and sales revenue is <b>fully explained</b>.</li> </ul>	<p>The impacts on the supply chain are discussed by <b>explaining</b> one effect on the supply chain, and <b>fully explaining</b> the impact on sales revenue <b>and</b> a flow-on effect for customers.</p> <p><i>AND</i></p> <p>The answer demonstrates coherent links between concepts.</p>
(b)	<p><u>How value is added:</u></p> <ul style="list-style-type: none"> <li>• Production process – oil extraction; blending with other inputs; mixing; checking and testing for quality; packaging in a useful size.</li> <li>• Distribution channels – relocating from factory to retail; point of sale promotion materials; break in bulk packaging; break in bulk administrative processing; retail staff training and communication.</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>
(c)	<p><i>Sample answer:</i></p> <ul style="list-style-type: none"> <li>• The effect on <i>Parakore Oil's</i> supply chain is that the production is halted or stopped while alternative raw materials are sourced.</li> <li>• Prices of raw materials rise because supplies are scarce.</li> </ul> <p>The impact on their sales revenue would be:</p> <ul style="list-style-type: none"> <li>• Loss of sales, because PO would have few resources to create products to sell.</li> <li>• Their unique selling point (USP) is their natural, plant-based oils. If they have to replace this oil, it could lead to loss of their brand image.</li> </ul> <p>The main flow-on effect for customers is that they would have to buy elsewhere. This could be inconvenient and / or more expensive, the product could be inferior, and they may feel let down by the company.</p>			

Q	Evidence	Achievement	Achievement with Merit	Achievement with Excellence
<b>THREE</b>				
(a)	<p><u>Enterprise culture</u> This means an environment that encourages initiative, risk-taking or creativity. This leads to greater output / production / wealth / competitive edge / motivation.</p>	<p>Answers TWO of:</p> <ul style="list-style-type: none"> <li>The term is <b>explained</b>.</li> <li>The importance of having an enterprise culture is <b>explained</b>.</li> </ul>	<p>Answers ONE of:</p> <ul style="list-style-type: none"> <li>The importance of having an enterprise culture is <b>fully explained</b>.</li> <li>How a strong enterprise culture could affect decision-making and the benefits of a strong enterprise culture are <b>fully explained</b>.</li> </ul>	<p>How a strong enterprise culture could affect decision-making and the benefits of a strong enterprise culture are <b>fully explained and justified</b>.</p>
(b)	<p><u>Importance of having an enterprise culture in New Zealand:</u></p> <ul style="list-style-type: none"> <li>Successful risk-taking will allow NZ to benefit from opportunities that may not occur otherwise, which will increase wealth creation.</li> <li>Successful product innovation allows companies to offer new, marketable products and therefore increase revenue.</li> <li>Successful process innovation will allow firms to increase productivity / efficiency.</li> </ul>	<ul style="list-style-type: none"> <li>How a strong enterprise culture could affect decision-making is <b>explained</b>.</li> <li>A benefit of a strong enterprise culture 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>
(c)	<p><i>Sample answer:</i> For <i>Parakore Oils</i>, having a strong enterprise culture could affect decision making by:</p> <ul style="list-style-type: none"> <li>Decentralising / gaining greater participation in decision-making, because creativity, innovation, initiative and risk-taking are utilised.</li> <li>Allowing flexibility and adaptability if fast or different decisions need to be made that would benefit the business.</li> </ul> <p><u>Justification / Benefits</u> A strong enterprise culture makes a business more competitive because new products / processes will set the business apart. A strong enterprise culture makes a business more profitable because it will increase revenue / productivity. The business is likely to be more rewarding and stimulating to work in for employees, so staff retention is high and better-quality employees will be attracted. As the environment facilitates individuality, staff are more creative and innovative and therefore more motivated.</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>Benefits to Parakore Oils</u> could include: Increased sales / profit, because the products are natural and pure, with no chemicals, so are better for skin and health.</p>	<p>Answers TWO of:</p> <ul style="list-style-type: none"> <li>• ONE benefit is <b>explained</b>.</li> <li>• A social trend or a belief is <b>explained</b>.</li> </ul>	<p>Answers ONE of:</p> <ul style="list-style-type: none"> <li>• The difference between a social trend and a belief is <b>fully explained</b>.</li> <li>• A way for the named business to increase sales and another impact on the named business are <b>fully explained</b>.</li> </ul>	<p>The impact of changing social trends and consumer attitudes is discussed by <b>explaining</b> one way in which the business can increase sales, and by <b>fully explaining</b> ONE other impact on the named business.</p> <p><i>AND</i></p> <p>A justification of the importance of considering social trends and consumer attitudes when making decisions is given.</p> <p><i>AND</i></p> <p>Examples are given for the named business.</p> <p><i>AND</i></p> <p>The answer demonstrates coherent links between concepts.</p>
(b)	<p>A <u>social trend</u> – When society is changing its behaviour / habits / attitude.</p> <p>A <u>belief</u> – This is something an individual holds to be true, or is of value and importance to them.</p> <p>It can be influenced by their culture and / or environment.</p>	<ul style="list-style-type: none"> <li>• A way for the named business to increase sales is <b>explained</b>.</li> <li>• One other impact on the named business is <b>explained</b>.</li> <li>• One consequence of not responding to social trends 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>

(c)	<p><i>Sample answer:</i></p> <p><u>The business can increase sales by:</u></p> <ul style="list-style-type: none"> <li>• Creating products that meet customers' changing demands.</li> <li>• Responding to changing attitudes with changes to their production, marketing and sales.</li> <li>• Observing social trends and planning accordingly for future production, operations, sales and marketing.</li> </ul> <p><u>Impact on the business:</u></p> <ul style="list-style-type: none"> <li>• Increased workload, as the business needs to be constantly changing and adapting in order to survive.</li> <li>• Increased stress / pressure on managers, due to the need to communicate changes and decisions to other staff.</li> <li>• Managers may have to deal with negative attitudes from other staff not willing to change or adapt.</li> <li>• Possible loss of sales if incorrect decisions are made.</li> <li>• The business may increase market share and become more profitable, and may be able to expand.</li> </ul> <p><u>Justification / consequences of not responding:</u></p> <ul style="list-style-type: none"> <li>• Customers will choose other products / companies, therefore sales would fall.</li> <li>• Other companies will have an advantage over them in terms of sales, market share and profit.</li> <li>• The business will lose sales and profit, reducing the likelihood of long-term survival.</li> </ul>			
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**Marking Codes**

**U** = Evidence of Achievement

**I** = Evidence of Merit

**C** = Evidence of Excellence

**Judgement Statement**

<b>Achievement</b>	<b>Achievement with Merit</b>	<b>Achievement with Excellence</b>
<b>3 A</b>	<b>3 M</b>	<b>3 E</b>