

Assessment Schedule – 2012

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

Evidence Statement

Question	Expected coverage
ONE	Leadership
(a)	The leadership style that best describes Tony Hamilton is autocratic and/or authoritarian , because he is in charge at all times, is described as tough but fair and honest, is not afraid to try new things, and has the big picture in mind. He makes all the decisions, is task-orientated, and communicates effectively to get the best out of his employees.
(b)	<p>Characteristics of an effective leader in a business are:</p> <ul style="list-style-type: none"> • Skills and attributes – an effective leader is charismatic, intelligent, determined, confident, and self-assured. He/she is a visionary who is a good communicator, negotiator, problem-solver and critical decision-maker, and who thinks long-term and outside the square (Explain). These skills and attributes encourage and motivate workers to follow and be led. The leader is also recognised as a source of inspiration, an expert in his/her field, and a good role model who fosters change (Fully explain). • A personal value – an effective leader has a strong work ethic, and is goal-orientated and ambitious. These values reflect positively in their day-to-day interactions with staff and customers (Explain). The leader is also someone with integrity whom one can trust, look up to, and respect (Fully explain).
(c)	<p>Benefits to a business of the CEO knowing everyone personally are:</p> <ul style="list-style-type: none"> • Staff loyalty will increase – staff feel both valued and recognised when their boss shows they care by getting to know them and their roles and responsibilities. They are less likely to miss work and will be more productive in their jobs (Explain). The staff are loyal and are more likely to keep working for that business (staff retention). They feel they can identify with the business better (Fully explain). <p>Motivation and job satisfaction – both of these would increase, because the CEO is a strong communicator and a visionary (Explain). When staff are motivated, they are more likely to provide high-quality service and work hard, because they enjoy their job and what they are doing has a purpose, and their contribution is recognised (Fully explain).</p>
(d)	<p>The impact of a good leader in a business may include:</p> <p><i>Example 1:</i></p> <p>Having a clear vision of the company's goals and objectives, and being able to clearly communicate their ideas to both staff and customers, so there is buy-in to the company's goals and objectives. For example, someone who has the courage to make tough decisions and still maintain the support of most stakeholders, by showing empathy to employees (eg Rob Fyfe, CEO of Air New Zealand) (Explain).</p> <p>Effects:</p> <p>The effect on the customers is to know that the company is strong and reputable because of the CEO's good leadership, and that they continue to stay loyal to the company (Explain). The effect of this is that they are more likely to engage with a company whose leader appeals to their own values, and to pass on positive feedback to other customers, which contributes to overall business success (Fully explain).</p> <p>Justification:</p> <p>Good leadership in the long term increases staff and customer loyalty, builds the brand and reputation of the company, and leads to greater sales,</p>

	<p>market share, survival, growth, and business profits. Good leadership also maintains the direction and vision for the company and ensures goals are achieved. Good leadership would also ensure the maintenance and growth of economic sustainability. (Justifications should not repeat points given earlier).</p> <p><i>Example 2:</i></p> <p>Good leadership encourages staff to take responsibility and make decisions. Therefore employees may feel more valued and empowered.</p> <p>Effects:</p> <p>Staff may feel more motivated and experience an increase in job satisfaction; therefore, staff may deliver better products or higher level of customer service. Customers may receive a better overall experience and increase their purchases (customer loyalty), and recommend the business to other people (potential customers).</p> <p>Justification:</p> <p>Good leadership in the long term increases staff and customer loyalty, builds the brand and reputation of the company, and leads to greater sales, market share, survival, growth, and business profits.</p>
--	--

Not Achieved	N1	<p>Insufficient breadth by answering ONE of:</p> <ul style="list-style-type: none"> • the type of leadership is stated and explained • a characteristic of an effective leader is explained • a benefit of the CEO knowing every employee is explained • one example of good leadership in a named business, other than believing in and knowing all staff, is explained • an effect of good leadership on customers of the named business is explained. <p><i>(Answers will typically state relevant examples, business knowledge OR Māori business concepts)</i></p>
	N2	<p>Insufficient breadth by answering TWO of:</p> <ul style="list-style-type: none"> • the type of leadership is stated and explained • a characteristic of an effective leader is explained • a benefit of the CEO knowing every employee is explained • one example of good leadership in a named business, other than believing in and knowing all staff, is explained • an effect of good leadership on customers of the named business is explained. <p><i>(Answers will typically state relevant examples, business knowledge OR Māori business concepts)</i></p>

Achievement	A3	<p>Answers THREE of:</p> <ul style="list-style-type: none"> • the type of leadership is stated and explained • a characteristic of an effective leader is explained • a benefit of the CEO knowing every employee is explained • one example of good leadership in a named business, other than believing in and knowing all staff, is explained • an effect of good leadership on customers of the named business is explained. <p><i>(Answers will typically state relevant examples, business knowledge OR Māori business concepts)</i></p>
	A4	<p>Answers FOUR of:</p> <ul style="list-style-type: none"> • the type of leadership is stated and explained • a characteristic of an effective leader is explained • a benefit of the CEO knowing every employee is explained • one example of good leadership in a named business, other than believing in and knowing all staff, is explained • an effect of good leadership on customers of the named business is explained. <p><i>(Answers will typically state relevant examples, business knowledge OR Māori business concepts)</i></p>
Merit	M5	<p>Answers ONE of:</p> <ul style="list-style-type: none"> • the characteristics of an effective leader are fully explained • the benefits of the CEO knowing every employee are fully explained • the effect of good leadership on customers of the named business is fully explained. <p><i>(Answers will typically include relevant examples, business knowledge OR Māori business concepts)</i></p>
	M6	<p>Answers TWO of:</p> <ul style="list-style-type: none"> • the characteristics of an effective leader are fully explained • the benefits of the CEO knowing every employee are fully explained • the effect of good leadership on customers of the named business is fully explained. <p><i>(Answers will typically include relevant examples, business knowledge OR Māori business concepts)</i></p>

Excellence	E7	<p>The impact is discussed by:</p> <ul style="list-style-type: none"> explaining one example of good leadership in the named business, other than believing in and knowing all staff fully explaining the effect of good leadership on customers of the named business <p>AND</p> <ul style="list-style-type: none"> providing a justification, with ONE reason, why good leadership is important in the long term for the named business. <p><i>(Answers will typically integrate relevant examples, business knowledge OR Māori business concepts)</i></p>
	E8	<p>The impact is discussed by:</p> <ul style="list-style-type: none"> explaining one example of good leadership in the named business, other than believing in and knowing all staff fully explaining the effect of good leadership on customers of the named business <p>AND</p> <ul style="list-style-type: none"> providing a justification, with TWO reasons, why good leadership is important in the long term for the named business <p>AND</p> <ul style="list-style-type: none"> answers integrate relevant examples, business knowledge OR Māori business concepts into explanations.

N0 = No response; no relevant evidence.

Question	Expected coverage
TWO	Growth Strategies
(a)	<p>Reasons for product diversification as a growth strategy may include:</p> <ul style="list-style-type: none"> The company could receive an increase in sales and revenue, because of an increase in market share / attract more customers. Through product diversification it is easier to add to the product range, as the company already has the staff and machinery that would enable it to add new products without incurring additional costs. For example, diversification may spread the risk involved in expanding, as there would be more markets from which to generate revenue. Product diversification means the company can further meet the changing needs of consumers, and maintain or increase market share and revenue.
(b)	<p>Possible links between product diversification and market share may include:</p> <ul style="list-style-type: none"> Existing product range: Product diversification adds to the existing product range, which may attract new customers or encourage existing customers to purchase additional products (Explain), because customers like variety and choice, which results in increased sales and market share (Fully explain). Sales and profit growth: An increase in market share due to a wider product range will lead to greater sales and business profit, because market share is a generally reliable indicator of business survival and success. Entry into a new market: Product diversification allows <i>Fruits of Nature Ltd</i> to enter a new market. This can enhance sales of the existing product range, increasing market share.

<p>(c)</p>	<p>It is important for product diversification to match the company’s vision because:</p> <ul style="list-style-type: none"> • Company reputation: A company’s reputation is built on its vision (eg respect for the environment). This takes a long time to build, and product diversification that is not aligned to the company’s vision risks damaging its reputation (Explain); for example, it can dilute the brand image and customers’ perceptions of the company and decrease sales.(Fully explain). • Brand loyalty: A company’s brand loyalty comes from continuous delivery of quality products and maintenance of its core values that meet customer expectations. A company’s core values state the company’s aims and goals (Explain). To change from this via product diversification can threaten business market share (Fully explain).
<p>(d)</p>	<p>Which product diversification option is better for the overall growth of <i>Fruits of Nature Ltd</i>:</p> <p><i>Option 1</i></p> <p><u>Supply of organic fruit and vegetables</u> would be a suitable option, because it will allow the company to cater for increased demand for “healthy” food (Explain). For example, changing customers’ lifestyles and values towards healthy options could link to the company’s marketing mix to lift the positive image of the company.</p> <p>Advantage: The company already has suppliers of fruit and vegetables for canning and systems for sourcing the raw material. Fits vision of the company, so reputation stays intact.</p> <p>Disadvantages: Learning new administrative methods for the supply of organic fruits and vegetables; facing existing competition from other established organic suppliers; additional human resources required; increased production and marketing costs.</p> <p>Note: Fully explain candidates need BOTH advantages and disadvantages.</p> <p>Justification: This is a better option than the frozen meals, because the frozen meals option is new and risky. <i>Fruits of Nature Ltd</i> has the sales and marketing expertise and a good reputation in the production of canned fruits and vegetables already, so this option can build on that. Frozen meals will involve more than just fruit and vegetables, and new equipment would have to be purchased. Also, Option 1 fits with the company’s vision of “the environment is important to us”.</p> <p><i>Option 2</i></p> <p><u>Frozen meals</u> would be a suitable option, because it would expand the company into a new area that is complementary to canned fruits and vegetables (Explain).</p> <p>Advantages: The opportunity to enter a new market with an existing strong brand and customer loyalty; it does not detract from the company’s vision; changing customer lifestyles have created a demand for this type of product.</p> <p>Disadvantages: Costs associated with buying freezing equipment; training of staff in new processes and associated marketing costs; frozen meals will involve more than just fruit and vegetables.</p> <p>Justification: This is a better option than the organic fruit and vegetable option, because the organic market is a small one and appeals to a certain segment of the market, while frozen meals are becoming more popular due to busier lifestyles.</p> <p>(Candidates should not repeat advantages in bullet point two in their justification)</p>

Not Achieved	N1	<p>Insufficient breadth by answering ONE of:</p> <ul style="list-style-type: none"> • one reason for choosing product diversification is explained • the link between product diversification and market share is explained • a reason why it is important for product diversification to match the company’s vision is explained • an option is stated, and why it would be suitable for <i>Fruits of Nature Ltd</i> is explained • an advantage <i>OR</i> disadvantage of the option is explained. <p><i>(Answers will typically state relevant examples, business knowledge OR Māori business concepts)</i></p>
	N2	<p>Insufficient breadth by answering TWO of:</p> <ul style="list-style-type: none"> • one reason for choosing product diversification is explained • the link between product diversification and market share is explained • a reason why it is important for product diversification to match the company’s vision is explained • an option is stated, and why it would be suitable for <i>Fruits of Nature Ltd</i> is explained • an advantage <i>OR</i> disadvantage of the option is explained. <p><i>(Answers will typically state relevant examples, business knowledge OR Māori business concepts)</i></p>
Achievement	A3	<p>Answers THREE of:</p> <ul style="list-style-type: none"> • one reason for choosing product diversification is explained • the link between product diversification and market share is explained • a reason why it is important for product diversification to match the company’s vision is explained • an option is stated, and why it would be suitable for <i>Fruits of Nature Ltd</i> is explained • an advantage <i>OR</i> disadvantage of the option is explained. <p><i>(Answers will typically state relevant examples, business knowledge OR Māori business concepts)</i></p>
	A4	<p>Answers FOUR of:</p> <ul style="list-style-type: none"> • one reason for choosing product diversification is explained • the link between product diversification and market share is explained • a reason why it is important for product diversification to match the company’s vision is explained • an option is stated, and why it would be suitable for <i>Fruits of Nature Ltd</i> is explained • an advantage <i>OR</i> disadvantage of the option is explained. <p><i>(Answers will typically state relevant examples, business knowledge OR Māori business concepts)</i></p>

Merit	M5	<p>Answers ONE of:</p> <ul style="list-style-type: none"> • the link between product diversification and market share is fully explained • why it is important for product diversification to match the company’s vision is fully explained • one advantage <i>AND</i> one disadvantage of the option are fully explained. <p><i>(Answers will typically include relevant examples, business knowledge OR Māori business concepts)</i></p>
	M6	<p>Answers TWO of:</p> <ul style="list-style-type: none"> • the link between product diversification and market share is fully explained • why it is important for product diversification to match the company’s vision is fully explained • one advantage <i>AND</i> one disadvantage of the option are fully explained. <p><i>(Answers will typically include relevant examples, business knowledge OR Māori business concepts)</i></p>
Excellence	E7	<p>The option is discussed by:</p> <ul style="list-style-type: none"> • explaining why the option would be suitable for <i>Fruits of Nature Ltd</i> • fully explaining one advantage <i>AND</i> one disadvantage of the option <p><i>AND</i></p> <ul style="list-style-type: none"> • providing a justification, with ONE reason, why the option chosen is better for <i>Fruits of Nature Ltd</i> than the other option. <p><i>(Answers will typically integrate relevant examples, business knowledge OR Māori business concepts)</i></p>
	E8	<p>The option is discussed by:</p> <ul style="list-style-type: none"> • explaining why the option would be suitable for <i>Fruits of Nature Ltd</i> • fully explaining one advantage <i>AND</i> one disadvantage of the option <p><i>AND</i></p> <ul style="list-style-type: none"> • providing a justification, with TWO reasons, why the option chosen is better for <i>Fruits of Nature Ltd</i> than the other option <p><i>AND</i></p> <ul style="list-style-type: none"> • answers integrate relevant examples, business knowledge <i>OR</i> Māori business concepts into explanations.

N0 = No response; no relevant evidence.

Question	Expected coverage
THREE	Kaitiakitanga
(a)	<p>Ways in which kaitiakitanga can be practised may include: (must relate to the daily operations, and be a specific ACTION by the company)</p> <ul style="list-style-type: none"> • water conservation, by investing in technology that uses less water; for example, using automatic sensor taps and reusing water for cleaning machinery and premises • limiting wastage of fruit and vegetables in the production process, by training the staff to handle fruit and vegetables carefully and providing machines that protect produce better • reusing resources by recycling cans in their canning and production process • investment by the business in the development of tribal resources – environment, and people through employment, training and tribal wealth.
(b)	<p>Ways in which kaitiakitanga influences Tony Hamilton’s business decisions may include:</p> <ul style="list-style-type: none"> • Natural resources – Tony Hamilton acts as a guardian for the natural resources such as water, land, fruit, and vegetables that his business uses. He respects their value and the need to conserve them for future generations and the economic sustainability of his business (Explain). For example, he would ensure the company chooses suppliers of fruit and vegetables that use sustainable practices (Fully explain). • Processing operations – Tony Hamilton, as a kaitiaki, is responsible for directing his managers to be creative and innovative in their decision-making, and ensuring the decisions around processing operations reflect the practice of conservation (Explain) – eg limiting wastage in the production process, and recycling and reusing resources (Fully explain). • Māori world view – for example, Tony’s bi-cultural working practice. He ensures that the protection of all resources and species in the ecosystem is upheld (Explain), as he understands the importance of a future legacy for tribal descendants (Fully explain).
(c)	<p>Reasons for an increase in the number of businesses practising kaitiakitanga may include:</p> <ul style="list-style-type: none"> • Company values: Companies are realising the long-term benefits of respecting the environment and acting as guardians to protect resources for future generations. Businesses want to be seen as ethical by consumers. Problems that are being faced by companies who are wasting resources and polluting the natural environment are warnings of actions to avoid (Explain). For example, companies that operate with resource sustainability as a key focus tend to ensure their economic sustainability in the future. Māori Development – companies contributing to Māori priorities are forging unique, culturally authentic enterprises that are viewed as such (Fully explain). • Business success will increase: Business survival and longevity in the industry relies on the use of sustainable processes and meeting customer expectations. These expectations increasingly include practices such as kaitiakitanga, rather than just making a profit (Explain). For example, customer preferences have changed, and companies now need to realign their values towards sustainability to ensure business success. This includes the use of marketing to improve their brand image, and therefore sales (Fully explain).
(d)	<p><i>Possible immediate effects on Fruits of Nature Ltd:</i></p> <p>Immediate effects (short-term effects only)</p> <p>Negative effects – Additional costs may be incurred for processes and technology to reduce wastage of resources or minimise pollution. Take focus away from other areas of the business.</p> <p>Positive effects – In its day-to-day operations, less energy and resources are used and less waste is produced. Increase in sales and revenue, as customers are more likely to buy from a company that practises kaitiakitanga.</p>

	<p>Consumers – would buy from a company practising kaitiakitanga, because it appeals to their values about the environment (Explain) and creates a feeling of good citizenship and/or contribution to Māori development (Fully explain).</p> <p><i>Long-term consequences for Fruits of Nature Ltd:</i></p> <p><i>Fruits of Nature Ltd</i> will have resources for future growth, which will enable them to be a leader in the industry, maintain their profits, continue to be an employer of importance, and be a role model to other businesses. This is because in following the principles of kaitiakitanga, the company is limiting its energy use, and its use of renewable and non-renewable resources such as the amount of waste produced or recycled by the organisation, water used and discharged, and in the recycling of materials used in packaging and transport. The company can be a role model for businesses wanting to adopt sustainable practices. It will have a high retention of quality staff who value the company's vision. It will maintain positive relationships with stakeholders (community suppliers, lobby groups). <i>Fruits of Nature Ltd</i> will also increase market share, because it has a point of differentiation with its sustainable practices.</p>
--	--

<p>Not Achieved</p>	<p>N1</p>	<p>Insufficient breadth by answering ONE of:</p> <ul style="list-style-type: none"> • a way to practise kaitiakitanga is explained • how kaitiakitanga influences Tony Hamilton's business decisions is explained • a reason why the number of businesses practising kaitiakitanga may have increased is explained • one immediate effect on <i>Fruits of Nature Ltd</i> of practising kaitiakitanga is explained • a reason why consumers would be more likely to purchase products produced by <i>Fruits of Nature Ltd</i> is explained. <p><i>(Answers will typically state relevant examples, business knowledge OR Māori business concepts)</i></p>
	<p>N2</p>	<p>Insufficient breadth by answering TWO of:</p> <ul style="list-style-type: none"> • a way to practise kaitiakitanga is explained • how kaitiakitanga influences Tony Hamilton's business decisions is explained • a reason why the number of businesses practising kaitiakitanga may have increased is explained • one immediate effect on <i>Fruits of Nature Ltd</i> of practising kaitiakitanga is explained • a reason why consumers would be more likely to purchase products produced by <i>Fruits of Nature Ltd</i> is explained. <p><i>(Answers will typically state relevant examples, business knowledge OR Māori business concepts)</i></p>

Achievement	A3	<p>Answers THREE of:</p> <ul style="list-style-type: none"> • a way to practise kaitiakitanga is explained • how kaitiakitanga influences Tony Hamilton’s business decisions is explained • a reason why the number of businesses practising kaitiakitanga may have increased is explained • one immediate effect on <i>Fruits of Nature Ltd</i> of practising kaitiakitanga is explained • a reason why consumers would be more likely to purchase products produced by <i>Fruits of Nature Ltd</i> is explained. <p><i>(Answers will typically state relevant examples, business knowledge OR Māori business concepts)</i></p>
	A4	<p>Answers FOUR of:</p> <ul style="list-style-type: none"> • a way to practise kaitiakitanga is explained • how kaitiakitanga influences Tony Hamilton’s business decisions is explained • a reason why the number of businesses practising kaitiakitanga may have increased is explained • one immediate effect on <i>Fruits of Nature Ltd</i> of practising kaitiakitanga is explained • a reason why consumers would be more likely to purchase products produced by <i>Fruits of Nature Ltd</i> is explained. <p><i>(Answers will typically state relevant examples, business knowledge OR Māori business concepts)</i></p>
Merit	M5	<p>Answers ONE of:</p> <ul style="list-style-type: none"> • how kaitiakitanga influences Tony Hamilton’s business decisions is fully explained • why the number of businesses practising kaitiakitanga may have increased is fully explained • why consumers would be more likely to purchase products produced by <i>Fruits of Nature Ltd</i> is fully explained. <p><i>(Answers will typically include relevant examples, business knowledge OR Māori business concepts)</i></p>
	M6	<p>Answers TWO of:</p> <ul style="list-style-type: none"> • how kaitiakitanga influences Tony Hamilton’s business decisions is fully explained • why the number of businesses practising kaitiakitanga may have increased is fully explained • why consumers would be more likely to purchase products produced by <i>Fruits of Nature Ltd</i> is fully explained. <p><i>(Answers will typically include relevant examples, business knowledge OR Māori business concepts)</i></p>

Excellence	E7	<p>The impact of practising kaitiakitanga on <i>Fruits of Nature Ltd</i> is discussed by:</p> <ul style="list-style-type: none"> • explaining an immediate effect on <i>Fruits of Nature Ltd</i> • fully explaining why consumers would be more likely to purchase products produced by <i>Fruits of Nature Ltd</i> <p>AND</p> <ul style="list-style-type: none"> • providing a justification, with ONE reason, and with reference to the long-term consequences for <i>Fruits of Nature Ltd</i>. <p>(Answers will typically integrate relevant examples, business knowledge OR Māori business concepts)</p>
	E8	<p>The impact of practising kaitiakitanga on <i>Fruits of Nature Ltd</i> is discussed by:</p> <ul style="list-style-type: none"> • explaining an immediate effect on <i>Fruits of Nature Ltd</i> • fully explaining why consumers would be more likely to purchase products produced by <i>Fruits of Nature Ltd</i> <p>AND</p> <ul style="list-style-type: none"> • providing a justification, with TWO reasons, and with reference to the long-term consequences for <i>Fruits of Nature Ltd</i> <p>AND</p> <ul style="list-style-type: none"> • answers integrate relevant examples, business knowledge OR Māori business concepts into explanations.

N0 = No response; no relevant evidence.

Judgement Statement

	Not Achieved	Achievement	Achievement with Merit	Achievement with Excellence
Score range	0 – 6	7 – 13	14 – 18	19 – 24
Codes				
U	=	Evidence of understanding		
I	=	Evidence of in-depth understanding		
J	=	Justification		