

Assessment Schedule – 2012

Business Studies: Apply business knowledge to address a complex problem(s) in a given global business context (91381)

Evidence Statement

Q	Evidence	Achievement	Achievement with Merit	Achievement with Excellence
ONE: Conflicts arising from new ownership				
(a)	<p><u>Causes</u></p> <ul style="list-style-type: none"> Some senior managers would be replaced by personnel from the parent company, which leads to insecurity for local staff. Differences in the way Germans and Kiwis do business, eg Germans like formal meetings, Kiwis can be quite informal at meetings. These reasons might lead to misunderstandings, which would cause conflict. <p><u>Effects</u></p> <ul style="list-style-type: none"> Conflict might lead to managers being unable to work together; this would reduce productivity in the business, raise costs, and reduce profitability. Conflict might lead to reduced individual motivation /increased absenteeism; this would also reduce productivity in the business, raise costs, and reduce profitability. Conflict may increase staff turnover. This would increase the costs involved in hiring and training workers. 	<p>Answers:</p> <ul style="list-style-type: none"> ONE cause and ONE effect of the conflict are explained. <p>AND EITHER</p> <ul style="list-style-type: none"> ONE solution that addresses the conflict and ONE negative effect of the solution are explained. <p>OR</p> <ul style="list-style-type: none"> TWO solutions that address the conflict are explained. <p>OR</p> <ul style="list-style-type: none"> Negative effects of the TWO solutions (solutions stated) are explained. <p>(Answers will typically state relevant evidence from the given context, and business knowledge or Māori business concepts where relevant.)</p>	<p>Answers:</p> <ul style="list-style-type: none"> ONE cause and ONE effect of the conflict are fully explained. <p>AND EITHER</p> <ul style="list-style-type: none"> ONE solution that addresses the conflict and ONE negative effect of the solution are fully explained. <p>OR</p> <ul style="list-style-type: none"> TWO solutions that address the conflict are fully explained. <p>OR</p> <ul style="list-style-type: none"> Negative effects of the TWO solutions (solutions stated) are fully explained. <p>(Answers will typically include relevant evidence from the given context, and business knowledge or Māori business concepts where relevant.)</p>	<p>The solutions are evaluated and justified by:</p> <ul style="list-style-type: none"> TWO solutions that address the conflict are fully explained. TWO negative effects of the solutions are fully explained. A justification for the better solution is given. <p>AND</p> <p>The answer demonstrates coherent links between concepts. (Answers will typically integrate relevant evidence from the given context, and business knowledge or Māori business concepts where relevant.)</p>
(b)	<ul style="list-style-type: none"> Offer mediation by a trained neutral third party. Training for all managers on the differences in etiquette and protocol. <p>Accept other relevant answers.</p>			
(c)	<ul style="list-style-type: none"> Mediation by a third party would allow senior staff to discuss the issues in an open and balanced way. This would improve relationships and enable senior staff to work together more effectively, thus improving productivity. Mediation will take a great deal of time and effort, because problems may not be able to be solved immediately. This will have a longer-term impact on business performance. Training makes both sides aware of the differences in etiquette, which is a first step to the managers 			

	<p>understanding the other side. They may also be able to develop more of a personal relationship, which will be beneficial to the business.</p> <ul style="list-style-type: none"> • A negative factor is that mediation and/or training may not solve the issues if the level of conflict is too high. Also, it will take time out from running <i>LuftCom Newmann Technology (LNT)</i>. • Mediation by a trained neutral third party will allow senior staff to discuss ways of moving forward / have discussions which are aimed at solutions. The use of a trained mediator allows conversations to be directed. • Training in differences in etiquette would create awareness in <i>LNT's</i> management which is important for a firm operating in a global environment. 			
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Q	Evidence	Achievement	Achievement with Merit	Achievement with Excellence
TWO: Economic uncertainty and the risks involved in expanding globally				
(a)	<p><u>Causes</u></p> <ul style="list-style-type: none"> • Low sales of GPS equipment for cars may be because of the rise in the use of smart phones. This means that people will use GPS on their phones and not purchase GPS systems from <i>LNT</i>. • Decreased consumer confidence would mean that customers feel unsure about their future financial situation, and therefore choose not to purchase GPS systems from <i>LNT</i>. <p><u>Effects</u></p> <ul style="list-style-type: none"> • Not meeting the sales target may mean that the firm has insufficient revenue, and is therefore incurring a loss in this area. • An unsuccessful venture into the Californian market may reduce funds for R&D, which would hinder future development. • Not meeting the sales target may reduce cashflow. This could cause liquidity problems and increase the possibility of bankruptcy / draining resources from other parts of the parent company. 	<p>Answers:</p> <ul style="list-style-type: none"> • ONE cause and ONE effect of the low sales are explained. <p>AND EITHER</p> <ul style="list-style-type: none"> • ONE solution that addresses the low sales and ONE negative effect of the solution are explained. <p>OR</p> <ul style="list-style-type: none"> • TWO solutions that address the low sales are explained. <p>OR</p> <ul style="list-style-type: none"> • Negative effects of the TWO solutions (solutions stated) are explained. <p>(Answers will typically state relevant evidence from the given context, and business knowledge or Māori business concepts where relevant.)</p>	<p>Answers:</p> <ul style="list-style-type: none"> • Causes and effects of the low sales are fully explained. <p>AND EITHER</p> <ul style="list-style-type: none"> • ONE solution that addresses the low sales and ONE negative effect of the solution are fully explained. <p>OR</p> <ul style="list-style-type: none"> • TWO solutions that address the low sales are fully explained. <p>OR</p> <ul style="list-style-type: none"> • Negative effects of the TWO solutions (solutions stated) are fully explained. <p>(Answers will typically include relevant evidence from the given context, and business knowledge or Māori business concepts where relevant.)</p>	<p>The solutions are evaluated and justified by:</p> <ul style="list-style-type: none"> • TWO solutions that address the low sales are fully explained. • TWO negative effects of the solutions are fully explained. • A justification for the better solution is given. <p>AND</p> <p>The answer demonstrates coherent links between concepts.</p> <p>(Answers will typically integrate relevant evidence from the given context, and business knowledge or Māori business concepts where relevant.)</p>
(b)	<ul style="list-style-type: none"> • Change the marketing strategy. • Pull out of the Californian market. <p>Accept other relevant answers.</p>			
(c)	<ul style="list-style-type: none"> • A modified marketing strategy may allow <i>LNT</i> to compete more effectively. This would therefore allow increased sales. • Changing the marketing strategy may increase expenses. If unsuccessful, this may make the problem worse. • Pulling out of the Californian market would limit further losses, allowing the firm to compete more effectively elsewhere. • Pulling out of the Californian market may negatively affect their brand in the eyes of American consumers, and negatively impact on any future attempt to re-enter that market. • The better solution is to stay in the market and alter their marketing strategy. This would allow them to compete directly with smart phones, and would mean they would be well placed when consumer confidence rises again. 			

Q	Evidence	Achievement	Achievement with Merit	Achievement with Excellence
THREE: Poor investment decision arising from external factors				
(a)	<p><u>Causes</u></p> <ul style="list-style-type: none"> The NZ dollar has risen, forcing up prices of NZ exports. This makes them less competitive in foreign markets / reduces prices in NZ dollars if prices have already been agreed. This would reduce income and net cash flow from an investment. Interest rates for businesses are rising. This would increase expenses involved in borrowing money and reduce the net cash flow from an investment. <p><u>Effects</u></p> <ul style="list-style-type: none"> The poor investment decision would reduce revenue, and therefore reduce profit or cause a loss to be incurred in this area. It may discourage investors / banks from investing in <i>LNT</i>, which would limit future growth. 	<p>Answers:</p> <ul style="list-style-type: none"> ONE cause and ONE effect of the poor investment decision are explained. <p>AND EITHER</p> <ul style="list-style-type: none"> ONE solution that addresses the poor investment decision and ONE negative effect of the solution are explained. <p>OR</p> <ul style="list-style-type: none"> TWO solutions that address the poor investment decision are explained. <p>OR</p> <ul style="list-style-type: none"> Negative effects of the TWO solutions (solutions stated) are explained. <p>(Answers will typically state relevant evidence from the given context, and business knowledge or Māori business concepts where relevant.)</p>	<p>Answers:</p> <ul style="list-style-type: none"> ONE cause and ONE effect of the poor investment decision are fully explained. <p>AND EITHER</p> <ul style="list-style-type: none"> ONE solution that addresses the poor investment decision and ONE negative effect of the solution are fully explained. <p>OR</p> <ul style="list-style-type: none"> TWO solutions that address the poor investment decision are fully explained. <p>OR</p> <ul style="list-style-type: none"> Negative effects of the TWO solutions (solutions stated) are fully explained. <p>(Answers will typically include relevant evidence from the given context, and business knowledge or Māori business concepts where relevant.)</p>	<p>The solutions are evaluated and justified by:</p> <ul style="list-style-type: none"> TWO solutions that address the poor investment decision are fully explained. TWO negative effects of the solutions are fully explained. A justification for the better solution is given. <p>AND</p> <p>The answer demonstrates coherent links between concepts.</p> <p>(Answers will typically integrate relevant evidence from the given context, and business knowledge or Māori business concepts where relevant.)</p>
(b)	<ul style="list-style-type: none"> Pay off debt, using internal sources of finance or finance from domestic banks / lenders / parent company. Close the plant in NZ and move production offshore to South Korea. <p>Accept other relevant answers.</p>			
(c)	<ul style="list-style-type: none"> Using internal sources of finance would mean that <i>LNT</i> would not incur interest expenses. This would increase the net cash flow associated with the investment. Using internal sources of finance may take resources from elsewhere in the business. This may reduce R&D / cause liquidity problems. Because production is being completed by an outsourcing firm in South Korea, exchange rates would not be an issue. This would allow <i>LNT</i> to predict investment income more effectively. <i>LNT</i> may lose some control over the quality of products produced if it moves production offshore to South Korea. This may affect sales in the longer term. The better solution would be to produce offshore in South Korea. This would also have the added advantage of allowing lower transport and labour costs. 			

Judgement Statement

Achievement	Achievement with Merit	Achievement with Excellence
2 A	2 M	2 E
<p>Codes</p> <p>K = Evidence of Achievement</p> <p>I = Evidence of Merit</p> <p>J = Evidence of Excellence</p>		