

Assessment Schedule – 2013

Business Studies: Demonstrate understanding of strategic response to external factors by a business that operates in a global context (91380)

Evidence Statement

Note: “Explained” is defined as providing reasoned statements to show how factors /responses interact.

“Fully explained” is defined as providing reasoned statements, in detail, and/or the impacts, effects, and consequences of interacting factors /responses affecting the business.

Each question should be read as a whole before awarding a grade.

Q 1	Sample answers	Achievement	Achievement with Merit	Achievement with Excellence
(a)	<ul style="list-style-type: none"> • Recession is formally defined as two consecutive quarters of negative economic growth. This means there is a fall in national output/production over that period. It may mean falling sales for businesses (Explained). • Recession is an economic downturn of the market where there are loss of jobs and rising unemployment, less demand for goods as consumers have less disposable income. • A recession in export markets will typically reduce demand for <i>SFNZ</i>'s products, because incomes are generally falling in these markets (Explained); this may reduce its sales and therefore have a negative impact on profitability and its growth strategy (Fully explained). • A strong \$NZ will mean prices of <i>SFNZ</i>'s products when sold abroad will be relatively higher than those of its competitors (Explained); this will also reduce sales/ profitability, because consumers will buy from cheaper (domestic) competition (Fully explained). 	<p>Explains:</p> <ul style="list-style-type: none"> • the term “recession” • how a recession would affect <i>Seafoods NZ</i>'s (<i>SFNZ</i>'s) ability to achieve its growth strategy • how a strong \$NZ would affect <i>SFNZ</i>'s ability to achieve its growth strategy • a strategic response to address the problem • impacts (positive and negative) of the strategic response. <p>[Answers will typically state relevant examples, business knowledge, and Māori business concept(s).]</p>	<ul style="list-style-type: none"> • Fully explains how recession would affect <i>SFNZ</i>'s ability to achieve its growth strategy. • Fully explains how a strong \$NZ would affect <i>SFNZ</i>'s ability to achieve its growth strategy. • Fully explains positive impacts of the strategic response. • Fully explains a negative impact of the strategic response. • The answer includes relevant examples and business knowledge to support explanations. <p>[Answers will typically include Māori business concept(s), where relevant, to support explanations.]</p>	<ul style="list-style-type: none"> • Explains the strategic response which addresses TWO of: size, scope, and timeframe. • Fully explains impacts (positive and negative) of the strategic response. • Draws a justified conclusion on the likely success of the strategic response. • The answer integrates relevant examples and business knowledge to fully support explanations. <p>[Answers will typically integrate Māori business concept(s), where relevant, into explanations.]</p>

<p>(b)</p>	<p><i>The strategic response may include multiple bullet points from the list below:</i></p> <ul style="list-style-type: none"> • In the short term, the marketing department could increase marketing budgets /increase advertising, to encourage sales. • In the medium term, producers could be encouraged to cut back on production to avoid wastage. • Switch to alternative markets in an attempt to maintain sales. • Carry out market research in export markets to determine what changes need to be made to increase or maintain sales. • Reduce the price of the product in recession-hit countries, in a bid to maintain sales revenue by increasing sales volumes at reduced profit levels. <p><u>Positive impacts</u></p> <ul style="list-style-type: none"> • Increasing marketing expenditure, if successful, may increase sales if customers find the product more appealing (Explained). This would improve revenue and, if costs remain constant, profitability would rise also (Fully explained). • Encouraging seafood farmers to cut back production would reduce wastage, therefore decreasing costs (Explained) and also maintaining the market price of the product by not having an over-supply which would force the market price down (Fully explained). <p><u>Negative impacts</u></p> <ul style="list-style-type: none"> • An ineffective advertising campaign would increase expenses, but may have limited impact on sales (Explained) and therefore have the opposite, unintended, impact of reduced profitability (Fully explained). • Switching to alternative markets would require a great deal of investment in marketing and distribution. This would take time to be successful (Explained) and hamper profitability in the short term (Fully explained). 			
------------	--	--	--	--

<p><u>Conclusion</u></p> <p>Any strategy will have difficulty in a recession. The producers are being encouraged to reduce costs, while looking for new markets and encouraging sales in traditional markets. This will attempt to maintain revenue while decreasing costs, and therefore encourage profitability.</p>							
N1	N2	A3	A4	M5	M6	E7	E8
Very little Achievement evidence, partial explanations.	Some Achievement evidence.	Most Achievement evidence.	Nearly all Achievement evidence.	Some Merit evidence.	Most Merit evidence.	Excellence evidence. One part may be weaker.	All points covered.

N0 = No response; no relevant evidence.

Q 2	Sample answers	Achievement	Achievement with Merit	Achievement with Excellence
(a)	<ul style="list-style-type: none"> • Cultural intelligence is a person’s capability to function effectively in different cultural situations. Global businesses that understand cultural behaviour and expectations in foreign markets can better target the consumers in those markets (Explained). • Cultural intelligence is a business’ ability to adapt/ function in a global environment, respecting the beliefs, values, and customs of other countries (Explained), so that cultural mistakes are not made which may reduce sales and therefore profits. • A lack of cultural responsiveness and intelligence in SFNZ’s strategy may mean that expectations of customers in “greater China” are not met and that they choose not to purchase the product (Explained). This would reduce sales and therefore profitability (Fully explained). 	<p>Explains:</p> <ul style="list-style-type: none"> • the importance of cultural responsiveness and intelligence • the impact of a lack of cultural responsiveness and intelligence on sales in China • a strategic response to address the problem • impacts (positive and negative) of the strategic response. <p>[Answers will typically state relevant examples, business knowledge, and Māori business concept(s).]</p>	<ul style="list-style-type: none"> • Fully explains the impact of a lack of cultural responsiveness and intelligence on sales in China. • Fully explains positive impacts of the strategic response. • Fully explains a negative impact of the strategic response. • The answer includes relevant examples and business knowledge to support explanations. <p>[Answers will typically include Māori business concept(s), where relevant, to support explanations.]</p>	<ul style="list-style-type: none"> • Explains the strategic response which addresses TWO of: size, scope, and timeframe. • Fully explains impacts (positive and negative) of the strategic response. • Draws a justified conclusion on the likely success of the strategic response. • The answer integrates relevant examples and business knowledge to fully support explanations. <p>[Answers will typically integrate Māori business concept(s), where relevant, into explanations.]</p>
(b)	<p><i>The strategic response may include multiple bullet points from the list below:</i></p> <ul style="list-style-type: none"> • Hire Chinese advisers/ interpreters/ distributor/ agent to help develop the strategy. These people will be able to work closely with the business and provide support when required. • Work closely with NZ Trade and Enterprise (NZTE) to develop a marketing strategy. NZTE works to develop NZ’s export markets. <p><u>Positive impacts</u></p> <ul style="list-style-type: none"> • The advisers/ interpreters would have local knowledge; this would enable <i>Seafoods NZ</i> to avoid damaging its brand in foreign markets (Explained), allow a more successful entry into the market, and accelerate sales (Fully explained). • NZTE will provide advice freely, which will mean no 			

<p>additional expenses (Explained), allowing profitability to increase faster (Fully explained).</p> <p><u>Negative impacts</u></p> <ul style="list-style-type: none"> • The Chinese distributor/agent may take a great deal of control of the marketing and sales in China. This could lead to management issues on how the product is being sold (Explained), possibly causing tension (Fully explained). • Advisers/interpreters would raise costs. This would impact on profitability (Explained) and funds available for future growth (Fully explained). <p><u>Conclusion</u></p> <ul style="list-style-type: none"> • Breaking into a market which is culturally very different from the home country takes time and money. By incorporating a variety of responses, <i>SFNZ</i> is more likely to be successful. <i>SFNZ</i> will have to find the balance between relying on outsiders and keeping control of its strategy. 							
N1	N2	A3	A4	M5	M6	E7	E8
Very little Achievement evidence, partial explanations.	Some Achievement evidence.	Most Achievement evidence.	Nearly all Achievement evidence.	Some Merit evidence.	Most Merit evidence.	Excellence evidence. One part may be weaker.	All points covered.

N0 = No response; no relevant evidence.

Q 3	Sample answers	Achievement	Achievement with Merit	Achievement with Excellence
(a)	<ul style="list-style-type: none"> • Banks may offer long-term loans; these are funds that are expected to be paid back over several years with interest (Explained). <i>SFNZ</i> may use funds from a long-term loan to build up infrastructure and expand into a new market, to further its industry strategy of growing sales (Fully explained). • A business consultant would offer advice, especially in areas where the business lacks specialist knowledge, such as culture, local networks and market expansion (Explained). By using a business consultant with tested experience in the new market, <i>SFNZ</i> will be able to use the consultant's networks and make fewer mistakes. This may have the consequence of reducing costs (Fully explained). 	<p>Explains:</p> <ul style="list-style-type: none"> • TWO services provided by named non-government agency/agencies • impacts of non-government agency's/agencies' services on <i>Seafoods NZ's</i> industry strategy • a strategic response by the named business to the government agency's initiative • outcomes (positive and negative) of the strategic response. <p>[Answers will typically state relevant examples, business knowledge, and Māori business concept(s).]</p>	<ul style="list-style-type: none"> • Fully explains impacts of non-government agency's/agencies' services on <i>Seafoods NZ's</i> industry strategy. • Fully explains positive outcomes of the strategic response. • Fully explains a negative outcome of the strategic response. • The answer includes relevant examples and business knowledge to support explanations. <p>[Answers will typically include Māori business concept(s), where relevant, to support explanations.]</p>	<ul style="list-style-type: none"> • Explains the strategic response to the government agency's initiative. The strategic response addresses TWO of: size, scope, and timeframe. • Fully explains outcomes (positive and negative) of the strategic response. • Draws a justified conclusion on the likely success of the strategic response. • The answer integrates relevant examples and business knowledge to fully support explanations. <p>[Answers will typically integrate Māori business concept(s), where relevant, into explanations.]</p>
(b)	<p><i>The strategic response may include multiple bullet points from the list below:</i></p> <p>Example: NZTE organises trade delegations. A recent mission to China involved more than 100 people and included leaders from the government (cabinet ministers) and many business sectors.</p> <ul style="list-style-type: none"> • Senior managers from winemakers <i>Babich</i> arranged with NZTE to join the delegation and chose the type of wine to promote during the visit. This involved the marketing department – a marketing strategy. • A human resources function would be required to hire promotional staff who are capable of working in China. <p><u>Positive impacts</u></p> <ul style="list-style-type: none"> • The trade delegation will maximise opportunities to learn more about a new market. For example, there is a growing middle class in China that often consumes foreign wine (Explained); this will increase sales and profitability (Fully explained). 			

<ul style="list-style-type: none"> • The trade delegation will visit over a short period of time; this means that opportunities may be created without a huge investment of time and funds (Explained). This will keep costs to a minimum and ultimately raise profitability (Fully explained). <p><u>Negative impacts</u></p> <ul style="list-style-type: none"> • The trade delegation may have only a short-term impact, and this may not enable management at <i>Babich</i> to gain a significant foot-hold in the market (Explained). A large investment in joining the delegation will be quite risky and may affect future growth prospects in other markets (Fully explained). • China is a very different market to NZ. The delegation may open doors, but there are still significant cultural and legal barriers that need to be overcome (Explained). Therefore, joining the delegation may raise costs without creating opportunities to grow (Fully explained). <p><u>Conclusion</u></p> <p>The success of the strategy is dependent on the structure of the delegation. It is essential for <i>Babich</i> to be able to establish links with people in their own industry (eg wine/ beverage importers in China), rather than simply attending general meetings and discussions.</p>							
N1	N2	A3	A4	M5	M6	E7	E8
Very little Achievement evidence, partial explanations.	Some Achievement evidence.	Most Achievement evidence.	Nearly all Achievement evidence.	Some Merit evidence.	Most Merit evidence.	Excellence evidence. One part may be weaker.	All points covered.

N0 = No response; no relevant evidence.

Judgement Statement

	Not Achieved	Achievement	Achievement with Merit	Achievement with Excellence
Score range	0 – 7	8 – 12	13 – 18	19 – 24