

## Assessment Schedule – 2013

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

#### Evidence Statement

**Note:** “Explained” is defined as providing reasoned statements for the causes, effects, or solutions to complex problems.

“Fully explained” is defined as providing reasoned statements, in detail, for the causes, effects, or solutions to complex problems affecting the business. These may include impacts and consequences.

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

Q 1	Sample answers	Achievement	Achievement with Merit	Achievement with Excellence
(a)	<p><u>Causes</u></p> <ul style="list-style-type: none"> <li>The information describes negative / zero economic growth for late 2010 (Identified). This will cause rising unemployment and/or falling incomes for consumers, which means retail purchases will be lower (Explained). This will reduce sales of luxury items such as high quality books and, assuming costs remain constant, profitability (Fully explained).</li> <li>Consumers are moving away from printed books, (Identified) in favour of reading on electronic devices (Explained). Falling demand for printed books will result in decreased revenue and an increased risk of liquidation (Fully explained).</li> </ul> <p><u>Effects</u></p> <p>Shareholders/ owners would see falling dividends (Identified) as reduced revenue leads to a drop in profit (Explained). They may decide to sell shares and invest in more profitable companies (Fully explained).</p> <p>There would be lower demand for human resources (Identified), because less labour is required at lower levels of production (Explained). This may mean decreased hours or retrenchment, which will have a negative impact on motivation (Fully explained).</p>	<ul style="list-style-type: none"> <li>Explains causes of the complex problem.</li> <li>Explains effects of the complex problem.</li> <li>Explains solutions that would address the problem (positive and negative effects).</li> <li>States relevant information from the resource.</li> </ul> <p>[Answers will typically <b>state</b> relevant business knowledge and Māori business concept(s).]</p>	<ul style="list-style-type: none"> <li>Fully explains the causes and effects of the complex problem.</li> <li>Fully explains TWO solutions that would address the problem (positive and negative effects).</li> <li>The answer includes relevant information from the resource to support explanations.</li> </ul> <p>[Answers will typically <b>include</b> relevant business knowledge and Māori business concept(s) to support explanations.]</p>	<ul style="list-style-type: none"> <li>Fully explains TWO solutions that would address the problem (positive and negative effects covered).</li> <li>Draws a justified conclusion on the better solution (brings in new information).</li> <li>The answer integrates relevant information from the resource to fully support explanations.</li> </ul> <p>[Answers will typically <b>integrate</b> relevant business knowledge and Māori business concept(s) into explanations.]</p>

<p>(b)</p>	<ul style="list-style-type: none"> <li>Alter the promotional strategy, such as selling books at a lower price. (Candidates may also look at reducing costs, expenses)</li> <li>Use technological innovation such as selling online, selling e-versions of the books, or selling e-readers in-store.</li> </ul>			
<p>(c)</p>	<p><u>Positive</u></p> <ul style="list-style-type: none"> <li>Altering the promotional strategy (such as reducing prices) would allow <i>W T Wilson</i> to increase demand for their product (Stated). If successful, this would allow revenue and profits to increase due to an increase in quantities sold (Explained), which will improve cash flow in the short term and decrease the likelihood of liquidation (Fully explained).</li> <li>Selling e-versions of the books will increase the size of the target market (Stated), because customers can access the books without having to come into the store (Explained), which will increase the quantity of books sold without reducing the price, thus reducing the likelihood of liquidation (Fully explained).</li> </ul> <p><u>Negative</u></p> <ul style="list-style-type: none"> <li>Additional promotional activities would incur additional costs (Stated) and in turn this may reduce profitability, as the extra revenue generated may not cover the extra costs (Explained). Decreased profitability will further increase the risk of liquidation (Fully explained).</li> <li>E-commerce may require considerable set-up costs such as Intellectual Property Rights (Stated), which requires immediate cash flow that <i>W T Wilson</i> does not have (Explained), and this will further increase the risk of liquidation (Fully explained).</li> </ul> <p><u>Justification</u></p>			

E-commerce would be the preferred choice. The business is a high-end / quality bookstore; reducing prices would undermine the brand and therefore affect sales in the future. E-Commerce will allow for a wider range of books to be sold to a wider target audience.							
<b>N1</b>	<b>N2</b>	<b>A3</b>	<b>A4</b>	<b>M5</b>	<b>M6</b>	<b>E7</b>	<b>E8</b>
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)	<p><u>Causes</u></p> <ul style="list-style-type: none"> <li>The restructuring strategy has attempted to cut costs (Identified); this may have reduced the quality of the product or service provided, as lower quality materials or ineffective distribution channels are used (Explained). Customers recognise this, and feel less confident about the firm's products compared to their previous experiences or what competitors may be able to offer (Fully explained).</li> <li>The threat of redundancies may have led to falling worker motivation (Identified); this has reduced the quality of the products/reliability of delivery (Explained). This will have impacted negatively on customer satisfaction when their purchasing experience is dissatisfying (Fully explained).</li> </ul> <p><u>Effects</u></p> <ul style="list-style-type: none"> <li>Falling consumer satisfaction shown in the graphs (Identified) may lead to a decrease in brand loyalty (Explained). This will reduce sales and profitability as they switch to other brands (Fully explained).</li> <li>Reduced employee motivation (Identified) may lead to a high turnover of staff (Explained) and negatively impact on company morale, as well as the additional costs of hiring and training staff (Fully explained).</li> </ul>	<ul style="list-style-type: none"> <li>Explains causes of the complex problem.</li> <li>Explains effects of the complex problem.</li> <li>Explains solutions that would address the problem (positive and negative effects).</li> <li>States relevant information from the resource.</li> </ul> <p>[Answers will typically <b>state</b> relevant business knowledge and Māori business concept(s).]</p>	<ul style="list-style-type: none"> <li>Fully explains the causes and effects of the complex problem.</li> <li>Fully explains TWO solutions that would address the problem (positive and negative effects).</li> <li>The answer includes relevant information from the resource to support explanations.</li> </ul> <p>[Answers will typically <b>include</b> relevant business knowledge and Māori business concept(s) to support explanations.]</p>	<ul style="list-style-type: none"> <li>Fully explains TWO solutions that would address the problem (positive and negative effects covered).</li> <li>Draws a justified conclusion on the better solution (brings in new information).</li> <li>The answer integrates relevant information from the resource to fully support explanations.</li> </ul> <p>[Answers will typically <b>integrate</b> relevant business knowledge and Māori business concept(s) into explanations.]</p>
(b)	<ul style="list-style-type: none"> <li>Introduce quality control and/or quality assurance.</li> <li>Introduce TQM or Kaizen quality management system (two possible solutions with similar advantages and disadvantages).</li> </ul>			

<p>(c)</p>	<p><u>Positive</u></p> <ul style="list-style-type: none"> <li>Introducing quality control would increase the reliability of products (Stated), because a selection would be tested at the end of production (Explained). This would reduce the number of low-quality products, and therefore improve customer satisfaction (Fully explained).</li> <li>Introducing TQM/Kaizen would put greater focus on workers being responsible for the product provided (Identified). This would raise quality and motivation, because workers have more responsibility (Explained). Accordingly, this would improve the quality of products, and therefore customer satisfaction (Fully explained).</li> </ul> <p><u>Negative</u></p> <ul style="list-style-type: none"> <li>Introducing quality control may raise costs (Stated), because whole batches of products may have to be discarded / reworked if they do not meet standards (Explained). These rising costs would reduce profitability and /or the competitiveness of the business (Fully explained).</li> <li>Introducing TQM/Kaizen would involve a change management process (Stated). It would take time and resources to overcome inertia (Explained), which may affect profitability in the short term as these issues are overcome (Fully explained).</li> </ul> <p><u>Justification</u></p> <p>TQM would be the preferred strategy, because the benefits would improve the long-term performance of the business. Quality control does not solve the employee motivation issues or the poor quality of the work processes.</p>						
<b>N1</b>	<b>N2</b>	<b>A3</b>	<b>A4</b>	<b>M5</b>	<b>M6</b>	<b>E7</b>	<b>E8</b>
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**N0** = No response; no relevant evidence.

Q 3	Sample answers	Achievement	Achievement with Merit	Achievement with Excellence
(a)	<p><u>Causes</u></p> <ul style="list-style-type: none"> <li>• <i>F&amp;H</i> would prefer to copy <i>BPG</i>'s products, because it is cheaper to do so (Identified). R&amp;D raises costs and is inherently unpredictable as to whether the product will be successful (Explained) – a lot of money may be invested in R&amp;D with little or no result, or a competitor may patent the product first (Fully explained).</li> <li>• <i>F&amp;H</i> may have felt that the opportunity would be low-risk, because <i>BPG</i> had insufficient intellectual property (IP) protection (Explained). This meant they would not have to pay excessive defence costs if <i>BPG</i> decided to take legal action (Fully explained).</li> </ul> <p><u>Effects</u></p> <ul style="list-style-type: none"> <li>• A breach of IP may mean <i>BPG</i> has to invest more in R&amp;D to develop new products to remain competitive (Identified). This will have a negative impact on profitability (Explained), and may impact on long-term growth (Fully explained).</li> <li>• A breach of IP will reduce the value of intangible assets (Identified), because potential customers can purchase the same product from elsewhere (Explained), and this will have a negative effect on profitability (Fully explained).</li> </ul>	<ul style="list-style-type: none"> <li>• Explains causes of the complex problem.</li> <li>• Explains effects of the complex problem.</li> <li>• Explains solutions that would address the problem (positive and negative effects).</li> <li>• States relevant information from the resource.</li> </ul> <p>[Answers will typically <b>state</b> relevant business knowledge and Māori business concept(s).]</p>	<ul style="list-style-type: none"> <li>• Fully explains the causes and effects of the complex problem.</li> <li>• Fully explains TWO solutions that would address the problem (positive and negative effects).</li> <li>• The answer includes relevant information from the resource to support explanations.</li> </ul> <p>[Answers will typically <b>include</b> relevant business knowledge and Māori business concept(s) to support explanations.]</p>	<ul style="list-style-type: none"> <li>• Fully explains TWO solutions that would address the problem (positive and negative effects covered).</li> <li>• Draws a justified conclusion on the better solution (brings in new information).</li> <li>• The answer integrates relevant information from the resource to fully support explanations.</li> </ul> <p>[Answers will typically <b>integrate</b> relevant business knowledge and Māori business concept(s) into explanations.]</p>
(b)	<ul style="list-style-type: none"> <li>• Arbitration.</li> <li>• Legal action.</li> </ul>			

<p>(c)</p>	<p><u>Positive</u></p> <ul style="list-style-type: none"> <li>• Arbitration will be quick and low-cost, because it uses an independent third party to act as a facilitator in discussions (Explained). This will mean a less painful (quicker and less costly) and more profitable outcome if the two parties can come to an agreement (Fully explained).</li> <li>• Legal action may result in damages from the guilty party (Stated) to compensate <i>BPG</i> for the breach of their IP and desist from producing the product (Explained). This will increase income and raise profitability, as a major competitor has been eliminated (Fully explained).</li> </ul> <p><u>Negative</u></p> <ul style="list-style-type: none"> <li>• Arbitration is final, and the result may go against <i>BPG</i> (Stated). Because a third party is used as a decision-maker (Explained), there is still a significant risk to the business (Fully explained).</li> <li>• Legal action will incur huge legal expenses (Stated), as it will involve hiring a firm that can work internationally to fight the case (Explained). This may impact negatively on profitability or use funds that could have been used for other initiatives designed to improve long-term growth (Fully explained).</li> </ul> <p><u>Justification</u></p> <p>Arbitration is the better way forward, as <i>BPG</i> would like to overcome the problems quickly and without the negative publicity that may result from legal action.</p> <p>Another possible action would be for <i>BPG</i> to further develop new product technologies that make <i>F&amp;H's</i> product obsolete.</p>			
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### Judgement Statement

	<b>Not Achieved</b>	<b>Achievement</b>	<b>Achievement with Merit</b>	<b>Achievement with Excellence</b>
<b>Score range</b>	0 – 6	7 – 12	13 – 18	19 – 24
<b>Codes</b>				
<b>U</b>	=	Evidence of Achievement		
<b>I</b>	=	Evidence of Merit		
<b>C</b>	=	Evidence of Excellence		