

Assessment Schedule – 2014

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

Evidence Statement

Notes:

Explaining is giving reasons for the statement/description.

Fully explaining is developing the explanation with further expansion of how the situation contributes to a given **outcome**, or may impact on potential business or stakeholder goals.

Justifying the significance of the event/action/decision, or the likelihood of success, uses relevant **evidence**. This may include reference to the alternative courses of action, or new information to further support the decision, that has not already been established in earlier parts of the question.

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

Q 1	Sample answers /evidence
(a)	<p><i>Note: The stimulus mentions two technological changes, but any possible answer is acceptable, as the question is generic.</i></p> <p>New social media allow a customer to directly contact a business. This could lead to new methods of marketing, or obtaining market research from stakeholders.</p> <p>Ultra-fast broadband can allow a business to increase productivity through improved communication with customers and suppliers. The supply chain is likely to be more efficient and effective.</p> <p>Any other explained technology influence impacting on a business is acceptable. For example, technological influences increasingly threaten the economic sustainability of high street retailers, given the increasing use of online shopping from overseas.</p>
(b)	<p><i>Range of animation and design services offered by Effects Galore</i></p> <p>Improved customer loyalty from social media and service might allow <i>Effects Galore</i> to increase its product range (portfolio of services) and move into new markets. <i>Effects Galore</i> could be more enterprising with a reduced rate of risk (Explained). New markets may be those that have not yet been entered by the online pirates, or by the competition from young animators working from home. Sales revenue is likely to increase (Fully explained).</p> <p><i>Possible impact on Effects Galore's profits</i></p> <p>The combination of increased loyalty and product range will lead to an increase in sales, and possibly profits (Explained). Increasing sales will provide finance for future innovations in special effects, boosting the economic sustainability of <i>Effects Galore</i>. However, cheaper ultra-fast broadband may also lead to further increased competition and online piracy, and <i>Effects Galore</i> may have to spend additional sums to protect itself, or sales revenue could decrease. This would increase costs. The impact on <i>Effects Galore's</i> profits may be difficult to determine. Profits could rise, through increased activity, or decrease, due to costs of piracy protection or falling sales revenue resulting from increased competition (Fully explained).</p>
(c)	<p><i>Note: From the stimulus, the two threats are competition and piracy.</i></p> <p>Competition will continue to increase and intensify as technology changes (Explained). If new businesses and animators working from home see the success of <i>Effects Galore</i>, both in New Zealand and overseas, they may be tempted to enter the special effects market, which would impact on <i>Effects Galore's</i> sales and market share (Fully explained).</p> <p>Piracy (theft) is an external factor which will impact on <i>Effects Galore</i>, as competitors could copy, or even steal, <i>Effects Galore's</i> ideas and claim them as their own (Explained). Customers may become confused as to which services <i>Effects Galore</i> offers, leading to a reduction in sales revenue, threatening economic sustainability (Fully explained).</p>

It is likely that piracy will present the bigger challenge in the short run. Increasing competition is likely to be a longer-term factor, as *Effects Galore* is already well established, having been in the industry for 10 years. Businesses looking to enter this special effects market may feel that copying an idea from *Effects Galore* due to improved technology may be cheaper and quicker than creating a business from nothing, even though this is unethical. Rapid technological changes are likely to reduce costs, enabling other businesses to enter the industry in the long run.

Achievement			Achievement with Merit			Achievement with Excellence	
<ul style="list-style-type: none"> Explains how an external factor such as a technological change can impact on a business. Explains ONE opportunity for <i>Effects Galore</i> from the rapid changes in technology. Explains how each of the TWO threats from rapid technological changes impacts on <i>Effects Galore</i>. (Answers will typically state relevant examples, business knowledge, and/or Māori business concepts.)			<ul style="list-style-type: none"> Fully explains ONE opportunity for <i>Effects Galore</i> from rapid changes in technology. Fully explains how each of the TWO threats from rapid technological changes impacts on <i>Effects Galore</i>. (Answers will typically include relevant examples, business knowledge, and/or Māori business concepts.)			<ul style="list-style-type: none"> Fully explains how each of the TWO threats from rapid technological changes impacts on <i>Effects Galore</i>. AND <ul style="list-style-type: none"> Justifies which threat presents the bigger challenge to <i>Effects Galore</i> in the long run. (Answers will typically integrate relevant examples, business knowledge, and/or Māori business concepts into explanations.)	
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. Most points covered, including some justification.	Excellence evidence. All points covered. One part may be weaker.

N0 = No response; no relevant evidence.

Q 2	Sample answers / evidence
(a)	<p><i>Note: The question is generic, so accept any relevant change in government policy, other than tax incentives, as long as it is explained.</i></p> <p>A change in government policy such as an income tax change or employment law change (eg the 90-day trial period) will impact on a business because of the legal implications of non-compliance. For example, an income tax change will force a business to alter its PAYE system for its employees, and the 90-day trial period allows businesses to terminate an employee's employment for up to 90 days after recruitment without explanation.</p>
(b)	<p>By increasing its investment in New Zealand, <i>Effects Galore</i> will be able to grow its business in both the North and South Islands, financed by an increase in profits through lower tax payments (Explained). As <i>Effects Galore</i> grows, it will be able to increase its range of services, leading to economies of scale and the opportunity to take more risks and be creative. This would be important in the special effects industry (Fully explained).</p> <p>By offering on-the-job training to school leavers at the expense of mature workers, <i>Effects Galore</i> will be able to reduce its wage bill if it pays the new workers at the youth rate, although the costs of on-the-job training will need to be considered (Explained).</p> <p>Given the high rate of youth unemployment (in the local area), <i>Effects Galore</i> will be able to demonstrate citizenship to the community. This will also raise the profile and brand loyalty of <i>Effects Galore</i>, and could lead to increased sales (Fully explained).</p>
(c)	<p>By not taking advantage of the government incentives to employ school leavers, the motivation of older, experienced staff could be improved, as they may feel that their jobs are safer than under a system where the management of <i>Effects Galore</i> could hire cheaper school leavers because there are tax savings to be made (Explained). However, if <i>Effects Galore</i> continues to grow, then productivity and motivation could deteriorate if the company begins to approach or exceed full capacity. Employees could become stressed and overworked, and thus demotivated. Are the older, more experienced staff at <i>Effects Galore</i> up to the challenge of further growth? (Fully explained). Alternatively for "Fully explained", productivity could increase if the older, more experienced staff feel more motivated and satisfied in their work without the fear of job insecurity. As unemployment nationally is high, this is an important factor to consider.</p> <p>By ignoring the tax incentives and denying the chance for younger workers to be part of the design and technological process, the long-run economic sustainability of <i>Effects Galore</i> is possibly under threat. Younger school leavers may be more adaptable than mature workers, given the rapid changes in technology (Explained). This may allow <i>Effects Galore</i> to be more innovative, allowing the company to create some exciting new services or opportunities for its designers and animators, and this would be important, given the increased competition (Fully explained).</p> <p>As to which impact would be greater, this will depend on the time frame under consideration. In the short-term, existing workers may be happy if <i>Effects Galore</i> does not adopt the government policy, but in the longer term, all jobs at <i>Effects Galore</i> could be under threat from the increased competition.</p>

Achievement			Achievement with Merit			Achievement with Excellence	
<ul style="list-style-type: none"> Explains how a change in government policy, other than tax incentives, can impact on a business. Explains TWO impacts of the new government policy on <i>Effects Galore</i>. Explains EACH impact if <i>Effects Galore</i> decides not to take advantage of the government incentives to train school leavers on the job. <p>(Answers will typically state relevant examples, business knowledge, and/or Māori business concepts.)</p>			<ul style="list-style-type: none"> Fully explains TWO impacts of the new government policy on <i>Effects Galore</i>. Fully explains EACH impact if <i>Effects Galore</i> decides not to take advantage of the government incentives to train school leavers on the job. <p>(Answers will typically include relevant examples, business knowledge, and/or Māori business concepts.)</p>			<ul style="list-style-type: none"> Fully explains EACH impact if <i>Effects Galore</i> decides not to take advantage of the government incentives to train school leavers on the job. <p><i>AND</i></p> <ul style="list-style-type: none"> Justifies which impact is likely to affect <i>Effects Galore</i> more if the company decides not to take advantage of the government incentives to train school leavers on the job. <p>(Answers will typically integrate relevant examples, business knowledge, and/or Māori business concepts into explanations.)</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. Most points covered, including some justification.	Excellence evidence. All points covered. One part may be weaker.

N0 = No response; no relevant evidence.

Q 3	Sample answers / evidence
(a)	<p>One role of a trade union is to bargain collectively for its members with a large business. This could be more effective and time-saving than the employees bargaining individually, and gives the union great leverage / power.</p>
(b)	<p>Collective agreements negotiated by a union will impact only on workers covered by the agreement; non-members will have to bargain individually. Negotiating a collective agreement with a union will save the organisation time and expense, compared to negotiating with all workers individually (Explained). The organisation may see an increase in motivation and productivity as pay claims are settled quickly for union members, and it may also be seen as being a fairer way to bargain than if carried out individually (Fully explained).</p> <p>Working conditions for all workers at an organisation are likely to improve. For example, if the union negotiates improved health and safety requirements, this is likely to cover all workers in the workplace. Again, the union and the organisation can work together to improve the working conditions and make the workplace safe, especially if the business begins to grow and expand (Explained). Growth opportunities will require greater coordination and communication in the workplace, and the union can assist the organisation in helping it to achieve new goals. All workers will benefit from this union partnership with an organisation, whether in the union or not, as growth brings new opportunities, both financial and non-financial, for all (Fully explained).</p>
(c)	<p>One method of industrial action the trade union may take could be a work-to-rule (overtime ban), which would mean that the technology workers would work only to the hours in their contract and no more (Explained). Given that <i>Effects Galore</i> is growing, the management would be expecting their workforce to possibly work overtime at weekends, and the union could frustrate Sam Alexander's desire to grow (Fully explained).</p> <p>A second method could be the threat of strike action, where workers remove themselves from the workplace. This would require agreement from the workers via a vote, and would take time to set up (Explained). The strike action could lead to poor publicity, and may frighten the Hollywood studio from using <i>Effects Galore's</i> services. A lengthy legal case is also a possibility (Fully explained).</p> <p>With growing competition and technology changes, the trade union is advised to be more conciliatory in its relationship with <i>Effects Galore</i>. The long-term economic sustainability of the business is not guaranteed, and strike action may threaten all 40 jobs. Working-to-rule may send a message that further discussions are needed and cause less damage or negative publicity. To reduce poor publicity, <i>Effects Galore</i> needs to adopt a common sense approach, and may have to ask for government help (arbitration) to resolve the issue quickly, as in the case of <i>Weta Workshop</i>. <i>Effects Galore</i> would not want to jeopardise the potential business offered by the Hollywood contact.</p>

Achievement		Achievement with Merit			Achievement with Excellence		
<ul style="list-style-type: none"> Explains ONE role of a trade union. Explains how a trade union could impact on the large business. Explains TWO methods of industrial action which the trade union could take. (Answers will typically state relevant examples, business knowledge, and/or Māori business concepts.)		<ul style="list-style-type: none"> Fully explains how a trade union could impact on the large business. Fully explains TWO methods of industrial action which the trade union could take. (Answers will typically include relevant examples, business knowledge, and/or Māori business concepts.)			<ul style="list-style-type: none"> Fully explains TWO methods of industrial action which the trade union could take. AND <ul style="list-style-type: none"> Justifies, with reasons, which of the TWO methods of industrial action is more likely to benefit union members in the long run. (Answers will typically integrate relevant examples, business knowledge, and/or Māori business concepts into explanations.)		
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. Most points covered, including some justification.	Excellence evidence. All points covered. One part may be weaker.

N0 = No response; no relevant evidence.

Cut Scores

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