

Assessment Schedule – 2014

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

Evidence Statement

Notes:

Explaining is defined as providing reasoned statements for the causes, effects, or solutions to complex problems.

Fully explaining 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.

Evaluating is defined as weighing up the advantages and disadvantages of the suggested solutions and justifying the recommendation with relevant new evidence.

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

Q 1	Sample answers / evidence
(a)	<p>Factors that would have brought about the decision to move are:</p> <ul style="list-style-type: none"> • Mexico is in NAFTA, a free trade zone that gives access to 450 million potential customers (Explained). This will allow an anticipated increase in revenue and profitability (Fully explained). • Mexico has low-wage workers. This will mean that products can be produced at a lower cost (Explained). This will allow <i>Kitchen Unique</i> to be more competitive on price, compared to producing in New Zealand, where wages are higher (Fully explained). <p>Moving manufacturing out of Dunedin and New Zealand may damage brand loyalty, as <i>Kitchen Unique</i> has traditionally been seen as a New Zealand brand (Explained). This will reduce sales in New Zealand if consumers here do not value the brand as much as they did before (Fully explained).</p> <p>Shareholders will be pleased with the move, and the share price of <i>Kitchen Unique</i> is likely to rise. The possibility of greater revenue from more customers and lower costs of production (Explained) will increase profits, and therefore dividends (Fully explained).</p>
(b)	<p>Two strategies that could be employed are:</p> <ul style="list-style-type: none"> • undertake a marketing strategy that highlights the history of <i>Kitchen Unique</i> • maintain a smaller manufacturing facility in New Zealand.
(c)	<p><i>Solution 1</i></p> <p>Employing this solution would allow <i>Kitchen Unique</i> to rebuild its brand image in New Zealand, because it highlights the local connection with the company (Explained). If successful, it would increase brand loyalty and therefore regain sales (Fully explained).</p> <p>The negative impact of this strategy is that it may be perceived as a token gesture by New Zealand consumers, who were very aware of the closure of the Dunedin plant. This would mean that the marketing campaign would have little impact on sales, while increasing marketing expenses (Explained). This would have an overall negative impact on profitability (Fully explained).</p> <p><i>Solution 2</i></p> <p>Maintaining a smaller manufacturing facility in New Zealand would enable <i>Kitchen Unique</i> to maintain its link with New Zealand consumers. This would help to reduce the negative impact of the decision to move most production to Mexico (Explained). Brand loyalty will not be lost, and sales in New Zealand will be maintained (Fully explained).</p> <p>A smaller manufacturing facility would have higher costs of production, due to a lack of economies of scale (Explained). This may force <i>Kitchen Unique</i> to increase prices in New Zealand (Fully explained).</p>

	<p><i>Conclusion</i></p> <p>The decision to develop a marketing strategy is the better option. The closure of the factory would be highlighted on the news for a short period of time, but consumers will probably forget about the closure as the marketing campaign underlines the history of <i>Kitchen Unique</i> in New Zealand.</p>
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Achievement	Achievement with Merit	Achievement with Excellence
<p>Explains:</p> <ul style="list-style-type: none"> cause(s) of the decision to move production to Mexico effect(s) of the decision on New Zealand consumers' brand loyalty for <i>Kitchen Unique</i>'s products, and on its share price TWO solutions to address the brand loyalty issue (positive or negative effects). <p>AND</p> <p>States relevant information from the resource.</p> <p>(Answers will typically state relevant business knowledge and/or Māori business concepts.)</p>	<p>Fully explains:</p> <ul style="list-style-type: none"> causes(s) of the decision to move production to Mexico effect(s) of the decision on New Zealand consumers' brand loyalty for <i>Kitchen Unique</i>'s products, and on its share price TWO solutions to address the brand loyalty issue (positive or negative effects). <p>AND</p> <p>The answer includes relevant information from the resource to support explanations.</p> <p>(Answers will typically include relevant business knowledge and Māori business concept(s) to support explanations.)</p>	<p>Evaluates how possible solutions would address the complex problem(s) by:</p> <ul style="list-style-type: none"> fully explaining TWO solutions that would address the brand loyalty issue (positive and negative effects covered) drawing a justified conclusion on the better solution (brings in new information). <p>AND</p> <p>The answer integrates relevant information from the resource to fully support explanations.</p> <p>(Answers will typically integrate relevant business knowledge and Māori business concept(s) 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.	Most Excellence evidence. (Must include justification.)	All Excellence evidence. One part may be weaker.

N0 = No response; no relevant evidence.

Q 2	Sample answers / evidence
(a)	<p>The slow economic growth in the US economy would decrease sales of products from the Mexican plant (Explained). This would reduce revenue and profitability of the plant at the start of its life (Fully explained).</p> <p>The cost of moving has also had a negative impact, because it has been higher than expected (Explained), and this would have negatively impacted on profitability (Fully explained).</p> <p>The firm may have to make workers redundant, because there is a lack of demand for their services (Explained). This would lead to falling demand for services in the local community (Fully explained).</p> <p>Suppliers may be forced to reduce output, because they have less demand for their goods and services (Explained). This may lead them to make their own workers redundant (Fully explained).</p>
(b)	<p>Two strategies that could be employed are:</p> <ul style="list-style-type: none"> • reducing production at the plant • a change in the marketing mix.
(c)	<p><i>Solution 1</i></p> <p>Reducing production would ensure that the Mexican plant does not have unsold stock. This would reduce their inventory costs and/or staff wages (Explained), which would allow the firm to increase its profitability (Fully explained).</p> <p>Cutting back on production would mean that staff would have to be made redundant, because they are not required to produce new products (Explained). This would reduce motivation across the workforce, as staff feel their jobs are insecure (Fully explained).</p> <p><i>Solution 2</i></p> <p>A change in the marketing mix, such as more advertising, to meet the requirements of the market would allow the firm to increase sales of products (Explained). This would enable the firm to increase revenue and therefore profitability (Fully explained).</p> <p>The negative side is that the altered marketing strategy would itself incur further expenses, because the firm would have to spend more on advertising (Explained), consequently worsening the current profit situation (Fully explained).</p> <p><i>Conclusion</i></p> <p>Increased marketing expenditure is the better idea. This is a new factory, and any attempt to reduce production would have negative consequences at the start of its life, which might have greater impacts in the long term.</p>

Achievement			Achievement with Merit		Achievement with Excellence		
<p>Explains:</p> <ul style="list-style-type: none"> • cause(s) of the initial problems • effect(s) on the stakeholders of <i>Kitchen Unique</i> • TWO solutions to address the falling profits (positive or negative effects). <p>AND</p> <p>States relevant information from the resource.</p> <p>(Answers will typically state relevant business knowledge and/or Māori business concepts.)</p>			<p>Fully explains:</p> <ul style="list-style-type: none"> • causes(s) of the initial problems • effect(s) on the stakeholders of <i>Kitchen Unique</i> • TWO solutions to address the falling profits (positive or negative effects). <p>AND</p> <p>The answer includes relevant information from the resource to support explanations.</p> <p>(Answers will typically include relevant business knowledge and Māori business concept(s) to support explanations.)</p>		<p>Evaluates how possible solutions would address the complex problem(s) by:</p> <ul style="list-style-type: none"> • fully explaining TWO solutions that would address the falling profits (positive and negative effects covered) • drawing a justified conclusion on the better solution (brings in new information). <p>AND</p> <p>The answer integrates relevant information from the resource to fully support explanations.</p> <p>(Answers will typically integrate relevant business knowledge and Māori business concept(s) 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.	Most Excellence evidence. (Must include justification.)	All Excellence evidence. One part may be weaker.

N0 = No response; no relevant evidence.

Q 3	Sample answers /evidence
(a)	<p>Two causes of the problem at the Chinese manufacturers are:</p> <ul style="list-style-type: none"> • The Chinese manufacturers lack adequate quality control measures. This has meant that products are not checked sufficiently at the end of the production line, and consequently defects are not identified (Explained). This has resulted in low-quality products entering <i>Kitchen Unique</i>'s supply chain (Fully explained). • Intense competition has put pressure on the Chinese manufacturers to reduce costs (Explained). They have done this by using lower-quality/ counterfeit plastic material that has resulted in defective products (Fully explained). <p>Note: An alternative answer is sub-standard training for Chinese workers.</p> <p>The product recall will result in increased costs of production for <i>Kitchen Unique</i>, due to the “reworking” of poorly manufactured fridges (Explained). This will negatively impact on profitability and business performance (Fully explained).</p> <p>The product recall will also impact badly on the reputation of the company, because the defective products will be associated with the <i>Kitchen Unique</i> brand (Explained). This may impact negatively on future sales and profitability, as customers go to competitors with a better quality record (Fully explained).</p>
(b)	<p>Two possible solutions are:</p> <ul style="list-style-type: none"> • implement quality assurance (QA) systems • implement Total Quality Management (TQM).
(c)	<p><i>Solution 1</i></p> <p>QA is a process where product testing occurs throughout the production process to ensure a satisfactory final product. This reduces the need for “rework” (Explained) and the expenses involved, because the factory can be assured that the final product has been tested before it gets to the end of the production line (Fully explained).</p> <p>A negative impact of a QA strategy is that it tends to be “top-down”, because managers tell the workers to do the testing rather than involving them in the process (Explained). Therefore it will have limited impact on motivation, because workers are not empowered (Fully explained).</p> <p><i>Solution 2</i></p> <p>TQM is a change in the culture of the business where all workers are given input and a role in quality management (Explained). This has a positive impact on motivation and productivity, because workers’ ideas are included in the quality management process (Fully explained).</p> <p>A negative impact is that the change in culture of the business will require a careful change management process (Explained). This will take time and increase financial costs in the short term as workers adjust to the changes (Fully explained).</p> <p><i>Conclusion</i></p> <p>A QA process may be more appropriate, as the changes are required immediately. TQM, though more powerful in the long term, will take time to implement, and this may be less effective in a traditional management structure.</p>

Achievement		Achievement with Merit			Achievement with Excellence		
<p>Explains:</p> <ul style="list-style-type: none"> • cause(s) of the production of defective parts • effect(s) of the product recall on <i>Kitchen Unique</i> • TWO solutions to address the quality problems (positive or negative effects). <p>AND</p> <p>States relevant information from the resource.</p> <p>(Answers will typically state relevant business knowledge and /or Māori business concepts.)</p>		<p>Fully explains:</p> <ul style="list-style-type: none"> • causes(s) of the production of defective parts • effect(s) of the product recall on <i>Kitchen Unique</i> • TWO solutions to address the quality problems (positive or negative effects). <p>AND</p> <p>The answer includes relevant information from the resource to support explanations.</p> <p>(Answers will typically include relevant business knowledge and Māori business concept(s) to support explanations.)</p>			<p>Evaluates how possible solutions would address the complex problem(s) by:</p> <ul style="list-style-type: none"> • fully explaining TWO solutions that would address the quality problems (positive and negative effects covered) • drawing a justified conclusion on the better solution (brings in new information). <p>AND</p> <p>The answer integrates relevant information from the resource to fully support explanations.</p> <p>(Answers will typically integrate relevant business knowledge and Māori business concept(s) into explanations.)</p>		
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Cut Scores

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