

Assessment Schedule – 2015

Business Studies: Demonstrate an understanding of external factors influencing a small business (90838)

Assessment Criteria

Describing: States **what** the answer is to the question asked. Defines (states the meaning of), identifies (gives an account of the qualities or characteristics), outlines (states what the answer is).

Explaining: States **what** the answer is to the question asked, then expands by giving the reason(s) **why** the “what” occurs, or links ideas to provide a coherent rationale.

Fully explaining: Develops the explanation with further expansion of **how** the situation/ action could impact on potential business or stakeholder goals, or a particular outcome. This will generally relate to effects, advantages, disadvantages.

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

Evidence

Q 1	Sample answers /Evidence	Achievement	Achievement with Merit	Achievement with Excellence
(a)	<p>The Fair Trading Act 1986 (FTA) was enacted to ensure that sellers act in a fair and honest manner when promoting and selling their products (Described). The Act’s main purpose is to protect consumers from being given misleading information about the products and services they buy (Described).</p> <p>In order to comply with the FTA, <i>The Egg Range Ltd</i> would need to ensure that it does not label its “barn eggs” as “free range” (Described). It should display all information about its products correctly and not give misleading information (Explained). They need to ensure that if they say their eggs are free range, they must all be free range. If they do not do this, they could be breaching the Act (Fully explained).</p>	<ul style="list-style-type: none"> • The objective or purpose of the FTA is described. • An example of how <i>The Egg Range Ltd</i> might have to comply with the FTA is described. • An example of how the named business should comply with the FTA is described. • A positive consequence for customers of the business complying is described. • TWO negative consequences for the business of non-compliance are described. <p>(Answers will typically state relevant examples, business knowledge, and / or Māori</p>	<ul style="list-style-type: none"> • An example of how <i>The Egg Range Ltd</i> might have to comply with the FTA is explained. • A positive consequence for customers of the business complying is explained. • TWO negative consequences for the business of non-compliance are explained. <p>(Answers will typically include relevant examples, business knowledge, and / or Māori business concepts.)</p>	<ul style="list-style-type: none"> • An example of how <i>The Egg Range Ltd</i> might have to comply with the FTA is fully explained. • A positive consequence for customers of the business complying is fully explained. • TWO negative consequences for the business of non-compliance are fully explained. <p>(Answers will typically integrate relevant examples, business knowledge, and / or Māori business concepts into explanations.)</p>
(b)	<p>A factor the named business has to consider is to fully disclose all the ingredients on the label of the product (Described).</p> <p>One positive consequence for the customer if the business complied with the FTA is that the customer</p>	<p>(Answers will typically state relevant examples, business knowledge, and / or Māori</p>		

	<p>could be confident that the information they are getting from the business is accurate (Explained). This could lead to greater customer satisfaction and repeat purchases (Fully explained).</p> <p>If the named business does not comply with the FTA, the owners could end up in trouble with the Commerce Commission, which is the organisation that oversees the FTA. This could result in the business getting a bad reputation with consumers (Explained), leading to reduced sales and greater difficulty in attracting good employees (Fully explained). If the business gains a bad reputation, the employees they might lose could ultimately end up working for the competition, which could impact on the market share of the business (Fully explained). If the Commerce Commission were involved, they could take the matter to court, possibly resulting in the business being fined and/or having other penalties imposed (Explained). This could have a further negative impact on the reputation, sales, and profit of the business (Fully explained).</p>	business concepts.)		
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N1	N2	A3	A4	M5	M6	E7	E8
Very little Achievement evidence.	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 / Evidence	Achievement	Achievement with Merit	Achievement with Excellence
(a)	<p>Egg farmers will charge a higher price for free range eggs because they are a preferred choice for those consumers who do not like to buy eggs farmed from caged birds (Described). The higher price might also be a result of the farmers having to pay more for free range bird feed than for caged bird feed, and more for the extra outdoor space required to raise the hens (Described). The farmers will pass this charge on to consumers (Explained).</p> <p>Other reasons include space, collection issues, more staff required, and greater societal demand.</p> <p>During a recession, consumers may not be able to afford free range eggs, so may stop buying them (Described). The sale of free range eggs will decrease, and given that eggs are a staple of most household diets, the consumer might decide to buy caged eggs out of necessity (Explained). After consumers have bought cage-farmed eggs for a while, they might decide they don't need to buy free range eggs again, so the farmers may never get back the business they have lost (Fully explained).</p>	<ul style="list-style-type: none"> • Why egg farmers are more likely to charge a higher price for free range eggs is described. • What might happen to the sale of free range eggs during a recession is described. • TWO negative effects of the new competitor on <i>The Egg Range Ltd</i> are described. • TWO solutions to combat issues caused by the new competitor are described. • Why the chosen solution is the better solution is described. <p>(Answers will typically state relevant examples, business knowledge, and/or Māori business concepts.)</p>	<ul style="list-style-type: none"> • Why egg farmers are more likely to charge a higher price for free range eggs is explained. • What might happen to the sale of free range eggs during a recession is explained. • TWO negative effects of the new competitor on <i>The Egg Range Ltd</i> are explained. • Why the chosen solution is the better solution is explained. <p>(Answers will typically include relevant examples, business knowledge, and/or Māori business concepts.)</p>	<ul style="list-style-type: none"> • What might happen to the sale of free range eggs during a recession is fully explained. • TWO negative effects of the new competitor on <i>The Egg Range Ltd</i> are fully explained. • Why the chosen solution is the better solution is fully explained. <p>(Answers will typically integrate relevant examples, business knowledge, and/or Māori business concepts into explanations.)</p>
(b)	<p>A negative effect of the new competitor on <i>The Egg Range Ltd</i> is that there might not be enough customers for two businesses in the area (Described). Therefore, <i>The Egg Range Ltd</i> might lose some of its market share (Explained), which could have a negative effect on revenue, causing financial issues for the business (Fully explained). Another negative effect on <i>The Egg Range Ltd</i> could be a lack of resources (Described). There might not be enough local supplies to keep both farms running at an optimal level, and <i>The Egg Range Ltd</i> might have to downsize production or look elsewhere for supplies (Explained). This could be an expensive exercise for the business, increasing costs, which could negatively affect future profit or any future expansion plans (Fully explained).</p>			

	<p>One solution is for Joe to improve the reputation of <i>The Egg Range Ltd</i> by ensuring the labelling of his products is accurate (Described). Another solution would be to introduce an organic range to compete with the new farm (Described). The better solution would be to focus on his existing range and ensure the labelling is correct. As <i>The Egg Range Ltd</i> has been in the area for many years and is well-regarded, Joe already has an advantage over the new competition, and by ensuring the labelling is correct he will gain respect from those consumers who were a bit concerned (Explained). This is a better solution than trying to introduce an organic range, because changing to organic bird feed would be a lot more expensive and there is no guarantee that consumers would prefer his eggs over the competitor's eggs (Explained). Joe needs to focus on what he is good at and has already established, and make sure consumers know that he is the best producer in his particular market (Fully explained).</p>			
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N1	N2	A3	A4	M5	M6	E7	E8
Very little Achievement evidence.	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 / Evidence	Achievement	Achievement with Merit	Achievement with Excellence
(a)	<p>The term “external stakeholders” is defined as individuals or organisations with an interest in the business that are external to the business (Described) – for example customers and suppliers, whereas employees and owners would be internal to the business (Explained). Suppliers sell products to the egg farm, such as bird feed, egg cartons, etc (Described). Their objective is to get paid for these products in full and in a timely manner (Explained). If either of these things do not occur, the performance and viability of each business may be negatively affected (Fully explained). Also, suppliers of the egg farm meeting or failing to meet expectations.</p>	<ul style="list-style-type: none"> • The term “external stakeholders” is described. • An example of the relationship between suppliers and <i>The Egg Range Ltd</i> is described. • How stakeholder objectives can conflict is described. • A situation where <i>The Egg Range Ltd’s</i> customers and local government may have conflicting objectives is described. 	<ul style="list-style-type: none"> • The term “external stakeholders” is explained. • The effect that suppliers (as external stakeholders) and <i>The Egg Range Ltd</i> may have on each other is explained, with an example. • A situation where <i>The Egg Range Ltd’s</i> customers and local government may have conflicting objectives is explained. • How <i>The Egg Range Ltd</i> meets the conflicting expectations of stakeholders in the short term is explained. 	<ul style="list-style-type: none"> • The effect that suppliers (as external stakeholders) and <i>The Egg Range Ltd</i> may have on each other is fully explained, with an example. • A situation where <i>The Egg Range Ltd’s</i> customers and local government may have conflicting objectives is fully explained. • How <i>The Egg Range Ltd</i> meets the conflicting expectations of stakeholders in the short term is fully explained.
(b)	<p>Stakeholder objectives can conflict when the needs of some stakeholder groups negatively affect the needs or expectations of other stakeholders (Described). One of the customers’ objectives is to get good value for money, whereas the local government wants the business to comply with local by-laws (Described). This can create a conflict because the business wants to sell the product for a reasonable price while still making a profit, but complying with by-laws can be a costly exercise and these costs may have to be passed on by the business to the consumer (Explained). This could negatively affect the business, as the customer might go elsewhere and the local government might impose restrictions or penalties on the business (Fully explained). Joe should cover the costs of any compliance in the short term, rather than passing on the costs to his customers (Described). This will enhance the image of the business and show the customers they are valued. It will also satisfy the local government requirements (Explained). This will strengthen customer loyalty and hopefully appeal</p>	<ul style="list-style-type: none"> • How <i>The Egg Range Ltd</i> meets the conflicting expectations of stakeholders in the short term is described. • How <i>The Egg Range Ltd</i> meets the conflicting expectations of the stakeholders in the long term is described. <p>(Answers will typically state relevant examples, business knowledge, and/or Māori business concepts.)</p>	<ul style="list-style-type: none"> • How <i>The Egg Range Ltd</i> meets the conflicting expectations of stakeholders in the long term is explained. <p>(Answers will typically include relevant examples, business knowledge, and/or Māori business concepts.)</p>	<ul style="list-style-type: none"> • How <i>The Egg Range Ltd</i> meets the conflicting expectations of stakeholders in the long term is fully explained. <p>(Answers will typically integrate relevant examples, business knowledge, and/or Māori business concepts into explanations.)</p>

<p>to any new customers, which will increase business for <i>The Egg Range Ltd</i> (Fully explained).</p> <p>A long-term solution to meeting the needs of both stakeholder objectives would be to be honest and communicate, to the customer, the reasons for increasing prices (Described). Joe could explain that this is not an ongoing issue, but is needed to get his business up to compliance and that the costs should stabilise in the long term (Explained). His customers should appreciate his honesty and understand that the compliance costs are out of his control (Explained). If he communicates this change with plenty of notice and provides sound reasons, most customers should not be too upset and he will minimise the negative effect (Fully explained). The customers might appreciate the fact he covered the costs himself in the short term.</p> <p>He could also ask the local government for some support (Described), such as phasing in the implementation of actions required for compliance with by-laws (Explained), explaining that the compliance costs negatively affect his business. They might be able to help if they believe his business enhances the local economy. They could do this by providing advice on the best and most efficient way to implement the changes (Fully explained).</p>			
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Cut Scores

Not Achieved	Achievement	Achievement with Merit	Achievement with Excellence
0 – 6	7 – 12	13 – 18	19 – 24