

Assessment Schedule – 2015

Business Studies: Demonstrate understanding of the internal operations of a large business (90843)

Assessment Criteria

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 affect potential business or stakeholder goals, or a particular outcome. This will generally relate to effects, advantages, disadvantages, and / or consequences.

Justifying: Uses relevant evidence to justify the significance of the decision or the likelihood of success. This should include reference to alternative courses of action, or new information to further support the decision that has not already been established in earlier parts of the question.

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

Evidence

Q 1	Sample answers	Achievement	Achievement with Merit	Achievement with Excellence
(a)	<p>George Tag is the CEO of <i>ABC Sports</i>. As CEO, he is the leader of the company. His role is to provide direction and vision for the company. His role would be to create long-term strategic goals, and to communicate these effectively with all stakeholders (Explained). Specific roles could include decision-making, promoting change, and maximising profits for <i>ABC Sports</i>.</p> <p>As an effective leader, George Tag would have well developed communication skills. George would be able to communicate effectively his vision for the company, ensuring all stakeholders work together and “buy into” his vision (Explained). This is particularly important for employees, as effective two-way communication can increase their motivation (Fully explained).</p> <p>As an effective leader, George Tag would have good role modelling skills, where he displays positive behaviours and clear values. This role modelling could inspire others to follow (Explained), which will improve confidence in the company, and reassure employees / shareholders about the future of <i>ABC Sports</i> (Fully explained).</p> <p>Other skills could include teamwork skills, negotiation skills, problem-solving skills, and management skills.</p>	<ul style="list-style-type: none"> Explains the role of George Tag as CEO of <i>ABC Sports</i>. Explains TWO skills of George Tag as an effective leader of <i>ABC Sports</i>. Explains the characteristics of the leadership style for the chosen business. Explains the impact of this leadership style on the employees of the chosen business. <p>(Answers will typically state relevant examples, business knowledge, and / or Māori business concepts in explanations.)</p>	<ul style="list-style-type: none"> Fully explains the role and skills of George Tag as CEO of <i>ABC Sports</i>. Fully explains the impact of the leadership style on the employees of the chosen business. <p>(Answers will typically include relevant examples, business knowledge, and / or Māori business concepts in explanations.)</p>	<ul style="list-style-type: none"> Fully explains the impact of the leadership style on the employees of the chosen business. <p><i>AND</i></p> <ul style="list-style-type: none"> Justifies, with TWO reasons, the effectiveness of this leadership style for the chosen business. <p>(Answers will typically integrate relevant examples, business knowledge, and / or Māori business concepts into explanations.)</p>

<p>(b)</p>	<p><u>Autocratic leadership style</u></p> <p>Autocratic leaders make most of the important decisions by themselves. This is because they want to control the business. Decision-making is not shared and communication is one-way, with very little input from employees. Communication is top-down from leader to employees. Autocratic leaders will typically have a formal chain of command (Explained).</p> <p>Autocratic leadership can create a stressful work environment for employees. The autocratic leader is focused on results and completing the task. Employees have little say in decisions, and may feel the pressure of completing tasks and meeting strict deadlines. Employees can also face strict punishment or penalties for operating outside company guidelines. Some employees may become de-motivated, as they have no say in business decisions and feel under-valued (Explained). Business leaders using an autocratic leadership style risk losing their employees. Employee turnover can increase, as employees become disenchanted when working in a difficult business environment (Fully explained).</p> <p><i>Justification</i></p> <p>Note: Candidates will need to clearly outline the nature of their chosen large business, and link this to their leadership style. Candidates may justify a leadership style by linking to an organisational structure. For example, candidates may justify autocratic leadership by explaining their chosen business uses a tall organisational structure (followed by detailed reasons).</p> <p><u>Example for a large fertiliser manufacturing business, with many unskilled employees, in a fast-changing market</u></p> <p>An autocratic work environment is effective for this large fertiliser business, because employees' tasks get completed on time. The autocratic leader can organise the unskilled workers by giving them clearly defined roles and tasks to complete. Work can be organised efficiently, ensuring all production is completed on time. The leader typically keeps a close watch on the activities of the workers. This eliminates the tendency for workers to "slack off", which may occur with more lenient management styles. The result can be increased productivity</p>			
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<p>and speed, as workers who fall behind are quickly identified and corrective measures are taken. Quality and consistency of the product may improve, as the employees' work is monitored constantly.</p> <p>The fertiliser market is in constant change. This is because the needs of their customers (farmers) are constantly changing. An autocratic style of leadership can be effective in work environments where decisions need to be made quickly. Sole responsibility rests with the leader, and he/she makes the decision without the need to consult others. If a business faces constant change, the autocratic leader is able to respond in a way that prevents the business from falling behind the competition and keeps up with customer demand.</p> <p><u>Democratic (consultative) leadership style</u></p> <p>Democratic leaders share the decision-making with employees. Communication is two-way, with the leader seeking feedback and input from employees. Democratic leaders will often delegate authority to employees, because they value their input (Explained).</p> <p>Democratic leaders can create a positive environment for employees. This is because democratic leaders put trust in employees and encourage them to make decisions. Employees have more control over decision-making, and therefore feel more empowered in the workplace (Explained).</p> <p>This could lead to an increase in staff morale, as employees feel more motivated to work. This is because they feel more valued, as their ideas and suggestions are listened to. Employees are more likely to "buy in" to the company's vision. Productivity and creativity will improve. Employee loyalty and consequently retention will probably increase, as employees are more likely to stay in a work environment where they feel valued (Fully explained).</p> <p><i>Justification</i></p> <p><u>Example for a large marketing firm, with specialised skilled employees, in a changing market</u></p> <p>A democratic work environment is more effective for this large marketing business, because new ideas and creativity are important for the success of the business. The skilled</p>			
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<p>employees are an important asset for this type of business. By using a democratic style of leadership, skilled employees are encouraged to form discussion groups and contribute their ideas and knowledge. This will allow the marketing business to better meet the needs of its customers, thus increasing customer loyalty and revenue for the business.</p> <p>The market in which the business operates is constantly changing. A democratic style of leadership can help foster this continual change by involving employees in decision-making. As employees are involved in making decisions, they are more likely to commit to the change. This helps to ensure the future sustainability of the business.</p> <p>Note: Other leadership styles that could be considered include <i>paternalistic</i> and <i>laissez-faire</i>.</p>			
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N1	N2	A3	A4	M5	M6	E7	E8
Very little Achievement evidence.	Some Achievement evidence, partial explanations.	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	Achievement	Achievement with Merit	Achievement with Excellence
(a)	<p>A policy is a set of guidelines to help businesses make decisions. A procedure describes how each policy can be put into action in a business.</p> <p>Policies and procedures are important because they allow for better decision-making in a business. This is particularly important for a large business, as having policies and procedures will ensure that all staff have guidelines as to what they can do and cannot do in the workplace. Policies and procedures ensure decisions are consistent across all staff members, and are transparent. They provide insights into company philosophies, values, and ethical standards (Explained).</p> <p>If a large business does not have clear policies and procedures, there will be inconsistencies in employee behaviour. An employee may not know what ethical or accepted practice in the business is. For example, if a new employee is not put through a standardised induction programme, there may be misunderstandings or debate about what to do in certain situations (Explained). This could lead to inconsistencies in the product or service, ultimately affecting the quality of the brand and the brand image of the business (Fully explained).</p> <p>If a large business does not have clear policies and procedures, work could be conducted inefficiently. There may be duplication of tasks, as employees are unsure of what to do (Explained). This could lead to unnecessary costs for the business, affecting its profit margins (Fully explained).</p> <p>If a large business does not have clear policies and procedures, employees may be treated unfairly. This is because with no set guidelines, each employee can be treated differently (Explained). Some employees may take legal action against the business if they perceive they have been treated unfairly (Fully explained).</p> <p>If a large business does not have clear policies and procedures, employees might feel physically and/or emotionally unsafe in the workplace. Without procedures,</p>	<ul style="list-style-type: none"> Explains the importance of policies and procedures. Explains TWO consequences of a large business not having policies and procedures when it employs more than 20 people. Explains TWO policies and /or procedures <i>ABC Sports</i> could implement to control manufacturing costs. Explains how EACH policy and/or procedure would help <i>ABC Sports</i> to control manufacturing costs. <p>(Answers will typically state relevant examples, business knowledge, and/or Māori business concepts in explanations.)</p>	<ul style="list-style-type: none"> Fully explains TWO consequences of a large business not having policies and procedures when it employs more than 20 people. Fully explains how EACH policy and/or procedure would help <i>ABC Sports</i> to control manufacturing costs. <p>(Answers will typically include relevant examples, business knowledge, and/or Māori business concepts in explanations.)</p>	<ul style="list-style-type: none"> Fully explains how EACH policy and/or procedure would help <i>ABC Sports</i> to control manufacturing costs. <p><i>AND</i></p> <ul style="list-style-type: none"> Justifies, with TWO reasons, which policy or procedure would be more effective for <i>ABC Sports</i> to control manufacturing costs. <p>(Answers will typically integrate relevant examples, business knowledge, and/or Māori business concepts into explanations.)</p>

	<p>duties may be carried out in an unsafe manner, or some workers may be harassed or bullied in the workplace (Explained). This could result in serious injury or death in the workplace and/or the business facing legal action (Fully explained).</p>			
<p>(b)</p>	<p><u>Examples of policies and procedures to control costs may include:</u></p> <p><i>ABC Sports</i> could implement a policy where all spending over \$10,000 for raw materials used in the production of cricket products needs to be authorised by a manager. To ensure this policy is actioned, <i>ABC Sports</i> could implement a checklist of procedures. Procedures could include the transaction being signed by the purchasing officer (procurement), and also a senior manager (Explained).</p> <p><i>ABC Sports</i> could implement a policy where all spending over \$10,000 for raw materials needs three quotes. To ensure that this policy is actioned, <i>ABC Sports</i> could have a procedure where the purchasing officer obtains quotes from three different suppliers. The quotes would need to be in writing, and then be authorised by a senior manager. This policy and procedure would help control costs (Explained).</p> <p><i>ABC Sports</i> could implement lean production procedures. With lean production, as few resources as possible are used in the production of cricket bats. This could involve reducing waste or purchasing the minimum amount of resources needed (Explained).</p> <p><i>ABC Sports</i> could implement a policy that all production managers should conduct a monthly variance analysis on costings. To ensure that this policy is actioned and costs are controlled, <i>ABC Sports</i> could have a procedure where the production manager completes a document. At the beginning of the month, expected costs are estimated, and at the end of the month these are compared with the actual costs, with negative variances requiring explanations (Explained).</p> <p><u>How each policy / procedure will help ABC Sports control manufacturing costs</u></p> <p>The policy to obtain written quotes from three different suppliers will help control costs because <i>ABC Sports</i> will be able to compare quotes and make the most cost-effective purchase. As the quotes are only for orders over \$10,000, the</p>			

<p>cost savings could be substantial (Explained). The best supplier may or may not give the lowest quote. Senior managers will be able to make an informed decision as to the best supplier, based on factors such as price, quality, and reliability. Having better-quality raw materials and reliable suppliers would allow <i>ABC Sports</i> to further control costs in the future (Fully explained).</p> <p>Monitoring monthly budget variances will help control costs because production managers will be able to highlight areas of poor performance (negative variance.) This is a situation where actual costs are greater than budgeted costs. For example, employee costs may be greater than budgeted (Explained). The production manager can then use the monthly variance analysis to make informed decisions around controlling costs, such as reducing employees' hours, or changing shift times (Fully explained).</p> <p><i>Justification</i></p> <p>Using a monthly budget variance would be more appropriate for <i>ABC Sports</i> to control its costs. This is because a budget variance report highlights what has caused the variance (or change in costs). The production manager can take corrective action on a monthly basis, reducing the risk of much larger cost variances at the end of the year.</p> <p>The budget variance analysis would be undertaken for all costs associated with the production of cricket products. This may be a better way of controlling costs than a policy that focuses on obtaining competitive quotes. This is because the three quotes policy is only for purchases over \$10,000, and therefore does not cover all the costs involved in producing cricket products.</p>			
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N1	N2	A3	A4	M5	M6	E7	E8
Very little Achievement evidence.	Some Achievement evidence, partial explanations.	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	Achievement	Achievement with Merit	Achievement with Excellence
(a)	<p>Flow production is where <i>ABC Sports</i> produces large quantities of cricketing products using a continuous process. <i>ABC Sports</i> would have invested heavily in capital machines and equipment for their factory in Napier. The company would use these machines to mass-produce standardised cricketing products (Explained).</p> <p>By using flow production techniques, <i>ABC Sports</i> would benefit from economies of scale. As <i>ABC Sports</i> can produce large quantities of cricket bats cheaply, the average cost of each cricket bat decreases. This could occur through the bulk buying of raw materials, or using machines instead of specialised labour (Explained). This would reduce the unit cost of each cricket bat. <i>ABC Sports'</i> profit margins could increase. Alternatively, <i>ABC Sports</i> may choose to lower prices, making them more competitive, leading to increased sales (Fully Explained).</p> <p>Flow production allows the cricket bats to be mass produced using machines. The cricket bats will be made to high specifications, and each cricket bat should be identical. This ensures that <i>ABC Sports</i> is producing a consistent, quality product (Explained). <i>ABC Sports'</i> distributors and customers are more likely to buy from a manufacturer that produces cricket bats of consistently high quality. <i>ABC Sports</i> may get a reputation for being a reliable brand, thus increasing sales and profits (Fully explained).</p> <p>The benefit of <i>ABC Sports</i> using flow production is that it can mass produce cricket bats of uniform quality. <i>ABC Sports</i> may be able to meet large orders from bigger customers (Explained). These larger contracts could improve the long-term economic sustainability of <i>ABC Sports</i> (Fully explained).</p>	<ul style="list-style-type: none"> Explains how <i>ABC Sports</i> uses flow production to produce cricket equipment. Explains TWO benefits to <i>ABC Sports</i> of using flow production methods. Identifies and explains a different production method that <i>ABC Sports</i> could implement. Explains ONE consequence of this production method for employees of <i>ABC Sports</i>. <p>(Answers will typically state relevant examples, business knowledge, and/or Māori business concepts in explanations.)</p>	<ul style="list-style-type: none"> Fully explains TWO benefits to <i>ABC Sports</i> of using flow production methods. Fully explains ONE consequence of the different production method for employees of <i>ABC Sports</i>. <p>(Answers will typically include relevant examples, business knowledge, and/or Māori business concepts in explanations.)</p>	<ul style="list-style-type: none"> Fully explains ONE consequence of the different production method for employees of <i>ABC Sports</i>. <p>AND</p> <ul style="list-style-type: none"> Justifies, with TWO reasons, why this production method would be more appropriate than flow production for <i>ABC Sports</i>. <p>(Answers will typically integrate relevant examples, business knowledge, and/or Māori business concepts into explanations.)</p>
(b)	<p>Different production methods may include batch, job or mass customisation.</p> <p>Batch production involves producing a limited number of identical products. For example, <i>ABC Sports</i> could produce a batch of cricket bats for a specific target market.</p>			

<p><u>Consequences for employees</u></p> <p>The production process would be less specialised than for flow production. Therefore, employees would be required to learn new production techniques (Explained). This may require employees to undertake further training. This may increase the job satisfaction of workers, leading to increased employee motivation (Fully explained).</p> <p><i>ABC Sports'</i> workforce may experience an increase in team spirit. This is because with batch production the work is likely to be less specialised, encouraging employees to work together in teams (Explained). <i>ABC Sports</i> may see an improvement in company culture and the productivity of its employees (Fully explained).</p> <p>Some workers may experience a decrease in motivation. This is because they may be reluctant to change and learn new skills, and attend training courses (Explained). This could lead to a decrease in productivity for some employees (Fully explained).</p> <p><i>Justification</i></p> <p>Batch production allows <i>ABC Sports</i> to adopt a more flexible approach to production. This is important, as production can be more easily changed to meet customer demands and increase sales revenue. Current production methods are inflexible, as it is very difficult to alter the production process. Production lines are difficult to change. Therefore <i>ABC Sports'</i> sporting products are often standardised and don't always meet customers' changing needs.</p> <p>Current flow production techniques require <i>ABC Sports</i> to be capital intensive. Currently, many machines lay idle, resulting in low capacity utilisation. By moving to batch production, <i>ABC Sports</i> could down-size, better utilising their resources and reducing production costs.</p> <p>By moving to batch production, <i>ABC Sports</i> may be better able to retain its current employees and attract new ones. This is because batch production offers more varied work than flow production, where employees' roles are often more specialised, resulting in repetitive tasks and boredom.</p>			
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<p>Job production involves producing goods that are tailor-made to suit specific customer requirements – for example, personalised cricket shoes.</p> <p><u>Consequences for employees</u></p> <p>The production process would be more labour-intensive and highly skilled. Specific skills new to the production process would be needed. Employees may have to learn new skills and techniques in the production of sporting equipment. This may require employees to undertake further training.</p> <p>As each piece of sporting equipment is produced on a “one-off” basis, employees will often have more varied jobs. This may increase their job satisfaction, leading to increased employee motivation.</p> <p>Some workers may experience a decrease in motivation. This is because they may be reluctant to change and learn new skills and attend training courses.</p> <p><i>Justification</i></p> <p>Job production allows <i>ABC Sports</i> to adopt a more flexible approach to production. This is important, as production can be more easily changed to meet the exact requirements of the customer. This could lead to an increase in customer loyalty and sales revenue. Current flow production methods are inflexible, as it is very difficult to alter the production process. Production lines are difficult to change. Therefore <i>ABC Sports’</i> sporting products are often standardised and don’t always meet customers’ individual needs.</p> <p>Moving to job production may improve the quality of the cricket products. This is because each cricketing product is individually made. The worker producing the cricket products may have specialised skills, increasing the quality of the product. For example, a cricket bat might have special weightings. This could be better than flow production, where all cricket bats are made to the same specifications.</p> <p>Mass customisation is a manufacturing method that combines the flexibility and personalisation of "custom-made" with the low unit costs associated with mass production. For example, <i>ABC Sports</i> can mass produce cricket bats, and use</p>			
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individual designs to customise each cricket bat to the customer's specific needs.							
N1	N2	A3	A4	M5	M6	E7	E8
Very little Achievement evidence.	Some Achievement evidence, partial explanations.	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
0 – 6	7 – 12	13 – 18	19 – 24