

Assessment Schedule – 2015

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

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><u>Explain the ethical issue that BMC faces</u></p> <p>The ethical issue is that <i>BMC</i> sells a legal product which is intended to be consumed by athletes, but is also being consumed by school children. Nutritional experts have warned of the impact on child obesity of consuming energy drinks, and argue that it is unethical to sell this product to school children.</p> <p><u>Fully explain how this ethical issue may impact on BMC</u></p> <p>Consumers and other stakeholders may have concerns about a good or service if they think that, though legal, it has unwelcome side effects or for some other reason may not be suitable for a certain section of the market. These stakeholders may become a strong ethical influence on a business such as <i>BMC</i>, which sells a product with a high sugar and caffeine content. This could create some very unwelcome negative publicity for <i>BMC</i>, and customers may reduce their demand, which will in turn affect <i>BMC</i>'s sales revenue and profit (Fully explained).</p> <p>Although Buzz Plus is made from legal ingredients such as sugar and caffeine, the health concerns of experts on the impact of a high-sugar diet on child obesity have raised the issue that the product may be unethical when sold to children. This could put pressure on <i>BMC</i> to either change the product or withdraw it from the market (Explained). This, in turn, may</p>	<ul style="list-style-type: none"> Explains the ethical issue that <i>BMC</i> faces. Explains how this ethical issue may affect <i>BMC</i>. Describes TWO solutions to reduce the ethical influences affecting <i>BMC</i>. Explains how each solution would benefit <i>BMC</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 how this ethical issue may affect <i>BMC</i>. Fully explains how each solution would benefit <i>BMC</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 how each solution would benefit <i>BMC</i>. <p>AND</p> <ul style="list-style-type: none"> Justifies, with TWO reasons, which solution for reducing the impact of ethical influences may be preferable for <i>BMC</i> to implement. <p>(Answers will typically integrate relevant examples, business knowledge, and / or Māori business concepts into explanations.)</p>

	<p>affect the long-term sustainability of <i>BMC</i> (Fully explained). There may also be ethical influences on the type of marketing methods / media an organisation such as <i>BMC</i> could use, as these must not be targeted specifically at school children (Explained). This raises the issue of how <i>BMC</i> should carry this out via social media and other forms of viral marketing, which are beyond their control. This product is not illegal to buy (Fully explained).</p>			
(b)	<p><u>Describe TWO solutions to reduce the ethical influences affecting <i>BMC</i></u> A first solution could be to restrict the sale of Buzz Plus to over 18s, either by raising the price or by removing the product from supermarket shelves (Described). A second solution could be to create a new marketing campaign, highlighting the fact that Buzz Plus should be consumed only by sportspeople (Described). <u>Fully explain how each solution would benefit <i>BMC</i></u> The first solution could be to restrict sales from supermarkets, and have Buzz Plus sold only in sports clubs. One benefit would be that sports clubs would see an increase in sales, and if prices were raised, would be able to earn more revenue (Explained). <i>BMC</i> would be seen as demonstrating further citizenship towards the community, sports clubs, and school children through higher prices, although the latter may not see the benefits of this! (Fully explained) The second solution will show that <i>BMC</i> is acting with citizenship and social responsibility, as the marketing campaign will highlight the dangers of consuming a sugary drink for those school children who are not in sports clubs (Explained). Famous sportsmen and women, or celebrities, could be hired to act as role models for the new campaign to reach out to school children. <i>BMC</i> will be regarded as acting responsibly, and may see an increase in sales to athletes (Fully explained). <u>Justify, with TWO reasons, which solution for reducing the impact of ethical influences may be preferable for <i>BMC</i> to implement</u> The first solution has the benefit of being quicker to introduce, but may be costly to enforce if sales are restricted. Some</p>			

<p>school children may still see the attractiveness of consuming Buzz Plus as a “restricted product”. Sports clubs could receive higher donations (as prices increase and profits grow), allowing them more resources to attract and finance a greater number of new sports, which may encourage more school children to participate in sports activities.</p> <p><i>OR</i></p> <p>The cost to <i>BMC</i> would be the negative publicity from unhappy school children, who now cannot purchase the products from supermarkets. Sales revenue to <i>BMC</i> might fall (Explained). Teenagers may put their frustrations and concerns onto social media, leading to even further falls in sales revenue. Young athletes may boycott this product and purchase a competitor’s product (Fully explained).</p> <p>Educating the market through a media campaign will be expensive, but will give <i>BMC</i> an opportunity to highlight its commitment to social responsibility through donations. The challenge is whether school children will see the campaign and act responsibly. This will be hard for <i>BMC</i> to judge. For this reason, the first solution seems more sensible and quicker for <i>BMC</i> to pursue.</p> <p><i>OR</i></p> <p>One cost of this campaign is the financial cost of creating the marketing campaign, including the fees of the celebrities involved (Explained). There will also be a time lag until the new TV or web-based commercial is ready, yet Buzz Plus is still being consumed. Will school children necessarily listen to the sports personalities?</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><u>One positive consequence of BMC responding to technological change</u></p> <p>Technological change may allow <i>BMC</i> to become more innovative and creative, and to improve productivity (Explained). This will reduce costs and may result in higher profits for <i>BMC</i>. The unique recyclable container is an example, which could also lead to an increase in sales or point of difference from its competitors (Fully explained).</p> <p><u>One negative consequence of BMC not responding to technological change</u></p> <p>Failure to “keep up” may allow competitors to take advantage and increase their market share if <i>BMC</i> does not respond to technological change. <i>BMC</i>’s market leader status could be under threat (Explained).</p> <p>Failure to respond to technological change may mean that <i>BMC</i>’s longer-term economic sustainability may be in jeopardy, even though it is currently the market leader (Fully explained).</p>	<ul style="list-style-type: none"> Explains one positive consequence of <i>BMC</i> responding to technological change. Explains one negative consequence of <i>BMC not</i> responding to technological change. Explains, with an example, how the chosen business has responded to technological change. Explains one benefit and one cost of the response. <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 why <i>BMC</i> needs to respond to technological change. Fully explains one benefit and one cost of the response to 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 one benefit and one cost of the response to the chosen business. <p><i>AND</i></p> <ul style="list-style-type: none"> Justifies the response of the chosen business to technological change, in terms of the degree of success it has achieved. <p>(Answers will typically integrate relevant examples, business knowledge, and /or Māori business concepts into explanations.)</p>
(b)	<p><u>Explain, with an example, how your business has responded to the technological change</u></p> <p>Technology has enabled organisations to develop their own smart phone applications or secured websites, allowing customers to conduct their banking business easily and safely, at any time. Organization Z (a bank) has responded to technological change by introducing online banking and smart phone applications (Explained).</p> <p><u>Fully explain one benefit of the response</u></p> <p>The number of front line banking staff has been reduced, additional IT specialists have been employed to ensure the smooth running of the new services, and bank retail outlets have been redesigned to allow customers to discuss their banking options rather than merely process transactions (Explained). This process has saved Organisation Z time and provided a new level of customer service, as 95% of all banking transactions are now carried out online or through smart phones (Fully explained).</p>			

<p><u>Fully explain one cost of the response</u></p> <p>One cost has been redundancy payments, following a reduction in staff (Explained). The unions in this industry have considered the possibility of industrial action. This has created unwelcome publicity for Organisation Z (Fully explained). Training costs have increased, as staff have had to gain new skills to answer more technical questions about online banking, with less face-to-face communication in their daily operations (Explained). This has affected the organisation's profits in the short term (Fully explained).</p> <p><u>Justify the response of your business to technological change in terms of the degree of success it has achieved</u></p> <p>The banking industry has had to change because of technology. Organisation Z would have been "left behind" if it had not made changes to allow more of its operations to be conducted online and through smartphones. It is still one of the most successful banks in the industry, and its profits grew by 10% in 2014/15. The challenge for this bank is being able to keep up with technological change, given the increasing rollout of ultrafast broadband across New Zealand, which will allow Organisation Z the chance to create and develop even more new products and services for its customers.</p>			
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Q 3	Sample answers	Achievement	Achievement with Merit	Achievement with Excellence
(a)	<p><u>Explain the likely effect of the 25% tax on the price of Buzz Plus and Buzz Lite</u></p> <p>The 25% tax will increase costs for <i>BMC</i> and should lead to increases in prices of Buzz Plus and Buzz Lite.</p> <p><u>Fully explain the impact on the profits of <i>BMC</i> if it absorbs the whole cost of the tax</u></p> <p>If <i>BMC</i> absorbs the full cost of the tax and prices of <i>BMC</i>'s products do not change, then profits at <i>BMC</i> are likely to fall (Explained).</p> <p>However, the true impact on the profits of <i>BMC</i> depends on how much sales revenue changes, and the reaction of other drinks manufacturers. If consumers do not see an increase in price for <i>BMC</i>'s products, but they do for rival products from other soft drink makers, they may switch to <i>BMC</i>. Profits at <i>BMC</i> could increase if sales revenue grows faster than the increase in costs (Fully explained).</p>	<ul style="list-style-type: none"> Explains the likely effect of the 25% tax on the price of Buzz Plus and Buzz Lite. Explains the impact on the profits of <i>BMC</i> if it absorbs the whole cost of the tax. Describes ONE response. Explains ONE benefit and ONE cost of the response to <i>BMC</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 the impact on the profits of <i>BMC</i> if it absorbs the whole cost of the tax. Fully explains ONE benefit and ONE cost of the response to <i>BMC</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 benefit and ONE cost of the response to <i>BMC</i>. <p><i>AND</i></p> <ul style="list-style-type: none"> Justifies the response in terms of its long-term impact on <i>BMC</i>. <p>(Answers will typically integrate relevant examples, business knowledge, and /or Māori business concepts into explanations.)</p>
(b)	<p><u>Describe ONE response <i>BMC</i> could implement</u></p> <p>One response is for <i>BMC</i> to absorb some of the tax and pass on the remainder, resulting in only a small price increase (Described).</p> <p><u>Fully explain ONE benefit and ONE cost of the response, to <i>BMC</i></u></p> <p>As Buzz Plus is the market leader and Buzz Lite is viewed as an innovative product, the impact on sales revenue and profits may not be too dramatic if <i>BMC</i> absorbs some of the tax and only increases prices by a small amount (Explained). The benefit of this response will depend on the reaction of rival soft /energy drink manufacturers, and by how much <i>BMC</i> increases its prices. Sales revenue could increase (Fully explained).</p> <p>The cost of this response is that if <i>BMC</i> absorbs some of the tax, donations to sports clubs may decrease (Explained). This may lead to some stakeholders questioning <i>BMC</i>'s commitment to citizenship. Longer-term sales could decrease.</p>			

<p><u>Justify the response in terms of its long-term impact on <i>BMC</i></u></p> <p>The response is short-term regarding increasing price, but in the longer term <i>BMC</i> must be aware that if it keeps absorbing some of the tax increase, donations may have to fall to maintain profitability. <i>BMC</i> may increase its market share in the long term, due to rival soft/energy drink manufacturers charging a much higher price.</p>			
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N0 = No response; no relevant evidence.

Cut Scores

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