

**Assessment Schedule – 2015**

**Business Studies: Apply business knowledge to a critical problem(s) in a given large business context (90845)**

**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>Why creating Executive Challenge (EC) as a growth strategy may create a conflict with the pūtake of A4A</u></p> <p>The creation of EC – targeted at a small, wealthy segment (senior leadership teams) – seems to satisfy a very small, privileged minority. The original intent (pūtake) of A4A is summarised in Resource B as providing affordable, safe adventures for all. There is a conflict here.</p> <p><u>TWO issues which may have arisen, or may arise, from the conflict</u></p> <p>A first possible issue is that the creation of EC has led to some managers being critical of, and unhappy with, its selection as a growth strategy (Explained). This choice of strategy could lead to demotivation of these managers at a critical time when A4A’s sustainability is under threat – there is evidence of this in Resource D. Other loyal, long-serving employees may also feel unhappy with this decision, leading to falls in productivity and poor customer service (Fully explained).</p> <p>A second issue is a possible consumer backlash, as the new EC service is clearly not “for all”. Existing and future customers may become concerned about the change from the original intent (pūtake), even though existing adventures will continue for families at A4A (Explained). These customers may instead visit the attractions offered by emerging competitors, such as</p>	<ul style="list-style-type: none"> <li>Explains why creating EC as a growth strategy may create a conflict with the pūtake of A4A.</li> <li>Explains TWO issues which may have arisen, or may arise, from the conflict.</li> <li>Describes TWO solutions to resolve the conflict.</li> <li>Explains how each solution will resolve the conflict.</li> <li>States relevant information from the resource.</li> </ul> <p>(Answers will typically <b>state</b> relevant business knowledge, and / or Māori business concepts in explanations.)</p>	<ul style="list-style-type: none"> <li>Fully explains TWO issues which may have arisen, or may arise, from the conflict.</li> <li>Fully explains how each solution will resolve the conflict.</li> <li>Answers include relevant information from the resource to support explanations.</li> </ul> <p>(Answers will typically <b>include</b> relevant business knowledge, and / or Māori business concepts in explanations.)</p>	<ul style="list-style-type: none"> <li>Fully explains how each solution will resolve the conflict.</li> </ul> <p><i>AND</i></p> <ul style="list-style-type: none"> <li>Justifies, with TWO reasons, why one solution would be more appropriate to implement than the other.</li> <li>Answers integrate relevant information from the resource to fully support explanations.</li> </ul> <p>(Answers will typically <b>integrate</b> relevant business knowledge, and / or Māori business concepts into explanations.)</p>

	<p>the trampoline and water slide activities. Sales revenue at A4A may fall dramatically, offsetting the gains from EC (Fully explained).</p>			
<p>(b)</p>	<p><u>TWO appropriate solutions</u></p> <p>The first solution is to organise a meeting with managers, to reassure them that the original intent of the business (pūtake) may not have been violated. They are still providing adventure activities for all in the fairest sense of the term “for all” (Described).</p> <p>The second solution proposed is that Mikaere could promise to further investigate the special needs option for A4A, given that there is increasing competition from new providers of adventure experiences. This solution may be viewed as being more in keeping with the pūtake of A4A (Described).</p> <p>A third solution is to reduce the prices of EC to give the indication that it is less exclusive and more in keeping with the Putake of A4A.</p> <p><u>How each solution could resolve the conflict</u></p> <p>The first solution will require at least one meeting with the senior managers. The main resource requirement here is time commitment. It is mentioned in Resource D how busy Mikaere is (Explained). The negotiations must be handled carefully, and Mikaere may be advised to consult local iwi to ensure that EC is not against the original intent (pūtake) of the organisation. This will benefit Mikaere, and provide reassurance that the decision to create EC was justified, and will increase motivation at A4A, given the information in Resource D (Fully explained).</p> <p>The second solution to resolve the conflict has the benefit of time saved, and can be quickly incorporated. Mikaere has already considered it. The possible costs to A4A will be in terms of further market research, staff training, and advertising for this new activity, as it is not currently offered in New Zealand (Explained). A4A will have a lack of experience in this area, but if the emerging competition does not provide for special needs families, then A4A could make substantial profits, once the initial costs have been accounted for. It is worthy of further investigation. Conflict is likely to be reduced across the whole organisation, as it will be perceived as not</p>			

<p>violating the pūtake of A4A (Fully explained).</p> <p>The third solution will move A4A closer to its Putake and can reduce the conflict between Mikaere and the managers / employees (Explained). Highly paid executives will still use the facilities, but there will be a sense of 'affordability for all'. This may not be enough to resolve all of the conflict, but it will be a start, given the comments in Resource D. However, it is a weak solution, as the conflict may still be present.</p> <p><u>Justify, with TWO reasons</u></p> <p>Consultation may not be effective for Mikaere. The decision to create EC has already been taken, after a long process. Consultation may delay any resolutions, as both sides seem convinced of their own positions. Reducing prices of EC may seem like a short-term solution, given that if continued, the economic sustainability of A4A could be put in jeopardy again. EC is keeping A4A solvent, and some highly paid executives may not use the facilities if they think that the lower price means poorer quality. Possibly the decision to look into the special needs service option for families may convince senior managers that the original intent (pūtake) of A4A still holds. The second option could be the better short-term solution to keep the atmosphere at A4A from deteriorating further. This conflict needs to be resolved, and quickly. However, Mikaere could argue that offering EC is still providing adventure activities for everyone, albeit at a much higher price for a select few. It is beneficial for the economic sustainability of A4A, so reducing prices may be for the short term only.</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>Customer service issues/errors due to insufficient training arose due to poor internal controls and processes. For example, there was no one person from EC to meet the executive guests, as per Resource C (Explained). The managers and staff felt they could not provide the level of customer service that EC's clients would demand, and there was seemingly no opportunity or time to make their feelings known. Communication problems/mistakes are a symptom of poor internal controls (Fully explained).</p> <p>Booking mistakes are evident, as EC grows faster than A4A can manage. A4A is still running adventures for families, and with the executive market growing so quickly, errors in bookings were likely without correct procedures in place. Perhaps Mikaere did not allow enough time to set up the booking system? Confusion in a new market was inevitable with the creation of EC and its speed of growth (Explained). The failure to provide technical support for EC is also indicative of an organisation struggling to cope. Mikaere may not have fully thought through the decision to create EC, and the strain it could place on his management team (Fully explained).</p>	<ul style="list-style-type: none"> <li>Explains TWO issues which arose from poor internal controls once EC had been introduced.</li> <li>Describes TWO methods to improve internal controls at A4A.</li> <li>Explains how each method would ensure that future errors are avoided.</li> <li>States relevant information from the resource.</li> </ul> <p>(Answers will typically <b>state</b> relevant business knowledge, and/or Māori business concepts in explanations.)</p>	<ul style="list-style-type: none"> <li>Fully explains TWO issues which arose from poor internal controls once EC had been introduced.</li> <li>Fully explains how each method would ensure that future errors are avoided.</li> <li>Answers include relevant information from the resource to support explanations.</li> </ul> <p>(Answers will typically <b>include</b> relevant business knowledge, and/or Māori business concepts in explanations.)</p>	<ul style="list-style-type: none"> <li>Fully explains how each method would ensure that future errors are avoided.</li> </ul> <p><i>AND</i></p> <ul style="list-style-type: none"> <li>Justifies, with TWO reasons, why one method would be more effective for improving internal controls than the other.</li> <li>Answers integrate relevant information from the resource to fully support explanations.</li> </ul> <p>(Answers will typically <b>integrate</b> relevant business knowledge, and/or Māori business concepts into explanations.)</p>
(b)	<p><u>TWO methods may include:</u></p> <p>Mikaere will have to provide new training for managers and staff. The new training will allow employees to be aware of the needs and demands of the new EC service (Described).</p> <p>As A4A is growing faster than it can cope with, due to the success of EC, there is a need to restructure the business and provide clear lines of authority, and possibly new job descriptions (Described).</p> <p>Regular reviews and/or policies/procedures to ensure that errors are avoided could be carried out by managers (Describe).</p> <p>Mikaere could fix/improve the booking system by employing an IT specialist to check the website (Described).</p> <p><u>How each method would ensure that future errors are avoided</u></p> <p>The new training will allow senior managers to monitor</p>			

<p>performance more closely, and instances of poor customer service should be minimised (Explained), as everyone now in the organisation has the same understanding of the level of customer service that EC demands. Future errors should be avoided (Fully explained).</p> <p>The benefits of restructuring and/or regular reviews are that A4A has an opportunity to create clearer lines of communication and new job descriptions. Greater accountability on the part of managers could also reduce the number of errors (Explained). Mikaere will need to revise job descriptions for A4A's core business, and for EC (its growing business), to show that each service requires a different skill level from all employees. Job descriptions could be changed to reflect the additional pressures placed on managers and staff in an organisation that is growing rapidly. Internal controls should tighten around customer service, to ensure that fewer errors are made in the future (Fully explained).</p> <p>Employing a new ICT specialist will add to A4A's costs, but these would seem to be justified given the needs of EC to provide a premium service (Explained). The issues with the booking system and the website will need a professional approach, otherwise word of mouth criticism around poor service could be spread by Geoff Hart (Fully explained).</p> <p><u>Justify, with TWO reasons</u></p> <p>A4A was created in 2001, so a restructure of the business is long overdue, as there have been changes in the internal and external environment. New control/review systems should be put in place quickly, to ensure the delivery of customer service that consistently provides a great experience. The second method should be selected.</p> <p>New training would be very welcome, of course, but this will not solve the underlying issues at A4A, which are driven by poor internal controls, inadequate structures, and the rapid growth of a new market. The training is expensive, and A4A is only just recovering financially after a number of poor years. It is likely that the training will need to be regularly updated to meet increasing customer service expectations by EC's corporate customers, and this will also require further funding in the future. Unless customer service training is ongoing, future errors are still possible.</p>			
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Employing a full-time specialist will be a short-term measure.							
<b>N1</b>	<b>N2</b>	<b>A3</b>	<b>A4</b>	<b>M5</b>	<b>M6</b>	<b>E7</b>	<b>E8</b>
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><u>TWO factors which may have led to the potential resignation of the four longest-serving managers</u></p> <p>The work atmosphere at A4A is deteriorating with the introduction of EC, despite the financial gains (Explained). This would put additional pressure on managers, who would have to deal with the day-to-day concerns in a manner that Mikaere, as the CEO, would not, because the company is growing so quickly. Possibly these managers think that they (and Mikaere) cannot cope (Fully explained).</p> <p>The introduction of new competitors and the creation of EC may have convinced the four managers, who have been there from the beginning, that they too need a change (Explained). After 14 years at A4A, the attraction of running their own business as entrepreneurs rather than managers may prove too tempting. The stimulus indicates that the market for “thrill” activities is growing. They could also create a new business with the original pūtake of A4A as its guiding principle, and not be associated with the executive team-building market, which they clearly do not like (Fully explained).</p>	<ul style="list-style-type: none"> <li>Explains TWO factors which may have led to the potential resignation of the four longest-serving managers.</li> <li>Describes TWO possible solutions.</li> <li>Explains how each solution may reduce the possibility of the four longest-serving managers resigning.</li> <li>States relevant information from the resource.</li> </ul> <p>(Answers will typically <b>state</b> relevant business knowledge, and /or Māori business concepts in explanations.)</p>	<ul style="list-style-type: none"> <li>Fully explains TWO factors which may have led to the potential resignation of the four longest-serving managers.</li> <li>Fully explains how each solution may reduce the possibility of the four longest-serving managers resigning.</li> <li>Answers include relevant information from the resource to support explanations.</li> </ul> <p>(Answers will typically <b>include</b> relevant business knowledge, and /or Māori business concepts in explanations.)</p>	<ul style="list-style-type: none"> <li>Fully explains how each solution may reduce the possibility of the four longest-serving managers resigning.</li> </ul> <p><i>AND</i></p> <ul style="list-style-type: none"> <li>Justifies, with TWO reasons, why one solution would be better for Mikaere to implement than the other.</li> <li>Answers integrate relevant information from the resource to fully support explanations.</li> </ul> <p>(Answers will typically <b>integrate</b> relevant business knowledge, and /or Māori business concepts into explanations.)</p>
(b)	<p><u>TWO solutions</u></p> <p>Mikaere could look further at possibly creating the new special needs service, and asking the four senior managers to run this independently of A4A’s other services (Described).</p> <p>Secondly, Mikaere could agree to review and possibly eliminate EC once the future sustainability of A4A is achieved (Described).</p> <p>There is evidence from the stimulus that Mikaere may need to change his leadership style to reduce the possibility of the four long-serving managers leaving. Perhaps he has been too autocratic / paternalistic and needs to adopt a democratic style.</p> <p><u>How each solution may reduce the possibility of the four longest-serving managers resigning</u></p> <p>These four senior managers have long experience of the business, so Mikaere may need to give them a growth opportunity to show that he still values their contribution. The special needs service is the ideal opportunity to restate the pūtake of A4A and reduce the possibility of the resignations.</p>			

<p>The benefit is that Mikaere keeps the experience and know-how of the managers, who have been with A4A since its creation (Explained). The working atmosphere of the business will improve, and productivity could increase across the whole company. By changing his leadership style, Mikaere is revealing that he takes their concerns seriously. The difficulties and tensions of the creation of EC may be put to rest (Fully explained).</p> <p>A review may be seen as a genuine attempt to show that Mikaere has listened to their concerns, and this may be all the managers require (Explained). The memo in Resource D showed dissatisfaction but not outright hostility, and given their long friendships, Mikaere should be able to convince his managers that the purpose of EC is only to improve the economic sustainability of A4A (Fully explained). However, the tensions are real, and the decision to eliminate EC will be viewed positively, particularly by the four long-serving managers.</p> <p>Changing the leadership style may be a solution, and may satisfy the four long-serving managers in the short term, but EC would still remain, and if A4A tries to introduce a new special needs activity, the business will become much bigger, and then democratic leadership may become too costly in terms of time and the number of people potentially involved.</p> <p><u>Justify, with TWO reasons</u></p> <p>If EC continues to be successful, Mikaere will then have the funds to promise these managers that the special needs service could be created at a later date, and also keep EC. He could ask them to run this unit, and this should keep the four managers from resigning. The question that needs to be asked is how long can these managers wait? Resource D seems to suggest that a decision is needed quickly, otherwise A4A could find itself competing against an organisation comprising its own former managers.</p> <p>One could argue that rather than commit more funds and potentially create further unknown organisational and human resource problems for A4A with a new and separate special needs unit, Mikaere should carry out the review as soon as possible.</p> <p>However, the managers may treat this solution with suspicion, as significant time has already passed. The four managers may feel that Mikaere is trying to delay, increasing their</p>			
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<p>unhappiness. Other managers at A4A may start to question the atmosphere, and then Mikaere would run the risk of even more managers wishing to leave. Eliminating EC may be the only option to stop the four managers from leaving.</p> <p>However, until the issue of economic sustainability is confirmed in the long run, the best option would be for Mikaere to create the special needs service as soon as possible, in order to avoid more damaging personnel issues. He would be loathe to hire new managers at this stage, with all the new training this could involve.</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.

### Cut Scores

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