Assessment Schedule – 2015

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

Evidence Statement

Notes to Markers: guidance for awarding Achievement, Merit, or Excellence

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, and / or consequences.

Evaluating examines in detail by comparing and contrasting or identifying relationships to explain the impacts, effects and consequences of interacting factors in the business, plus strategic responses or solutions, and to provide a justified recommendation or draw justified conclusions on the significance or likely success of the factors / responses / solutions. 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, such as long-term impact or sustainability of the business.

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

Q 1	Sample answers / Evidence
(a)	*Causes – possible answers could include:* The amount of television watched by people aged 18–20 years fell in fourth quarter of 2014 from an average amount of time of 113 hours per month in 2013 to 95 hours per month in the corresponding quarter of 2014 (Stated). As *Weka TV* is a satellite provider, this means its main target audience is getting smaller (Explained). This will lead to a fall in revenue for *Weka TV* and make them vulnerable to a takeover by *Dingo TV* (Fully explained). Online TV company *Netflix* introduced its product into New Zealand in March 2015 (Stated). With rising numbers of 18–24 year olds now watching videos online, more of this target market will move their film viewing from *Weka TV* to *Netflix* if *Weka TV* does not offer this product option (Explained). This will mean a decrease in revenue for *WekaTV* if they cannot match the viewing options that their customers are demanding (Fully explained). The threat of a takeover by *Dingo TV* needs to be repelled (Stated). *Weka TV* will need to increase its short-term profits by increasing revenue from a wider range of products and markets (Explained). Adding an online component will widen the target market, increasing revenue through subscriptions and advertising, which will improve profit margins, especially when existing customers may have smart TVs which can access online content (Fully explained). **Note:** Answers at Merit may be linked and the impact on *Weka TV* given – e.g. fewer 18–20-year-olds are watching TV; in the fourth quarter of 2013 it was 113 hours per month, and in the fourth quarter of 2014 it was 95 hours per month. Plus *Netflix* has arrived, and customers may switch. These two factors will lead to a decrease in revenue for *Weka TV* (Fully explained). *Effects – possible answers could include:* Investors are likely to receive higher dividends in the long term (Stated). This is because this product development will increase market share and range of revenue streams, which means higher profits (Explained). This may mean that demand for *Weka TV* shares will increase, which would lead to an increase in *WekaTV*'s share price, making it more difficult for a *Dingo TV* takeover to occur (Fully explained). Demand for new employees (or new skills) will rise (Stated), because *WekaTV* will need experts in the online domain (Explained). Current employees may need to upskill or new employees will be hired, which may mean some existing employees are made redundant in the restructure of *Weka TV* if they do not have the necessary skills and are no longer needed (Fully explained). Suppliers of TV content will become more profitable (Stated), because there will be demand for extra shows online as well as in the traditional format (Explained). *Weka TV* will need to ensure that the shows being offered suit their target audience and are exclusive to *Weka TV* in New Zealand, to

	ensure they have a unique selling proposition over *Netflix* (Fully explained).
(b)	<u>Solution 1</u> Option 1 has a higher average rate of return per year – 12% vs 8% for Option 2 (Stated). This means that this option will return profit to *Weka TV* at greater rates each year right from the start, and earn more over the life of the investment (Explained). This fits with *Weka TVs* need for making short-term profits to avoid a takeover by *Dingo TV* (Fully explained). <u>Solution 2</u> Option 2 has the shorter pay-back period, as the initial investment costs will be repaid in 4.5 years, as opposed to 7 years for Option1 (Stated). This means taking over *Star TV* will allow *Weka TV* to return to a positive cash flow sooner than under Option 1, because the setup costs of a takeover are much less than the research and development costs of innovating a new decoder (Explained). This is an advantage for *Weka* TV, as they can invest in other projects more quickly, because technology is moving fast and they will need to keep up to maintain market share with their multinational rivals (Fully explained). *Conclusion* Option 1 would be the better idea, as *Weka TV* attempts to raise its share price to ward off *Dingo TV's* takeover. Increased profitability will attract new investors who are tempted by the prospect of high dividends and will attempt to buy shares on the NZX. This will raise the share price, which will make it more difficult for *Dingo TV* to buy enough shares to gain a majority shareholding (New information). **Note:** Other new information could include the idea of an innovative product with its own patent that creates a unique selling point over its competition. *OR* Option 2 would be the better idea, as *Star TV* is already well established, with its own existing customer base, infrastructure, and brand recognition. This creates an established distribution channel for *Weka TV* to go online against *Netflix* with little start-up cost and immediate launch, minimising the opportunity for *Netflix* to grab market share from *Weka TV* (New information). **Note:** Other new information could be that the takeover of *Star TV* will avoid the need to hire or train new employees.

Grade-score descriptors – Q1

Achievement	Achievement with Merit	Achievement with Excellence
Explains: • cause(s) of the decision to add online content • effect(s) of the decision to add online content • ONE positive effect of each solution. *AND* States relevant information from the resource. (Answers will typically **state** relevant business knowledge and / or Māori business concepts.)	Fully explains: • cause(s) of the decision to add online content • effect(s) of the decision to add online content • ONE positive effect of each solution. *AND* The answer includes relevant information from the resource to support explanations. (Answers will typically **include** relevant business knowledge and Māori business concept(s) to support explanations.)	Evaluates how possible solutions would address the complex problem(s) by: • fully explaining ONE positive effect of each solution • drawing a justified conclusion on the better solution (brings in new information). *AND* The answer integrates relevant information from the resource to fully support explanations. (Answers will typically **integrate** relevant business knowledge and Māori business concept(s) into explanations.)

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. One part may be weaker.	All points covered.

N0 = No response; no relevant evidence.

Q 2	Sample answers / Evidence
(a)	*Causes – possible answers could include:* Time taken to answer enquiries by customers has increased, experiencing waits of up to 90 minutes (Stated). This may be because the Indian call centre is under-staffed, with not enough operators available to meet demand (Explained). This will lead to a decrease in customer satisfaction and the possibility of customers cancelling their subscriptions, reducing revenue for *Weka TV* (Fully explained). **Note:** Other related causes could be that the Indian call centre operators are not familiar with the *Weka TV* products or the administration systems, and need to seek assistance OR language and / or cultural responsiveness difficulties between the customer and the call centre operator. Technical problems are taking longer to be resolved (Stated). This is because New Zealand staff numbers at *Weka TV* have been reduced, while issues remain to be solved with the new technology (Explained). This will mean a decrease in customers for *Weka TV*, as disgruntled customers switch to providers offering a better service which does not have technology problems (Fully explained). *Effects – possible answers could include:* *WekaTV* will earn lower revenue (Stated). This is because the drop in customer satisfaction will lead to lower potential future sales as the brand image of *Weka TV* suffers through media coverage and word-of-mouth referrals (Explained). As a result, WekaTV's profitability will decline, reducing the share price and making them vulnerable to a takeover again (Fully explained). New Zealand employees working in the technical area may suffer from reduced job satisfaction (Stated). This is because the technical staff are overworked, due to staff cuts at *Weka TV* (Explained). This may lead to workers leaving *Weka TV* to work for an employer that can offer them less stressful working conditions (Fully explained).
(b) and (c)	*Possible solutions include:* *Weka TV* needs to resolve the technical problems being created by the new technology (Stated), because this is what many of the customer calls are about (Explained). This would mean that the number of calls being made to the call centre will decline, and therefore wait-times there will reduce (Fully explained). *OR* *Weka TV* could pay the company in India more to employ more call centre operators (Stated). This is a good idea because call waiting time would be reduced for customers (Explained). This means the reputation of *Weka TV* among its customers would improve and they will spread positive recommendations to possible future customers (Fully explained). **Note:** Another version of this solution could be to train the operators to become more familiar with *Weka* TV's products, and their technical issues and likely solutions. *OR* *Weka TV* could send over New Zealand managers and / or trainers to oversee the call centre operations (Stated). This will allow closer quality assurance (or control) to be provided on their operations (Fully explained). This will lead to a more effective and efficient service being provided, improving customer satisfaction and therefore reducing the number of cancelled subscriptions (Fully explained). **Note:** Another version of this could be to set up an online help manual, chat centre, or tutorial web page. *Possible conclusion* Solution 3 would be the better option. Good customer service is essential for any service provider. If *Weka TV* customers are satisfied with the efficiency of the call centre operators, negative publicity about moving offshore will be negated by the improved level of service that is being provided (New information).

Grade-score descriptors – Q2

<table>
<tr><th colspan="3">Achievement</th><th colspan="2">Achievement with Merit</th><th colspan="3">Achievement with Excellence</th></tr>
<tr><td colspan="3">Explains:
• cause(s) of the problems resulting from outsourcing to the Indian call centre
• effect(s) of the decision to outsource the call centre
• ONE positive effect of each solution.
AND
States relevant information from the resource.
(Answers will typically state relevant business knowledge and / or Māori business concepts.)</td><td colspan="2">Fully explains:
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AND
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N0 = No response; no relevant evidence.

Q 3	Sample answers / Evidence
(a)	*Causes – possible answers could include:* One cause of the problem is that only 7.4% of Aucklanders are using public transport, with a very large majority therefore choosing to drive to work (Stated). This will mean there are more vehicles on the roads, causing traffic congestion (Explained). This results in longer delivery times and higher delivery costs, such as fuel and drivers' wages (Fully explained). Another cause of the problem is Auckland's rapidly increasing population, which is set to almost double in the next 15 years (Stated), which means that people are having to live further away from the CBD where the existing *Weka TV* warehouse is (Explained). This means there is increasing pressure on the existing roading infrastructure out of central Auckland, leading to longer delivery times (Fully explained). **Note:** A related cause could be that the increasing population means more demand for set-top boxes, leading to increasing deliveries in congested Auckland streets. *Effects – possible answers could include:* Customers may become increasingly disgruntled with the service they receive from *Weka TV*, due to slow deliveries and hence longer wait times (Stated). This means that customers may cancel their set-top box order from *Weka TV* and go to a provider like *Netflix* that does not require delivery of a set-top box (Explained). This will mean a fall in revenue as sales numbers decline, reducing the profitability of the set-top box product stream (Fully explained). Increasing delivery costs will reduce profitability of the set-top boxes (Stated), because either drivers need to work longer hours or more drivers and vehicles need to be used – both increasing wages and vehicle expenses (Explained). This may mean that *Weka TV* has to increase the price of the set-top box to recover its profit margin, which will make it less competitive with online providers such as *Netflix* (Fully explained).
(b)	<u>Solution 1</u> The Wiri warehouse is situated near the motorway, and has easy and quick access for trucks, both coming from the port and leaving for deliveries (Stated), which reduces the waiting time for product held in the warehouse and the time on the road (Explained). This means that the time taken for deliveries will fall, improving customer satisfaction and reducing complaints to the call centre (Fully explained). <u>Solution 2</u> The Sylvia Park warehouse site has a larger floor area (Stated), which would allow the business to store more stock and therefore load many trucks at a time (Explained). This means that larger quantities can be delivered each day, fulfilling a greater number of orders (Fully explained). *Conclusion* Solution 1 would be the better option, because the money saved in the reduced leasing price could go towards purchasing additional trucks and drivers, further improving delivery times (New information). *OR* Solution 2 would be the better option, as *Weka TV* would be able to move onto the site immediately, thus solving the issue before customer dissatisfaction results in loss of sales. It also means *Weka TV* can take advantage of purchasing economies of scale by ordering in bulk, reducing the cost per unit of the set-top boxes (New information).

Grade-score descriptors – Q3

Achievement	Achievement with Merit	Achievement with Excellence
Explains: • cause(s) of the increasing delivery times and costs • effect(s) of the increasing delivery times and costs • ONE positive effect of each solution. *AND* States relevant information from the resource. (Answers will typically **state** relevant business knowledge and / or Māori business concepts.)	Fully explains: • cause(s) of the increasing delivery times and costs • effect(s) of the increasing delivery times and costs • ONE positive effect of each solution. *AND* The answer includes relevant information from the resource to support explanations. (Answers will typically **include** relevant business knowledge and Māori business concept(s) to support explanations.)	Evaluates how possible solutions would address the complex problem(s) by: • fully explaining ONE positive effect of each solution • drawing a justified conclusion on the better solution (brings in new information). *AND* The answer integrates relevant information from the resource to fully support explanations. (Answers will typically **integrate** relevant business knowledge and Māori business concept(s) into explanations.)

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Cut Scores

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