

## Assessment Schedule – 2016

### 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, and/or consequences.

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

#### Evidence

Q 1	Sample answers/Evidence
(a)	<p>One external stakeholder of <i>Wahia</i> would be the local <b>Māori Land Trust</b> (Identified). It is a stakeholder of the business because it has an interest in <i>Wahia</i> clearing their land of surplus wood. It may also be affected by decisions that Tame’s business makes (Explained).</p> <p>One way in which Tame can demonstrate kaitiakitanga to maintain a positive relationship with the trust is by ensuring that during the extraction process, he minimises damage to any native flora and/or fauna (Described). This is because there may be some cultural significance in certain native plants to the landowners, e.g. totara trees (Explained). If the business was to damage some plants of cultural significance, then the Māori Land Trust may terminate <i>Wahia</i>’s contract. This may result in a negative impact on cash flow, and hence lower profits (Fully explained).</p> <p>Another way in which Tame can utilise kaitiakitanga is by offering to replace native plants if he causes any damage during the extraction process (Described). This is because he has been given guardianship over the land, and therefore he must work towards protecting and growing the natural resources associated with that land (Explained). This means that <i>Wahia</i> will be seen as a business that cares about the environment by looking beyond short-term or immediate profits, which will help it to retain its contract with the Land Trust (Fully explained).</p> <p>Another external stakeholder of <i>Wahia</i> would be its <b>customers</b> (Identified). They are stakeholders of the business, as they have an interest in the business providing them with wood to keep them warm during the winter months (Explained).</p> <p>One way in which Tame could (utilise) kaitiakitanga to maintain a positive relationship with his customers would be to publicise <i>Wahia</i>’s environmentally responsible aspect as a marketing / promotional tool to add perceived value to his product (Described). This would give him a unique selling proposition / unique selling point (USP), which should attract customers who are environmentally aware and value this approach. He may be able to charge a higher / premium price, due to his environmentally friendly practices (Explained), which would mean that he could obtain a higher profit margin. This, in turn, would enable the business to be more sustainable, and could allow Tame to commit more resources to protecting the environment (Fully explained).</p> <p>Another way in which Tame could demonstrate kaitiakitanga to maintain positive relationships with customers would be to implement kaitiakitanga principles, such as minimising damage to native flora and fauna in the extraction process, that would make his business sustainable (Described). This would enable him to maintain current contracts, meaning that he would be able to provide a reliable product to his customers on an ongoing basis (Explained). The sustainability of the business would enable him to develop customer loyalty, as his business would be able to survive into the future. Therefore, kaitiakitanga would enable him to</p>

	grow his business, and steadily increase his market share (Fully explained).
(b)	<p>One external stakeholder of <i>Wahia</i> would be its <b>customers</b> (Identified). <b>Note:</b> The response must be different from the stakeholder in part (a).</p> <p>One positive impact on <i>Wahia</i>'s customers of the proposed expansion is that supply of the firewood would be more reliable (Described). This would mean that the customers could get their firewood when they want it in the middle of winter, rather than having to order and wait for delivery (Explained). This would help to maintain customer loyalty, resulting in repeat business and possible referrals to potential new customers (Fully explained).</p> <p>One negative impact on the customers of <i>Wahia</i> of the proposed expansion is that the business might expand too quickly, which could lead to errors in the production process (Described). This is because workers might cut corners, due to an increase in workload resulting from the expansion (Explained). This impacts on customers, as the firewood that the customer receives may not be up to standard, e.g. cut to an incorrect/larger size. This would mean that customers would have to undertake further processing themselves in order to use the firewood, and may decide not to use <i>Wahia</i> again in the future (Fully explained).</p> <p>One external stakeholder would be <b>the local community</b> (Identified).</p> <p>One positive impact on the local community of <i>Wahia</i>'s proposed expansion is that the business may employ more people from that community (Described). This is because they would need more people to operate the new business (Explained). This would mean more money going into the local community, therefore improving the community's wealth and potentially assisting other local businesses (Fully explained).</p> <p>One negative impact on the local community arising from the proposed expansion would be the increased transport of heavy machinery on their roads (Described). This is because in order to extract the excess wood from the new land block, <i>Wahia</i> would have to bring in more heavy machinery, which could damage the roads (Explained). This would mean that the local community would have to pay more money in rates/drive on dangerous roads, which could result in increased costs/accidents (Fully explained).</p>

Achievement	Achievement with Merit	Achievement with Excellence
<ul style="list-style-type: none"> <li>Identifies ONE external stakeholder in (a).</li> <li>Describes TWO approaches using kaitiakitanga that Tame could take to maintain a positive relationship with the identified stakeholder.</li> <li>Identifies ONE different external stakeholder in (b).</li> <li>Describes ONE positive and ONE negative impact of the proposed expansion on the stakeholder.</li> </ul> <p>(Answers will typically <b>state</b> relevant examples, business knowledge, and/or Māori business concepts.)</p>	<ul style="list-style-type: none"> <li>Explains why the identified group is an external stakeholder.</li> <li>Explains TWO approaches using kaitiakitanga that Tame could take to maintain a positive relationship with the identified stakeholder.</li> <li>Explains ONE positive and ONE negative impact of the proposed expansion on the stakeholder.</li> </ul> <p>(Answers will typically <b>include</b> relevant examples, business knowledge, and/or Māori business concepts.)</p>	<ul style="list-style-type: none"> <li>Fully explains how Tame could demonstrate the concept of kaitiakitanga to maintain a positive relationship with external stakeholders.</li> <li>Fully explains how <i>Wahia</i>'s stakeholders would be affected by <i>Wahia</i>'s proposed expansion.</li> </ul> <p>(Answers will typically <b>integrate</b> relevant examples, business knowledge, and/or Māori business concepts into explanations.)</p>

<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.	Most Achievement evidence.	Nearly all Achievement evidence.	Some Merit evidence.	Most Merit evidence.	Excellence evidence. One part may be weaker. (a) <i>OR</i> (b) fully explained. The other part is explained.	All points covered. (a) <i>AND</i> (b) fully explained. One part may be weaker.

**N0** = No response; no relevant evidence.

Q 2	Sample answers / Evidence
(a)	<p>One negative consequence for <i>Wahia</i> of increased competition is that both businesses might focus on reducing their prices to obtain customers (Described). This is because <i>Wahia</i> would want to retain its customers and prevent them from going to the competitor, so it would offer its wood at a new, lower price. The impact of this is that the competitor would also reduce its prices, so that it can establish a name and place in the market (Explained). This reduction of price by both businesses could continue until one business may have to leave the market (Fully explained).</p> <p>One negative consequence for <i>Wahia</i> of increased competition is the increase in costs to retain its customers (Described). This is because it may need to introduce reward systems/more marketing, which would result in an increase in operating costs for the business (Explained). This would lead to a decrease in profits, and the business may eventually have to close down and /or relocate to remain viable (Fully explained).</p> <p>One negative consequence for the business of increased competition is that market share may decrease (Described). This is because there would be two businesses in the market (Explained). This could lead to <i>Wahia's</i> sales revenue decreasing, resulting in lower profits and affecting <i>Wahia's</i> sustainability (Fully explained).</p>
(b)	<p>One response that <i>Wahia</i> could use to compete is to introduce a <b>loyalty scheme</b>, where customers are rewarded for repeat purchases (Described). The cost of this response to <i>Wahia</i> would be that every nth load of firewood sold to the customer would be free, so no sales revenue would be gained on this load (Described). Therefore, operational costs incurred in harvesting this load would have to be absorbed by the business (Explained). Also, administration of the loyalty scheme would be an additional cost to <i>Wahia</i>, which could impact on profitability (Explained).</p> <p>One positive consequence of a loyalty scheme is that customers would receive rewards or incentives from <i>Wahia</i> (Described). Rewards could be that every nth load of wood would be free, therefore saving the customers money (Explained). Repeat purchases would result in this reward being given again, thus giving customers an ongoing incentive to remain with <i>Wahia</i> (Fully explained).</p> <p>One approach that <i>Wahia</i> could use to compete is by providing a <b>better service</b> than its competitor. An example of this is to deliver and stack the wood at the customer's residence (Described).</p> <p>The cost of this response to <i>Wahia</i> is that when delivering wood to customers, the employee's time needs to be paid by <i>Wahia</i> (Described). This means that the employee is being paid to stack and is not available for other duties in the business, e.g. making deliveries, which could result in fewer sales and less profit (Explained).</p> <p>One positive consequence for customers of receiving better service is that the customer feels valued (Described). This is because the customer would feel like an individual, and therefore would feel very satisfied with their experience with <i>Wahia</i>. Its customers would feel they are getting better value for money, as they do not need to stack the wood themselves or pay <i>Wahia</i> extra to do it (Explained). Due to this better service, existing customers may recommend <i>Wahia</i> to family and friends, and this may also encourage customers of the competitor to return/purchase from <i>Wahia</i> (Fully explained).</p> <p>One approach that <i>Wahia</i> could use to compete is by being <b>more accessible</b> to its customers. An example of this is having a website ordering system (Described).</p> <p>The cost of this response to <i>Wahia</i> is the added cost of set up and/or administering the website (Described). This means that administration costs may increase, as <i>Wahia</i> would need to monitor the website, e.g. requests, enquiries, and order processing (Explained).</p> <p>One positive consequence for customers of having easier access to the service is that they could choose when they contact the business and not have to spend time on the phone ordering firewood (Described). This is because customers would not have to wait for sales staff to answer a call. Also, customers could use the website 24/7 and have a record that the order has been lodged, allowing it to be tracked (Explained). This means that customers might spend</p>

more, by buying more firewood or buying more often, due to the ease of ordering and purchasing through a website (Fully explained).

Achievement		Achievement with Merit			Achievement with Excellence		
<ul style="list-style-type: none"> <li>• Describes TWO negative consequences for <i>Wahia</i> of increased competition.</li> <li>• Describes TWO responses, other than reducing prices, that <i>Wahia</i> may use to compete.</li> <li>• Describes the cost to <i>Wahia</i> of EACH response.</li> <li>• Describes ONE positive consequence for customers of EACH response.</li> </ul> <p>(Answers will typically <b>state</b> relevant examples, business knowledge, and/or Māori business concepts.)</p>		<ul style="list-style-type: none"> <li>• Explains TWO negative consequences for <i>Wahia</i> of increased competition.</li> <li>• Explains the cost of EACH response to <i>Wahia</i>.</li> <li>• Explains ONE positive consequence for customers of EACH response.</li> </ul> <p>(Answers will typically <b>include</b> relevant examples, business knowledge, and/or Māori business concepts.)</p>			<ul style="list-style-type: none"> <li>• Fully explains TWO negative consequences for <i>Wahia</i> of increased competition.</li> <li>• Fully explains TWO responses, other than reducing prices, that <i>Wahia</i> may use to compete.</li> </ul> <p>(Answers will typically <b>integrate</b> relevant examples, business knowledge, and/or Māori business concepts into explanations.)</p>		
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. (a) OR (b) fully explained. The other part is explained.	All points covered. (a) AND (b) fully explained. One part may be weaker.

N0 = No response; no relevant evidence.

Q 3	Sample answers / Evidence
(a)	<p>One way in which <i>Wahia</i> could damage the environment is through <b>erosion</b>, due to over-extraction of wood (Described). This could happen if there was no plan to extract the wood sustainably in smaller quantities from each area (Explained).</p> <p>One way in which <i>Wahia</i> could damage the environment through their operations is by way of <b>hazardous material discharging</b> from their machinery (Described). This could occur because of leakage through incorrect handling of the hazardous material (Explained).</p> <p>One negative outcome for <i>Wahia</i> resulting from harm to the environment is that the business may <b>lose customers</b> due to bad/unfavourable publicity (Described). This is because lobby groups/media will report these incidents to the local community/area (Explained). This could lead to customers not wanting to be associated with a business that causes environmental harm, and therefore no longer wanting to purchase their products. This may result in the business closing down, due to decrease in revenue (Fully explained).</p> <p>One negative outcome for <i>Wahia</i> from causing harm to the environment is that the <b>contract</b> with the local Māori Land Trust might be <b>cancelled</b> (Described). This is because the trust would be unhappy with the operations of the business, as it would not be practising kaitiakitanga, and would therefore not want to continue their business relationship (Explained). This would result in the business being unable to supply the market in that area, and <i>Wahia</i> would then have to relocate and start over again, or close down (Fully explained).</p> <p>One negative outcome for <i>Wahia</i> resulting from harm to the environment is that the business may incur a <b>fine</b> or other <b>penalty</b> (Described). This is because the New Zealand Government has implemented restrictions and laws to reduce or eliminate environmental hazards (Explained). This means that the business costs of penalties and compliance will increase, resulting in less profit for the business. This may result in the business closing down (Fully explained).</p>
(b)	<p>One way in which the business is, or can become, environmentally responsible is by <b>using recycled products</b> in its production process (Described). This is so that new products are not continually manufactured, which could then put pressure on the amount of material going into the landfill (Explained).</p> <p>One way in which the business is, or can become, environmentally responsible is by <b>using fewer harmful chemicals</b> in the production process (Described). This is because a reduction in their use means that the business will minimise damage to the environment (waterways/air) that could cause health problems (Explained).</p> <p>One positive consequence for the business of being environmentally friendly is that it could <b>reduce its costs</b> (Described). This is because it will not have the costs of buying new materials, and through recycling or using cheaper second-hand material, this will result in a decrease in costs (Explained). This means that the business could generate higher profits, due to the decrease in production costs. Higher profits could provide additional funds for marketing or improving production techniques to expand the presence of the business in the market (Fully explained).</p> <p>One positive consequence for the business of being environmentally friendly is that it can <b>attract new customers</b> (Described). This is because potential customers who prefer to purchase goods/services from environmentally friendly businesses would purchase from the business rather than its competitors (Explained). This means that revenue would increase due to increased sales, resulting in higher profits. These profits could be used to further establish the business in the marketplace (Fully explained).</p>

Achievement		Achievement with Merit			Achievement with Excellence		
<ul style="list-style-type: none"> <li>Identifies ONE way in which <i>Wahia</i> could damage the environment with its business operations.</li> <li>Identifies TWO negative outcomes for <i>Wahia</i> arising from damage to the environment.</li> <li>Identifies ONE way in which the named business is, or can become, environmentally responsible.</li> <li>Identifies TWO positive consequences for the named business.</li> </ul> <p>(Answers will typically <b>state</b> relevant examples, business knowledge, and/or Māori business concepts.)</p>		<ul style="list-style-type: none"> <li>Explains ONE way in which <i>Wahia</i> could damage the environment with its business operations.</li> <li>Explains TWO negative outcomes for <i>Wahia</i> arising from damage to the environment.</li> <li>Explains ONE way in which the named business is, or can become, environmentally responsible.</li> <li>Explains TWO positive consequences for the named business.</li> </ul> <p>(Answers will typically <b>include</b> relevant examples, business knowledge, and/or Māori business concepts.)</p>			<ul style="list-style-type: none"> <li>Fully explains the effect on <i>Wahia</i> if it is not environmentally responsible.</li> <li>Fully explains how being more environmentally responsible could benefit the named business.</li> </ul> <p>(Answers will typically <b>integrate</b> relevant examples, business knowledge, and/or Māori business concepts into explanations.)</p>		
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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. (a) OR (b) fully explained. The other part is explained.	All points covered. (a) AND (b) fully explained. One part may be weaker.

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### Cut Scores

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