

## Assessment Schedule – 2016

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

#### Assessment Criteria

#### 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.

**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.

Q 1	Sample answers / Evidence
(a)	<p><u>Fully explain how the change in immigration policy may affect New Zealand businesses.</u></p> <p>The change in the immigration policy would mean that there are more people of Asian descent living in New Zealand, and buying goods and services. Businesses that cater for this demographic would see an increase in demand for their products or services, and therefore an increase in sales and potential profitability (Explained). Businesses would then be able to use this increase in profits to grow by expanding into new areas, purchasing more capital items, or employing more workers (Fully explained). This would, in turn, provide an increase in income for both businesses and households, which can be further spent on other goods and services, thereby increasing New Zealand’s GDP.</p> <p><i>Note: Other full explanations which do not imply the multiplier effect are also acceptable, e.g. there could be employment implications for New Zealand businesses.</i></p>
(b)	<p><u>Explain a response to your chosen policy that Asia Food Suppliers could implement.</u></p> <p>The New Zealand Government has signed up to the Trans-Pacific Partnership (TPP), a free trade agreement (FTA) which involves 11 Asian and Pacific-rim countries. The agreement aims to increase economic ties between these nations and reduce tariffs between member countries, in order to open up trade in goods and services. A response Asia Food Suppliers could implement is to ensure that they source their products from Asian countries that have signed up to this agreement. This would enable them to import items for their stores at a lower cost, due to the reduction or elimination of tariffs between New Zealand and Asian TPP countries (Explained).</p> <p><u>Fully explain ONE advantage and ONE disadvantage of this response for Asia Food Suppliers.</u></p> <p>The advantage for Asia Food Suppliers is that if it imports its products from countries that are members of the TPP, it will not have to pay any import duty (Explained). This will reduce its costs and will enable Asia Food Suppliers to price its imported goods at a lower level than it could have done before the TPP was signed. This means that it will be able to compete with products that are locally produced, and therefore will enable Asia Food Suppliers to gain a larger share of the supermarket trade (Fully explained).</p> <p>A disadvantage of sourcing all its Asian products from TPP countries is that Asia Food Suppliers would be restricted to importing products from a limited number of Asian countries, and may miss out on supplying products from an Asian country that the majority of its customers are from (Explained). This could reduce the number of customers that it will have or be able to attract, reducing its market share and therefore sales (Fully explained). This could result in Asia Food Suppliers becoming economically unsustainable in the long run.</p>

Justify, with TWO reasons, why this response could ensure a successful expansion for *Asia Food Suppliers*.

By keeping its prices the same, it remains competitive with other food suppliers in the New Zealand market. Customers will remain loyal, and it may also be able to increase its customers with this pricing strategy, ensuring that it remains profitable. The supermarket industry operates on very small margins, so any reduction in costs through reduced tariffs will increase profits, giving *Asia Food Suppliers* more funds to expand, and reducing the amount it would have to borrow from the bank. This, in turn, would reduce interest expenses and help it to remain viable whilst expanding throughout New Zealand.

### Grade-score descriptors

Achievement		Achievement with Merit			Achievement with Excellence		
<ul style="list-style-type: none"> <li>Explains how the change in immigration policy may affect New Zealand businesses.</li> <li>Explains a response to a chosen government policy that <i>Asia Food Suppliers</i> could implement.</li> <li>Explains ONE advantage and ONE disadvantage of <i>Asia Food Suppliers</i>' response to the chosen government policy.</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>Fully explains how the change in immigration policy may affect New Zealand businesses.</li> <li>Fully explains ONE advantage and ONE disadvantage of <i>Asia Food Suppliers</i>' response to the chosen government policy.</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 ONE advantage and ONE disadvantage of <i>Asia Food Suppliers</i>' response to the chosen government policy.</li> <li>Justifies, with TWO reasons, why this response could ensure a successful expansion for <i>Asia Food Suppliers</i>.</li> </ul> <p>(Answers will typically <b>integrate</b> relevant examples, business knowledge, and/or Māori business concepts.)</p>		
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.	All points covered. One part may be weaker.

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

Q 2	Sample answers / Evidence
(a)	<p><u>Fully explain why a business needs to be aware of demographic changes.</u></p> <p>A business needs to be aware of changes to the demographics of the market, and to analyse these changing characteristics to ensure that it remains viable. Changing demographics can affect the price businesses charge for their products and services, the advertising and marketing messages they create to appeal to their target markets, and the products and services they produce to supply to their customers (Explained). Businesses must ensure that they understand changes in society, so that they can continue to sell products and services to consumers, make sales, and therefore remain profitable (economically sustainable) into the future (Fully explained).</p>
(b)	<p><u>Explain TWO responses that <i>Asia Food Suppliers</i> may implement to address the issue of an ageing population and ensure continued growth.</u></p> <p><i>Asia Food Suppliers</i> could ensure that it stocks its supermarkets with the products that this demographic requires, so that it can maximise its sales (Explained).</p> <p><i>Asia Food Suppliers</i> could ensure that it carefully plans the layout of its new stores to ensure that it has wheelchair access and wide-open aisles, so that older people with wheelchairs, mobility vehicles, or walkers will be able to enter its stores and shop with ease. This could be a point of difference for <i>Asia Food Suppliers</i> with respect to its competitors (Explained), and enable it to increase the number of its customers in the older age group.</p> <p><b>Note:</b> Other explanations include: they could conduct market research to investigate the wants and needs of this older population to enable them to make decisions on products that this age group demands; they could move to a location that is more heavily populated by older people, to gain a higher market share of this demographic.</p> <p><u>Fully explain ONE advantage of EACH response.</u></p> <p>One advantage would be that <i>Asia Food Suppliers</i> would be able to sell more product, as it has a growing target market – not only will it build up a loyal customer base, but it may even expand the customer base over time (Explained). With more customers, it will potentially make more sales and profits. This would enable <i>Asia Food Suppliers</i> to reinvest these profits by expanding into other areas in New Zealand (Fully explained).</p> <p>An advantage of building their new stores to cater for the growing proportion of older consumers is that it will incorporate future planning, and there will be less need to change the layouts later, as retrofitting an existing store or moving to new premises would significantly increase costs for <i>Asia Food Suppliers</i> (Explained). However, it may cause some disruption to sales, as customers would be inconvenienced by building renovations, which could result in a short-term reduction in customers and sales, and therefore profits for <i>Asia Food Suppliers</i> (Fully explained).</p> <p><u>Justify, with TWO reasons, which response will have the greater impact on growth.</u></p> <p>Stocking products that this demographic requires would be much cheaper than building new stores (or modifying existing ones) in the future to cater for this group. Stocking new products would enable <i>Asia Food Suppliers</i> to build a new competitive position or point of difference from other national chains. This could boost the longer-term growth prospects of the company, as these demographic changes are likely to continue in the future.</p>

**Grade-score descriptors**

<b>Achievement</b>		<b>Achievement with Merit</b>			<b>Achievement with Excellence</b>		
<ul style="list-style-type: none"> <li>Explains why a business needs to be aware of demographic changes.</li> <li>Explains TWO responses that <i>Asia Food Suppliers</i> may implement to address the issue of an aging population and ensure its continued growth.</li> <li>Explains ONE advantage 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>Fully explains why a business needs to be aware of demographic changes.</li> <li>Fully explains ONE advantage of EACH response that <i>Asia Food Suppliers</i> may implement to address the issue of an aging population to ensure its continued growth.</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 ONE advantage of EACH response that <i>Asia Food Suppliers</i> may implement to address the issue of an ageing population, to ensure its continued growth.</li> <li>Justifies, with TWO reasons, which response will have the greater impact on growth.</li> </ul> <p>(Answers will typically <b>integrate</b> relevant examples, business knowledge, and/or Māori business concepts.)</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, partial explanations.	Most Achievement evidence.	Nearly all Achievement evidence.	Some Merit evidence.	Most Merit evidence.	Excellence evidence. Most points covered, including some justification.	All points covered. One part may be weaker.

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

Q 3	Sample answers / Evidence
(a)	<p><u>Fully explain why the market research company may be in breach of the Privacy Act if they gave the information requested by <i>Asia Food Suppliers</i>.</u></p> <p>The market research company may be in breach of the Privacy Act by giving away confidential information on their customers, e.g. names, addresses, and phone numbers. The market research company must by law keep all of their customers' personal information secure (Explained). They may disclose it only with permission from their customers— otherwise they could face prosecution and potential fines (Fully explained).</p>
(b)	<p><u>Explain how your chosen business has responded to the law (either the Employment Relations Act 2000 or the Resource Management Act 1991).</u></p> <p><i>Employment Relations Act</i> The business has created a human resources department which is responsible for ensuring that all new employees are given an employment contract that clearly sets out the terms and conditions of their employment. The contract specifies the rights and responsibilities of both parties, including the legal requirements that a business must adhere to, such as minimum wages, annual leave, and sick, bereavement, and parental leave, so that there is no misunderstanding between the employer and employee (Explained).</p> <p><i>Resource Management Act</i> The business must have policies and procedures in place to ensure that their production processes and the discharge of their by-products are managed within the requirements of the RMA and minimises impacts on the environment. The business responded to the RMA by applying for local iwi and council consent to gain permission to use the resources required for the business, such as the river and land (Explained).</p> <p><u>Fully explain ONE advantage and ONE disadvantage to the business of the response.</u></p> <p><i>Employment Relations Act</i> The advantage to the business of having employment contracts is that each employee who works for the company will know what they are entitled to, what their role is and what they are responsible for. This will eliminate any potential problems or uncertainties for the employee, who will feel safe and secure in their employment (Explained). When an employee feels secure, they will be far more positive about the business and therefore more motivated to work to the best of their ability, which could lead to the employee producing more and therefore increasing productivity for the business (Fully explained).</p> <p><i>Employment Relations Act</i> The disadvantage to the business is that they will have to hire human resource specialists to create the contracts for the employees. This will increase wage costs for the business, and therefore its total fixed costs (Explained). The business will either have to absorb this extra cost and see a likely reduction in net profit, increase prices, or reduce costs elsewhere (Fully explained).</p> <p>OR:</p> <p><i>Resource Management Act</i> The advantage to the business is that by ensuring they comply with this legislation, they will reduce the impact of their operations on the environment, and will be seen in a more favourable light by the community in which they operate (Explained). Existing and potential customers will be more inclined to purchase products or services from the business, which could increase their sales and long-term profitability (Fully explained).</p> <p><i>Resource Management Act</i> The disadvantage is that putting in place policies and procedures, and waiting for iwi and council approval for the consent, increases the costs to the business. Consents have to be approved, which may result in a “waiting period” in which the business cannot fully operate, however they can still incur administrative running expenses (Explained). This reduces profits until revenue can be gained once fully operational again (Fully explained).</p>

	<p><u>Justify the response in terms of the degree of success for the business.</u></p> <p><i>Resource Management Act</i></p> <p>A business that is seen to be working within the guidelines of the RMA will enhance its reputation in the marketplace, and will likely gain customers and market share. Customers usually have choices in who they purchase from, and often base their choices on whether they believe a business is behaving ethically. Businesses are now expected to focus on the triple bottom line, rather than solely on profits.</p>
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**Grade-score descriptors**

<b>Achievement</b>		<b>Achievement with Merit</b>			<b>Achievement with Excellence</b>		
<ul style="list-style-type: none"> <li>Explains why the market research company may be in breach of the Privacy Act.</li> <li>Explains how the chosen business has responded to the law.</li> <li>Explains ONE advantage and ONE disadvantage of the 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>Fully explains why the market research company may be in breach of the Privacy Act.</li> <li>Fully explains ONE advantage and ONE disadvantage of the response to the selected law.</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 ONE advantage and ONE disadvantage of the response to the selected law.</li> <li>Justifies the response in terms of the degree of success for the business.</li> </ul> <p>(Answers will typically <b>integrate</b> relevant examples, business knowledge, and/or Māori business concepts.)</p>		
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**Cut Scores**

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