

Assessment Schedule – 2018

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 answer should be read as a whole before awarding a grade.

Evidence

Q 1	Sample answers / Evidence
(a)	<p>One negative consequence for <i>Beach Pizza</i> of rising interest rates is that customers with debts have less disposable income to spend (Described). This is because they are paying more interest to lenders and therefore spend less on fast food and sales for <i>Beach Pizza</i> fall as a result (Explained).</p> <p>One negative consequence for <i>Beach Pizza</i> of rising interest rates is that they will have higher costs because they now pay more for interest on their borrowings. (Described). This will lead to less profit for <i>Beach Pizza</i> (Explained).</p> <p>One strategy that Bruce could implement to reduce the effects of rising interest rates is to fix the interest rates of his business loans (Described). This would keep his interest costs at the same level (Explained), which would help to maintain profits (Fully explained).</p> <p>One strategy that Bruce could implement to reduce the effects of rising interest rates is to reduce other operational costs, such as electricity, staff hours of work, advertising or any other variable costs (Described). This would help Bruce reduce costs in other areas so that he could put those savings towards covering his increased interest costs, helping profits to remain stable (Fully explained).</p>
(b)	<p>The business may apply for additional loans (Described), as the costs of repayment will now be less, making borrowing more affordable (Explained). These loans could be used for expansion of the premises, improvements in technology, or research and development to increase output and/or improve the quality of products or services, which would enhance its appeal to the target market (Fully explained).</p> <p>The business could broaden its product range (Described), as business confidence is high and therefore it could more easily take the risk of introducing new products (Explained). This could expose its products to a larger target market, which would lead to increased sales and profit (Fully explained).</p> <p>The business could invest in growth by opening a new store. Other actions could include using retained profits to fund growth by expanding or diversifying, advertising to increase market share, investing in capital expenditure to increase productivity or training staff to improve customer service.</p>

Achievement	Achievement with Merit	Achievement with Excellence
<p>Describes:</p> <ul style="list-style-type: none"> • ONE negative consequence • ONE strategy that Bruce could implement to reduce the effects of rising interest rates on <i>Beach Pizza</i> • ONE possible action the named business could implement in times of improved business confidence • how improved business confidence will benefit the business in the long term. <p>AND</p> <p>States relevant information from the resource.</p> <p>(Answers will typically state relevant business knowledge, and/or Māori business concepts.)</p>	<p>Explains:</p> <ul style="list-style-type: none"> • ONE negative consequence • ONE strategy Bruce that could implement to reduce the effects of rising interest rates on <i>Beach Pizza</i> • how improved business confidence will benefit the business in the long term. <p>AND</p> <p>Includes relevant information from the resource to support explanations.</p> <p>(Answers will typically include relevant business knowledge, and/or Māori business concepts.)</p>	<p>Fully explains:</p> <ul style="list-style-type: none"> • ONE strategy that Bruce could implement to reduce the effects of rising interest rates on <i>Beach Pizza</i> • how improved business confidence will benefit the business in the long term. <p>AND</p> <p>Integrates relevant information from the resource to fully support explanations.</p> <p>(Answers will typically integrate relevant 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, partial explanations.	Most Achievement evidence.	Nearly all Achievement evidence.	Some Merit evidence.	Most Merit evidence.	Excellence evidence. One part may be weaker. Any TWO parts fully explained. The other part is explained.	All points covered. All parts fully explained. One part may be weaker.
N0 = No response; no relevant evidence.							

Q 2	Sample answers/Evidence
(a)	<p>One positive impact for <i>Beach Pizza</i> of increased competition is that <i>Beach Pizza</i> might focus on improving its customer service, or introduce a new product (Described). This is because <i>Beach Pizza</i> will want to keep its share of the market, so will have to make improvements wherever it can. The impact of this on <i>Beach Pizza</i> is that it may attract new customers with its new menu range (Explained). This will lead to an increase in sales and greater market share (Fully explained). Clustering of competitors might increase foot traffic leading to more customers for <i>Beach Pizza</i>.</p> <p>One negative impact for <i>Beach Pizza</i> of increased competition is that all businesses might focus on reducing their prices to obtain customers (Described). This is because <i>Beach Pizza</i> would want to retain its customers and prevent them from going to the competitor, so it would offer its pizzas at a lower price. The impact of this is that the competitors would also reduce their prices, so that they can establish a name and place in the market (Explained). This reduction in prices would mean a likely decrease in profit for all businesses, and could continue until one or more businesses may have to leave the market (Fully explained).</p>
(b)	<p>One decision that <i>Beach Pizza</i> could make to compete is to introduce a loyalty scheme, where customers are rewarded for repeat purchases (Described). The impact of this decision on <i>Beach Pizza</i> would be that (e.g.) every 10th pizza sold to each customer would be free, so no sales revenue would be gained on those pizzas (Described). Therefore, operational costs incurred in making those pizzas would have to be paid for by the business (Explained). Also, administration of the loyalty scheme would be an additional cost to <i>Beach Pizza</i>, which could impact on profitability (Explained).</p> <p>The impact of the introduction of a loyalty scheme is that customers would receive (e.g.) the 10th pizza free from <i>Beach Pizza</i> (Described). The free 10th pizza therefore saves the customers money (Explained). Repeat purchases would result in these free pizzas being given again, which would give customers an ongoing incentive to remain loyal to <i>Beach Pizza</i> (Fully explained). Another option could be to run a loss leader to attract customers.</p> <p>One response that <i>Beach Pizza</i> could use to compete is by providing a better service than its competitors. An example of this would be to deliver the pizzas to the customer's residence (Described). Another option is product differentiation.</p> <p>The impact of this initiative on <i>Beach Pizza</i> would be that when delivering pizzas to customers, the employee's time needs to be paid by <i>Beach Pizza</i> (Described). This means that the employee is being paid to deliver pizza and is not available for other duties in the business, which could result in fewer sales and less profit (Explained).</p> <p>The impact on customers of receiving better service is that the customer would feel valued (Described). This is because the customer would feel like an individual, and therefore would feel very satisfied with their experience with <i>Beach Pizza</i>. Customers would feel they are getting better value for money, as they would not need to pick up the pizza themselves or pay <i>Beach Pizza</i> to do it (Explained). Due to this better service, existing customers may recommend <i>Beach Pizza</i> to family and friends, and this may also encourage customers of the competitor to return/purchase from <i>Beach Pizza</i> (Fully explained).</p>

Achievement	Achievement with Merit	Achievement with Excellence
<p>Describes:</p> <ul style="list-style-type: none"> • ONE positive impact of increased competition • ONE negative impact of increased competition • a response <i>Beach Pizza</i> will make to compete • the impact of the response on <i>Beach Pizza</i> • the impact of the response on customers. <p>(Answers will typically state relevant business knowledge, and/or Māori business concepts.)</p>	<p>Explains:</p> <ul style="list-style-type: none"> • ONE positive impact of increased competition • ONE negative impact of increased competition • the impact of the response on <i>Beach Pizza</i> and its customers. <p>(Answers will typically include relevant business knowledge, and/or Māori business concepts.)</p>	<p>Fully explains:</p> <ul style="list-style-type: none"> • ONE positive impact of increased competition • ONE negative impact of increased competition • the impact of the response on <i>Beach Pizza</i> and its customers. <p>(Answers will typically integrate relevant 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, partial explanations.	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>The purpose of The Fair Trading Act (FTA) 1986 was to ensure that sellers act in a fair and honest manner when promoting and selling their products (Described).</p> <p>The Act's main purpose is to protect consumers from being given misleading information about the products and services they buy (Described).</p> <p>If fast food outlets do not comply with the FTA, the owners could be investigated by the Commerce Commission, which is the organisation that oversees the FTA. This could result in the business getting a bad reputation with consumers (Explained), leading to reduced sales and greater difficulty in attracting good employees (Fully explained). If the business gains a bad reputation, the employees they might lose could ultimately end up working for the competition, which could impact on the market share of the business (Fully explained).</p> <p>If the Commerce Commission was involved, it could take the matter to court, possibly resulting in the business being fined and/or having other penalties imposed (Explained). This could have a further negative impact on the reputation, sales, and profit of the business (Fully explained). Compliance costs increase costs of production which reduce profitability.</p>
(b)	<p>The main purpose of the Health and Safety at Work Act 2015 (HSWA) is to provide legislation to ensure the health and safety of workers and workplaces (Described).</p> <p>An advantage to employees at <i>Beach Pizza</i> is that they are safe while working at the pizza shop, and have fewer injuries/illnesses (Described). This means they will not have to take as much time off work, and hence there will be reduced loss of income for the business (Explained).</p> <p>A disadvantage to Bruce is that providing a safe work environment can be costly, as training staff and providing staff with a safe work environment increases costs – for example, the flu injection (Described). However, a safe work environment can be good for business, as workers are protected from injury and illness (Described). This leads to lower injury/illness costs, reduced absenteeism, and less need to employ more staff (Explained). Healthier staff means increased productivity and product quality, leading to higher sales and profits for <i>Beach Pizza</i> (Fully explained).</p>

Achievement	Achievement with Merit	Achievement with Excellence
<p>Describes:</p> <ul style="list-style-type: none"> the purpose of the FTA a consequence of breaching the Act by <i>Beach Pizza</i> the HSWA purpose ONE advantage of the HSWA to employees ONE disadvantage of the HSWA to <i>Beach Pizza</i> ONE advantage of HSWA to Beach Pizza. <p>(Answers will typically state relevant business knowledge, and/or Māori business concepts.)</p>	<p>Explains:</p> <ul style="list-style-type: none"> to Bruce the impact of breaching the FTA ONE advantage of the HSWA for employees of <i>Beach Pizza</i> ONE disadvantage of the HSWA for <i>Beach Pizza</i> ONE advantage of the HSWA for <i>Beach Pizza</i>. <p>(Answers will typically include relevant business knowledge, and/or Māori business concepts.)</p>	<p>Fully explains:</p> <ul style="list-style-type: none"> to Bruce the impact of breaching the FTA ONE disadvantage of the HSWA for the employer ONE disadvantage of the HSWA for <i>Beach Pizza</i> ONE advantage of the HSWA for <i>Beach Pizza</i>. <p>(Answers will typically integrate relevant 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, partial explanations.	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.
NØ = No response; no relevant evidence.							

Cut Scores

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