

Assessment Schedule – 2018

Business Studies: Demonstrate understanding of the internal operations of a large business (90843)

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.

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

Part	Sample answers /Evidence
(a)	<p><u>Discuss the most appropriate organisational structure for BGC Ltd</u></p> <p>Formalising organisational structures is needed to show how employees work together (Described), who is responsible for ensuring that quality work is carried out (managers), and who is accountable for the work being completed (employees) (Explained).</p> <p>It is likely that <i>BGC</i> will be organised as a flat structure. A flat organisational structure is characterised by a <i>wide</i> span of control and <i>short</i> chain of command. Cory has four farm employees reporting to him, so his span of control is wide(explained).Each employee will perform a wide range of tasks and be empowered with the ability to make decisions. (fully explained) As decision making is de-centralised, employees will feel valued and likely to be more creative in their decisions. (impact)</p> <p>The chain of command is short as employees can report to just one manager, (explained). Communication will therefore, be quick because there are no other layers of management to go through (Fully explained). This will allow BCG to be more efficient. (Impact)</p> <p>This is an appropriate structure because it suits the nature of the work and the size of the firm.</p> <p>With only 24 employees across the business (size of firm), only three managers would be needed for the factory, farm, and administration. With a wide span of control, the managers are able to communicate more efficiently with their staff. There is unlikely to be a diversifying of jobs requiring specialist management. (Reason One)</p> <p>Secondly, a flat organisational structure would be most suitable for BGC because they are operating in a fast-moving market with increasing competition. BGC will need to be flexible to respond ahead of the competition. A flat organisational structure allows BGC to be responsive as decisions can be made quickly. Furthermore, having more input from workers can lead to creative and innovative thinking and create a point of difference to stay ahead of competitors in the emerging goat cheese market.</p> <p>Thirdly, there is the nature of work. Factory jobs will be very similar and have similar skill sets, and staff are likely to rotate around to avoid boredom. Therefore, the workers will be experts at their jobs and need little supervision, similar to the farm. Administration may be a little different if there are specialists, but in a smaller business such as this, staff are likely to fulfil several roles and, therefore, will need one manager who can oversee all aspects of the business.</p>

(b) Use examples to fully explain TWO benefits practising CSR could have for *BGC Ltd*.

By funding community projects that relate to sustainable farming, the profile of *BGC* will be raised and it will become a source of information for others who are interested in the practice (Explained). It will help raise awareness of who *BGC* is and how it is different from other farms (Fully explained) and will provide positive marketing for *BGC*.

A free goat rearing training programme for schools will provide an opportunity for students to learn how to handle goats and could provide a catalyst for them to consider a career in this field (Explained). This could give *BGC* access to new employees who have experience in raising goats after they leave school (Fully explained).

BGC's practising CSR would lead to an improvement in the company's brand image / reputation because stakeholders will perceive *BGC* as a company that gives back to the community – for example, by supplying free cheese to local aged care homes (Explained). Because in this case *BGC's* values match customer values, this could lead to an increase in customer loyalty and, therefore, sales and revenue for *BGC* (Fully explained).

BGC's practising CSR would improve staff retention because employees' values match the values of the *BCG* (Explained). *BCG* would be able to retain talented staff and save on retraining costs, improving company profits (Fully explained).

(c) Discuss whether batch production is the most suitable process for *BGC Ltd*.

Batch production at *BGC* means producing in stages and in set amounts, rather than a whole day's production in a steady stream, or flow production (Described). When the first batch of milk reaches the second stage, the second batch goes through the first stage, and so on (Explained).

One benefit of this is that, if there is contamination, or some of the cheese is not up to standard, then the whole day's volume will not be wasted and costs are minimised (Explained). Therefore, different types of cheese can be made each day to maintain a diverse product range available to the market (Fully explained).

One cost is that production must stop after each batch so that machinery can be cleaned to avoid contamination (Explained). It can take up to three hours to change over to the new batch. This means that production time is not being fully utilised, and the volume of milk turned to cheese each day is not as high as it could be under flow production, causing a decrease in productivity. (Fully explained).

Batch production is the most suitable, so that different grades of cheese can be made during the day, depending on what is being demanded and the quality / acidity of the milk supplied. Milk will not be wasted on different grades that are not in demand or cannot be made due to the wrong acidity. It means that supply can be tailored to demand – unlike flow production, which makes only one cheese at a time continuously and would need to stop when the supply runs out (Reason One). Secondly, batch production ensures that different types of machinery are not needed for different cheeses. After workers clean the machinery and remix the resources, they can produce a completely different cheese with minimal set-up costs, which reduces the capital expenditure required – unlike job production, which uses specialist machinery for each cheese, requiring many lines to be operating at once (Reason Two).

(d) Use examples from a large business (more than 20 employees and/or with a national or regional significance) you have studied to discuss the importance of budgets.

Jucy Rentals sets budgets so they can plan, predict and forecast spending and sales for the future (Described). *Jucy Rentals* can make decisions that will increase the net worth of the company, prioritise spending and reduce over-spending.

Setting budgets assists *Jucy's* managers in two ways. First, they can make predictions about what areas of their business are likely to need assistance at certain times of the year (Described). For instance, predicting sales by region could lead them to moving vehicles around the country to ensure they have enough in each region at various times of the year, e.g. in the South Island, campervans in the summer but 4-wheel-drives during winter (explained). This will ensure they are able to maximise sales and meet customer demand (Fully explained).

Secondly, the sales budget will be used to work out what they need to spend on capital and revenue expenditure for the year (Described). Managers will know what expenses will be needed to generate that sort of income and can make decisions on whether they need to purchase more vehicles, hire more

	staff, or spend more on transportation (Explained). This means they can look at their finances and decide whether they need to get further loans or have enough cash flow and internal finance to support their objectives (Fully explained).
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Achievement	Achievement with Merit	Achievement with Excellence
<p>Explains:</p> <ul style="list-style-type: none"> • A reason why <i>BGC Ltd</i> needs a formal organisational structure • TWO features of the identified organisational structure • TWO benefits that practising CSR could have for <i>BGC Ltd</i> • the term ‘batch production’ • ONE benefit and ONE cost to <i>BGC Ltd</i> of using a batch production process • the purpose of setting budgets • TWO ways in which setting a budget assists managers with decision-making. 	<p>Fully explains:</p> <ul style="list-style-type: none"> • TWO features of the identified organisational structure • TWO benefits that practising CSR could have for <i>BGC Ltd</i> using examples from context • ONE benefit and ONE cost to <i>BGC Ltd</i> of using a batch production process • TWO ways in which setting a budget assists managers with decision-making with examples from a large business 	<p>Fully explains TWO features of the identified organisational structure.</p> <p><i>AND</i></p> <p>Justifies, with TWO reasons, why this organisational structure would be most suitable for <i>BGC Ltd</i>.</p> <p><i>AND</i></p> <p>Fully explains ONE benefit and ONE cost to <i>BGC Ltd</i> of using a batch production process.</p> <p><i>AND</i></p> <p>Justifies, with TWO reasons, why batch production is the most suitable method for <i>BGC Ltd</i>.</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.	All points covered.

N0 = No response; no relevant evidence.

Cut Scores

Not Achieved	Achievement	Achievement with Merit	Achievement with Excellence
0 – 2	3 – 4	5 – 6	7 – 8