

Assessment Schedule – 2018

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.

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

Part	Sample answers/Evidence
(a)	<p><u>Fully explain a likely negative impact on <i>Katipo Lemonade</i> of the introduction of a water tax.</u></p> <p>An introduction of a water tax on <i>Katipo Lemonade</i> will increase its costs (Described). To make 1 litre of fizzy drink, approximately 9 litres of water are required, so water is a natural resource that is significantly used in the manufacturing of lemonade (Explained). If production costs increase, so will the cost of making the lemonade, and this will reduce the profit for <i>Katipo Lemonade</i> unless savings can be made in other areas – e.g. by cutting other costs (Fully explained).</p>
(b)	<p><u>Discuss the impact of the Resource Management Act (RMA) on <i>Katipo Lemonade</i>.</u></p> <p><i>Explain how complying with the RMA will help Katipo Lemonade practise Kaitiakitanga.</i></p> <p>The Resource Management Act aims to ensure that the natural resources are maintained and protected for use by future generations. <i>Katipo Lemonade</i> needs to ensure that it extracts water from the underground resource at a sustainable rate in order to avoid depletion and ensure that the resource remains available for others to use in the future (Explained).</p> <p><i>Fully explain ONE likely consequence on production for Katipo Lemonade if it is not able to comply with the RMA in Kaitaia.</i></p> <p><i>Katipo Lemonade</i> may have to obtain its water for the production of its lemonade from another place. If <i>KL</i> is to take water from other sources, these will probably not be local and <i>KL</i> will have to pay not only for the water, but also for the cost of transporting the water from the supplier to the <i>KL</i> production facility, OR the quality of the new water may not be as good (Explained). This increase in costs will increase the cost of production and hence the cost of goods sold, unless <i>KL</i> can reduce the cost of the other inputs into the production process or is able to increase the sale price. If the quality of the new water is lower, <i>KL</i>'s fizzy drinks might not meet customer expectations, leading to reduced sales/brand loyalty/customer perception (Fully explained).</p> <p>Other possible answers:</p> <ul style="list-style-type: none"> • Production will need to be reduced, reducing sales and potential profit. • Alternative production methods found – but the cost of research and development may increase overall costs, thereby potentially reducing profit.

	<p><i>Justify, with TWO reasons, whether it is in Katipo Lemonade’s best interests to comply with the RMA.</i></p> <p>It is in <i>Katipo Lemonade’s</i> best interests to comply with the RMA, because society / consumers now expect consideration to be given to the quality of life in the future as well as for the current generation, and that resources used will be replenished, recycled, or reused. If <i>KL</i> complies with the RMA, it will gain goodwill and loyalty from its customers and will / might / is likely to attract new customers. In many cases, finding the cheapest price is no longer what matters most to customers, as they are keen to purchase from businesses that are operating in a socially responsible manner.</p> <p>Complying with the RMA would also prevent costly conflict with local communities and regulatory authorities. If the RMA is not complied with, legal expenses would increase total costs and potentially reduce profits. In view of its mission statement about preserving the environment, <i>KL</i> could also suffer reputations damage, leading to lost customers, sales, and (possibly) staff.</p> <p>Complying with the RMA might attract new employees to the business and give the business a wider pool of talent to recruit from. Potential employees could have greater skills and abilities that will improve the efficiency of the business and therefore increase output and ultimately profitability.</p> <p>Complying with the RMA would motivate existing staff and help to improve customer service. This could increase productivity within the business, because it would create a shared culture of sustainability and ethical behaviour, increasing output and profits for <i>KL</i>.</p>
(c)	<p><u>With reference to a large business (with more than 20 employee and / or having national or regional significance) you have studied, discuss the impact a technology change has had on the business.</u></p> <p><i>Explain the technology change that the business you have studied has made.</i></p> <p><i>Villa Maria:</i> New bottling machine that enables more bottles to be filled in a shorter timeframe, increasing the efficiency and output of the business. This is because productivity is increased, as the new bottling machine works at a faster rate than the old one, enabling more bottles to be filled per hour.</p> <p><i>Fully explain ONE advantage and ONE disadvantage of this technology change for the business.</i></p> <p>One advantage is that the business no longer has to hire as many people to work in the bottling section of the business. This means that <i>Villa Maria</i> will save time (be more efficient) and reduce expenses (increasing profits) because it no longer has to go through the recruitment process of advertising, screening, interviewing, and finally selecting employees (Explained). The business would also not have the ongoing wage expenses for these employees and would not have to adhere to the Employment Relations Act, which requires a business to meet a number of minimum requirements for all employees, e.g. meal and rest breaks, and sick, annual, and bereavement leave (Fully explained).</p> <p>One disadvantage is that the machinery requires regular maintenance, and can break down at times. When this happens, the production line comes to a complete stop, which halts the bottling of wine because there are no longer as many employees to do this (Explained). This machinery would also require more highly trained employees who can operate and maintain the machinery, which would come at a higher wage expense than the relatively unskilled production line workers. Also, the cost of buying the machinery may require <i>Villa Maria</i> to borrow funds from a bank, and those funds would have to be paid back with interest over time. This added expense would increase the fixed costs of the business and could decrease the overall net profit.</p>

(d) Discuss TWO possible actions *Katipo Lemonade* is taking or could take in the future to ensure that it is meeting society's expectations in all aspects of the triple bottom line (apart from environmental).

Explain the importance of Katipo Lemonade's behaving sustainably in all areas, and not just environmentally.

KL should ensure that it behaves sustainably to the communities and country in which it operates. Although it is important that the business looks after the environment, it also has responsibilities when it comes to the people and their communities (Described). If it does not consider all aspects of the triple bottom line, KL might alienate its stakeholders and have difficulty partnering with groups who are essential to the operation but feel they are not being suitably considered by KL (Explained).

Fully explain TWO actions that Katipo Lemonade could take to be more socially and/or financially sustainable.

Katipo Lemonade could allow its employees to have time off work to help volunteer in programmes for which they have a passion (Explained). Employees would then have their own well-being enhanced and be more engaged and motivated in the workplace, improving productivity (Fully explained).

Katipo Lemonade could ensure that it retains a percentage of its yearly profit and puts it back into the business (Explained). This could be used to increase staff wages (social), invest in new technology (financial), or invest in advertising campaigns about healthy diets for the local population (social/cultural) (Fully explained).

By investing in new technology to reduce the water wastage, Katipo Lemonade would be acting in a financially sustainable way, because it would reduce the cost of production in making the fizzy drinks (Explained). A higher proportion of the source water will go into the actual drinks rather than back into the ground, so the compliance costs of the RMA and the cost of the technology to reduce water waste will be paid off quickly (Fully explained).

Katipo Lemonade already shows social and financial sustainability by sourcing all its ingredients from local suppliers (Explained). Local suppliers would benefit financially from this partnership for future generations and, of course, local people would be employed – allowing them in turn to reinvest into the local community (Fully explained).

Justify, with TWO reasons, which action would be preferable for management.

The best option would be to allow employees to have time off work to help with a project that they are passionate about. This would give employees an opportunity to contribute to the overall well-being of the community in which they live and work, as well as providing well-being for themselves. It would also enable them to connect with the community at a deeper level and build relationships with potential and existing customers. This goodwill would build customer loyalty and could result in an increase in sales.

Being granted time away from work would make employees more refreshed when they returned, and they would feel good about the contribution they were making to their communities. This could result in increased motivation and an improved organisational culture in the workplace, which could, in turn, increase productivity levels. Many employees now want to work for a business that behaves ethically towards the planet and its people. Businesses that are responsible have a better chance of retaining and attracting the most talented people, and hence would benefit in terms of improved efficiencies and output long term, and from lower staff turnover. This would reduce the cost of recruitment and training, and would improve the profitability of the business.

Achievement	Achievement with Merit	Achievement with Excellence
<p>Explains:</p> <ul style="list-style-type: none"> the impact on <i>Katipo Lemonade</i> of the introduction of a water tax how complying with the RMA helps practice kaitiakitanga ONE consequence on production for <i>Katipo Lemonade</i> of not being able to comply with the RMA the technology change that the named business has made ONE advantage of this investment for the business ONE disadvantage of this investment for the business the importance of behaving sustainably TWO actions that <i>Katipo Lemonade</i> could take to be sustainable. (NB: Two actions must be given, but one can be stated only) 	<p>Fully explains:</p> <ul style="list-style-type: none"> the impact on <i>Katipo Lemonade</i> of the introduction of a water tax ONE consequence on production to <i>Katipo Lemonade</i> of not being able to comply with the RMA ONE advantage of this technology change for the business ONE disadvantage of this technology change for the business TWO actions that <i>Katipo Lemonade</i> could take to be sustainable. (NB: Two actions must be given, but one can be explained only) 	<p>Fully explains ONE consequence on production to <i>Katipo Lemonade</i> of not being able to comply with the RMA. <i>AND</i> Justifies, with TWO reasons, whether it is in the best interests of <i>Katipo Lemonade</i> to comply with the RMA. <i>AND</i> Fully explains TWO actions that <i>Katipo Lemonade</i> could take to be sustainable. <i>AND</i> Justifies with TWO reasons which action would be preferable for management.</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. One part may be weaker.

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