

Assessment Schedule – 2021

Business Studies: Demonstrate an understanding of external factors influencing a small business (90838)

Assessment Criteria

Achievement	Achievement with Merit	Achievement with Excellence
<i>Describing</i> states what the answer is to the question asked. It defines (states the meaning of), identifies (gives an account of the qualities or characteristics), and outlines (states what the answer is).	<i>Explaining</i> 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.	<i>Fully explaining</i> 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.

Question One: Economic influences and external stakeholders

Evidence

Achievement	Achievement with Merit	Achievement with Excellence
<p>Describes:</p> <ul style="list-style-type: none"> • ONE positive impact of low interest rates on <i>River and Raft</i> • ONE strategy that could be implemented to take advantage of the low interest rates • the term 'external stakeholders' • why <i>River and Raft's</i> suppliers would be interested in the success of the business. <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 low interest rates on <i>River and Raft</i> • ONE strategy that could be implemented to take advantage of the low interest rates • why <i>River and Raft's</i> suppliers would be interested in the success of the business. <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 could be implemented to take advantage of the low interest rates • why <i>River and Raft's</i> suppliers would be interested in the success of the business. <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.	Most Achievement evidence.	Nearly all Achievement evidence.	Some Merit evidence.	Most Merit evidence.	Excellence evidence. One part may be weaker. (a) OR (b) OR (c) is fully explained. The other parts are explained.	All points covered. (a), (b) AND (c) are all fully explained. One part may be weaker.
N0 = No response; no relevant evidence.							

Q1	Sample Evidence
(a)(i)	<p><i>Positive consequences for River and Raft of low interest rates</i></p> <p>One positive consequence for <i>River and Raft</i> is that it would be cheaper to borrow / take out a loan (Described). This is because the owners would be paying less interest to banks, and therefore may be more inclined to take out a loan to expand / improve <i>River and Raft</i> (Explained).</p> <p>Another positive consequence for <i>River and Raft</i> is that consumers / customers are able to borrow more easily, and therefore have access to more cash to spend on leisure activities (Described). This could lead to more profit for <i>River and Raft</i> if customer numbers increase (Explained).</p>
(ii)	<p><i>Strategies that Ana and William could implement to take advantage of the low interest rates</i></p> <p>One strategy that Ana and William could implement is to fix the interest rates on their business loans while the rates are low (Described). This would keep their interest costs at the same low level for an extended period (Explained), which would help to maintain profits for <i>River and Raft</i> (Fully explained).</p> <p>Another strategy that Ana and William could implement is to take out a loan to buy a bigger boat (Described). This would mean that <i>River and Raft</i> could accommodate more customers during busy periods (Explained), which would lead to higher sales and more profit (Fully explained).</p>
(b)	<p><i>What is meant by the term 'external stakeholders'?</i></p> <p>External stakeholders are persons or groups outside the business who have an interest in its operations (Defined).</p>
(c)	<p><i>Explain why River and Raft's suppliers would be interested in the success of the business</i></p> <p>The boat-building company is interested in the success of <i>River and Raft</i> because they want to sell a new boat to that business to earn an income (Described). If <i>River and Raft</i> is having a good season, due to fine weather and increased demand / customers, the owners are more likely to want to buy a new boat (Explained). If <i>River and Raft</i> purchases a new boat, the boat-building company will have a new customer / source of income, and this will positively impact on its profit (Fully explained).</p> <p>The service station that supplies petrol for <i>River and Raft's</i> boats is interested in the success of <i>River and Raft</i> because it sells petrol to that business to earn an income (Described). If <i>River and Raft</i> is having a good season, due to fine weather and increased demand / customers, the owners are more likely to buy more petrol, due to the increase in boat tours or the new bigger boat requiring more petrol (Explained). This would increase the service station's income (Fully explained).</p> <p>The kayak repair shop is interested in the success of <i>River and Raft</i> because it earns an income by providing repairs for that business (Described). If <i>River and Raft</i> is having a good season, due to fine weather and increased demand / customers, the owners are likely to run more tours and the kayaks may need more repairs (Explained). This would increase the repair shop's income (Fully explained).</p>

Question Two: Competition

Evidence

Achievement	Achievement with Merit	Achievement with Excellence
<p>Describes:</p> <ul style="list-style-type: none"> • ONE benefit of competition for <i>River and Raft</i>. • ONE negative impact of competition for <i>River and Raft</i>. • a response using price competition. • a cost of the price competition response. • a positive consequence of the price competition response. • a response using non-price competition • a cost of the non-price competition response • a positive consequence of the non-price competition response. <p>(Answers will typically state relevant business knowledge and / or Māori business concepts.)</p>	<p>Explains:</p> <ul style="list-style-type: none"> • ONE benefit of competition for <i>River and Raft</i>. • ONE negative impact of competition for <i>River and Raft</i> • a cost of the price competition response • a positive consequence of the price competition response • a cost of the non-price competition response • a positive consequence of the non-price competition response. <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 benefit and ONE negative impact of competition for <i>River and Raft</i> • a positive consequence of the price competition AND the non-price competition response. <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.	Most Achievement evidence.	Nearly all Achievement evidence.	Some Merit evidence.	Most Merit evidence.	Excellence evidence. One part may be weaker.	All points covered. (a) AND (b) are fully explained. One part may be weaker.
N0 = No response; no relevant evidence.						(a) OR (b) is fully explained.	

Q2	Sample Evidence
(a)	<p><i>ONE benefit and ONE negative impact of competition for River and Raft</i></p> <p><u>Benefits</u></p> <p>One benefit of competition for <i>River and Raft</i> is that they may learn from the competitor (Described). For example, the competitor is offering luxury tours, and <i>River and Raft</i> may be able to take some of their ideas and implement them in their business (Explained). This may help to attract more customers, increasing sales and profits (Fully explained).</p> <p>A second benefit of competition for <i>River and Raft</i> is that it may lead to innovation (Described). Innovative changes will distinguish them from the competition (Explained). This may lead to increased customers and sales, and higher profits (Fully explained).</p> <p>Other benefits could include: customers use <i>River and Raft</i> because it is perceived as more affordable/established/well-known, and as having a good/better reputation (than the new operator).</p> <p><u>Negative impacts</u></p> <p>One negative impact of competition for <i>River and Raft</i> is the increase in costs to retain its customers (Described). This is because it may need to spend more on marketing, which would result in an increase in operating costs for the business (Explained). This could lead to a decrease in profits (Fully explained).</p> <p>A second negative impact of competition for the business is that its market share may decrease (Described). This is because there would be two businesses in the market (Explained). This could lead to <i>River and Raft's</i> sales revenue decreasing, resulting in lower profits and affecting <i>River and Raft's</i> sustainability (Fully explained).</p> <p>Other negatives could include: some customers may prefer the more luxurious tours offered by the competition; new competitor offers cheaper opening specials and takes existing and/or potential customers from <i>River and Raft</i>.</p>
(b)	<p><i>Price competition response</i></p> <p>One possible price competition response that the business could use to compete is to reduce its product/service prices for a limited time and/or for new customers (Described).</p> <p>The cost of this response to the business is that it would receive less revenue/income for each of the products/services offered (Described). Therefore, sales revenue/income may decrease if the number of products/services does not change or if the price reduction strategy does not attract enough new customers, leading to reduced profitability (Explained).</p> <p>One positive consequence for the business of reducing the prices of its products/services is that customers may choose the business over the more expensive competition (Described), so the business may make more sales or attract new or repeat customers (Explained). By choosing the less expensive business over the competition, customers may be able to afford to purchase more products/services, and revenue/income for the business will increase, leading to an increase in profit (Fully explained).</p> <p><i>Non-price competition response</i></p> <p>One possible non-price competition response that the business could use to compete is to provide a better range of products/services than its competitor (Described).</p> <p>The cost of this response to the business is that it would need to spend more on inventory/staff to provide an increased range of services (Described). Additional employees will increase labour costs and potentially reduce profits (Explained).</p> <p>One positive consequence for the business of offering a better range of products/services is that customers will have increased choices and flexibility when making purchases (Described), leading to greater customer satisfaction (Explained). This could increase repeat purchases, thus increasing profits (Fully explained).</p> <p>Other responses may include: increasing service quality; having longer operating hours; offering free gifts/giveaways with products/services.</p>

Question Three: Environmental influences

Evidence

Achievement	Achievement with Merit	Achievement with Excellence
<p>Describes:</p> <ul style="list-style-type: none"> • a short-term impact of the weather pattern on <i>River and Raft</i> • a long-term impact of the weather pattern on <i>River and Raft</i> • ONE strategy <i>River and Raft</i> could implement to reduce the impact of the environmental influence • ONE possible positive consequence of <i>River and Raft</i> implementing the strategy • ONE possible negative consequence of <i>River and Raft</i> implementing the strategy. <p>(Answers will typically state relevant business knowledge and / or Māori business concepts.)</p>	<p>Explains:</p> <ul style="list-style-type: none"> • a short-term impact of the weather pattern on <i>River and Raft</i> • a long-term impact of the weather pattern on <i>River and Raft</i> • ONE possible positive consequence of <i>River and Raft</i> implementing the strategy • ONE possible negative consequence of <i>River and Raft</i> implementing the strategy. <p>(Answers will typically include relevant business knowledge and / or Māori business concepts.)</p>	<p>Fully explains:</p> <ul style="list-style-type: none"> • a short-term AND a long-term impact of the weather pattern on <i>River and Raft</i> • ONE possible positive consequence and ONE possible negative consequence of <i>River and Raft</i> implementing the strategy. <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.	Most Achievement evidence.	Nearly all Achievement evidence.	Some Merit evidence.	Most Merit evidence.	Excellence evidence. (a) AND one part of (b) are fully explained. The other parts are explained.	All points covered. (a) AND all parts of (b) are fully explained. One part may be weaker.
N0 = No response; no relevant evidence.							

Q3	Sample Evidence
(a)	<p><i>Short-term (next few months) and long-term (over the next year) impacts of a warm weather pattern on River and Raft</i></p> <p>A short-term impact of a long, dry, and warm weather pattern is that <i>River and Raft</i> will potentially have an increase in demand for kayak tours and glow worm boat tours (Described). This is because these are outdoor activities that are more enjoyable in good weather (Explained). This could result in more tour sales and greater profitability for <i>River and Raft</i> (Fully explained).</p> <p>A long-term impact is that <i>River and Raft's</i> sales for the year/overall demand for its tours will increase and the owners may need to take on more staff, increase hours worked by existing staff, or buy a bigger boat/more kayaks (Described).</p> <p>Increased customers and sales may lead to repeat customers, and customers recommending <i>River and Raft</i> to other potential customers (Explained), which may result in a further increase in sales and profits (Fully explained).</p> <p>Taking on more staff or increasing hours worked would require more time spent managing staff/higher cost of wages (Explained), which would have to be carefully managed to ensure that increased sales revenue exceeds the increased costs, in order to improve profits (Fully explained).</p> <p>Buying a bigger boat or more kayaks would require a capital outlay/increase in spending (Explained), so the business owners would need to ensure that revenue from additional customers at least covers these costs in the long term (Fully explained).</p>
(b)(i)	<p><i>A strategy River and Raft could implement to reduce the impact of the environmental influence</i></p> <p>One strategy <i>River and Raft</i> could implement would be to have back-up access points to the river that they could use for the kayak tours, and alternative locations for the glow worm boat tours, so that the tours could continue.</p> <p>Another strategy would be to obtain an insurance policy that covers the business for loss of income due to natural disasters.</p> <p>Note: Accept any other reasonable answer.</p> <p>(ii) <i>A possible positive consequence of River and Raft implementing this strategy</i></p> <p><i>River and Raft</i> would be prepared for a natural disaster, as it could move to the back-up location, potentially reducing the impact (Described). If certain actions were planned, staff would know what to do, e.g. start using the back-up location immediately (Explained). This would enable the business to keep its customers, as there would be fewer tour cancellations, with reduced loss of revenue (Fully explained).</p> <p><i>River and Raft</i> would be prepared for a natural disaster by having insurance to cover loss of income due to unavoidable tour cancellations, potentially reducing the impact (Described). The owners could contact the insurance company immediately, and if they receive an insurance pay-out in a timely manner (Explained), they could continue to cover regular business costs (Fully explained).</p> <p>Note: Accept any other reasonable answer.</p> <p>(iii) <i>A possible negative consequence of River and Raft implementing this strategy</i></p> <p>Back-up locations may not be as desirable to customers (Described). This may lead to unhappy customers (Explained), which may impact on the reputation of <i>River and Raft</i>, and consequently its profit and viability (Fully explained).</p> <p>An insurance pay-out may mean the business can meet its costs in the short term, but if it cannot provide any of its tours (Described), potential customers may go to competing companies instead (Explained). This may reduce the ability of <i>River and Raft</i> to continue operating as a viable business.</p>

Cut Scores

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