

Assessment Schedule – 2021**Business Studies: Apply business knowledge to a critical problem(s) in a given large business context (90845)****Assessment Criteria**

Achievement	Achievement with Merit	Achievement with Excellence
<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 potential business or stakeholder goals, or a particular outcome. This will generally relate to effects, advantages, disadvantages, and / or consequences.	<i>Justifying</i> 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.

Note: The candidate should use only one context for each part, but may change contexts between parts. Each answer should be read as a whole before awarding a grade.

Part	Sample Evidence
(a)	<p><i>Growth strategies to meet increasing demand for e-bikes</i></p> <p>(i) A growth strategy that <i>Nuku Cycles</i>' management could implement would be to take out a loan from a financial institution and invest the funds in a larger factory and more efficient technology. This would increase its productive capacity (more bikes) and economies of scale (reduction in average cost per unit) (Strategy). Another growth strategy is to merge with another bike manufacturer (horizontal integration) or bike part manufacturer (vertical integration) to increase productive capacity. It is a growth strategy because the business would be able to combine its resources with the other bike manufacturer to produce more bikes and possibly find greater efficiencies to produce bikes at a lower cost for <i>Nuku Cycles</i> (Strategy).</p> <p>(ii) Obtaining a loan from a financial institution to invest in a larger factory and new technology would allow <i>Nuku Cycles</i> to produce more bikes. This would enable <i>Nuku Cycles</i> to satisfy the increasing consumer demand at a more efficient rate (reducing lead times) and with greater capacity, as there will be more bikes for sale. Assuming that economies of scale would be achieved with a larger factory, profits would rise through increased sales at a reduced average cost per bike made for <i>Nuku Cycles</i> (Explained). By merging with another bike manufacturer (horizontal integration) or bike part manufacturer (vertical integration), <i>Nuku Cycles</i> would be able to produce more bikes, as it could combine its resources with the other manufacturer to produce its bikes more efficiently and on a larger scale. This means that <i>Nuku Cycles</i> would have more e-bikes available for sale to meet the increasing consumer demand, and its profits may increase (Explained).</p> <p>(iii) Merging with another bike manufacturer or bike part manufacturer would ensure that <i>Nuku Cycles</i> could increase its productive capacity, as the other bike manufacturer is already established and has its own capacity. It would also ensure that <i>Nuku Cycles</i> has more resources available, as it would have a guaranteed source of parts and materials from the other company. Though a loan may allow <i>Nuku Cycles</i> to expand, there is no guarantee that there will be sufficient resources (materials and parts) to produce the additional number of bikes required to meet increasing consumer demand (Explained). Another reason why a merger would be better than a loan is that securing a loan to invest in a larger factory or new technology may be considered too risky by lenders, making it difficult or more expensive (higher interest rate or bank fees) to obtain a loan, compared to the costs associated with a merger with an</p>

	established bike manufacturer. The loan could be considered risky due to uncertainty surrounding a successful expansion, and also because <i>Nuku Cycles</i> is not profit-driven (Explained).
(b)	<i>Problems arising from expansion</i>
(i)	<p>One problem that <i>Nuku Cycles</i> may experience when expanding is that its chosen growth strategy may not be supported by its stakeholders, in particular its employees. The employees may believe that they will be impacted by the loss of and/or change in employment, or that the chosen growth strategy may conflict with <i>Nuku Cycles'</i> pūtake (Fully explained).</p> <p>Another problem that <i>Nuku Cycles</i> may experience during its intended expansion is that the business may try to grow too quickly in the attempt to meet increased consumer demand. This could be due to insufficient resources, such as materials, parts or labour, being available to achieve higher production levels (Fully explained).</p>
(ii)	<p>If <i>Nuku Cycles'</i> growth strategy is not supported by its employees, staff may become less motivated (low morale) to operate efficiently, which could reduce productivity. This could lead to higher production costs and fewer e-bikes produced, reducing both short-term and long-term profits (assuming prices remain the same). This, in turn, could negatively impact economic sustainability (Explained).</p> <p>An impact of not having sufficient resources to meet a higher level of consumer demand for e-bikes is a potential loss of sales, due to the longer lead time for e-bike production and consumers choosing other brands, leading to reduced profitability for <i>Nuku Cycles</i>, and therefore long-term viability (Explained).</p>
(c)	<i>Consequences of sourcing e-bikes overseas</i>
(i)	<p>One possible negative consequence of <i>Nuku Cycles</i> choosing to source its e-bikes partly assembled overseas, as opposed to continuing to manufacture entirely in New Zealand, is the negative publicity that may be caused by disgruntled employees talking to local media about unethical practices. This could happen if staff feel it is unethical to state that the bikes are New Zealand-made when that is only partly true (Fully explained).</p> <p>Another negative consequence is that for its strategy to be effective, <i>Nuku Cycles</i> would need to find and maintain a robust and reliable supply chain from overseas. <i>Nuku Cycles</i> has no experience in this, and failure to manage the supply chain well could result in shipment delays and/or errors in fulfilment of orders (Fully explained).</p>
(ii)	<p>News that <i>Nuku Cycles'</i> bikes are only partly made in New Zealand would suggest that the business is not being entirely honest in the way it promotes itself. This could damage its good brand reputation for being supportive of the local community and industry. This could lead to a reduction in consumer support for <i>Nuku Cycles'</i> products, both locally and nationally, resulting in reduced sales and profits (Explained).</p> <p>Supply chain issues could lead to lower productivity and rising operating costs (e.g. additional customs duties or agent fees). Assuming prices of e-bikes remain the same, this may negatively impact future levels of profitability for <i>Nuku Cycles</i> (Explained).</p>
(d)	<i>Options to address negative consequences of sourcing e-bikes overseas</i>
(i)	<p>One recommendation that <i>Nuku Cycles'</i> management could consider would be to inform the public, via social media and newspaper outlets, about the positive impact of its decision regarding the sourcing of e-bikes. This could include discussing the greater amount of support that <i>Nuku Cycles</i> could provide to the local community due to greater profits being made, and cheaper bikes being made available to consumers due to reduced costs (Recommendation). If the benefits of the decision were emphasised in this way, the community would be more likely to accept that those benefits might outweigh the social costs or other disadvantages of the decision. This would help <i>Nuku Cycles</i> to maintain its good brand reputation (Fully explained).</p> <p>Another recommendation would be for management to try to source its e-bikes from an overseas manufacturer that has similar values and ethics to <i>Nuku Cycles</i> (as opposed to one who may be more profit-driven), and to re-brand its e-bikes as ethically sourced and New Zealand-assembled (Recommendation). This would address the concerns expressed by the employees and local community regarding a change in business focus and perceived unethical practice, as <i>Nuku Cycles</i> would be maintaining its purpose, while sourcing components only from overseas manufacturers that share its own</p>

	<p>community values. This would help <i>Nuku Cycles</i> to maintain its ethical brand reputation (Fully explained).</p> <p>(ii) The local community would see how <i>Nuku Cycles</i> is maintaining its purpose of promoting healthy lifestyles by producing a greater number of bikes at affordable prices, and how it would also be able to support the local community through its improved profitability (Explained). The impact of this recommendation is that the business would continue to be able to promote itself as an ethical business, as it works only with businesses that have similar values, while still promoting healthy lifestyles by producing a greater number of bikes at affordable prices (Explained).</p> <p>(iii) Choosing an overseas manufacturer that has similar values would be more effective than promoting the positive aspects of the decision, as the latter would not necessarily address the concerns expressed by the employees and local community, and could be perceived as glossing over the issues and sugar-coating the decision. By linking up with an overseas manufacturer with similar values, <i>Nuku Cycles</i> could still be seen to be acting consistently with its brand image of being an ethical business, and would be able to retain the respect and goodwill of the local community (Explained). By also choosing an ethical source for its parts and rebranding to “ethically sourced and New Zealand-assembled”, sales could increase from consumers who have a strong ethical focus, as <i>Nuku Cycles</i> would be seen to be practising its values while improving the well-being of the wider community, which is <i>Nuku Cycles’</i> overall objective. Positive publicity on its own would be unlikely to have the same effect on these consumers, in the absence of perceived ethical behaviour by <i>Nuku Cycles</i> (Explained).</p>
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Evidence

Achievement	Achievement with Merit	Achievement with Excellence
<p>Explains:</p> <ul style="list-style-type: none"> • TWO appropriate growth strategies that <i>Nuku Cycles</i>’ management could implement, and why they are growth strategies • why EACH growth strategy would manage the increasing consumer demand for e-bikes • TWO problems that <i>Nuku Cycles</i> may experience during its intended expansion, and why they may occur • how EACH problem would impact <i>Nuku Cycles</i> as a sustainable business in the long term • TWO negative consequences of <i>Nuku Cycles</i> choosing to source its e-bikes overseas, as opposed to continuing to manufacture its e-bikes in New Zealand, and why these may occur • why each of the TWO identified recommendations would manage the negative consequences from choosing to source e-bikes overseas • why EACH recommendation promotes healthy lifestyles. <p>(Answers will typically state relevant examples, business knowledge, and/or Māori business concepts.)</p>	<p>Fully explains:</p> <ul style="list-style-type: none"> • how EACH growth strategy would manage the increasing consumer demand for e-bikes • how EACH problem would impact <i>Nuku Cycles</i> as a sustainable business in the long term • how EACH consequence would impact <i>Nuku Cycles</i> as a sustainable business • how EACH recommendation would impact <i>Nuku Cycles</i>’ ability to promote healthy lifestyles and support the local community. <p>(Answers will typically include relevant examples, business knowledge, and/or Māori business concept(s) to support explanations.)</p>	<p>Justifies how EACH growth strategy would address the increasing consumer demand for e-bikes.</p> <p><i>AND</i></p> <ul style="list-style-type: none"> • Explains, with TWO reasons, why one growth strategy would be better for <i>Nuku Cycles</i> than the other. <p><i>AND</i></p> <ul style="list-style-type: none"> • Explains, with TWO reasons, how one recommendation would be more effective than the other. <p><i>AND</i></p> <ul style="list-style-type: none"> • Justifies how EACH recommendation would impact <i>Nuku Cycles</i>’ ability to promote healthy lifestyles and support the local community. <p>Answers will typically integrate relevant examples, business knowledge, and/or Māori business concept(s) to support 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.	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