

Assessment Schedule – 2024

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

Assessment Criteria

Achievement	Achievement with Merit	Achievement with Excellence
<p><i>Demonstrate understanding</i> involves:</p> <ul style="list-style-type: none"> • explaining the internal operations • stating examples • stating business knowledge relevant to the internal operations • stating a Māori business concept(s) where relevant to the internal operations. <p><i>Explaining</i> means providing the ‘what’ that addresses to the question asked, then expands by giving the reason(s) <i>why</i> the ‘what’ occurs, or by linking ideas to provide a coherent rationale.</p>	<p><i>Demonstrate in-depth understanding</i> involves:</p> <ul style="list-style-type: none"> • fully explaining the internal operations • including examples to support explanations • including business knowledge relevant to the internal operations to support explanations • including a Māori business concept(s) where relevant to the internal operations to support explanations. <p><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.</p>	<p><i>Demonstrate comprehensive understanding</i> involves:</p> <ul style="list-style-type: none"> • fully explaining and justifying the internal operations • integrating examples to fully support explanations • integrating business knowledge relevant to the internal operations to fully support explanations • integrating a Māori business concept(s) where relevant to the internal operations to fully support explanations. <p><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.</p>

Note: A *large business* refers to any business operating in New Zealand with more than 20 employees and /or with a regional or national significance. The candidate should use only one context for each part, but may change context between parts. Each question should be read as a whole before awarding a grade.

Part	Sample Evidence
(a)	<p><i>An increase in freight charges</i> (N.B. Answers can relate to either <i>CeeGee's</i> or a large business operating in New Zealand chosen by the candidate.)</p> <p>(i) An increase in freight charges would make it more expensive for <i>CeeGee's</i> to import large quantities of clothes via sea freight. This would increase the average cost per item of clothing, reducing the economies of the scale that <i>CeeGee's</i> can achieve, assuming the quantity imported remains the same (Explained).</p> <p>(ii) <i>CeeGee's</i> could respond to the increase in freight charges by raising the price of each item of clothing to cover the increased transport costs, effectively passing this cost increase on to its customers (Explained). If sales volumes are not significantly affected, because <i>CeeGee's</i> customers are prepared to pay more for each item of clothing, <i>CeeGee's</i> could remain profitable, as the increased freight costs would be covered by the customer (Fully explained).</p> <p>Note: <i>Could include other business responses, e.g. lean production; find a cheaper supplier; source inputs locally.</i></p>
(b)	<p><i>Production processes</i> (N.B. Answers can relate to either <i>CeeGee's</i> or a large business operating in New Zealand chosen by the candidate.)</p> <p>(i) It would be an advantage for <i>CeeGee's</i> to use a batch production process through its local manufacturer, as it would allow potential customers to choose from a variety of styles of clothing that they specifically desire (rather than common international designs), which <i>CeeGee's</i> could charge a premium price for. By allowing customers some options to buy customised/tailored clothing at a premium price, <i>CeeGee's</i> would see an increase in profitability, assuming the profit margins on these clothing items is greater (Explained).</p> <p>(ii) A potential disadvantage for <i>CeeGee's</i> of using a batch production process for its clothing is that if there is a design fault, or if the design is not deemed desirable by customers, <i>CeeGee's</i> may have a batch of products that needs to be sold at discounted prices to get rid of unwanted stock (Explained). Employees may feel pressured to ensure that the designs are correct for each batch of clothing, as the cost of getting the design wrong would be significant in terms of time and money spent. This could impact their well-being as they may become stressed, reducing staff motivation and increasing staff turnover, leading to greater employment costs for <i>CeeGee's</i> (Fully explained).</p> <p>Note: <i>Candidates could also discuss greater workload and feeling stressed as employees try to cater for the customised needs of customers. This could lead to reduction in productivity, increasing costs for CeeGee's.</i></p> <p>(iii) By using a batch production process over a job production process, <i>CeeGee's</i> can make design features in its clothing that are unique for its customers, creating a brand that customers can identify with, and developing brand loyalty, without it being a labour-intensive and costly process to produce a number of products for its customers. Customers could rely on product being available, leading to recurring sales for <i>CeeGee's</i> (Justified).</p> <p>It would be more appropriate for <i>CeeGee's</i> to operate using batches than highly customised job production, as the costs per garment unit would be lower and the range of products for customers to choose from would be greater. This could lead to a greater volume of sales than from job production that would cover increasing rental costs, keeping <i>CeeGee's</i> more profitable in the long term and ensuring business continuity (Justified).</p> <p>Note: <i>Candidates could also compare flow production (existing production) to batch or job production.</i></p>
(c)	<p><i>Monthly reporting</i> (N.B. Answers must relate to a large business operating in New Zealand chosen by the candidate, not <i>CeeGee's</i>.)</p> <p>(i) Monthly revenue and cost reports provide information for managers and owners to make informed decisions. It is an advantage for <i>Air New Zealand</i> to prepare monthly revenue and cost reports, as it allows the airline to identify both profitable and non-profitable flight routes and services that it offers to its customers in comparison to other airlines and previous years (Explained).</p> <p>(ii) As leaders (rangatira), the senior management of <i>Air New Zealand</i> can use the monthly revenue and cost reports to determine how to utilise and manage current and future resource requirements (their fleet of planes and their staff) to achieve its strategic goals, such as optimising the use of its fleet of planes. After analysing monthly revenue and cost reports for domestic services to particular destinations, <i>Air New Zealand</i> may choose to increase the number of flights to a popular destination during certain periods of the year, therefore having greater capacity to fly more customers at potentially lower prices</p>

	<p>than its competitors (Explained), making it more desirable for potential customers to choose <i>Air New Zealand</i> over its competitors. This could lead to greater sales and returns for <i>Air New Zealand's</i> shareholders (Fully explained).</p> <p>Note: Other responses could include but are not restricted to: changing to more profitable product lines and/or purchasing more/less raw materials.</p>
(d)	<p><i>Organisational structures</i> (N.B. Answers can relate to either <i>CeeGee's</i> or a large business operating in New Zealand chosen by the candidate.)</p>
(i)	<p>Using a shamrock organisational structure may be an advantage to <i>CeeGee's</i> because it could help the business to be efficient in terms of managing staff productivity during peak and non-peak times and seasons. When it is off-peak and staff are not required, <i>CeeGee's</i> could operate with its core staff only, reducing unnecessary staff costs and increasing profits (Explained).</p>
(ii)	<p>It could be a disadvantage for <i>CeeGee's</i> to use a shamrock organisational structure because finding quality staff who are prepared to work part-time or flexible hours based on peak selling times may prove difficult in a competitive labour market, leading to increased staff training and recruitment costs (Explained). The casual / part-time workers who are employed may not be as motivated and loyal as its core staff, and therefore may be less inclined to provide good customer service. Given that the customer base are professionals and customer expectations are high, a lower level of customer service may lead to reduced sales and profit (Fully explained).</p>
(iii)	<p>Using a shamrock organisational structure would be more effective for <i>CeeGee's</i> than using a flat structure, as the business could outsource aspects of the business, such as a marketing campaign, to experts who have a greater understanding of the competitive retail market than core staff, leading to better advertising and sales results for <i>CeeGee's</i>.</p> <p>In comparison, under a flat organisational structure, managers may not be experts in certain areas, such as a marketing campaign, leading to potential inefficiencies within the business (Justified). In addition, by outsourcing aspects of the business such as human resources and finance, the core staff can focus on their key business activities, such as operating the store, and improving customer service and efficiencies in operations. This could lead to <i>CeeGee's</i> ordering new stock and creating a shopping experience that potential customers will desire, leading to greater sales and profits for the business (Justified).</p>

Evidence

Achievement	Achievement with Merit	Achievement with Excellence
<p>Explains:</p> <ul style="list-style-type: none"> • why an increase in freight charges will impact the economies of scale of a business • how a business may respond to increases in freight charges while remaining profitable • (Identifies) a suitable production process and explains why it could be an advantage for a business • why this production process could be a disadvantage for a business • why preparing monthly revenue and cost reports is an advantage to the business in a competitive market • how leaders (rangatira) may choose to change the direction of the business after analysing its monthly revenue and cost reports • why using a shamrock organisational structure could be an advantage to a business • why using a shamrock organisational structure could be a disadvantage to a business. <p>(Answers will typically state relevant examples, business knowledge, and/or Māori business concept(s).)</p>	<p>Fully explains:</p> <ul style="list-style-type: none"> • how a business may respond to increases in freight charges while remaining profitable • why this production process could be a disadvantage for a business AND how it might have a negative impact on employees • why preparing monthly revenue and cost reports is an advantage to the business in a competitive market • how leaders (rangatira) may choose to change the direction of the business after analysing its monthly revenue and cost reports • why using a shamrock organisational structure could be a disadvantage to a business AND how it could impact the ability of a business to maintain high levels of customer service. <p>(Answers will typically include relevant examples, business knowledge, and/or Māori business concept(s), to support explanations.)</p>	<ul style="list-style-type: none"> • All of ‘Fully explain’ for part (b) AND justifies, with TWO reasons, why this production process is more appropriate than another production process, with reference to brand loyalty and economic sustainability. <p><i>AND</i></p> <ul style="list-style-type: none"> • All of ‘Fully explain’ for part (d) AND justifies, with TWO reasons, whether using a shamrock organisational structure would be more effective than another organisational structure. <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.	Some Excellence evidence, one part may be weaker.	All Excellence evidence 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