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90839



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Level 1 Business Studies, 2016

90839 Apply business knowledge to an operational problem(s) in a given small business context

9.30 a.m. Friday 25 November 2016
Credits: Four

Achievement	Achievement with Merit	Achievement with Excellence
Apply business knowledge to an operational problem(s) in a given small business context.	Apply detailed business knowledge to an operational problem(s) in a given small business context.	Apply comprehensive business knowledge to an operational problem(s) in a given small business context.

Check that the National Student Number (NSN) on your admission slip is the same as the number at the top of this page.

You should attempt ALL the questions in this booklet.

Pull out Resource Booklet 90839R from the centre of this booklet.

Refer to relevant business knowledge and /or Māori business concepts in your answers.

If you need more room for any answer, use the extra space provided at the back of this booklet.

Check that this booklet has pages 2–12 in the correct order and that none of these pages is blank.

YOU MUST HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION.

Achievement

TOTAL

10

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Read ALL of the resources in Resource Booklet 90839R before you begin answering the questions in this booklet.

QUESTION ONE: BAD DEBTS

Use the information in Resource A and your business knowledge to answer this question.

(a) Discuss how bad debts could affect Becca's Café.

In your answer:

- define the term "bad debts"
- identify how bad debts could affect the cash flow of Becca's Café
- fully explain TWO long-term impacts of bad debts on Becca's Café.

// Bad debts could affect Becca's café because it could affect their cash flow. The term bad debts refers to when a corporate customer owes Becca's café large amounts of money. Bad debts could affect the cash flow of Becca's café ~~but~~ as her corporate customers and the outside catering service are one of the café's main revenue streams. This means not getting ~~the~~ payments on time will slow down ~~the~~ growth of the business two long term impacts. A long term impact that could occur due to bad debts on Becca's Café could be falling into depression. This is because not getting ~~the~~ profit in time will slow down business as Becca will not be able to pay staff on time. ~~As~~ As a result Becca's café may receive bad ^{reputation} ~~rep~~ or even close down.

(b) Discuss TWO procedures that Becca's Café may use to reduce the risk of bad debts.

In your answer:

- describe TWO procedures Becca's Café may use
- fully explain how EACH procedure contributes to reducing the risk of bad debts for the café.

// A procedure Becca's café could use to reduce the risk of bad debts is to charge all customers prior to serving them as that will ensure getting all profit on time. This contributes to reducing the risk of bad debts because it makes customers aware that they have to pay beforehand. As a result customers will pay Becca's café and Becca can continue ~~the~~ growing the business. Another procedure Becca's Café may use to reduce the risk of bad debts is on the day corporate customers have to pay the account. Becca can send an automated email and text reminding the customer. This is so the customer can be reminded to pay the account as they may have forgotten. As a result the customer will pay Becca's café on time and Becca's café won't have any bad debts.

More space for this answer is available on the next page.

QUESTION TWO: SKILLS SHORTAGE

Use the information in Resources A and B, and your business knowledge, to answer this question.

(a) Discuss how *Becca's Café* is impacted by the skills shortage.

In your answer:

- define the term "skills shortage"
- fully explain TWO negative consequences for *Becca's Café* if the skills shortage continues.

A skills shortage refers to when there is a shortage of skill in a certain field. A negative consequence on *Becca's Café* could be that Becca may have to hire an undertrained chef due to her chef leaving to Auckland. This is because there is a shortage of experienced chefs. As a result hiring an under trained chef will lead to poor food results giving *Becca's Café* a bad reputation. Another negative consequence is staff may feel as though it is unfair ~~that~~ that an under trained chef will have the same salary as them causing conflict. This is because ~~an~~ other staff may feel as though they worked harder to get the job. As a result ~~in~~ there will be a negative working environment and staff will not be able to work at their best.

A3

- (b) Discuss different solutions that Becca could use to resolve the issue of a skills shortage in her business.

In your answer:

- describe ONE short-term solution
- explain ONE advantage of this solution for Becca's Café
- fully explain TWO long-term solutions that Becca could implement in order to avoid skills shortages in her business in the future.

One short term solution for the skills shortage is for Becca to hire a part time chef. This will help for the short term as Becca can have a chef quickly to manage the kitchen. This is ~~so~~ because there ~~is~~ would be no full time experienced chefs. A long term solution for Becca could be to implement a training program for chefs who are interested. This is so ~~Becca~~ Becca can hire under trained staff and train them. As a result Becca can avoid the skills shortage issue as she can train ~~under~~ chefs. Another ~~solution~~ long term solution would be to offer a pay raise to the current chef to persuade him to stay. This is so the current chef may reconsider moving to Auckland and as a result he may not ~~move~~ preventing the skill shortage issue.

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QUESTION THREE: NEGATIVE PUBLICITY

Use the information in Resource C and your business knowledge to answer this question.

- (a) Discuss how the negative publicity may affect Becca's Café.

In your answer:

- define "negative publicity"
- fully explain TWO consequences for the business if Becca decides to ignore the negative publicity.

Negative publicity is when a company or business receives bad review and is seen as a bad place to customers. A consequence Becca's business may face if she ignores the review is she could get an official complaint and may get fined. This is because the mice droppings go against the health and safety regulations. As a result Becca's café may get fined and will lose customers. Another consequence they may face is losing regular customers. This is because the negative publicity will give Becca's café bad reputation. As a result losing customers may make Becca's Café to fall into a depression.

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- (b) Discuss the best way for Becca to deal with the negative publicity.

In your answer:

- describe TWO appropriate solutions
- choose the better solution and fully explain how it would resolve the issue
- fully explain ONE long-term consequence of the better solution.

An appropriate solution for Becca to deal with the negative publicity is to address the issue and speak to the customer on how to improve. This is so customers will know that Becca's Café will reach out and is open to criticism. Another solution is to reply to the online review and argue against the customer. This is because the customer may have mistaken something else as mice droppings. The better solution is to reach out to the customer to resolve the issue. This is because it shows that Becca's café does care about its customers and maintaining a good relationship with them. As a result Becca's Café will receive good reputation. A long term consequence of the better solution is customers will be more open to letting the business know about any issues instead.

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More space for this answer is available on the next page.

//of writing a bad review. This is because they ~~can~~ can trust Becca's Café to resolve the issue. As a result there will be a healthy relationship between customers and the business and Becca's Café can continue to improve //

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Extra space if required.
Write the question number(s) if applicable.

QUESTION
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//Question 1a) Another long term issue or impact that could occur is a bad relationship with corporate customers. This is an issue because having a bad relationship with regular customers will put a bad name on Becca's café. As a result Becca's Café may lose customers //

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Achievement exemplar for 90839 – 2016		Total score: 10
Q	Grade score	Annotation
1	A3	The candidate was awarded an A3 for their response to this question, as it was mostly at Achievement level. The candidate was not fully able to define the concept of bad debts. There was some repetition in the response to part (a), with the candidate showing a lack of understanding through not using correct business terminology. Part (b) was answered in context with one procedure providing a feasible response, whereas the other procedure has not really been proven to reduce the risk of bad debts.
2	A4	This was an A4, due to evidence of nearly all Achievement-level responses. The candidate was able to define the term and could describe one negative consequence. However, the other consequence was full of assumptions and not very feasible. The consequence was based on conflict, which was unlikely to be caused by a skill shortage. Part (b) included some Achievement-level responses.
3	A3	An A3 was awarded to the candidate for giving mostly Achievement-level responses. The candidate was able to define negative publicity and could describe two consequences for the business. In part (b), the candidate suggested the business argue against the customer; this was not an appropriate solution in the context of the question. However, the other responses in part (b) were appropriate.