

Assessment Schedule – 2012**Business Studies: Demonstrate an understanding of internal features of a small business (90837)****Evidence Statement**

Q 1	Expected coverage
(a)	<p>Description: Internal funds are funds raised within the business, whereas external funds are provided from outside the business.</p> <p>Note: candidates may refer to types of funding to explain the difference, eg Internal – owner's savings, retained profits, sale of existing assets, running down of stocks to raise cash; External – loans from banks and other financial institutions, share issues, sales of bonds or investments, grants, subsidies, overdrafts, and money in from creditors.</p>
(b)	<p><i>Sample answer:</i></p> <p>Long-term finance will give Danny and Moana more time to pay it back (Described), therefore less impact on the cash flow of the business. Short-term finance may carry a higher interest rate than long-term finance, and the weekly / monthly repayments might be greater than if under a long-term finance arrangement (Explained).</p>
(c)	<p>Cash flow forecast (or projected cash flow).</p> <p>Projected or forecasted income statement.</p> <p>Projected or forecasted balance sheet.</p> <p>Business plan.</p> <p>Marketing plan.</p> <p>Finance plan.</p> <p>Credit check.</p> <p>Sales forecast or predicted sales.</p> <p>Specific market research data.</p> <p>Note: there are no historic statements, as the business is not yet up and running.</p>
(d)	<p><i>Advantages and negative impacts of a partnership:</i></p> <p>A partnership is joint ownership of a business (two or more parties) (Described).</p> <p>Advantages for Danny and Moana of setting up a partnership are that aspects of the partnership will be shared (Described). For example: they could share ideas, workload, and responsibility (Described). Each person can work to his or her strengths (Explained), making the business stronger and more likely to succeed (Fully explained). More capital finance may be available (Described), since there are two of them (Explained), meaning the business will have more capacity to expand (Fully explained).</p> <p>Negative impacts of Danny and Moana leaving their existing jobs are that there may no longer be job security (Described), as there is some risk involved (Explained); there may be no steady income for a while, as it costs a lot of money to set up a business (businesses often run at a loss or break even only, in the first year of trading) (Fully explained). Owning a business takes a lot of time and energy (Described). This may impact on their lifestyles, health, etc (Explained), which in turn may have a negative effect on the profit of the business (Fully explained).</p>

Not Achieved	N1	<p>Insufficient breadth by answering TWO of:</p> <ul style="list-style-type: none"> • the difference between internal and external funding is described • one reason for choosing long-term finance is described • one piece of information the bank may require is identified • the term “partnership” is described • one advantage for Danny and Moana is described • one negative impact for Danny and Moana is described. <p>(Answers will typically state relevant examples, business knowledge and/or Māori business concepts.)</p>
	N2	<p>Insufficient breadth by answering THREE of:</p> <ul style="list-style-type: none"> • the difference between internal and external funding is described • one reason for choosing long-term finance is described • one piece of information the bank may require is identified • the term “partnership” is described • one advantage for Danny and Moana is described • one negative impact for Danny and Moana is described. <p>(Answers will typically state relevant examples, business knowledge and/or Māori business concepts.)</p>
Achievement	A3	<p>Answers FOUR of:</p> <ul style="list-style-type: none"> • the difference between internal and external funding is described • one reason for choosing long-term finance is described • one piece of information the bank may require is identified • the term “partnership” is described • one advantage for Danny and Moana is described • one negative impact for Danny and Moana is described. <p>(Answers will typically state relevant examples, business knowledge and/or Māori business concepts.)</p>
	A4	<p>Answers FIVE of:</p> <ul style="list-style-type: none"> • the difference between internal and external funding is described • one reason for choosing long-term finance is described • one piece of information the bank may require is identified • the term “partnership” is described • one advantage for Danny and Moana is described • one negative impact for Danny and Moana is described. <p>(Answers will typically state relevant examples, business knowledge and/or Māori business concepts.)</p>
Merit	M5	<p>Answers TWO of:</p> <ul style="list-style-type: none"> • a reason for choosing long-term finance is explained • an advantage for Danny and Moana is explained • a negative impact for Danny and Moana is explained. <p>(Answers will typically include relevant examples, business knowledge and/or Māori business concepts.)</p>
	M6	<p>Answers THREE of:</p> <ul style="list-style-type: none"> • a reason for choosing long-term finance is explained • an advantage for Danny and Moana is explained • a negative impact for Danny and Moana is explained. <p>(Answers will typically include relevant examples, business knowledge and/or Māori business concepts.)</p>

Excellence	E7	<p>The term “partnership” is described <i>AND</i> One advantage and one negative impact are fully explained <i>OR</i> TWO advantages or TWO negative impacts for Danny and Moana are fully explained. (Answers will typically integrate relevant examples, business knowledge and /or Māori business concepts into explanations.)</p>
	E8	<p>The term “partnership” is described <i>AND</i> TWO advantages and ONE negative impact are fully explained <i>OR</i> ONE advantage and TWO negative impacts for Danny and Moana are fully explained <i>AND</i> The answer demonstrates coherent links between concepts. (Answers integrate relevant examples, business knowledge and /or Māori business concepts into explanations.)</p>

N0 = No response; no relevant evidence.

Q 2	Expected coverage
(a)	Description: The purpose of market research is to identify the needs and wants of consumers and ascertain demand (at a certain price point) or the viability of an idea or business venture.
(b)	Qualitative data – are outcomes or responses disclosing ideas or opinions (ie gaining evidence or opinions about preference, etc). This is often gathered by the researcher asking open-ended questions requiring more than one- or two-word answers, eg why would you pay xx amount for this product? The data gathered would reflect the answer to this question.
(c)	Closed-ended questions require only a one- or two-word answer – usually yes or no, or a number, eg do you prefer this product or the other product?
(d)	<p>Description: Primary research – collection of original data, often called first-hand or field research, collected directly from the consumer (Described), eg surveys, interviews, questionnaires, focus groups, observation. Secondary research, often referred to as second-hand or desktop research, is research gathered by someone else (Described), eg statistics, existing sales data, existing market research, journal and newspaper reports. (Explanation shows the difference between the two, possibly with examples).</p> <p>Secondary research identified. This type of research is easy to obtain, less time-consuming and cheaper than conducting their own primary research (Explained). This would be a more suitable method for Danny and Moana, as they are just starting out and won't have a lot of time or money to conduct their own research. They should be able to access this information easily, as they have contacts in the industry already (Fully explained).</p> <p>The disadvantage of using the secondary research method is that the business may not be able to access the information they require (current or otherwise) (Described), and it is difficult to verify the accuracy of the data (Explained). This will limit the beneficial impacts on the business from the research (Fully explained). Another disadvantage of secondary research is that it can be out of date (Explained). For example, new competitors may have started up since the researcher had obtained their list of competitors; this could mean the researcher over-estimates their potential in the market (Fully explained).</p> <p>If candidate states primary research, they might refer to Danny and Moana being able to survey customers from their old job (but they might not get access) – otherwise they would have to survey or interview potential clients.</p>

Not Achieved	N1	<p>Insufficient breadth by answering TWO of:</p> <ul style="list-style-type: none"> • the purpose of market research is described • qualitative data is described • closed-ended question is described • primary research is described • secondary research is described • one disadvantage of the identified method is described. <p>(Answers will typically state relevant examples, business knowledge and/or Māori business concepts.)</p>
	N2	<p>Insufficient breadth by answering THREE of:</p> <ul style="list-style-type: none"> • the purpose of market research is described • qualitative data is described • closed-ended question is described • primary research is described • secondary research is described • one disadvantage of the identified method is described. <p>(Answers will typically state relevant examples, business knowledge and/or Māori business concepts.)</p>
Achievement	A3	<p>Answers FOUR of:</p> <ul style="list-style-type: none"> • the purpose of market research is described • qualitative data is described • closed-ended question is described • primary research is described • secondary research is described • one disadvantage of the identified method is described. <p>(Answers will typically state relevant examples, business knowledge and/or Māori business concepts.)</p>
	A4	<p>Answers FIVE of:</p> <ul style="list-style-type: none"> • the purpose of market research is described • qualitative data is described • closed-ended question is described • primary research is described • secondary research is described • one disadvantage of the identified method is described. <p>(Answers will typically state relevant examples, business knowledge and/or Māori business concepts.)</p>
Merit	M5	<p>Answers TWO of:</p> <ul style="list-style-type: none"> • qualitative data is explained with an example • the difference between primary and secondary research is explained • why one method is more suitable than the other is explained • one disadvantage of the identified method is explained. <p>(Answers will typically include relevant examples, business knowledge and/or Māori business concepts.)</p>
	M6	<p>Answers THREE of:</p> <ul style="list-style-type: none"> • qualitative data is explained with an example • the difference between primary and secondary research is explained • why one method is more suitable than the other is explained • one disadvantage of the identified method is explained.

		(Answers will typically include relevant examples, business knowledge and/or Māori business concepts.)
Excellence	E7	The difference between primary and secondary research is explained AND explanation of BOTH why one method is more suitable than the other and ONE disadvantage of this method, ONE of which is fully explained. (Answers will typically integrate relevant examples, business knowledge and/or Māori business concepts.)
	E8	The difference between primary and secondary research is explained AND full explanations of BOTH why one method is more suitable than the other and ONE disadvantage of this method AND The answer demonstrates coherent links between concepts. (Answers integrate relevant examples, business knowledge and/or Māori business concepts into explanations.)

N0 = No response; no relevant evidence.

Q 3	Expected coverage
(a)	Definition: Employee rights are what employees are entitled to under their contract of employment, as determined by current New Zealand employment legislation (law) – eg to be paid a fair wage and be provided with good working conditions.
(b)	Descriptions: To work hard; be loyal; contribute ideas; work towards the goals of the business; be punctual; be a team player; maintain safe working practices; not bring the business into disrepute. Explanation: To ensure work gets done on time and in the most cost-effective manner; to ensure that the business is meeting its goal(s); to ensure the workplace is safe and free of any risk; to ensure the reputation of the business is upheld.
(c)	Description: An advantage of being a responsible employee is that the employee is more likely to experience pay or career progression; be given more responsibility or authority; be rewarded with money; be given professional development/ upskilling.
(d)	Description: Employment contract – this is a document that outlines employee and employer rights and responsibilities. Every employee is entitled to an employment contract and should have a written employment agreement. Description: Minimum wage – this is the lowest amount an employee can be paid under the law. Every employee is entitled to be paid at least minimum wage, which is set by the government. Description: Holiday pay – this is the amount of pay that is paid to employees to cover holiday leave. Casual employees have this built into their normal pay; permanent employees are paid this when they are on holiday leave, or when they leave their job if it has not already been paid. Description: Meal and rest breaks – every employee is entitled to rest and meal breaks, depending on the hours they work, eg a 10-minute rest break if working between two and four hours, plus a 30 minute unpaid break during an eight-hour day. Advantages: The advantages of Danny and Moana ensuring that the statutory rights of their employees are maintained are that they will not be in breach of the law; they will be seen as responsible employers (Described); their employees are more likely to be motivated, work harder, be loyal and go the extra mile for them (Explained); they are likely to attract better employees (Explained). These will all have a positive impact on productivity (Fully explained). Disadvantages: The disadvantages for the employees will be that without an employment contract that outlines employees' entitlements regarding overtime and holidays, employees may be exploited (Explained). Another disadvantage for the employees is that if they are stressed and overworked due to lack of rest and meal breaks, they will be tired and might make mistakes, compromising their own health and safety (Explained).

Not Achieved	N1	<p>Insufficient breadth by answering TWO of:</p> <ul style="list-style-type: none"> • employee rights are defined • one responsibility of employees is described • one advantage of being a responsible employee is described • a statutory right is described • one advantage to Danny and Moana of maintaining employees' statutory rights is described • one disadvantage for the employees if Danny and Moana do not observe the statutory rights is described. <p>(Answers will typically state relevant examples, business knowledge and/or Māori business concepts.)</p>
	N2	<p>Insufficient breadth by answering THREE of:</p> <ul style="list-style-type: none"> • employee rights are defined • one responsibility of employees is described • one advantage of being a responsible employee is described • a statutory right is described • one advantage to Danny and Moana of maintaining employees' statutory rights is described • one disadvantage for the employees if Danny and Moana do not observe the statutory rights is described. <p>(Answers will typically state relevant examples, business knowledge and/or Māori business concepts.)</p>
Achievement	A3	<p>Answers FOUR of:</p> <ul style="list-style-type: none"> • employee rights are defined • one responsibility of employees is described • one advantage of being a responsible employee is described • a statutory right is described • one advantage to Danny and Moana of maintaining employees' statutory rights is described • one disadvantage for the employees if Danny and Moana do not observe the statutory rights is described. <p>(Answers will typically state relevant examples, business knowledge and/or Māori business concepts.)</p>
	A4	<p>Answers FIVE of:</p> <ul style="list-style-type: none"> • employee rights are defined • one responsibility of employees is described • one advantage of being a responsible employee is described • a statutory right is described • one advantage to Danny and Moana of maintaining employees' statutory rights is described • one disadvantage for the employees if Danny and Moana do not observe the statutory rights is described. <p>(Answers will typically state relevant examples, business knowledge and/or Māori business concepts.)</p>
Merit	M5	<p>Answers TWO of:</p> <ul style="list-style-type: none"> • the importance of employee responsibility is explained • one advantage to Danny and Moana of maintaining employees' statutory rights is explained • one disadvantage for the employees if Danny and Moana do not observe the statutory rights is explained

		(Answers will typically include relevant examples, business knowledge and/or Māori business concepts.)
	M6	<p>Answers THREE of:</p> <ul style="list-style-type: none"> • the importance of employee responsibility is explained • one advantage to Danny and Moana of maintaining employees' statutory rights is explained • one disadvantage for the employees if Danny and Moana do not observe the statutory rights is explained. <p>(Answers will typically include relevant examples, business knowledge and/or Māori business concepts.)</p>
Excellence	E7	<p>The statutory right is described AND ONE advantage for Danny and Moana is fully explained and ONE disadvantage for the employees is explained OR TWO advantages for Danny and Moana are fully explained or TWO disadvantages for the employees are explained. (Answers will typically integrate relevant examples, business knowledge and/or Māori business concepts.)</p>
	E8	<p>The statutory right is described AND TWO advantages for Danny and Moana are fully explained and ONE disadvantage for the employees is explained OR ONE advantage for Danny and Moana is fully explained and TWO disadvantages for the employees are explained AND The answer demonstrates coherent links between concepts. (Answers integrate relevant examples, business knowledge and/or Māori business concepts into explanations.)</p>

N0 = No response; no relevant evidence.

Q 4	Expected coverage
(a)	<p>Description: Business success can be described as business fulfilling its purpose.</p> <p>Other than making a profit, business success may be described as any of: meeting its goals or mission; increasing sales revenue; being sustainable; being socially responsible.</p>
(b)	<ul style="list-style-type: none"> • Lack of planning – if the business does not have a realistic plan (or any plan), the owners will not know where they are heading. This could mean they fail to meet their goals or targets and may not make enough profit to survive. • Lack of cash resources – a business must be able to pay its bills and meet its expenses to operate on a day-to-day basis. If the business cannot pay its bills, it is insolvent and may ultimately have to close down. • Lack of business knowledge and/or experience – a lot of businesses fail because the owner or manager does not have the business knowledge needed to run a business. For example, they need to be able to manage people, finances, production, comply with business law, etc. • Poorly trained staff – if staff are inadequately trained, they cannot do their job properly. They could produce poor-quality products, not provide good service delivery, or create an unsafe working environment. Any of these issues could result in the business failing. • Not meeting customer demand – if research has not been conducted properly, there is no assurance that consumers are going to need or want the product or service, resulting in the business making no profit or having to close. • Growing too quickly – often if businesses grow too quickly, they are unable to meet demand or they lose focus on their core business activity, which could result in business failure.
(c)	<p>Description: Teach businesses and entrepreneurs valuable lessons.</p> <p>Candidates may describe by providing examples such as business mistakes or failures; highlight opportunities by creating/leaving gaps in the market for other businesses and entrepreneurs to take up; what not to do and how to improve.</p>
(d)	<p>Having a business plan (Identified). A business plan allows the business to formally record what needs to be done in terms of goal-setting, finances, research and marketing, resources needed, etc (Explained). This contributes to the success of the business, because it provides the business with a clear direction and outlines what the business needs to do to get there. Developing an appropriate business plan ensures that the business focuses on what is required to run a successful business (Fully explained). In order to become more successful, the business owners could do further research on the requirements of their market or behaviour of their competitors (Described). This will provide them with information on how to improve (Explained), to ensure they are competitive (Fully explained).</p> <p>Hiring the right people for the job (Identified). Hiring suitable or well-trained staff ensures that all aspects of the business are performed properly (Explained). If things go wrong, fixing problems or experiencing employee issues can be expensive for the business. Hiring the right employees or making sure they are properly trained, experienced or informed is going to save the business and ultimately ensure the business's bottom line is positively impacted (Fully explained). In order to become more successful, the business owners could invest in further staff training or equipment (Described) to ensure the business maximises efficiencies (Explained), which should lead to better profits (Fully explained).</p> <p>Any other suitable response explained. The two factors given do not have to be related.</p>

Not Achieved	N1	<p>Insufficient breadth by answering TWO of:</p> <ul style="list-style-type: none"> • business success is described • one internal factor that may cause a business to fail is identified • how new opportunity is created is described • a factor in business success is identified • how the factor contributes to business success is described • another factor which could be implemented for business success is described. <p>(Answers will typically state relevant examples, business knowledge and/or Māori business concepts.)</p>
	N2	<p>Insufficient breadth by answering THREE of:</p> <ul style="list-style-type: none"> • business success is described • one internal factor that may cause a business to fail is identified • how new opportunity is created is described • a factor in business success is identified • how the factor contributes to business success is described • another factor which could be implemented for business success is described. <p>(Answers will typically state relevant examples, business knowledge and/or Māori business concepts.)</p>
Achievement	A3	<p>Answers FOUR of:</p> <ul style="list-style-type: none"> • business success is described • one internal factor that may cause a business to fail is identified • how new opportunity is created is described • a factor in business success is identified • how the factor contributes to business success is described • another factor which could be implemented for business success is described. <p>(Answers will typically state relevant examples, business knowledge and/or Māori business concepts.)</p>
	A4	<p>Answers FIVE of:</p> <ul style="list-style-type: none"> • business success is described • one internal factor that may cause a business to fail is identified • how new opportunity is created is described • a factor in business success is identified • how the factor contributes to business success is described • another factor which could be implemented for business success is described. <p>(Answers will typically state relevant examples, business knowledge and/or Māori business concepts.)</p>
Merit	M5	<p>Answers TWO of:</p> <ul style="list-style-type: none"> • how the identified internal factor contributes to failure of the business is explained • how the identified factor contributes to success of the business is explained • another factor which could be implemented for business success is explained. <p>(Answers will typically include relevant examples, business knowledge and/or Māori business concepts.)</p>
	M6	<p>Answers THREE of:</p> <ul style="list-style-type: none"> • how the identified internal factor contributes to failure of the business is explained • how the identified factor contributes to success of the business is explained • another factor which could be implemented for business success is explained. <p>(Answers will typically include relevant examples, business knowledge and/or Māori business concepts.)</p>

Excellence	E7	<p>A factor that contributes to the success of the business is identified <i>AND</i> explanations of how the factor has contributed to the success of the business and another factor which could be implemented for business success. ONE must be a full explanation. (Answers will typically integrate relevant examples, business knowledge and/or Māori business concepts into explanations.)</p>
	E8	<p>A factor in the success of the business is identified <i>AND</i> full explanations of how the factor has contributed to the success of the business and another factor which could be implemented for business success <i>AND</i> The answer demonstrates coherent links between concepts. (Answers integrate relevant examples, business knowledge and/or Māori business concepts into explanations.)</p>

N0 = No response; no relevant evidence.

Judgement Statement

	Not Achieved	Achievement	Achievement with Merit	Achievement with Excellence
Score range	0 – 9	10 – 17	18 – 24	25 – 32