

Assessment Schedule – 2016

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

Assessment Criteria

Describing: States **what** the answer is to the question asked. Defines (states the meaning of), identifies (gives an account of the qualities or characteristics), outlines (states what the answer is).

Explaining: 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.

Fully explaining: 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 question should be read as a whole before awarding a grade.

Evidence

Q 1	Sample answers / Evidence
(a)	<p>A bad debt is money owed to the business that is unlikely to be paid (Defined).</p> <p>Bad debts reduce the cash coming into the business, which negatively affects the cash flow (Identified).</p> <p>One long-term impact of bad debts on <i>Becca's Café</i> is that Becca might find herself in a position where she is unable to pay the business's debts (Described). Therefore she may be forced to take on additional loans or make late payments to her own suppliers (Explained). This can lead to late payment fees and interest. These added expenses mean that Becca may not be able to manage any seasonal variations in her cash flow, which would weaken the financial position of her business. Ultimately, the café may have to close down (Fully explained).</p> <p>One long-term impact of bad debts on <i>Becca's Café</i> is that she may not be able to cover her own debts, which would result in a negative effect on her credit rating (Described). This would then have an impact on <i>Becca's Café's</i> ability to secure credit terms in the future (Explained). This means if Becca wanted to borrow cash in the future to buy more equipment, expand, etc, she may have difficulty in securing finance in the form of loans. As a result, Becca may be unable to continue operating competitively, and may lose market share (Fully explained).</p>
(b)	<p>One procedure to reduce the risk of bad debts is to make customers aware of the invoicing processes / payment policies (Described).</p> <p>Through having established procedures and policies, expectations of payments being paid on time and in full can be made very clear to customers (Described). This policy can be explained and agreed to by the customer when they sign up to the payment terms. This means that the customer knows the business has efficient payment collection systems, and is aware of any penalties prior to signing up to a credit agreement (Explained). Having this awareness should reduce the occurrence of bad debtors, as the information is clear and the consequences for non-payment are fully explained. Customers would be less likely to default on payment if these are clear (Fully explained).</p> <p>One procedure to reduce the risk of bad debts is to do a credit check before signing on new credit customers (Described).</p> <p>Doing a credit check will identify customers who may be potential poor payers or bad debtors, and these may be excluded from obtaining credit (Explained). The cost of a credit check will be much less than the possible losses from bad debts (Fully explained).</p> <p>One procedure to reduce the risk of bad debts is to maintain regular contact with every debtor, in order to maintain reliable contact details of the debtors (Described).</p> <p>Keeping communication networks open with the customer will give the customer the sense that if they are unable to meet debts in the future, then these should</p>

be discussed with the business before the debt escalates (Explained). Once contact has been made, alternative / special payment procedures can be established with the customer, reducing the risk of the debt turning into a bad debt (Fully explained).

Achievement			Achievement with Merit			Achievement with Excellence	
<ul style="list-style-type: none"> Defines the term “bad debt”. Identifies how bad debts can affect the cash flow of <i>Becca’s Café</i>. Describes TWO long-term impacts of bad debts on <i>Becca’s Café</i>. Describes TWO procedures Becca may use to reduce the risk of bad debts. Describes how EACH of TWO procedures contributes to reducing the risk of bad debts. States relevant information from the resource. <p>(Answers will typically state relevant business knowledge, and/or Māori business concepts.)</p>			<ul style="list-style-type: none"> Explains TWO long-term impacts of bad debts on <i>Becca’s Café</i>. Explains how EACH of TWO procedures Becca may use contributes to reducing the risk of bad debts for the café. Includes relevant information from the resource to support explanations. <p>(Answers will typically include relevant business knowledge, and/or Māori business concepts.)</p>			<ul style="list-style-type: none"> Fully explains how bad debts could affect <i>Becca’s Café</i>. Fully explains TWO procedures that <i>Becca’s Café</i> may use to reduce the risk of bad debts. Integrates relevant information from the resource to fully support explanations. <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) fully explained. The other part is explained.	All points covered. (a) AND (b) fully explained. One part may be weaker.

N0 = No response; no relevant evidence.

Q 2	Sample answers / Evidence
(a)	<p>“Skills shortage” is a situation where there are not enough people with a particular skill to meet the demands of the industry (Defined).</p> <p>One negative consequence of the skills shortage for <i>Becca’s Café</i> is that Becca may not be able to secure a new chef if her existing one leaves (Described). This means she may not be able to provide café food to her normal high standard (Explained). This could lead to customers leaving and going to a competitor. The decrease in sales would lead to a decrease in profits (Fully explained).</p> <p>One negative consequence of the skills shortage for <i>Becca’s Café</i> is a potential increase in workload for the existing workers once/if the chef leaves (Described). This is because they might have to move into the ‘chef’ position in order to keep <i>Becca’s Café</i> operating (Explained). This could lead to workers becoming stressed and therefore taking sick leave, or even leaving the business. This would then affect the café’s ability to produce quality food and provide good customer service, resulting in not having enough customers to remain open (Fully explained).</p>
(b)	<p>One short-term solution would be to upskill another worker by putting them with the chef during his four-week notice period, to train them on the job. The chosen worker would be someone who is interested and capable of up-skilling in this area (Described).</p> <p>One advantage of this solution is that it can be done immediately (Described). This is because the business would not have to undertake a recruitment process, which can be very lengthy and may not result in any suitable applicants at the end of it. Hence there would be no certainty of getting a new, skilled chef, because of the skill shortage issues (Explained).</p> <p>One advantage of this solution is that it can be cost-effective (Described). This is because the business would not have to undertake a recruitment process, which can be very costly if done thoroughly (Explained).</p> <p>One short-term solution would be to contact a temp agency (Described). This is because some people prefer to undertake short-term employment, as they are not ready to settle in one place, or as a temporary employee they may be paid a higher rate.</p> <p>One advantage of this solution is that it can be done immediately (Described). This is because the business would not have to undertake a recruitment process, which can be very lengthy, as this would already have been done by the temp agency (Explained).</p> <p>One long-term solution would be to have an apprenticeship programme in her business (Described). An example of this would be an apprenticeship programme in partnership with the local polytechnic or other training providers that offer hospitality courses. This is because the apprentice would be able to work on the job, learn the café’s standards and procedures, and would be able to step into the position should a chef decide to leave (Explained). This would enable Becca to put a succession plan in place, thus removing the need for her to spend extra time and money on resolving the skills shortage issue. She could then focus more on meeting her business objectives (Fully explained).</p> <p>One long-term solution is to offer the chef better terms and conditions, to reduce the likelihood of him/her wanting to leave (Described). This is because the chef will feel “valued”, and as he/she knows the business environment, would be less inclined to leave (Explained). This means there could be some increase in expenses for Becca, but the money saved by not having to recruit potentially frequent replacements could lead to an overall decrease in labour costs (Fully explained).</p>

Achievement			Achievement with Merit			Achievement with Excellence	
<ul style="list-style-type: none"> Defines “skills shortage”. Describes TWO negative consequences for <i>Becca’s Café</i> if the skills shortage continues. Describes ONE short-term solution. Describes ONE advantage of the short-term solution for <i>Becca’s Café</i>. Describes TWO long-term solutions to avoid skill shortages in the future. States relevant information from the resource. <p>(Answers will typically state relevant business knowledge, and/or Māori business concepts.)</p>			<ul style="list-style-type: none"> Explains TWO negative consequences for <i>Becca’s Café</i> if the skills shortage continues. Explains ONE advantage of the short-term solution for <i>Becca’s Café</i>. Explains TWO long-term solutions to avoid skill shortages in the future. Includes relevant information from the resource to support explanations. <p>(Answers will typically include relevant business knowledge, and/or Māori business concepts.)</p>			<ul style="list-style-type: none"> Fully explains how <i>Becca’s Café</i> is impacted by the skills shortage. Fully explains different solutions that Becca can use to resolve the issue of a skills shortage in her business. Integrates relevant information from the resource to fully support explanations. <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) fully explained. The other part is explained.	All points covered. (a) AND (b) fully explained. One part may be weaker.

N0 = No response; no relevant evidence.

Q 3	Sample answers / Evidence
(a)	<p>Negative publicity is a public message that may give the business a bad reputation and could negatively impact on the business, which in turn could cause customers to leave (Defined).</p> <p>One consequence for the business if Becca decides to ignore the negative publicity is that customers who believe the report will no longer go to the café, and may go to its competitors instead (Described). This is because they would assume that this is the normal standard of hygiene in the business, which would be unacceptable to them (Explained). They may also talk to friends and colleagues and advise them of the issue, meaning that through word of mouth, Becca may lose even more customers. Future visitors to the website may see the entry, and therefore those potential customers may also not visit due to the negative review. This would result in decreased sales and market share (Fully explained).</p> <p>One consequence for the business if Becca decides to ignore the negative publicity is that the local council may be informed of the review and send around an officer to inspect the business (Described). If they have not had any notification from Becca about the situation, they may assume that Becca has no intention of rectifying the problem (Explained). This means they could close <i>Becca's Café</i> down until they have conducted a full inspection of the business. This would result in further bad publicity, decreased revenue due to shop closure, and a decrease in profit (Fully explained).</p>
(b)	<p>One solution that <i>Becca's Café</i> should implement is to contact the local council and ask for an inspection to be carried out (Described).</p> <p>One solution that <i>Becca's Café</i> should implement is to fix the problem. For example, Becca could contact a pest eradicator to investigate the problem and set traps overnight (Described).</p> <p>One solution that <i>Becca's Café</i> could implement is to issue an apology and explain how they have rectified the problem, and post this on the social media site. She could also offer the complainant a voucher for them to use on their return to the café (Described).</p> <p>The better solution that Becca should implement is to issue an apology, explain how she has rectified the problem, and offer a voucher to the customer.</p> <p>This solution resolves the issue of negative publicity because it provides a quick and direct response to the customer (Described). If the customer and the other users of the site can see that Becca is being honest and up-front, it shows that she genuinely regrets the situation and that she is responsive to customer complaints (Explained). It also shows that she appreciates feedback from customers (good or bad), and that she does listen to these comments and acts on them. This could lead to customers becoming more supportive and returning to <i>Becca's Café</i> (Fully explained).</p> <p>One long-term consequence of this solution is that <i>Becca's Café</i> may be seen in a positive way, as Becca has shown that her café is an honest business and that she cares about her customers (Described). People may talk positively about the business through “word of mouth” and because of this, the business may start to receive positive publicity (Explained). The likely impact of this is an increase in customers; positive publicity of this sort is free, so it would lead to an increase in revenue with no increase in Becca's marketing costs (Fully explained).</p> <p>The better solution that Becca should implement is to contact a pest eradication service. On completion of the eradication process, Becca should ask for a certificate of compliance (Described). This solution resolves the issue of negative publicity because it deals quickly with the problem (Described). She could then contact the local council, and also release a statement to social media stating that she has fixed the problem (Explained). Customers who use the café, and the council, would see that Becca is being honest and up-front, and would appreciate that she has acted swiftly to resolve the problem (Fully explained).</p> <p>One long-term consequence of this solution is that <i>Becca's Café</i> will be seen in a positive way (Described), as she has shown that she cares about hygiene within the business and that she cares about her customers. People / council will talk positively about <i>Becca's Café</i> through “word of mouth” and because of this, it may start to receive positive publicity (Explained). The likely impact of this is an increase in customers, and hence revenue, with no increase in marketing costs (Fully explained).</p>

Achievement			Achievement with Merit			Achievement with Excellence	
<ul style="list-style-type: none"> Defines “negative publicity”. Describes TWO consequences if Becca decides to ignore the negative publicity. Describes TWO appropriate solutions. Describes how the better solution would resolve the issue. Describes ONE long-term consequence of the better solution. States relevant information from the resource. <p>(Answers will typically state relevant business knowledge, and/or Māori business concepts.)</p>			<ul style="list-style-type: none"> Explains TWO consequences if Becca decides to ignore the negative publicity. Explains how the better solution would resolve the issue. Explains ONE long-term consequence of the better solution. Includes relevant information from the resource to support explanations. <p>(Answers will typically include relevant business knowledge, and/or Māori business concepts.)</p>			<ul style="list-style-type: none"> Fully explains how the negative publicity may affect <i>Becca’s Café</i>. Fully explains the best way for Becca to deal with the negative publicity. Integrates relevant information from the resource to fully support explanations. <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) fully explained. The other part is explained.	All points covered. (a) AND (b) fully explained. One part may be weaker.

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Cut Scores

Not Achieved	Achievement	Achievement with Merit	Achievement with Excellence
0 – 7	8 – 12	13 – 18	19 – 24