

**Assessment Schedule – 2012****Business Studies: Apply business knowledge to an operational problem(s) in a given small business context (90839)****Evidence Statement**

Q 1	Expected coverage
(a)	Term defined: recruitment of employees is the process of hiring staff.
(b)	<p><i>Sample answers:</i></p> <p>A negative consequence of a staff shortage for <i>Woody's Timber Ltd</i> is that there will not be enough staff to fulfil the order requirements (Described). If the order requirements cannot be fulfilled, then not only will <i>Woody's Timber Ltd</i> lose the current orders, it could also lose further business, which will further affect the bottom line/profit (Explained).</p> <p>Staff are working longer hours to ensure that work is completed on time (Described). The workers may be overworked and not happy with the situation. Quality could be reduced if existing staff are overworked and they start to make mistakes (Explained).</p> <p>Workplace accidents could occur if staff are overworked/tired.</p> <p>Funding requirements for recruitment can be a negative consequence.</p>
(c)	<p><i>Cause described:</i></p> <ul style="list-style-type: none"> <li>• shortage of skilled timber workers means that no specialists are available</li> <li>• decrease in demand for building materials due to a slow-down in the building industry, which discourages people from training in that area</li> <li>• on-going difficulty of access to the timber yards, so potential employees might go elsewhere</li> <li>• lack of cash flow might mean Ken is unable to recruit the staff he needs.</li> <li>• no succession planning by Woody's for retiring workers.</li> </ul>
(d)	<p><i>Sample answer:</i></p> <p>A short-term solution for Ken might be to use the specialists he already employs, who are multi-skilled, by offering them overtime (Described). This would enable staff to catch up on the work missed by a shortage of employees. This is an advantage for the business, as Ken won't have to worry about hiring anyone new in the short term, thus limiting the impact on his cash flow. Another advantage of offering overtime is that it will give Ken some time to plan exactly how many new employees he needs, and what particular skills would be most beneficial for the business (Explained).</p> <p>A short-term solution could be for Ken to re-hire the recently retired workers on a part-time basis (Described). This would allow the work to continue and orders to be fulfilled; these staff are already experienced, so will not need training (Explained). These workers would be efficient and productivity would not suffer. Orders can be fulfilled on time without increasing the workload of other staff. (Explained).</p> <p>A long-term solution would be for Ken to ask the existing employees, who are still working for the business, if they would like to work longer hours on a permanent basis, for more pay (Described), rather than hiring new people, which can be very costly (Explained). Because the current employees are loyal to the business, they might prefer this to staying on the same wages and having to train new employees. Also, it would ultimately save the business money (Fully explained).</p> <p>A second long-term solution would be for Ken to take on two or three apprentices and train them in the specific areas that he cannot staff (Described). The apprenticeship could be for a reasonable time period (eg 3 years), with conditions attached (for example, if he pays for their training, they must stay with the business for a certain period of time, eg 5 years) (Explained). Taking on apprentices means he will potentially not have recruitment issues for the next five or so years, and it is also more cost-effective than paying for qualified staff. This will, in turn, have a positive impact on profit (Fully explained).</p> <p>Other long-term solutions – consolidate and shut down part of the business, concentrating on the other areas; reduce the amount of timber products produced; move the business if at all possible; create a 24-hour business, so that staff can be rostered around the clock. Some of these changes would require Ken to obtain long-term finance.</p> <p>Multi-skill any new staff that come into the business, so expertise in all roles is gained and any staff shortage can be covered by other workers.</p>

	Any other realistic answer in context can be accepted – eg hire unskilled staff and then train them up to be specialists / look further afield for potential skilled employees / contract workers / temporary staff agencies / outsource / use friends and family for short-term work / automate processes to reduce the need for staff.
--	--

Not Achieved	N1	<p>Insufficient breadth by answering TWO of:</p> <ul style="list-style-type: none"> <li>• recruitment of employees is defined</li> <li>• negative consequence of staff shortage is described</li> <li>• possible cause of the recruitment issues is described</li> <li>• short-term solution is described</li> <li>• ONE advantage of short-term solution is described</li> <li>• ONE long-term solution is described.</li> </ul> <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"> <li>• recruitment of employees is defined</li> <li>• negative consequence of staff shortage is described</li> <li>• possible cause of the recruitment issues is described</li> <li>• short-term solution is described</li> <li>• ONE advantage of short-term solution is described</li> <li>• ONE long-term solution is described.</li> </ul> <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"> <li>• recruitment of employees is defined</li> <li>• negative consequence of staff shortage is described</li> <li>• possible cause of the recruitment issues is described</li> <li>• short-term solution is described</li> <li>• ONE advantage of short-term solution is described</li> <li>• ONE long-term solution is described.</li> </ul> <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"> <li>• recruitment of employees is defined</li> <li>• negative consequence of staff shortage is described</li> <li>• possible cause of the recruitment issues is described</li> <li>• short-term solution is described</li> <li>• ONE advantage of short-term solution is described</li> <li>• ONE long-term solution is described.</li> </ul> <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"> <li>• a negative consequence of staff shortage is explained</li> <li>• ONE advantage of short-term solution is explained</li> <li>• ONE long-term solution is explained.</li> </ul> <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"> <li>• a negative consequence of staff shortage is explained</li> </ul>

		<ul style="list-style-type: none"> <li>• ONE advantage of short-term solution is explained</li> <li>• ONE long-term solution is explained.</li> </ul> (Answers will typically include relevant examples, business knowledge and/or Māori business concepts.)
Excellence	E7	A short-term solution is described <i>AND</i> TWO advantages of the short-term solution are explained <i>AND</i> ONE long-term solution is fully explained. (Answers will typically integrate relevant examples, business knowledge and/or Māori business concepts into explanations.)
	E8	A short-term solution is described <i>AND</i> TWO advantages of the short-term solution are explained <i>AND</i> TWO long-term solutions 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.)

**N0** = No response; no relevant evidence.

Q 2	Expected coverage
(a)	<i>Issue outlined:</i> The flood (“act of God”) means that the roads to the mill are impassable, so no one can get in or out (the business is closed). A large amount of stock is damaged, as well as some of the drying room machinery.
(b)	<i>Explanation:</i> An act of God is an unexpected and destructive natural catastrophe that occurs outside of the business’s control – for example, flood, hurricane or storm, volcano erupting, tornado, fire caused by lightning, or earthquake; criminal damage is damage done to the property or other assets of a business or individual, committed by one or more people acting deliberately or with negligence.
(c)	<i>Identified:</i> Another act of God that could affect <i>Woody’s Timber Ltd</i> is a fire caused by lightning. Other “acts of God” that could affect <i>Woody’s Timber Ltd</i> include: earthquake, land slips, hurricane, cyclone, drought, bush fires, high winds.
(d)	<i>Sample answer:</i> One solution to deal with the damaged machinery in the drying room would be to take a short-term loan or make an insurance claim to have the machinery repaired or replaced, while at the same time trying to salvage as much of the damaged stock as possible. Another solution would be to try to salvage as much of the damaged stock as possible, and sell it at a reduced price, then use the money to repair the machinery. The better solution would be to take out a loan/insurance and have the machinery repaired, because the quicker the machinery is back in operation, the quicker <i>Woody’s Timber Ltd</i> will start to bring in revenue again from sales. The short-term consequence is that employees will be able to start work again as soon as the machinery is repaired or replaced. This is the better long-term solution. Salvaging and selling the damaged stock will take time, and while the machinery remains damaged, production and thus sales are reduced or cease. <i>Woody’s Timber Ltd</i> is already experiencing cash flow problems, and salvaging the stock could use up more money than

	<p>expected in the short-term.</p> <p><i>Alternative answers:</i></p> <p>The better solution would be to try to salvage as much of the damaged stock as possible, and sell it to increase revenue.</p> <p>This is the better solution because the revenue gained from the sale of the damaged stock could increase cash flow in the short term, which could then be used to repair or replace some of the damaged machinery. This will provide a more viable long-term solution than taking out a loan, which could take time to pay back and will incur interest.</p> <p>Or reference to an insurance claim to be used to repair/replace machinery, using the above explanations.</p> <p>Short term consequence will be the claim process – paperwork required, etc. It may take a long time to be assessed and payment made to Ken. A long-term consequence is that insurance premiums could rise.</p> <p>Any other realistic answer accepted in context.</p>
--	---

Not Achieved	N1	<p>Insufficient breadth by answering TWO of:</p> <ul style="list-style-type: none"> <li>• immediate issue is outlined</li> <li>• difference between “act of God” and criminal damage is described</li> <li>• one other type of “act of God” is identified</li> <li>• one appropriate solution is described</li> <li>• how it would deal with the issue is described</li> <li>• short-term or long-term consequence is described.</li> </ul> <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"> <li>• immediate issue is outlined</li> <li>• difference between “act of God” and criminal damage is described</li> <li>• one other type of “act of God” is identified</li> <li>• one appropriate solution is described</li> <li>• how it would deal with the issue is described</li> <li>• short-term or long-term consequence is described.</li> </ul> <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"> <li>• immediate issue is outlined</li> <li>• difference between “act of God” and criminal damage is described</li> <li>• one other type of “act of God” is identified</li> <li>• one appropriate solution is described</li> <li>• how it would deal with the issue is described</li> <li>• short-term or long-term consequence is described.</li> </ul> <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"> <li>• immediate issue is outlined</li> <li>• difference between “act of God” and criminal damage is described</li> <li>• one other type of “act of God” is identified</li> <li>• one appropriate solution is described</li> <li>• how it would deal with the issue is described</li> <li>• short-term or long-term consequence is described.</li> </ul> <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"> <li>• difference between “act of God” and criminal damage is explained</li> <li>• how the better solution would deal with the issue is explained</li> <li>• a short-term or long-term consequence is explained.</li> </ul> <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"> <li>• difference between “act of God” and criminal damage is explained</li> <li>• how the better solution would deal with the issue is explained</li> <li>• a short-term or long-term consequence is explained.</li> </ul> <p>(Answers will typically include relevant examples, business knowledge and/or Māori business concepts.)</p>
Excellence	E7	<p>TWO appropriate solutions are described  <b>AND</b>          how the better solution would deal with the issue is explained  <b>AND</b>          why it is a better solution is fully explained, with a short-term <b>and</b> a long-term consequence. ONE explanation may not be as clear.          (Answers will typically integrate relevant examples, business knowledge and/or Māori business concepts into explanations.)</p>
	E8	<p>TWO appropriate solutions are described  <b>AND</b>          how the better solution would deal with the issue is explained  <b>AND</b>          why it is a better solution is fully explained, with a short-term <b>and</b> a long-term consequence  <b>AND</b>          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 3	Expected coverage
(a)	<p><i>Reason described:</i></p> <p>To see if there is enough money to buy supplies and pay expenses.          To know what the expected cash inflows and outflows might be.</p>
(b)	<p><i>Sample answer:</i></p> <p>Managing cash flow is vital for the success of any business because a business needs money to pay for its day-to-day expenses, ie buying supplies, paying wages and bills, etc (Described). If a business does not have the cash to pay these expenses on an ongoing basis, it is deemed to be trading insolvent, which means it might have to close down (Explained).</p> <p>Managing cash flow allows a business to monitor the cash inflows and outflows of a business (Described).</p>
(c)	<p><i>Reason outlined:</i></p> <ul style="list-style-type: none"> <li>• costs higher or lower than expected</li> <li>• sales higher or lower than expected</li> <li>• outstanding debtors higher or lower than expected</li> <li>• unexpected production problems, causing a decrease in production/sales or increased expenses.</li> </ul> <p>A forecast is a prediction, whereas actual cash flows incorporate the real figures, which can be affected by changes such as act of God, prices increasing from supplier, and losing or gaining an order.</p>

(d)	<p><i>Sample answer:</i></p> <p>An appropriate short-term solution for <i>Woody's Timber Ltd</i> to deal with the cash flow situation might be to encourage outstanding debtors to pay on time, by offering a discount for prompt payment (Described). The advantage of doing this is that there would be an immediate increase in cash receipts. Another advantage is that less time and money will be spent chasing up outstanding debts, and payment times will be reduced. There may also be less chance of a debtor not paying at all (Explained).</p> <p>Other short-term solutions could be:</p> <ul style="list-style-type: none"> <li>• An injection of cash into the business; this could be by borrowing money through loans or an overdraft, or from family / friends.</li> <li>• Increase sales by promotion methods, marketing to increase cash inflow into the business.</li> <li>• Reduce costs and expenses to reduce cash outflows to improve the cash flow.</li> <li>• Get advice from an accountant (described only); some possible solutions needed for Explained.</li> </ul> <p>A long-term solution would be to reduce the number of debtors, or potential debtors, the business allows (Described). This can be achieved by offering credit terms to a limited selection of customers – ie only those with a good record of payment (Explained). This will help to ensure that the business always has enough cash to meet its own requirements (Fully explained).</p> <p>A second long-term solution would be to raise a long-term loan for the full purchase of equipment (Described), rather than using available cash flow. The payments would be spread over the term of the loan (Explained), freeing up working capital that is needed for the day-to-day running of the business. However, a loan would incur interest, which may cost the business more in the long term (Fully explained).</p> <p>Other long-term solutions – increase shareholding in the business; take full advantage of credit terms for payables; plan for unexpected events such as floods or other natural disasters, etc, by having a plan in place to outsource certain jobs in order to keep operating; plan for higher costs or lower sales by keeping an eye on trends in the building industry; hire an accountant; sell unused assets.</p> <p>Any other reasonable answers accepted.</p>
-----	--

Not Achieved	N1	<p>Insufficient breadth by answering TWO of:</p> <ul style="list-style-type: none"> <li>• reason for completing a cash flow forecast is described</li> <li>• why managing cash flow is vital to the success of any business is described</li> <li>• reason why actual and forecasted cash flow differ is outlined</li> <li>• short-term solution is described</li> <li>• ONE advantage of short-term solution is described</li> <li>• ONE long-term solution is described.</li> </ul> <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"> <li>• reason for completing a cash flow forecast is described</li> <li>• why managing cash flow is vital to the success of any business is described</li> <li>• reason why actual and forecasted cash flow differ is outlined</li> <li>• short-term solution is described</li> <li>• ONE advantage of short-term solution is described</li> <li>• ONE long-term solution is described.</li> </ul> <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"> <li>• reason for completing a cash flow forecast is described</li> <li>• why managing cash flow is vital to the success of any business is described</li> <li>• reason why actual and forecasted cash flow differ is outlined</li> <li>• short-term solution is described</li> <li>• ONE advantage of short-term solution is described</li> </ul>

		<ul style="list-style-type: none"> <li>• ONE long-term solution is described.</li> </ul> (Answers will typically state relevant examples, business knowledge and/or Māori business concepts.)
	A4	Answers FIVE of: <ul style="list-style-type: none"> <li>• reason for completing a cash flow forecast is described</li> <li>• why managing cash flow is vital to the success of any business is described</li> <li>• reason why actual and forecasted cash flow differ is outlined</li> <li>• short-term solution is described</li> <li>• ONE advantage of short-term solution is described</li> <li>• ONE long-term solution is described.</li> </ul> (Answers will typically state relevant examples, business knowledge and/or Māori business concepts.)
Merit	M5	Answers TWO of: <ul style="list-style-type: none"> <li>• why managing cash flow is vital to the success of any business is explained</li> <li>• ONE advantage of short-term solution is explained</li> <li>• ONE long-term solution is explained.</li> </ul> (Answers will typically include relevant examples, business knowledge and/or Māori business concepts.)
	M6	Answers THREE of: <ul style="list-style-type: none"> <li>• why managing cash flow is vital to the success of any business is explained</li> <li>• ONE advantage of short-term solution is explained</li> <li>• ONE long-term solution is explained.</li> </ul> (Answers will typically include relevant examples, business knowledge and/or Māori business concepts.)
Excellence	E7	A short-term solution is described <i>AND</i> TWO advantages of the short-term solution are explained <i>AND</i> ONE long-term solution is fully explained. (Answers will typically integrate relevant examples, business knowledge and/or Māori business concepts.)
	E8	A short-term solution is described <i>AND</i> TWO advantages of the short-term solution are explained <i>AND</i> TWO long-term solutions 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.)

**N0** = No response; no relevant evidence.

### Judgement Statement

	Not Achieved	Achievement	Achievement with Merit	Achievement with Excellence
Score range	0 – 6	7 – 12	13 – 18	19 – 24