Assessment Schedule – 2019

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

Assessment Criteria

Notes to Markers: guidance for awarding Achievement, Merit, or Excellence

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.

Justifying 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.

The candidate should use only one context for each part, but may change contexts between parts.

The task should be read as a whole before awarding a grade.

Part	Sample Evidence
(a)	Discuss the differing roles and skills of leaders and managers in the business.
	Senior leaders such as Melanie are expected to show rangatiratanga (leadership or authority), including management for current and future requirements.
	One primary aim of leaders is to be strategic, as their focus needs to be on driving their business towards long-term goals by implementing changes to the current business to ensure they meet these goals. On the other hand, managers are more operational in their aim, in that their goals are more immediate and driven by the need to carry out the day-to-day policies and procedures needed to meet current business goals. Therefore, a primary difference is the timeframe for their focus – short-term for managers and longer-term for leaders (Explained).
	Leaders are transformational and managers are transactional (completing tasks and daily operations). Leaders create the vision, managers execute the vision.
	Leaders and managers require great communication skills (Described). Being able to give instructions effectively, explain decisions, and listen to feedback will make them very effective in leading people (Explained). As a skilled communicator, Melanie would be able to clearly advise staff on what needs to be achieved, and motivate them by using language that makes them feel good about themselves (Explained). This will result in staff being more effective in meeting the goals of the business, as fewer mistakes will be made (Fully explained).
	Leaders and managers require decision-making skills (Described). They should be decisive and consistent in how they make their decisions. Melanie could decide to be inclusive or authoritarian, but either way, her staff need to know what to expect from her, so they can react accordingly (Explained). If Melanie comes across as unsure or indecisive, this could make her staff mistrust her authority and start to question her decisions, leading to confusion and staff not doing what they are meant to do (Fully explained).
	Communication is more important to a new leader such as Melanie than decision-making skills. An important part of rangatiratanga is relationship development and maintenance, problem-solving, conflict resolution, and peace-making. Being able to relate to people is an essential skill that all leaders and managers must have in order to be effective (Reason 1).
	Secondly, Melanie could hire a team of experts to help her with decision-making, particularly in areas where she is not proficient (Reason 2). When a new leader such as Melanie arrives, staff will be looking for clear direction and ideas, so they know what to expect. Being confused or uncertain around what

	Melanie is trying to express will lead to poor outcomes as the staff try to carry out their duties. While both skills are essential, and are related, being able to communicate effectively will help a new leader more in the short term than making good decisions but communicating poorly. Other examples that could be discussed include: • delegation • team-building • organisational skills • technology • relationship-building.
(b)	Fully explain the need for a business to have clear policies and procedures for staff to follow. Policies are guidelines as to how decisions should be made. Procedures are actions to carry out a policy. A policy, such as having weekly emailed reports to stakeholders so they are kept well informed of progress and can see how their money is being used, will mean that stakeholders will be more likely to continue investing in *WASG* in the future (Explained). By *WASG* having this written policy, it is increasing the transparency of the business and ensuring that stakeholders, such as the government, can be confident in the way that *WASG* is operating (Explained). An important tikanga (method or cultural custom) for *WASG* is being ethical and transparent in its operations. Ensuring that a clear communication policy is in place would ensure that these values can be maintained. This would enhance *WASG*'s reputation as a transparent and value-driven organisation (Fully explained).
(c)	Using a named large business, discuss solutions the business has implemented, or could implement, to improve productivity. Productivity is how efficiency can be measured per unit by looking at the relationship between inputs and outputs of a production process, such as milk units made per hour of worker input (Explained) – for example, falling costs per unit indicate that productivity is increasing. *Open Country Dairy* has improved its productivity by introducing lean production into its work flow (Described). For example, the tankers have a precise delivery route and schedule each day, to ensure that the minimum amount of time, and therefore fuel and wages, is spent picking up milk from the farms (Explained). This reduces the overall cost of milk supply and ensures that prices remain competitive (Fully explained). Another way in which *Open Country Dairy* has improved productivity is by ensuring its factory runs at an efficient capacity (Described). *Open Country Dairy*'s factories operate almost 24 hours a day, only shutting down for regular maintenance and cleaning, which maximises the volume of milk that can be produced from the large amount of capital expenditure required to build them (Explained). This ensures that *Open Country Dairy* is efficient, as the regular maintenance and cleaning will mean the equipment is kept in good condition, and able to run for long periods of time without needing expensive replacement parts (Fully explained). Other methods that could be discussed here include: • different production processes (such as batch or flow) • economies of scale. While both methods will improve productivity, maximising capacity would be the most effective. Firstly, *Open Country Dairy* has huge volumes of milk to process, and a large customer base to satisfy. They cannot afford to take too long in processing the milk, due to its short shelf life and increasing demand

from customers. Operating at the most efficient capacity ensures there is no lost raw material or reason for customers to look elsewhere for milk products (Reason 1).

Secondly, lean production still requires considerable financial investment to implement – through staff training, setting-up processes, and monitoring costs. While effective in its own right, the gains from lean production as a whole will take time to filter through, as these changes are made over time (Reason 2). The major benefits to be gained by *Open Country Dairy* producing at its most efficient factory capacity clearly outweigh other productivity options.

(d)	Using specific examples, fully explain ONE way in which variance analysis could be used to improve decision-making for the business.
	Variance analysis occurs by comparing actual results with budgeted results and trying to explain why any difference has occurred (Described). If Melanie compares each event's actual income or expense with what was budgeted, she will be able to see what went better than expected (e.g. more sales), and can make decisions to capitalise on this next time (e.g. increase production of that product). Also, she can look at what did not go so well (e.g. wage costs were higher than expected), so she can make decisions on improving this for next time – e.g. employ fewer people when sales are slower (Explained). As *WASG*'s pūtake (strategic objective) is to be Wellington's premium provider of sports administration and support, using variance analysis will help to ensure that next time an event is run, the chances of it being successful will increase, as better-informed decisions can be made, with sales maximised and expenses minimised (Fully explained).

Evidence

Achievement	Achievement with Merit	Achievement with Excellence
Explains: • ONE key difference between leading and managing • TWO skills that leaders and / or managers need • a suitable policy or procedure • why the business needs the policy or procedure • the term 'productivity' • TWO ways in which a business has improved, or could improve, its productivity • the term 'variance analysis' • why variance analysis improves decision-making. (Answers will typically **state** relevant examples, business knowledge, and / or Māori business concepts.)	Fully explains: • TWO skills that effective leaders and / or managers need • why the business needs the policy or procedure • TWO ways in which a business has improved, or could improve, its productivity • why variance analysis improves decision-making. (Answers will typically **include** relevant examples, business knowledge, and / or Māori business concept(s), to support explanations.)	Justifies: • with TWO reasons, which skill would be more important for a new leader and / or manager *AND* • with TWO reasons, which method would be most effective in improving productivity. (Answers will typically **integrate** relevant examples, business knowledge, and / or Māori business concept(s), to support explanations.)

Grade Score Descriptors

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.	All Excellence evidence.

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