

## Assessment Schedule – 2014

### Business Studies: Demonstrate understanding of how internal factors interact within a business that operates in a global context (91379)

#### Evidence Statement

##### Notes:

**Explaining** is defined as providing reasoned statements to show how factors/responses interact.

**Fully explaining** is defined as providing reasoned statements, in detail, and/or the impacts, effects, and consequences of interacting factors/responses.

**Evaluating** is defined as weighing up the advantages and disadvantages of the factors/responses, and/or comparing and contrasting the alternative courses of action, and justifying with relevant new evidence the significance of the factor/response/action or the likelihood of success. This may include reference to the alternative courses of action.

*Each question should be read as a whole before awarding a grade.*

Q 1	Sample answers /evidence
(a)	<p>Product innovation is the development of any new product, or a change in an old product, which brings greater profitability/ commercial success (Stated). For example, the facility to connect the payroll system to a government's tax department is an innovation (Explained).</p> <p>Innovative approaches will allow <i>Genstar Software</i> to provide a payroll system that secures brand loyalty from customers in the US market/ gain a competitive advantage over its competitors (Stated) that will allow them to gain market share (Explained). This is likely to lead to increased profitability and increased retained profit, which the business can invest in new research and development for further future growth (Fully explained).</p>
(b)	<p><i>Example:</i></p> <p><u>Selected strategy: Tolerating mistakes</u></p> <p>A positive impact of tolerating mistakes is that the attitude of staff at <i>Genstar Software</i> may improve (Stated), because they now feel more confident in trying new approaches, given that they now feel that management will be less critical of them if they make a mistake (Explained). This will promote a culture where staff think about and develop new ideas that raise revenue/ cut costs and increase productivity at <i>Genstar Software</i> (Fully explained).</p> <p>A negative impact of tolerating mistakes is that a culture of poor quality may develop at <i>Genstar Software</i> (Stated), because the staff feel that management will put up with them making mistakes, since there are now no consequences for poor performance (Explained). If quality deteriorates, it will result in a lack of confidence by customers and falling sales for <i>Genstar Software</i> (Fully explained).</p> <p>Conclusion: <i>Genstar Software</i> is a technology company, mistakes may be able to be rectified quickly and easily – therefore for <i>Genstar Software</i> the benefits of this policy will outweigh the negatives.</p>

Achievement			Achievement with Merit		Achievement with Excellence		
<p>Explains:</p> <ul style="list-style-type: none"> <li>the term “product innovation”, with an example</li> <li>ONE reason why being innovative is important for <i>Genstar Software’s</i> long-term growth</li> <li>ONE positive impact that the implementation of the suggested strategy may have on <i>Genstar Software’s</i> culture</li> <li>ONE negative impact that the implementation of the suggested strategy may have on <i>Genstar Software’s</i> culture.</li> </ul> <p>(Answers will typically <b>state</b> relevant examples, business knowledge, and / or Māori business concepts.)</p>			<p>Fully explains:</p> <ul style="list-style-type: none"> <li>ONE reason why being innovative is important for <i>Genstar Software’s</i> long-term growth</li> <li>ONE positive impact that the implementation of the suggested strategy may have on <i>Genstar Software’s</i> culture</li> <li>ONE negative impact that the implementation of the suggested strategy might have on <i>Genstar Software’s</i> culture.</li> </ul> <p>The answer includes relevant examples and business knowledge to support explanations.</p> <p>(Answers will typically <b>include</b> Māori business concept(s), where relevant, to support explanations.)</p>		<ul style="list-style-type: none"> <li>Fully explains ONE positive impact that the implementation of the suggested strategy may have on <i>Genstar Software’s</i> culture.</li> <li>Fully explains ONE negative impact that the implementation of the suggested strategy may have on <i>Genstar Software’s</i> culture.</li> <li>Provides a justified conclusion as to whether the implementation of the suggested strategy is likely to result in <i>Genstar Software</i> achieving an innovative culture.</li> <li>The answer integrates relevant examples and business knowledge to fully support explanations.</li> </ul> <p>(Answers will typically <b>integrate</b> Māori business concept(s), where relevant, to support explanations.)</p>		
N1	N2	A3	A4	M5	M6	E7	E8
Very little Achievement evidence, partial explanations.	Some Achievement evidence.	Most Achievement evidence.	Nearly all Achievement evidence.	Some Merit evidence.	Most Merit evidence.	Most Excellence evidence. (Must include justification.)	All Excellence evidence.

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

Q 2	Sample answers / evidence
(a)	<p>Intellectual property (IP) is human ideas that should be protected from theft (Stated). It is an intangible asset which has the potential to provide future income (Explained).</p> <p><i>Genstar Software</i> would benefit from a trademark for its logo (Stated), as this creates a clear, unique selling point which differentiates <i>Genstar Software</i> from its competitors (Explained). It would prevent <i>Genstar Software</i>'s good reputation from being tainted by inferior replicas, and will allow the business to compete effectively and increase future profitability (Fully explained).</p>
(b)	<p><i>Example: Air New Zealand international flights – The Economy Skycouch™</i></p> <p>Investing in a patent for The Economy Skycouch™ will mean the funds spent by <i>Air New Zealand</i> on research and development will not be wasted (Stated), because if <i>Air New Zealand</i> did not have a patent, then any airline could copy the idea (Explained). This means that <i>Air New Zealand</i> maintains a clear unique selling point and therefore benefits from the innovation in the form of future revenue (Fully explained).</p> <p><i>Air New Zealand</i> investing in a patent for The Economy Skycouch™ may involve high future costs in legal fees if the patent has to be defended, as such action would be time-consuming, and any infringement may be difficult to prove (Explained). These costs would impact on profitability (Fully explained).</p> <p><i>Conclusion</i></p> <p>The air travel market is highly competitive, with many airlines flying similar routes to <i>Air New Zealand</i>. There are fewer opportunities for price cutting, so it is essential that <i>Air New Zealand</i> adopts innovative products and gives them clear IP protection, to maximise the potential gains to the business.</p>

Achievement			Achievement with Merit		Achievement with Excellence		
<p>Explains:</p> <ul style="list-style-type: none"> <li>the term “intellectual property”</li> <li>using an example, how <i>Genstar Software</i> would benefit from a trademark to protect its IP</li> <li>ONE positive outcome for the named company of obtaining the selected IP protection</li> <li>ONE negative outcome for the named company of obtaining the selected IP protection.</li> </ul> <p>(Answers will typically <b>state</b> relevant examples, business knowledge, and/or Māori business concepts.)</p>			<p>Fully explains:</p> <ul style="list-style-type: none"> <li>using an example, how <i>Genstar Software</i> would benefit from a trademark to protect its IP</li> <li>ONE positive outcome for the named company of obtaining the selected IP protection</li> <li>ONE negative outcome for the named company of obtaining the selected IP protection</li> </ul> <p>The answer includes relevant examples and business knowledge to support explanations.</p> <p>(Answers will typically <b>include</b> Māori business concept(s), where relevant, to support explanations.)</p>		<ul style="list-style-type: none"> <li>Fully explains ONE positive outcome for the named company of obtaining the selected IP protection.</li> <li>Fully explains ONE negative outcome for the named company of obtaining the selected IP protection.</li> <li>Provides a justified conclusion as to whether the purchase of the IP protection by the firm would be likely to lead to improved long-term performance.</li> <li>The answer integrates relevant examples and business knowledge to fully support explanations.</li> </ul> <p>(Answers will typically <b>integrate</b> Māori business concept(s), where relevant, to support explanations.)</p>		
N1	N2	A3	A4	M5	M6	E7	E8
Very little Achievement evidence, partial explanations.	Some Achievement evidence.	Most Achievement evidence.	Nearly all Achievement evidence.	Some Merit evidence.	Most Merit evidence.	Most Excellence evidence. (Must include justification.)	All Excellence evidence.

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

Q 3	Sample answers / evidence
(a)	<p>Investment appraisal helps an investor to evaluate the desirability of an investment project (Stated), because it assesses the cost of the investment against the income streams it will generate (Explained).</p> <p>Average / accounting rate of return determines the average annual profit generated from the investment as a percentage of the initial investment (Stated). This enables the investor to make the most profitable investment decision (Explained). This is helpful because it enables the investor to measure the return from this investment against other investments (Explained), as well as the percentage rate of return available from banks / financial institutions (Fully explained).</p>
(b)	<p><i>Advantage</i></p> <p>Santa Clara has a shorter payback period (Stated); the site will take only 4 years to repay the initial investment, whereas the Los Angeles site will take 5 years (Explained). This allows funds to be invested in future opportunities within a shorter timeframe / this improves cashflow faster (Fully explained).</p> <p><i>Disadvantage</i></p> <p>The Net Present Value of the Santa Clara location is \$2.2 million, while the Net Present Value of the Los Angeles site is greater, at \$3.4 million (Stated). This means that the present value of future cashflows from the Santa Clara site will be lower (Explained), and <i>Genstar Software</i> will be less able to pay for better local software developers to create enhancements to the payroll software (Fully explained).</p> <p><i>Conclusion</i></p> <p>Santa Clara's location means better access to software developers and a highly skilled workforce capable of improving their innovations. There is also a greater likelihood of finding low-cost funding for the product in Santa Clara. As the product is technology-driven, there is no need to be located where the market is, and Los Angeles is only a short plane ride away from the Santa Clara head office.</p>

Achievement			Achievement with Merit		Achievement with Excellence		
<p>Explains:</p> <ul style="list-style-type: none"> <li>the purpose of investment appraisal</li> <li>ONE benefit of using the average / accounting rate of return as an investment appraisal tool</li> <li>ONE advantage to <i>Genstar Software</i> of setting up its new North American office in Santa Clara Valley</li> <li>ONE disadvantage to <i>Genstar Software</i> of setting up its new North American office in Santa Clara Valley.</li> </ul> <p>(Answers will typically <b>state</b> relevant examples, business knowledge, and / or Māori business concepts.)</p>			<p>Fully explains:</p> <ul style="list-style-type: none"> <li>ONE benefit of using the average / accounting rate of return as an investment appraisal tool</li> <li>ONE advantage to <i>Genstar Software</i> of setting up its new North American office in Santa Clara Valley</li> <li>ONE disadvantage to <i>Genstar Software</i> of setting up its new North American office in Santa Clara Valley.</li> </ul> <p>The answer includes relevant examples and business knowledge to support explanations.</p> <p>(Answers will typically <b>include</b> Māori business concept(s), where relevant, to support explanations.)</p>		<ul style="list-style-type: none"> <li>Fully explains ONE advantage to <i>Genstar Software</i> of setting up its new North American office in Santa Clara Valley.</li> <li>Fully explains ONE disadvantage to <i>Genstar Software</i> of setting up its new North American office in Santa Clara Valley.</li> <li>Provides a justified conclusion as to whether the choice of Santa Clara Valley is the right option for <i>Genstar Software</i>'s new North American office.</li> <li>The answer integrates relevant examples and business knowledge to fully support explanations.</li> </ul> <p>(Answers will typically <b>integrate</b> Māori business concept(s), where relevant, to support explanations.)</p>		
N1	N2	A3	A4	M5	M6	E7	E8
Very little Achievement evidence, partial explanations.	Some Achievement evidence.	Most Achievement evidence.	Nearly all Achievement evidence.	Some Merit evidence.	Most Merit evidence.	Most Excellence evidence. (Must include justification.)	All Excellence evidence.

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

### Cut Scores

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