

Assessment Schedule – 2015

Business Studies: Demonstrate understanding of strategic response to external factors by a business that operates in a global context (91380)

Evidence Statement

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.

Evaluating examines in detail by comparing and contrasting or identifying relationships to explain the impacts, effects and consequences of interacting factors in the business, plus strategic responses or solutions, and to provide a justified recommendation or draw justified conclusions on the significance or likely success of the factors /responses/ solutions. 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, such as long-term impact or sustainability of the business.

Part	Sample answers / Evidence
(a)	<p><i>Urban Village</i> has transferred production to the Philippines to be closer to other large potential markets, for example South Korea and Thailand. <i>Urban Village</i> expected to benefit from being close to these new potential markets, because transport costs from the Philippines to South Korea would be much less than from Ashburton to South Korea (Explained).</p> <p>The impact is that costs are lower and therefore prices could be lower, so “Street Savvy” could be much more competitive. Sales may rise, resulting in higher profits, and so dividends for shareholders may rise (Fully explained).</p>
(b)	<p>The lack of cultural responsiveness has led to misunderstandings and conflict. This is because the Filipino staff may feel unhappy and undervalued by the management at <i>Urban Village</i>, who do not have an understanding of their cultural expectations at the workplace. As a result, <i>Urban Village</i> may find it hard to retain staff, as the Filipino employees may choose to leave <i>Urban Village</i> (Explained). The impact of this is that <i>Urban Village</i> will lose experienced staff, and have to replace them with workers who may be less skilled and experienced, and whose individual output (productivity) is lower. This means the company’s profits will decrease (Fully explained).</p>
(c)	<ul style="list-style-type: none"> <i>Urban Village</i> could employ a specialist Filipino consultant to assist with staff relations. This is a strategic response, because the consultant may need to be employed immediately (time factor) to assist the New Zealand managers in understanding the cultural expectations of the Filipino staff. The consultant will need to work with the Operations Manager and also with the communications department to develop appropriate communications to suit the Filipino environment (scope factor). The Filipino consultant would ensure that appropriate cultural expectations of workers are met by <i>Urban Village</i>. This is because the consultant is Filipino and will have a better understanding of such expectations than Phil and the New Zealand managers (Explained). The impact of this would be lower staff turnover and therefore reduced recruitment expenses. This will provide greater profit for shareholders of <i>Urban Village</i> (Fully explained). The Filipino consultant may command a high salary, because this type of role is difficult and will require a consultant who is very experienced (Explained). The impact of this is that <i>Urban Village</i>’s wage expenses will increase, which may constrain expenditure in other areas of the business (Fully explained). Even though the cost of employing the consultant is high, it is only for a temporary period. Once the managers have a better understanding of the Filipino culture with respect to the employment of their staff, <i>Urban Village</i> could reduce its expenditure in this area. Then the company would enjoy the benefits of lower staff turnover, which would include the retention of experienced staff at the plant who would be able to bring innovation to production and train new staff (New information). All of these factors would lead to falling costs and rising revenues for <i>Urban Village</i>.

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| (d) | <p><i>Example: Whale Watch Kaikoura</i> – guided tours to view whales</p> <p><u>Sustainability issue: Environmental</u></p> <ul style="list-style-type: none"> • <i>Whale Watch Kaikoura</i> is concerned about the impact propellers have on the whales and other sea life. They are worried about the propellers injuring the whales, or scaring them off. • <i>Whale Watch Kaikoura</i> has spent a large amount of capital (size) buying launches fitted with water-jets, not propellers. The operations department has had to learn how to drive these new craft, and how to maintain the new propulsion system. The marketing department (scope) has publicised this decision on the company's website, because it is part of the company's sustainability approach to be guardians of the Kaikoura wildlife (Explained). The company is exhibiting kaitiakitanga. • Emphasising the care that <i>Whale Watch Kaikoura</i> is taking for the wildlife by replacing propeller launches with safer water-jet propulsion launches will create a very positive image for the company globally, amongst tourists. This is because this approach is unique, and enables <i>Whale Watch Kaikoura</i> to claim status as kaitiaki of the Kaikoura Canyon, which sets the company apart from other tourist operators (Explained). The impact of this is a greater market share for <i>Whale Watch Kaikoura</i>, because sustainability is highly supported amongst global tourists (Fully explained). • Spending this amount of money may prevent <i>Whale Watch Kaikoura</i> from spending in other important areas of development, e.g. upgrading the customer reception area at headquarters. This is because the amount spent on the new launches was large, and the company does not have access to finance for other projects until the loan for the launches is repaid (Explained). The impact of this may be that <i>Whale Watch Kaikoura</i> loses new customers if its service is slow at headquarters due to old, outdated facilities (Fully explained). • The cost of the new launches will prevent any other development at <i>Whale Watch Kaikoura</i> in the short term, but an increased market share from the good image created by this approach will generate greater sales in the future, which will provide the funds needed for future development. Also, using launches driven by water-jets will be more cost-effective than using propeller models, as they will use less fuel for the same number of customers (New information). The impact of this is lower costs, and so greater profit for the shareholders of <i>Whale Watch Kaikoura</i>. |
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Grade-score descriptors

Achievement		Achievement with Merit		Achievement with Excellence			
<p>Explains:</p> <ul style="list-style-type: none"> the decision by <i>Urban Village</i> to set up production in the Philippines the impact that poor cultural intelligence by <i>Urban Village</i> may have on retention of its Filipino staff, and therefore on the business why the strategic cultural response is a business-wide reaction at multiple levels a positive impact of the cultural response a negative impact of the cultural response why the response to the sustainability issue is a business-wide reaction at multiple levels a positive impact of the response a negative impact of the response. <p>(Answers will typically state relevant examples, business knowledge, and/or Māori business concepts.)</p>		<p>Fully explains:</p> <ul style="list-style-type: none"> the decision by <i>Urban Village</i> to set up production in the Philippines the impact that poor cultural intelligence by <i>Urban Village</i> may have on retention of its Filipino staff, and therefore on the business a positive impact of the cultural response a negative impact of the cultural response a positive impact of the response to the sustainability issue a negative impact of the response to the sustainability issue. <p>(Answers will typically include Māori business concept(s), where relevant, to support explanations.)</p>		<p>Evaluates:</p> <ul style="list-style-type: none"> a strategic cultural response a strategic response to a sustainability issue. <p>(Answers will typically integrate Māori business concept(s), where relevant, to support explanations.)</p>			
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