

Assessment Schedule – 2017

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

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.

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.

All parts of the answer should be read as a whole before awarding a grade.

Evidence Statement

Part	Sample answers / Evidence
(a)	<p><u>Evidence using case study (<i>Ocean King</i>)</u></p> <p><i>Ocean King</i> could undertake a market audit and then look to rationalise its operation in Japan in the longer term. This is a strategic response because it would look at the full scope of the marketing strategies of the business (scope), and time, because there is both a short-term element and a long-term element (timeframe).</p> <p><i>Positive impact</i></p> <p>The business would have a better understanding of the effective and less effective elements of their marketing strategies, because these have been fully analysed during the audit (Explained). This would improve profitability, because it would reduce expenses in areas where funds are being ineffectively employed (Fully explained).</p> <p><i>Negative impact</i></p> <p>Rationalisation generally involves job losses, which in turn may reduce motivation in some employees who are fearful of losing their jobs (Explained). This may reduce productivity in the sales team, and therefore reduce sales and profitability (Fully explained).</p> <p><i>Conclusion</i></p> <p>It is very important that <i>Ocean King</i> investigates its sales team in Japan. The sales team is extended and large (New information), and this means that there are potentially savings to be made by rationalising the identified ineffective areas of the team.</p> <p><u>Evidence using own business context (<i>Fonterra</i>)</u></p> <p><i>Fonterra</i> has faced falling milk prices, partly because of falling demand across the world. <i>Fonterra</i> could undertake a product innovation strategy to develop milk into new products that they could then market in countries where demand is not falling. This is a strategic response because it will involve R&D and marketing in the short term to develop new products, while further marketing and then production would be required in the longer term to deliver the product to market.</p>

(a) cont'd	<p><i>Positive impact</i></p> <p>It would give <i>Fonterra</i> the potential for new revenue streams, because it would have diversified into new markets (Explained). As sales of the new products begin to rise, profitability would increase (Fully explained).</p> <p><i>Negative impact</i></p> <p>A concern is that development of a new product may require a large amount of capital investment. This is because the product must be branded and market-tested (Explained). This would take funds away from other potential capital investment projects that may have increased profitability elsewhere (Fully explained).</p> <p><i>Conclusion</i></p> <p>This is probably not a great policy for <i>Fonterra</i> to follow. <i>Fonterra</i> is a dairy cooperative owned by its farmers (New information). The falling dairy prices would impact on the profitability of farms, and therefore the strategic priority should be to maintain their payout, rather than focusing on new product development.</p>
(b)	<p><i>Burger Fuel</i> has expanded production and sales to Dubai. New Zealand is a small country, and becoming a multinational allows access to a larger population of potential buyers (Explained). Expansion into becoming a multinational business has required greater investment by shareholders, because the business needed to set up production and marketing facilities in Dubai. In the short term, shareholders may see a lower return on their investment in the form of dividend pay-outs while the new market is supported with investment to develop fully. Successfully growing a new market will increase the profitability of the business, therefore returns to shareholders will increase in the long term (Fully explained).</p>
(c)	<p><u>Evidence using case study (<i>Ocean King</i>)</u></p> <p>Kaitiakitanga is the guardianship of resources to allow access by future generations. <i>Ocean King</i> will ensure that the Spanish company takes fish only from sustainable sources (Explained). This may limit its catch in the short term, and consequently its profitability. In the long term, profitability may increase, because <i>Ocean King</i> will have access to more fish in the future by avoiding depletion of stocks now (Fully explained).</p> <p><u>Evidence using own business context (<i>Fonterra</i>)</u></p> <p>Kaitiakitanga is the guardianship of resources to allow access by future generations. <i>Fonterra</i> has demonstrated kaitiakitanga through its Effluent Management Programme. This will reduce the amount of effluent draining into and polluting waterways (Explained). This will reduce profitability in the short term as the programme is implemented, because resources will need to be purchased. In the long term, profitability may rise as farmers face fewer controls on their behaviour and avoid legal action that might otherwise have occurred due to environmental harm (Fully explained).</p>
(d)	<p><u>Evidence using case study (<i>Ocean King</i>)</u></p> <p>Cultural awareness development training for all staff is a strategic response that could be employed. This is strategic because it involves all staff (scope) and would need to be implemented on an ongoing basis (i.e. in both the short term and the long term) to maintain this skill (timeframe).</p> <p><i>Positive impact</i></p> <p>It would minimise cross-cultural issues, because people would be more aware of their behaviour and that of others (Explained). This would lead to greater teamwork that would increase productivity and innovation (Fully explained).</p> <p><i>Negative impact</i></p> <p>Some staff may feel it is merely “tokenism”, and therefore would not value the training that is being provided (Explained). This would lead to a limited impact and cross-cultural issues may continue, hampering relationships in the business, motivation, and productivity (Fully explained).</p>

(d) cont'd	<p><i>Conclusion</i></p> <p>Cultural awareness training for all staff may not be the correct response in this situation. Only a small number of the staff (New information) would be involved in the move to the UAE, so giving the training to all staff may take many people away from their day-to-day responsibilities, with no obvious benefit to them or the business.</p> <p><u>Evidence using own business context (<i>Fonterra</i>)</u></p> <p>Cultural awareness development training for its New Zealand staff is a strategic response strategy that could be employed. This is strategic because it involves all New Zealand staff (scope) and would need to be implemented on an ongoing basis (i.e. in both the short term and the long term) to maintain this skill (timeframe).</p> <p><i>Positive impact</i></p> <p>It would minimise cross-cultural issues, because people would be more aware of their behaviour and that of others (Explained). This would lead to greater collaboration that would increase productivity and innovation. (Fully explained).</p> <p><i>Negative impact</i></p> <p>Some staff may feel it is merely “tokenism”, and therefore would not value the training that is being provided (Explained). This would lead to a limited impact and cross-cultural issues may continue, hampering relationships in the business, motivation, and productivity (Fully explained).</p> <p><i>Conclusion</i></p> <p>China is <i>Fonterra</i>’s largest market, and it has been involved in several instances of negative publicity in this market (New information). Therefore, it is very important that staff improve cultural awareness of this market and develop good relationships.</p>
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Grade-score descriptors

Achievement			Achievement with Merit			Achievement with Excellence	
<p>Explains:</p> <ul style="list-style-type: none"> • why the strategic response to falling demand in a major export market is a business-wide reaction at multiple levels • ONE positive impact of the strategic response to falling demand • ONE negative impact of the strategic response to falling demand • a reason for becoming a multinational business • an impact that kaitiakitanga will have on the operations of the business • why the strategic response to minimise cultural awareness concerns is a business-wide reaction at multiple levels • ONE positive impact of the strategic response to minimise cultural awareness concerns • ONE negative impact of the strategic response to minimise cultural awareness concerns. <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"> • ONE positive impact of the strategic response to falling demand • ONE negative impact of the strategic response to falling demand • a reason for becoming a multinational business • an impact that kaitiakitanga will have on the operations of the business • ONE positive impact of the strategic response to minimise cultural awareness concerns • ONE negative impact of a strategic response to minimise cultural awareness concerns. <p>(Answers will typically include relevant examples, business knowledge, and/or Māori business concepts.)</p>			<p>Evaluates:</p> <ul style="list-style-type: none"> • a strategic response to falling demand in a major export market • a strategic response to minimise cultural awareness concerns. <p>(Answers will typically integrate relevant examples, business knowledge, and/or Māori business concepts.)</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