

Assessment Schedule – 2019

Business Studies: Apply business knowledge to address a complex problem(s) in a given global business context (91381)

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.

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

Part	Sample Evidence
(a)	<p>Using Resources A, B, C, and D, fully explain TWO causes of <i>Reid Steel's</i> decision to shift its production to the Whatawhata site in the Waikato region.</p> <p>A cause of <i>Reid Steel's</i> decision to shift its production facility to the Waikato region is that it provides easy access to the Port of Tauranga (Stated). This is because <i>Reid Steel</i> would be able to use this port as its exporting port. The Port of Tauranga is the best port for <i>Reid Steel</i> to export its iron slag from, because it is the most productive port at processing containers, with container volumes increasing by 13.8% over the 2016–2017 period (Explained). The impact of <i>Reid Steel</i> using the Port of Tauranga is that the port will load the iron slag faster, meaning faster / more efficient exporting to China (Fully explained).</p> <p>A cause of <i>Reid Steel's</i> decision to move its production facility to Whatawhata is to reduce the distance travelled between the mine at Hoods Landing and the port that the iron slag is exported from (Stated). This is because when <i>Reid Steel</i> did the processing in Whangarei, the total distance travelled between mine and port was 392 kilometres. With the new route, when production is carried out at Whatawhata and the port used for exporting the iron slag is Tauranga, the distance travelled is significantly less at 240 kilometres (Explained). This will result in <i>Reid Steel's</i> operations having a lower environmental impact, in accordance with the values of the company and its owners (Fully explained).</p>
(b)	<p>Using Resource E, fully explain ONE possible negative effect and ONE possible positive effect of <i>Reid Steel</i> building a pipeline to transport ironsand to the Whatawhata site.</p> <p>One negative effect of the pipeline is an enormous capital expense (Stated), due to its length of 115 km, the time needed to construct the pipeline, the environmental impact and resource consent difficulties (Explained). This may mean that <i>Reid Steel</i> is unable to invest in capital projects elsewhere or may need to borrow, which would impact on cash flow. This may reduce its competitiveness if it is unable to update its machinery or has to increase its liabilities (Fully explained).</p> <p>A positive effect is that it will be better for the environment and local community (Stated). This is because the alternative, trucks, would need to run 24/7 every three minutes. This would cause substantial environmental pollution, which goes against the values of <i>Reid Steel's</i> owners to reduce the negative environmental impacts of its transport operations (Explained). This would improve the reputation of the business in the local community, leading to greater goodwill and reduced expenses, as the firm would face fewer objections and incur little or no fuel costs once the pipeline is in operation (Fully explained).</p> <p>Note: A negative impact on the environment from digging up earth to install the pipeline is also acceptable.</p>

(c)	<p>Using Resources F, G, and H, evaluate BOTH possible oven solutions.</p> <p><i>Solution 1</i></p> <p><i>Reid Steel</i> should purchase the new oven from Germany, as it has a higher Net Present Value than the South Korean oven (Stated). This is because the projected Net Present Value from the German oven is \$134,700 greater than the Net Present Value from the South Korean oven (Explained). The impact of this is that the German model of oven is likely to generate greater profits for <i>Reid Steel</i>. These additional profits could be used to assist with the expansion of the business and infrastructure improvements, such as a pipeline (Fully explained).</p> <p><i>Solution 2</i></p> <p><i>Reid Steel</i> should purchase the new oven from South Korea, as this oven will operate with fewer interruptions to production (Stated). This is because the South Korean oven has fewer annual maintenance days than the German oven. The German oven is unable to produce for an average of 30 days per year, whereas the South Korean oven only has 14 maintenance days on average per year (Explained). The impact of this is that there would be fewer delays in production, meaning that orders from <i>Gang Wuding</i> could be delivered on time more consistently. As a result, <i>Gang Wuding's</i> customers will be happy with the performance of the company, and sales will rise (Fully explained).</p> <p><i>Reid Steel</i> should choose the new oven from South Korea.</p> <p><i>Justified conclusion</i></p> <p><i>Reid Steel</i> should purchase the new oven from South Korea, because the revenue gained from having a good reputation for delivering on time, due to fewer maintenance days, will be greater than the extra \$134,700 gained from a higher Net Present Value if it was to choose the German oven.</p> <p>Also, the distance to ship the oven from South Korea to New Zealand is much less than from Germany. Thus, greenhouse gas emissions and oil pollution are lowered, reducing the environmental impact of this option. This is in line with the objectives and environmental sustainability values of the Chinese owners.</p> <p>Note: Solution 1 should also be accepted if justified business knowledge and understanding are demonstrated.</p>
(d)	<p>Using Resources I, J, and K, evaluate BOTH possible solutions to the tariff issue facing <i>Gang Wuding</i>.</p> <p><i>Solution 1</i></p> <p>Trans-shipping through Vietnam is an option to avoid the trade tariffs implemented by the USA on steel products made in China (Stated). This is because products merely need to be relabelled rather than remade (Explained). This would keep costs of production lower, and therefore improve the profitability of the company (Fully explained).</p> <p><i>Solution 2</i></p> <p>Opening a new production operation in the USA would avoid the tariffs (Stated), because the products would then be made domestically, within the USA (Explained). A US-based operation would potentially employ US staff, and the US Government may provide incentives to <i>Gang Wuding</i>, which would lower the costs involved in setting up a new production facility. Avoidance of the tariffs and possible government assistance would help to keep prices competitive, thus maintaining revenue and profitability (Fully explained).</p> <p>Recommendation: <i>Gang Wuding</i> should open a new production operation in the USA.</p> <p><i>Justified conclusion</i></p> <p>Positive effect</p> <p>If <i>Gang Wuding</i> were to set up a production facility in the United States this could have a positive impact on the roofing steel market within the United States (Stated). This is because customers would be impressed that <i>Gang Wuding</i> was supporting their economy by setting up a production facility within the United States that would employ Americans and provide business for other American firms as suppliers to the new facility (Explained). The impact of this</p>

<p>would be a rise in demand and an increase in sales of roofing iron for <i>Gang Wuding</i> in the United States (Fully explained).</p> <p>Negative effect</p> <p>A negative effect would be an increase in funds needed by <i>Gang Wuding</i> (Stated). This is because a construction firm would need to be employed to build the new production facility in the United States (Explained). The impact of this is that the funds used to build the new production facility can't be used to purchase machinery or other technology that could have improved the company's quantity or quality of output (Fully explained).</p> <p>Conclusion</p> <p>The benefits of impressing customers in the US market would be long-term, whereas the funds needed for the expansion would only have a short-term impact on <i>Gang Wuding</i>, as interest rates are relatively low for borrowing.</p> <p>New information</p> <p>Also, the fact that the production facility would no longer be in China (or Vietnam) would mean that <i>Gang Wuding</i> was dramatically reducing transport required in the supply chain. This would reduce impacts on the environment – one of <i>Gang Wuding</i>'s key corporate values.</p> <p>Note: <i>Either solution should be accepted if justified business knowledge and understanding are demonstrated.</i></p>

Evidence

Achievement	Achievement with Merit	Achievement with Excellence
<p>Explains:</p> <ul style="list-style-type: none"> TWO causes(s) of <i>Reid Steel</i>'s decision to relocate its production facility ONE possible negative effect and ONE possible positive effect of <i>Reid Steel</i> building a pipeline ONE positive effect that EACH oven solution would have on <i>Reid Steel</i> ONE positive effect that EACH solution to the tariff issue would have on <i>Gang Wuding</i>. <p>AND</p> <p>States relevant information from the resource.</p> <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"> TWO causes of <i>Reid Steel</i>'s decision to relocate its production facility TWO possible effect(s) of <i>Reid Steel</i> building a pipeline ONE positive effect that EACH oven solution would have on <i>Reid Steel</i> ONE positive effect that EACH solution to the tariff issue would have on <i>Gang Wuding</i>. <p>AND</p> <p>The answer includes relevant information from the resource to support explanations.</p> <p>(Answers will typically include Māori business concept(s), where relevant, to support explanations.)</p>	<p>Evaluates how solutions would solve the complex problems of:</p> <ul style="list-style-type: none"> the replacement of an oven for <i>Reid Steel</i> the tariff issue for <i>Gang Wuding</i>. <p>AND</p> <p>The answer integrates relevant information from the resource to fully support explanations.</p> <p>(Answers will typically integrate Māori business concept(s), where relevant, to support explanations.)</p>

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.	Excellence evidence. One part may be weaker.	All points covered.

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