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90837



NEW ZEALAND QUALIFICATIONS AUTHORITY
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SUPERVISOR'S USE ONLY

Level 1 Business Studies, 2016

90837 Demonstrate an understanding of internal features of a small business

9.30 a.m. Friday 25 November 2016
Credits: Four

Achievement	Achievement with Merit	Achievement with Excellence
Demonstrate an understanding of internal features of a small business.	Demonstrate a detailed understanding of internal features of a small business.	Demonstrate a comprehensive understanding of internal features of a small business.

Check that the National Student Number (NSN) on your admission slip is the same as the number at the top of this page.

You should attempt ALL the questions in this booklet.

Refer to relevant business knowledge and /or Māori business concepts in your answers.

If you need more room for any answer, use the extra space provided at the back of this booklet.

Check that this booklet has pages 2–12 in the correct order and that none of these pages is blank.

YOU MUST HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION.

Merit

TOTAL

17

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QUESTION ONE: BUSINESS STRUCTURE

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After successful careers in tennis, Tāwhiri and his best mate Eli decided to use their passion and knowledge of tennis by creating a business to develop and market a new hi-tech tennis racket. The business is called *Tennis Tech*, and operates as a partnership.

- (a) Define the business term "partnership", and fully explain TWO advantages to Tāwhiri and Eli of forming a partnership for their new business.

Partnership means that the business has ^{two or} more than two (2-25) owners at the same time.

One advantage of partnership is that there will be more capitals to start with, as there are ~~two~~ or more people who can invest ~~age~~ to the business. This means the future expanding or problem ~~solving~~ ^{solving} will be easier to do as more capital can be used. This increases the chance of success to the business. Another advantage is that if one owner wants to go to holiday or feeling unwell, there will be a person who can take care ~~to~~ of the business. So that the ~~but~~ it will ensure the business to continuing operating. Thus there will be profit made all the time and the owner ~~can~~ ~~to~~ will ~~be~~ not worry about the business while he is away. Which may let him recover quickly. It

Due to high demand for their products, the firm has grown, and a decision needs to be made whether to expand the design and production facilities. Tāwhiri believes the firm should consider becoming a registered company, as this would allow greater access to capital to fund any expansion.

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- (b) Fully explain the impacts on Tāwhiri and Eli of *Tennis Tech* changing from a partnership to a registered company.

In your answer:

- explain ONE difference between a partnership and a registered company
- fully explain TWO advantages and ONE disadvantage of *Tennis Tech* becoming a registered company.

A partnership is a owning between 2 - 25 people within a business while company ~~me~~ is a separate and legal entity that has its own ~~tax~~ and law to comply.

One advantage of being a ~~res~~ registered company is ~~the~~ limited liability. ~~This~~ means that in the event of business failure, the creditors will ~~not~~ ^{only} take the assets within the business and the investment in the business to ~~cover~~ the debts. The assets of owners will not be in risk of taking ~~over~~ ^{over}. This reduce the risk of owners to operating a business. ^{Since they} ~~they will~~ don't need to worry about their personal assets. So that they could have more time and energy to do some works & rather than ~~was~~ ^{an} working all the time, ~~the~~ thus leads to ^{an} increase in productivity.

Another advantage of being a registered company is that ~~o~~ the business could gain capitals & by selling the shares between friends and families. This enables the business to have more equity ^{to} operate. For example, if the business wants to

More space for this answer is available on the next page.

expand, they can gather capitals by selling shares so that more capital is available for the to use. This means there will be a higher chance for the business to success as they don't need to worry about the capital issue.

The disadvantage of being a registered company is that there will be too many legal processes and paperwork to be done in the process of registering. So that more time and expense will be created which leads to a loss in equity. And owners energy will be decreased as they need to pay attention in doing those paperwork. So less ~~work~~ works will be done which decrease the productivity of the business.



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QUESTION TWO: COMMUNICATION

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Businesses require good communication if they are to maximise their opportunities.

- (a) Fully explain TWO methods of communication *Tennis Tech* may use to reach its customers/potential customers.

In your answer:

- identify TWO situations where *Tennis Tech* may communicate with its customers/potential customers to maximise its opportunities
- for EACH situation, fully explain a different communication method and how it would enable *Tennis Tech* to communicate effectively with its customers/potential customers.

In the case of selling products/service, the business needs to have communication with its customers, this will help the customers to know more about the business and creates opportunities of choosing this business at the same time. The business may use the method of conversation (meeting) in this situation. While the customer is interested in the business and want to buy its products, the two-way conversation will enable the customers understand and know deeper about the business as it allows customers to query and respond. The customers can ask ~~what~~ ^{what} they want to know about the product which will lead to a high quality understanding and saving time on communicating. The business has chance to explain comprehensively as they are having face-to-face conversation. By having a completely understanding of the business, the ~~chance~~ ^{chance} of customer choosing this business increases, which leads to an increase in the profit to the business. ||

Another situation might be ~~the~~ in the event of business sales, they could use an one-way communication to let customers know that they are selling. They

extra page →

(b) In all businesses, good communication is important for efficient operations.

Discuss ONE barrier to communication that may exist for a small business (maximum of 20 workers and/or with local or community significance) that you have studied in depth.

Name of the small business	Extreme Edge
Good(s) sold or service(s) provided	Climbing service

In your answer:

- identify and explain ONE barrier to communication
- fully explain how the barrier to communication may affect the business negatively
- fully explain a method of communication which would solve the problem.

One barrier to communication will be the different understanding of language. In many business communications, some words like jargons may be used in order to present the right & and specific information. But there are people who are new to the business or not knowing these words may not ~~can~~ understand what the actual meaning that the person wants to convey. This will ~~have~~ negatively impact the business as it will misleading some staff to do ~~the~~ a completely different work as they cannot understand the words used by the sender. So that heaps of time, energy and expenses are wasted on doing useless works. The productivity of the business will decrease immediately as there ~~is~~ less effective work is being done. And the business has to spend time and money to recover and redo works that initially ~~so~~ should be done.

One method which could solve this barrier is that asking people who ~~have~~

new to the business or don't know the words to know these jargons. They can ~~see~~ search up lists of ~~to~~ "Jargons may used in the future work and ~~to~~ ~~getting~~^{try} to know the meanings. This will let their communication much easier as the receivers could understand the tasks. So that ~~the~~ the correct tasks will be completed which saves time and energy and expenses. This will not only let receiver be easier but also increases the productivity of the business as more works are being done within time and correct understanding. So this, lead to ~~the~~ the higher chance of business success in the future it.

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M6

QUESTION THREE: EMPLOYER/EMPLOYEE RELATIONSHIPS

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Good employer/employee relationships are important for the success of any business. Poor employer/employee relationships can impact negatively on the performance of a business.

- (a) Fully explain why good employer/employee relationships are important for the success of *Tennis Tech*.

In your answer:

- identify ONE example of good employer/employee relationships
- fully explain TWO impacts that good employer/employee relationships will have on *Tennis Tech*.

Good employee/employer relationship means that they are getting along with each other well. An example will be that ~~they~~ ~~that~~ employer provides employee enough breaks time and ~~rest~~ holiday leave.

One impact of having good relationship is that the employee will feel valued in the business as the ~~emp~~ employer respect them. This will motivate the employees to have more effective work to be done. This impact the business's productivity and the reputation as the employee provides good service towards the customers. So it will attract more customers which will eventually lead to increase in profit of the business.

Another impact on the ~~business~~ ^{Tennis Tech} will be that there will be less ~~likelihood~~ loss of employees as they ~~are~~ ^{are} all happy to stay in the business. This makes the business save its expense and ~~time~~ ^{the} on recruiting people all the time. And also a good brand image of treating employee well will ~~spread~~ be spread. So that more and more people want to join the business which creates chance for business to have more valuable employees. This will lead to a success of business as many hard-working employees working in the business. //

David, one of *Tennis Tech*'s employees, has recently had a significant number of unexplained absences. This has impacted on other staff, and on customers who have experienced late deliveries.

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- (b) Discuss how a failure to deal with David's unexplained absences may affect *Tennis Tech*.
In your answer:

- explain ONE negative impact of David's absences on the staff and ONE negative impact on *Tennis Tech*
- fully explain TWO alternative solutions that *Tennis Tech* could use to deal with the problem.

One negative impact of David's absence ~~with the~~ on the staff will be that others may also ~~absence~~ next time as they saw ~~David~~ had once and they think they could also be late / absent. They will feel unfair as ~~David~~ ^{David} absence once ~~the~~ but others are not. Over a long time period, absence will ~~be~~ ^{not} be a serious problem between employees as they ~~have~~ already had so many times. A negative impact on business ~~will~~ be that, there will be less workers to ~~be~~ work in a full time which makes less works produced. ~~The but~~ The employees aren't able to give the task on time ~~which~~ So that the business will ~~experience~~ a lack of productive. //

One solution ~~out~~ of *Tennis Tech* solving this problem will be that ~~the~~ the owner can mark the time of their absence and once it reaches a ~~maximum~~ ^{maximum} time such as > three times ~~per~~ each month, the owner could ~~decrease~~ the bonuses of this employees. ~~By~~ The employee //

More space for this answer is
available on the next page.

doesn't want the reduce in their wages so that they have to ~~come~~ ^{come} to work or having a explained absence. This will motivate the employee to work harder and get to work ~~on~~ on time in order to not be marked. This ~~remakes~~ the employee have a higher productivity and completing more works.

~~Another~~ Another solution will be that ~~the employee~~ if the employee is absent and not have time to complete the work, ~~if~~ Others can take over the work. This ~~means~~ means others can ~~to~~ have more work done which ~~that~~ means he ~~could~~ have ~~a~~ more bonuses at the end. This also motivated the employees to come to work on ~~at~~ time ~~to~~ ~~to~~ complete their own work. In order to avoid others take over their work so that there will be no person who will have unexplained absence as there are the risk of losing bonuses ~~and chance of~~. The ~~the~~ employees are forced to come with no excuse. It



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Extra space if required.

Write the question number(s) if applicable.

ASSESSOR'S
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Question Two (a)

- (a) They could use email to let customers know. This doesn't require response or feedback from the customers which save many times in ~~ret~~repling. And this method could be done in a great amount as emails can be ~~send~~^{sent} to a group of people at the same time. Customers who are interested in this sale will come to the business and buy their products. This increase the efficient of spreading information of the busi^{ness} and make it more quickly to let ~~a~~^{more} people know. This will lead to a increase in customers coming. //

Merit exemplar for 90837 – 2016		Total score: 17
Q	Grade score	Annotation
1	M5	The candidate has explained “partnership” and the advantages and disadvantages for the business of this type of ownership. The explanation of a change in ownership has been given in some detail. The candidate has used good business terminology throughout the question and has shown clear understanding.
2	M6	The candidate has fully explained “communication” and why it is important to the success of a business. They have also used good knowledge of a local business they have studied to show how communication can affect the business. The answer does not achieve E7, as it lacks the detail necessary for the higher grade.
3	M6	The candidate has explained the importance of relationships to the success of a business, and fully explained the impact on staff morale of the situation described in the resource material not being addressed, and how this could affect the business. The answer does not achieve E7, as it does not “fully explain”, and some parts are a little lacking in detail.