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90837



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## 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.**

**Achievement**

**TOTAL**

**11**

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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.

A partnership can be between 2-25 people who operate in a partnership sharing unlimited liability, they work together and equally own the business.

An advantage for Tāwhiri and Eli to be in a partnership is that they can share a work load. This is an advantage because it means that if one of them are sick or need to go on holiday there will be someone who you can trust that's looking after the business. A consequence of ~~this~~ this is the business won't have to stop operating if ~~if~~ one of the owners were to be away which means you wouldn't lose profits or customers by having inconsistent work times. Another advantage is that they can have different strengths with in all areas of the business. This is because each person has different strengths, by having more than one owner it means that they can have a variety of strengths with in the business. A consequence of this means that Tāwhiri and Eli can have a wider business as they can put there ideas and strengths together to make their business the best.

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.

- (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 difference between a partnership and company is a company has limited liability which means their personal assets aren't touchable if the business was to fail. Where a partnership has unlimited liability, meaning they are liable for the ~~comp~~ business if it was to fail and their assets would be at risk.

- An advantage to *Tennis Tech* becoming a company, they would have limited liability so they wouldn't be personally liable if the company was to fail. This is good because they won't lose house or car to ~~be~~ pay back the debts. A consequence of this is that they don't lose their house or cars or personal assets, meaning their families aren't at risk when they take risks.

A final advantage would be the shares.

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

are easy to give to friends and family, the business is also good at the business being able to be inherited by families. This keeps the business roots alive and gives the company a personal touch, as it can be easily carried through generations. A consequence of this would be the customers continue to use the business as it has a consistent business type and owners leading to a longer client base.

A negative impact ~~is~~ is how long and costly registering a company is. To register a company you need lawyers and money to start it up which they possibly might not have the resources. A consequence of this is lack of attention on business and drawings and funds been taken out due to the ~~in~~ registering of the company.

M5

**QUESTION TWO: COMMUNICATION**ASSESSOR  
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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.

The first way would be by social media. This could happen on Facebook or Instagram & reaching out to people who are interested in their products. This would reach out to other and new customers ~~that~~ that may not know about the product. A consequence of this is they will gain a wider range of customers increasing the profit within the business.

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

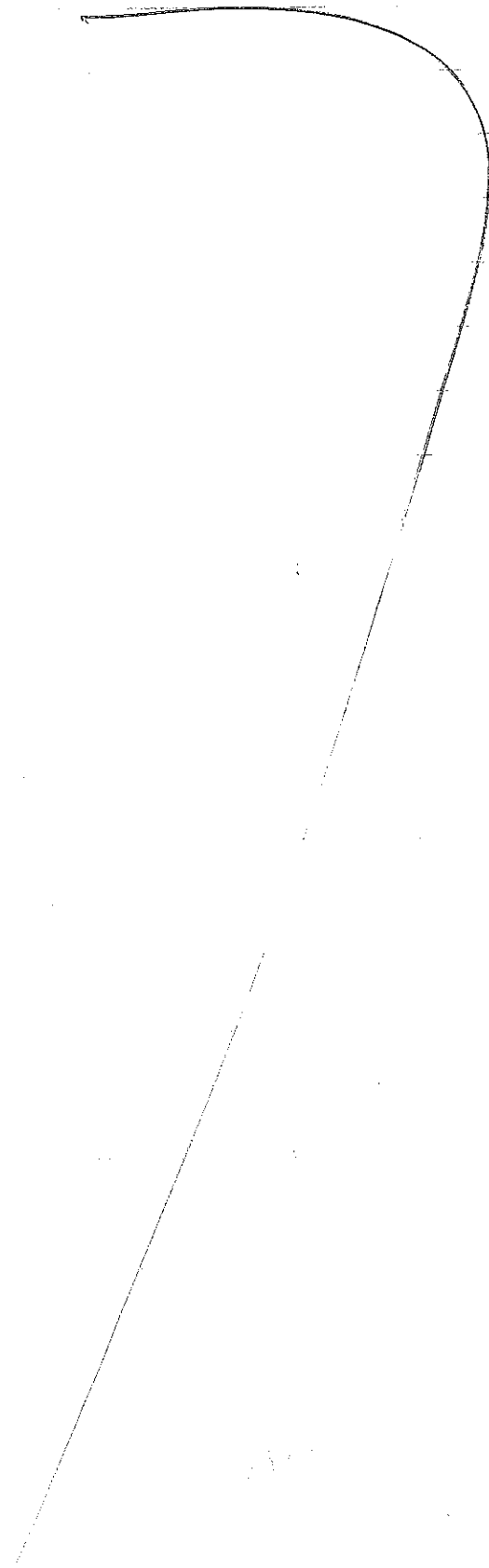
Discuss ONE barrier to communication that may exist for a small business (maximum of 20 workers and/or with local or community significance) that you have studied in depth.

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

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.

A barrier of communication was from conflict between darren and his partner. This barrier effected the business as they werent able to agree on things which made decisions take a long time wasting money time and resorces. It also made the work place a negative and awkward enviroment, which meant staff werent enjoying work that much. An consequence of the conflict meant they would be losing money and time with in the buiness ~~by~~ by not agreeing on something, losing potential business and wasting profits and valuable time. A clear open converstation would solve the problem as they would be able to have a converstation on why there is so much conflict and also what the best ~~at~~ direction for the buiness to ~~be~~ be taking. A consequence of this ~~was~~ ~~because~~ would be that the buiness can move on and make decisions quickly benefiting staff and customers.



A3

### 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*.

A good employer/employee relationship would be where they feel they can be open and honest about concerns and problems with in the business. //

The first impact is it would great a safe ~~an~~ and happy environment with in the work place. This will mean the worker feels good about coming to work and that will reflect on how they react to there customers. A consequence of this is employees enjoy coming to work and will refelect on how they treat the customers, meaning they will come back, more profits for the business.

Another impact is staff enjoy coming to work and feel safe discussing problems with in the company. This gives staff the opportunity to feel better about work and safe with their boss to be open and honest. //



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.


- (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.

An negative impact on the staff is they have to pick up his slack as he isn't coming to work so they have to do there job and dauids. An negative impact on the buiness is that they will start getting a bad reputation as they are delierering packages late which isn't good for the reputation of the buiness.

First solution could be to have david explain why he hasn't been coming to work. This is giving him an oppertunity to explain and give a warning so he knows not to do it. A consequence of this will build up stronger relationships with staff and ~~so they~~ so they can understand why david hasn't been coming. Another way is to sit down with david and show him the contract and lay out the expectations of what he needs.

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

to do. This will show him what the owners expect ~~as~~ of their staff. Giving him the opportunity to change of having to be fired ~~as~~ he isn't following the contract. A consequence of doing this it sets out clear what you expect and gives him the opportunity to change and not have to hire someone ~~new~~. Saving money time and resources. 

A3

**Extra space if required.  
Write the question number(s) if applicable.**

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QUESTION  
NUMBER

Achievement exemplar for 90837 – 2016		Total score: 11
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.
2	A3	The candidate has provided a basic explanation of why communication is important to the success of a business. They have also used knowledge of a local business they have studied to show how communication can affect the business in a negative way, and offered strategies to address the situation. The explanation is basic, and lacks sufficient detail to be awarded A4.
3	A3	The candidate has provided a basic explanation of the importance of relationships to the success of a business, and showed understanding of how a failure to deal with a problem may affect the morale of other employees. The answer lacks the detail and depth necessary to be awarded A4.