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Level 1 Business Studies 2021

90839 Apply business knowledge to an operational problem(s) in a given small business context

Credits: Four

Achievement	Achievement with Merit	Achievement with Excellence
Apply business knowledge to an operational problem(s) in a given small business context.	Apply detailed business knowledge to an operational problem(s) in a given small business context.	Apply comprehensive business knowledge to an operational problem(s) in a given small business context.

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 2–16 in the correct order and that none of these pages is blank.

Do not write in any cross-hatched area (X/X). This area may be cut off when the booklet is marked.

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

Read the resources below and on page 3 before you begin answering the questions in this booklet.

RESOURCE A: Case study

DEFINITIONS

Social enterprise

A social enterprise is a cause-driven business whose primary reason for being is to improve social objectives and serve the common good.

Tikanga

The values, guidelines, rules, priorities, and other ways of doing business that set a business apart from other businesses, particularly those that operate solely to produce a profit for the owners / shareholders.

Inspire Enterprises is a social enterprise that exists to provide work for people with disabilities. The aim of the business is to realise potential and bring to all their employees the sense of purpose and social inclusion that work provides. *Inspire Enterprises* provides contract services to businesses such as pick and pack, labelling, assembly, bottling, recycling, and more. An example of a recent contract carried out by *Inspire Enterprises* is making 500,000 pink ribbons for the New Zealand Breast Cancer Foundation.

















Jemma has been the CEO of *Inspire Enterprises* for 10 years. She is responsible for the overall performance of the organisation, and for ensuring its long-term sustainability.

Jemma measures the success of *Inspire Enterprises* against multiple outcomes, including its tikanga. She is aware that the business must make a profit to ensure long-term sustainability, but she also knows that this is not its only purpose.

In the recent annual report, Jemma stated: “As a long-standing organisation in Christchurch, with approximately 40 full-time and 20 part-time employees, we believe we can make a significant positive social impact, enabling our employees to live more fulfilled lives in a culture of inclusion, diversity, and excellence.”

Six months ago, Jemma recruited a new manager, Paul, to *Inspire Enterprises*. Paul has over 30 years’ experience in senior operations management in the United Kingdom. Paul was given responsibility for the management and negotiation of contracts from businesses, to provide consistent and continuous work for employees at *Inspire Enterprises*. Paul is finding it challenging to understand the importance of being aware of the multicultural expectations of operating a social enterprise in New Zealand.

RESOURCE B: Tikanga and quantitative results for *Inspire Enterprises*

 40 people currently employed full-time with <i>Inspire Enterprises</i> .	 70 employees have been through our communication programme.	 500+ people have gained special needs work experience here (over 10 per week).	 100% of our employees have received a 'personal plan'.
 2 people have moved to other employment from <i>Inspire Enterprises</i> .	 50% of management are women, maintaining a gender balance.	 68% of staff at <i>Inspire Enterprises</i> are women.	 11 new employees have been welcomed to <i>Inspire Enterprises</i> in the last year.
 49% of staff are of Māori and Pasifika descent.	 20% of management are of Māori and Pasifika descent.	 20% of energy usage comes from our solar panels.	 30,000 kwh of energy used from our solar panels in the last year.
 135 tonnes of cardboard recycled at <i>Inspire Enterprises</i> in the last year.	 162 tonnes of plastic recycled at <i>Inspire Enterprises</i> in the last year.	 \$520,000 wages paid in the last year.	 96,000 hours worked by our employees in the last year.

Sources of images: <https://altusenterprises.co.nz/about-us/>
<https://thenounproject.com/term/two-oclock/543638/>

RESOURCE C: News article

Iwi loses fight to stop water bottling expansion

An iwi says the High Court's dismissal of appeals against the expansion of a water bottling plant isn't just a loss for them, but a loss for all of New Zealand.

In a judgement released on Friday, the High Court dismissed the local iwi's appeal to stop the expansion of the water company's plant, outside Christchurch, which would see the plant take 1.1 million cubic litres of water each year, largely for export to overseas markets.

The iwi has opposed the expansion of the plant since consents were granted by the Christchurch Regional Council. A spokesperson for the iwi said that the iwi had invested time, effort, and resources over several years, and was incredibly disappointed in the outcome. Its concerns about the export of millions of plastic bottles of water, the impact on its role as kaitiaki, and the impact on te mauri o te wai (the life force of the water) were heard in the Environment Court last year and in the High Court in July this year.

QUESTION ONE: Workplace conflicts

Recently, Jemma and Paul have been in conflict about a new contract. The contract involves labelling bottles for a brand that has recently received bad publicity in the media for their taking of water to bottle and export to overseas markets. The local iwi strongly disagree with the taking of this water and the potential impact of millions of discarded plastic bottles on the environment. Paul says that the contract will be profitable for *Inspire Enterprises*, but Jemma feels it does not fit with their tikanga.

- (a) Explain how Paul's understanding of tikanga is leading to workplace conflict between Jemma and Paul.
 - (i) Define the term 'workplace conflict', and provide an example of the conflict between Jemma and Paul.

- (ii) Explain TWO possible negative consequences for *Inspire Enterprises* if the conflict between Jemma and Paul continues.

(b) Discuss the best way for Jemma and Paul to resolve their differences.

(i) Describe ONE appropriate short-term solution.

(ii) Explain ONE advantage of this solution.

(iii) Explain ONE long-term solution that Jemma could implement in order to avoid conflict in the future.

There is more space for your answer on the following page. ►

QUESTION TWO: Pandemic and cash flow

Extract from an announcement by the World Health Organization:

Disability considerations during the COVID-19 outbreak

In March 2020 the World Health Organization (WHO) declared the outbreak of a novel coronavirus disease, COVID-19, to be a pandemic, due to the speed and scale of transmission. The WHO and public health authorities around the world, such as the New Zealand Ministry of Health, are taking action to contain the COVID-19 outbreak. However, there are certain populations, such as those with a disability, that may be impacted more significantly by COVID-19. This impact can be mitigated if appropriate actions and protective measures are taken by key stakeholders, such as employers.

New Zealand Ministry of Health Guidelines

Advise people with possible COVID-19 symptoms that they should not enter the workplace or other premises.	Enable good health, hygiene, and safety practices.	Display the official QR codes to enable people to keep track of their movements with the New Zealand COVID Tracer app.	Encourage physical distancing where practical.
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Jemma wishes to ensure that *Inspire Enterprises* maintains a healthy workplace.

- (a) Discuss an action that Jemma could implement in the workplace to keep employees safe during the pandemic.
- (i) Describe ONE appropriate action.

- eligible businesses will receive \$10,000 plus \$1,800 per full-time equivalent employee
- interest-free if the loan is paid back within two years
- an interest rate of 3% for a maximum term of five years
- repayments are not required for the first two years.

(ii)

QUESTION THREE: Marketplace changes

The pandemic has changed the marketplace for *Inspire Enterprises*; business-to-business transactions are unpredictable as all businesses navigate their way through challenging times. Jemma has realised that if *Inspire Enterprises* continues to operate in the same way and engages only in face-to-face business transactions, it may be necessary to make some full-time staff redundant.

- (a) Discuss how making full-time staff redundant could attract negative publicity and affect *Inspire Enterprises* in the long term.
- (i) Define 'negative publicity'.
- (ii) Explain how negative publicity could affect *Inspire Enterprises* in the short term and long term.

Jemma has just read in the *Business Herald* that 2022 is expected to see startling growth in the number of new businesses, as consumer behaviour moves increasingly towards online buying from local producers. Jemma and Paul see this as an opportunity for *Inspire Enterprises*, as they change from solely business-to-business transactions to adding business-to-consumer transactions. They have observed that consumers are shopping mindfully and cost-consciously, with rising demand for local, sustainable, and value brands.

With help from a local bee-keeper in Christchurch, *Inspire Enterprises* has an opportunity to be supplied with natural honey for use in a number of natural skin care products that can be processed, bottled, and labelled at the factory, and sold online.

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- (b) (i) Outline how the online business-to-consumer market is different from face-to-face.

- (ii) Explain ONE advantage and ONE disadvantage for *Inspire Enterprises* of entering the business-to-consumer market in the online environment.

Please turn over ➤

Extra space if required.
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