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91381



## Level 3 Business Studies, 2014

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

2.00 pm Wednesday 19 November 2014 Credits: Four

Achievement	Achievement with Merit	Achievement with Excellence
Apply business knowledge to address a complex problem(s) in a given global business context.	Apply in-depth business knowledge to address a complex problem(s) in a given global business context.	Apply comprehensive business knowledge to address a complex problem(s) in a given global 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.

Pull out Resource Booklet 91381R from the centre of 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 2–15 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.

TOTAL

### QUESTION ONE: Conflicts arising from relocation of manufacturing

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Use the information in Resources A to D in Resource Booklet 91381R, and in the box below, in addition to your business knowledge, to answer this question.

In 2011 *Kitchen Unique* decided to close their Dunedin factory and move production overseas into a lower-cost country, and chose Mexico. This had important consequences for New Zealand consumers, shareholders, and workers at the Dunedin plant.

(a)	Discuss the possible causes and effects of the decision to move production to Mexico. In your answer, fully explain:
	<ul> <li>TWO factors which may have caused the decision to move production to Mexico</li> <li>the possible effects of the decision to move production to Mexico, on New Zealand</li> </ul>
	consumers' brand loyalty for Kitchen Unique's products and on its share price.

1)	
2)	
<b>-</b> )	
	luate how the TWO possible solutions you named in (b) would address the brand loyalty e, and make a fully justified recommendation of the better solution.
n yo	our answer:
	discuss how each solution addresses the brand loyalty issue by fully explaining ONE positive effect that each will have on the business
	fully explain ONE negative effect of each solution
	state the solution you would recommend
	justify your recommendation by explaining why it is better than the other possible solution.

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

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### QUESTION TWO: Poor investment decisions arising from external factors

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Use the information in Resource E in Resource Booklet 91381R, and in the box below, in addition to your business knowledge, to answer this question.

In 2011 *Kitchen Unique* decided to move production overseas into a lower-cost country and invested in a manufacturing plant in Mexico. This decision was not an immediate success.

(a)	Discuss the possible <b>external factors</b> that would have brought about the difficult initial period and low profitability at <i>Kitchen Unique</i> , when they moved to their Mexican factory. In your answer, fully explain:  TWO factors which may have caused the initial problems TWO effects on the stakeholders of <i>Kitchen Unique</i> .

	eventual consequence of the move to Mexico was falling profits. Suggest TWO possible tions that the senior managers at <i>Kitchen Unique</i> could employ to address this problem.	ASSES USE
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	uate how the TWO possible solutions you named in (b) would address the falling profits itchen Unique, and make a fully justified recommendation of which is the better solution.	
	our answer:	
•	discuss how each solution addresses falling profits by fully explaining ONE positive effect that each will have on the business	
•	fully explain ONE negative effect of each solution	
•	state the solution you would recommend	
•	justify your recommendation by explaining why it is better than the other possible solution.	

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

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### QUESTION THREE: Quality control issues arising from sub-standard manufacturing

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Use the information in Resources F and G in Resource Booklet 91381R, and in the boxes below and on page 11, in addition to your business knowledge, to answer this question.

*Kitchen Unique* has been forced to recall a number of products, due to a quality problem with parts made in China.

	uss the possible causes and effects of the product recall. our answer, fully explain:
•	TWO factors that may have caused Chinese parts manufacturers to produce defective
	parts
•	TWO effects of a product recall on Kitchen Unique.

Suggest TWO possible solutions that the advisers from Kitchen Unique could recommend to

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The Chinese manufacturer has agreed to work alongside advisers from *Kitchen Unique* to improve the quality of the plastic parts they manufacture.

(b)

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	luate how the TWO possible solutions you named in (b) would address the quality plems, and make a fully justified recommendation of which is the better solution.
n y	our answer:
	discuss how each solution addresses the quality problems by fully explaining ONE positive effect that each will have on the business
,	fully explain ONE negative effect of each solution
	state the solution you would recommend
•	justify your recommendation by explaining why it is better than the other possible solution.

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

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