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90838



Level 1 Business Studies, 2014

90838 Demonstrate an understanding of external factors influencing a small business

2.00 pm Thursday 20 November 2014 Credits: Four

Achievement	Achievement with Merit	Achievement with Excellence
Demonstrate an understanding of external factors influencing a small business.		Demonstrate a comprehensive understanding of external factors influencing 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 2–14 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: LEGAL INFLUENCES - EMPLOYMENT RELATIONS

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Macey's Paint Shop is a small retail business owned by Jim Macey. Macey's sells all types of paint. Due to all the "do-it-yourself" (DIY) shows on television, Macey's has experienced some recent growth and needs to employ additional staff.

agreemen	t. Describe what an employment agreement is.
-ully expla	in the benefits of having an employment agreement.
	swer, fully explain:
	benefit to the employee of having an employment agreement
ONE	benefit to the employer of having an employment agreement.
Benefit to	the employee:
Senefit to	the employer:
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In 2011 the New Zealand Government introduced the 90-day trial period for new employees.

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- (c) Using a named small business you have studied (maximum of 20 workers and/or with local or community significance), fully explain the effects of the 90-day trial period. In your answer:
 - describe the 90-day trial period and state why it was introduced
 - fully explain ONE **advantage** for the **employer** of the named business of having the 90-day trial period
 - fully explain ONE **disadvantage** for the **employee** of the named business of having the 90-day trial period.

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

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

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QUESTION TWO: COMPETITION

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Macey's Paint Shop is currently the only paint shop in the local community. Jim, the owner, has heard that a very large competitor that manufactures its own paint and sells direct to the customer might be moving into the local area. This larger competitor already dominates the New Zealand marketplace in terms of market share.

ully explain the benefits of beginn accedes yetomore coming when apprecting in a commetting
ully explain the benefits of having good customer service when operating in a competitive avironment.
your answer, fully explain:
ONE benefit to the customer of a business providing good customer service
ONE benefit to a business of providing good customer service.
enefit to the customer:
enefit to the business:

(c)	show the business could be affected by the entry of a larger competitor that tes the New Zealand marketplace in terms of market share. answer:						
		efine the business term "market share" and give ONE example relevant to <i>Macey's</i> aint Shop					
	 fully explain ONE likely short-term effect of the entry of the larger competitor on Macey's Paint Shop 						
		fully explain ONE possible long-term effect on <i>Macey's Paint Shop</i> if it did not respond effectively.					

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QUESTION THREE: ECONOMIC INFLUENCES

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There has been a lot of talk in the media recently about increased consumer spending. The business cycle is experiencing an upturn. Consequently there are more houses being built.

Disc	uss the possible consequences for <i>Macey's Paint Shop</i> if there are a greater number
	ses being built.
In yo	our answer, fully explain:
•	ONE likely positive consequence for Macey's Paint Shop
•	ONE likely negative consequence for <i>Macey's Paint Shop</i> .
Doci	tivo consequence:
F051	tive consequence:
Neg	ative consequence:

ASSESSOR'S USE ONLY Recession is also part of the business cycle. (c) Fully explain how a recession might affect *Macey's Paint Shop*. In your answer: define the term "recession" fully explain, using ONE example, how a recession might affect Macey's Paint Shop fully explain how Macey's Paint Shop could deal with the effects of a recession.

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

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