

SUPERVISOR'S USE ONLY

90843



Level 2 Business Studies, 2011

90843 Demonstrate understanding of the internal operations of a large business

2.00 pm Wednesday 30 November 2011 Credits: Four

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 2–11 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.

ASSESSOR'S USE ONLY Achievement Criteria					
Achievement	Achievement with Merit	Achievement with Excellence			
Demonstrate understanding of the internal operations of a large business.	Demonstrate in-depth understanding of the internal operations of a large business.	Demonstrate comprehensive understanding of the internal operations of a large business.			
Overall level of performance (all criteria within a column are met)					

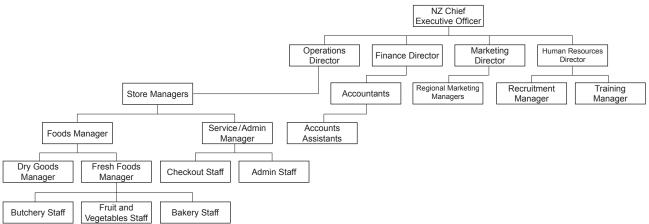
You are advised to spend 60 minutes answering the questions in this booklet.

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QUESTION ONE: ORGANISATIONAL STRUCTURE

Use the information in the boxes and your business knowledge to complete the following tasks.

Kai Enterprises Ltd is one of the largest chains of supermarkets in New Zealand. It operates in all the main cities across the North and South Islands. A section of the current organisational structure for Kai Enterprises Ltd is shown below.



	Vegetables Staff			
(a)	Kai Enterprises Ltd has a tall organisational structure. Explain the characteristics of this type of organisational structure.			
(b)	Fully explain how a tall organisational structure can create problems for a business.			
	In your answer, you should refer to:chain of commandspan of control.			

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The Chief Executive Officer, Fred Kearns is concerned that nearly all decision-making at *Kai Enterprises* is centralised. He believes that decentralisation is essential to the business, in order to improve efficiency and enable the firm to remain competitive.

- (c) Discuss the impact of *Kai Enterprises Ltd* decentralising their decision-making. In your answer, you should:
 - explain ONE advantage of decentralisation for Kai Enterprises Ltd
 - fully explain how Kai Enterprises Ltd might decentralise the decision-making in this business

justify the decision to decentralise the decision-making as an appropriate course of action for <i>Kai Enterprises Ltd</i> .

QUESTION TWO: THE PRODUCTION PROCESS

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Kai Enterprises Ltd is currently operating above normal capacity. The CEO, Fred Kearns, has announced an investment of \$100 million to expand capacity in its supermarkets. The growth of the operations offers an opportunity to improve productivity. Kai Enterprises Ltd currently imports 45% of its foodstuffs from overseas, and this is expected to increase to 65% in the near future.

imp	y explain why international free trade and globalisation have increased the importance roved productivity for businesses. our answer, you should refer to:
•	competitiveness efficiency.

n yo	our answer, you should:
	explain ONE benefit of operating above normal capacity
1	fully explain the disadvantages of operating above normal capacity, and the likely consequences of these for customer service.

QUESTION THREE: FINANCIAL INFORMATION

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Kai Enterprises Ltd reviews its financial performance regularly. The Finance Director has compared the budgeted and actual operating expenses and found a large negative variance in the bakery department's budget.

Exp	ain the term budget .			
	explain how budgeting our answer, you should budgeted figures resourcing.	Enterprises Ltd	with planning.	

ASSESSOR'S USE ONLY Often in business, variances are identified and analysed when financial information is reviewed.

	uss the effects of variances on Kai Enterprises Ltd.
n yc	our answer, you should:
	explain ONE advantage to Kai Enterprises Ltd of using variance analysis
	fully explain TWO ways in which the business could correct the large negative budget
	variance in the bakery department's budget within the financial year
	justify the better way to correct the variance.

QUESTION FOUR: CORPORATE SOCIAL RESPONSIBILITY

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Kai Enterprises Ltd donates foodstuffs to community agencies throughout the year. In addition, it rosters its staff for community days so that they can volunteer to help deliver food parcels to families in need.

Ful	lly explain the similarities between a business exercising corporate social responsibility
and	d a philanthropist.
In y	your answer, you should refer to:
•	citizenship
•	community development.

Fully explain and justify why a large business (more than 20 employees and/or with a (c) ASSESSOR'S USE ONLY national or regional significance) you have studied might choose to exercise corporate social responsibility. In your answer, you should include: the effects on customers of the named business when the business exercises corporate social responsibility ONE short-term and ONE long-term consequence for the named business. Business name:

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