SUPERVISOR'S USE ONLY

90838



Level 1 Business Studies, 2011

90838 Demonstrate an understanding of external factors influencing a small business

9.30 am Tuesday 29 November 2011 Credits: Four

Achievement	Achievement with Merit	Achievement with Excellence
Demonstrate an understanding of external factors influencing a small business.	Demonstrate a detailed 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 2–11 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.

TOTAL

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

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Use the information in the boxes and your business knowledge to answer the following questions.

QUESTION ONE: ENVIRONMENTAL INFLUENCES

DG Plastics Ltd is a small manufacturing business that produces plastic storage containers for household use. The business uses hazardous chemicals in their operations. The owner, Denny Grant, ensures the business follows strict guidelines in the use of these chemicals and in the disposal of the waste from these chemicals.

(a)	Identify TWO impacts on the environment that might arise from a business using hazardous chemicals.
	(1)
	(2)
(b)	Explain ONE benefit to and ONE cost for <i>DG Plastics Ltd</i> of complying with laws that are designed to protect the environment.
	Benefit:
	Cost:
(c)	Describe the Māori business concept of Kaitiakitanga in regard to the environment.

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Denny has recently been informed by the local council that waste from his factory is leaking into the small creek that backs onto the factory grounds.

(d) Discuss the issue of the waste leaking from *DG Plastics Ltd*'s factory.

In your answer you should include:

- an identification of the type of pollution this issue is creating
- an explanation, using examples, of how this issue could impact on the neighbours bordering the creek

	bordering the creek a full explanation of how <i>DG Plastics Ltd</i> could minimise the impact on the neighbordering the creek and the advantages of using such a solution.
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QUESTION TWO: STAKEHOLDERS

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

When Denny makes business decisions for *DG Plastics Ltd*, he must consider the impact of the decision on all of the business's stakeholders. He has to make a decision on whether or not to change the product line for *DG Plastics Ltd*, to make a wider range of plastic storage containers for both household and industrial use.

(1)	
(2)	
	ain, by providing examples, how the TWO stakeholders identified in part (a) could be tively affected.
(1)	
(2)	
	ify ONE internal stakeholder of <i>DG Plastics Ltd</i> .

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Stakeholders have different objectives. Some of these objectives may be in conflict with others. The business may not be able to satisfy all the different stakeholder objectives.

(d)

n your answer you should include:		
	a description of the TWO stakeholders and their objectives	
	a full explanation of why their objectives may conflict	
	a full explanation of how <i>DG Plastics Ltd</i> could minimise the conflict.	
	a full explanation of now <i>DG Plastics Ltd</i> could minimise the conflict.	

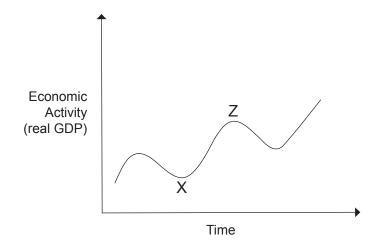
QUESTION THREE: ECONOMIC INFLUENCES

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

Business activity is influenced by many factors. It is generally cyclical, with four main stages. Governments have strategies in place to try to minimise business cycle extremes.

(a) Identify Stage X and Stage Z on the business cycle diagram below.



X:			
_			
Z:			

(b)	Explain what would be occurring in the economy at Stage Z , and what the likely
	consequences would be for individual businesses.

(c) Describe what is meant by a slump or a recession when referring to the economy.		

Governments can use controls to limit or stop certain business activities. They do this by creating laws and policies.

(d) In the box below, enter the name of a small business you have studied (a small business is defined as having less than 20 employees or of community or local significance).

Using this business, discuss ONE way the government may control its business activity. In your answer you should include:

- a description of ONE government control that would be applicable to the named business
- an explanation, using examples, of what impact this government-imposed control might have on the named business
- a full explanation of the possible effects on the community if this control was **not** put in place.

Business name		
Good(s) sold or		
Good(s) sold or service(s) provided		

QUESTION FOUR: LEGAL INFLUENCES

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

Denny's wife, Sophia, owns a hair salon. She has been trialling a new hair dye product which the supplier said had been tested and was completely safe. It is usual practice for a hairdresser to spot test the hair dye on any new client before the actual hair dying takes place. However, this did not happen. Unfortunately, Sophia went ahead and used the dye on a new client, with disastrous results – the client's hair colour is now slightly green.

Ider abo	ntify the Act of Parliament that covers the type of incident referred to in the scenario ve.
	lain the consumer's legal entitlements under the Act you named in part (a) and how they te to this particular case.
Des	scribe TWO remedies that could be used to rectify the situation referred to in the scenariove.
(1)	
(2)	

Laws are created to protect consumers so that they cannot be taken advantage of.

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(d) Referring to Sophia's hair salon, fully discuss ONE **other** law that has been created to protect consumers. This cannot be the same legislation referred to in your answers for parts (a), (b) or (c).

In your answer you should include:

• a description of ONE **other** law that has been created to protect consumers

•	an explanation, using examples , of how this law may be applied to Sophia's hair salon a full explanation of the possible consequences for the hair salon of not complying with this law.

	Extra space if Write the question numl		
QUESTION NUMBER	Write the question number	oci (3) ii applicable.	

	Extra space if required. Write the question number(s) if applicable.	AS
QUESTION NUMBER	write the question number(s) it applicable.	