

SUPERVISOR'S USE ONLY

91379



Level 3 Business Studies, 2012

91379 Demonstrate understanding of how internal factors interact within a business that operates in a global context

2.00 pm Monday 3 December 2012 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 2–15 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.

ASSESSOR'S USE ONLY	Achievement Criteria				
Achievement	Achievement with Merit	Achievement with Excellence			
Demonstrate understanding of how internal factors interact within a business that operates in a global context.	Demonstrate in-depth understanding of how internal factors interact within a business that operates in a global context.	Demonstrate comprehensive understanding of how internal factors interact within a business that operates in a global context.			
Overall level of performance (all criteria within a column are met)					

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

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QUESTION ONE: CHANGE MANAGEMENT AND LEADERSHIP

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

In 1997 Sarah Pomare, a descendent of Te Ati Awa, started a new company in Wellington, New Zealand. Initially, the company produced high-quality wool clothing, mainly for the high fashion market, under the brand name *Winter's Dawn*. By 2007 sales had expanded into Europe and North America, and while pressures existed to shift production offshore to China, Sarah, in consultation with whānau, hapū, and iwi of Te Ati Awa, made the decision to keep production in New Zealand.

It soon became apparent that *Winter's Dawn* was finding it a challenge to keep costs low, while maintaining production in New Zealand. Other domestic and European designers were having their products made offshore, at lower cost, and using their profits to finance extensive marketing campaigns. Sarah had to find a new product line.

Sarah and her husband had always been active, and enjoyed adventure sports, tramping, canoeing, rock climbing, and skiing in winter. *Winter's Blast* was the obvious next step. Sarah would create a new product line of fashionable, rugged, and colourful wool clothing that featured contemporised Māori motifs for the recreational outdoor sports market.

This idea was obviously a big step, and Sarah decided to hire Hayley Love – an experienced, local Māori designer also of Te Ati Awa descent – to lead the team and work on the new product line. Hayley would need to work very closely with some of the in-house designers, who would be moved from the *Winter's Dawn* fashion range to the new recreational outdoor sports range. This would require careful change management.

Expiain wny business.	the ability to resp	ond to change	e is an importa	ini characterisi	ic of all modern

At the end of Hayley's first week at work, Sarah met with Hayley for a chat. Sarah could see that Hayley had a natural leadership style. She was proactive when faced with problems, focused on developing relationships with co-workers, and already had an established professional profile in the design industry. This would complement the practice of rangatiratanga being fostered by the company. Sarah was also pleased to see that Hayley's ideas were well received by the majority of the in-house designers, who were eager to get under way.

•	our answer, you should refer to: relationship development and maintenance problem-solving.

Sarah and Hayley were soon both forced to acknowledge that there was a small group of designers experiencing discomfort with the shift from fashion to the recreational outdoor sports market.

(c) Evaluate the strategies Sarah and Hayley could employ to overcome the resistance to change.

In your answer, you should:

- explain TWO change management strategies that could be implemented in the design department
- fully explain the possible impacts of these strategies on the performance of the department by explaining ONE positive and ONE negative outcome of each strategy

provide a just	ified conclusion	as to which	would be the	more effective	e strategy.

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QUESTION TWO: INNOVATION

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

In 2009 Sarah was contacted by Bill Taylor, a professor in industrial design at a local university. His faculty had been developing a Computer Aided Design process for the wool clothing industry, and he wanted to discuss this potential innovation with Sarah.

Explain how innovation in production processes can allow firms to compete more successfully in an international market.

The faculty had developed a system that would allow customers to personalise clothes online. These designs would then be machine-knitted and dispatched to the customer with limited worker input. Sarah was very impressed by the idea because, if successful as a highly innovative production process, the new product would give her company a competitive advantage. However, Sarah was concerned that the production process had not been fully tested in a commercial setting.

Win	y explain the possible negative impacts of introducing an untested production process ter's Dawn and Winter's Blast.				
In your answer, you should address:					
•	a short-term challenge that it might involve				
•	a long-term problem that would arise for the business if the production process is unsuccessful.				

Sarah was unsure about introducing the new technology until it was fully tested. However, she was keen to develop a culture of innovation in her company. She wanted a business where designs would be exciting and creative, with designers developing new ideas for both products and processes.

(c) Evaluate the strategies that Sarah could introduce to make the design side of her company more innovative.

In your answer, you should:

- explain TWO strategies she could implement that would encourage workers to develop new ideas
- fully explain the impact of these strategies on the company by explaining ONE positive and ONE negative impact of each strategy on the performance of the business

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QUI	ESTION THREE: QUALITY	ASSESSOR USE ONLY
Use	the information in the box and your business knowledge to answer the following questions.	
(a)	Explain why Quality Management is important to the performance of a business.	

Sarah decides to move to a Total Quality Management (TQM) strategy. This is a big change for the company, its production line workers, and suppliers. She recognises that expenses may rise, reducing profitability in the short-term, though profitability should increase due to falling costs in the longer term.

(b)

Ful •	Fully explain the impacts that moving to a TQM strategy might have on: relationships between managers and workers in the production process		
•	the firm's relationships with suppliers providing materials and other resources.		

(c) Name a business operating in an international environment that you have studied in depth. Evaluate the best strategy for Quality Management that could be employed by your named business or a department of that business.

In your answer, you should:

- explain TWO Quality Management strategies that have been or may be implemented in the business or department of the business
- fully explain ONE advantage and ONE disadvantage of each strategy
- draw a justified conclusion as to which strategy you feel is more effective.

Name of business:

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