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91380



Level 3 Business Studies, 2019

91380 Demonstrate understanding of strategic response to external factors by a business that operates in a global context

9.30 a.m. Friday 8 November 2019 Credits: Four

Achievement	Achievement with Merit	Achievement with Excellence
Demonstrate understanding of strategic response to external factors by a business that operates in a global context.	Demonstrate in-depth understanding of strategic response to external factors by a business that operates in a global context.	Demonstrate comprehensive understanding of strategic response to external factors by a business that operates in a global context.

Check that the National Student Number (NSN) on your admission slip is the same as the number at the top of this page.

There is ONE task in this booklet. You should attempt ALL FOUR parts of the task.

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 2–12 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

This task has FOUR parts, (a) to (d). Use the background information below, the supplementary information in the other boxes, and your business knowledge to complete this task. You may integrate any relevant Māori business concepts into your answer.

BACKGROUND INFORMATION



In late 2018, *Stol* announced that it was going to open a New Zealand-registered subsidiary. Its first retail store in New Zealand will be in Auckland. *Stol* also plans to open production facilities in New Zealand, to enable it to produce enough of its furniture to export to the Pacific Islands.

Stol tends to create massive retail stores that benefit from economies of scale, which reduces their costs and allows for low-priced products. This will be a major investment in New Zealand, and *Stol* will need the local staff to quickly adjust and fit into the *Stol* approach to quality and customer service.

Image source: https://farm3.static.flickr.com/2558/4147214115_f9771541fd_o.jpg.

In 2011, *Stol* considered entering a new export market in New Zealand by opening a retail store (with an online presence) in Auckland. However, *Stol* decided to postpone this initiative, because of the recessionary conditions (very low or negative economic growth rates) that existed in the New Zealand market at the time. These conditions were caused by the global financial crisis, which began in 2007 and ended in 2008 and was characterised by falling consumer confidence around the world. Its flow-on effects were felt for a number of years afterwards, and resulted in many businesses closing down.

You may choose *Stol* or a New Zealand-registered business operating in a global context that you have studied in depth.

(a) Fully explain the impact of recessionary conditions in an export market that a multinational business operates in or decides to enter.

In your answer, refer to:

- how the recessionary conditions might affect the export market
- how these conditions may impact on the success of the multinational business in the export market.

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Because of the size of their operations, multinational businesses can have both positive and negative impacts on local companies in the countries they operate in.

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_	me of New Zealand- istered business	
	me of multinational siness	
	y explain ONE opportu v Zealand-registered b	unity or ONE threat of the entry of a multinational business for the business.
In yo	our answer, refer to:	
•	the opportunity or the	nreat of the entry of the multinational business
•	the impact this will have registered business.	nave on the long-term financial sustainability of the New Zealand-

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When *Stol* does decide to open a retail store in New Zealand, it is expected to bring a number of senior staff from Denmark to work with local New Zealand employees. These senior staff members are experienced at working in new countries, and therefore understand the importance of being aware of the multicultural expectations of their local staff in New Zealand.

You may choose *Stol* or a New Zealand-registered business operating in a global context that you have studied in depth.

(c) Evaluate a strategic response that a business could implement to ensure that senior staff demonstrate cultural awareness when establishing a new business operation in New Zealand.

In your answer:

- state the strategic response, and explain why this is a business-wide reaction at multiple levels (at least TWO of size, scope, and timeframe)
- fully explain ONE positive impact and ONE negative impact of the strategic response

provide a justified conclusion, including any new information, as to the likely success the strategic response.

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Being the largest furniture producer in the world, *Stol* uses a lot of wood and wood products. Recently, there have been concerns expressed online by environmentalists and consumer groups that this wood needs to be obtained from sustainable sources.

You may choose *Stol* or a New Zealand-registered business operating in a global context that you have studied in depth.

- (d) Evaluate a strategic response that could be implemented to ensure that the business meets societal expectations with respect to producing environmentally sustainable products. In your answer:
 - state the strategic response, and explain why this is a business-wide reaction at multiple levels (at least TWO of size, scope, and timeframe)

•	fully explain ONE positive impact and ONE negative impact of the strategic response provide a justified conclusion, including any new information, as to the likely success of the strategic response.

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