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Level 1 Business Studies 2022

90838 Demonstrate an understanding of external factors influencing a small business

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 2–12 in the correct order and that none of these pages is blank.

Do not write in any cross-hatched area (▨). This area may be cut off when the booklet is marked.

YOU MUST HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION.

Background information

Emily was a triathlete at school and upon leaving, set up a mobile bike mechanic business called *Wheel Come to You*. She is based in Cromwell and offers a range of regular bike services, as well as urgent repairs and maintenance. The increase in trail routes and use of e-bikes has resulted in a large increase in customers in the Cromwell area over the last year. She has many regular customers who live locally and enjoy the numerous bike trails. She has also noticed an increase in domestic tourists.

QUESTION ONE: External stakeholders

Wheel Come to You has many different external stakeholders who are interested in the success of the business, such as their regular customers and domestic tourists visiting the area.

- (a) (i) Explain why *Wheel Come to You*'s customers would be interested in the success of the business.

Stakeholders often have conflicting interests. One objective of *Wheel Come to You* is to increase its customer base of domestic tourists.

- (ii) Explain how *Wheel Come to You's* objective of increasing its customer base of domestic tourists may lead to a conflict with the objectives of their regular customers.

- (iii) Explain ONE way in which *Wheel Come to You* could respond to the conflict.

Most businesses are aware of the need to ensure that they maintain positive relationships with their external stakeholders to mutually benefit all parties.

In the box below, enter the details of a small business (maximum 20 workers and/or with local or community significance) that you have studied.

Name of the small business: _____

Good(s) sold or service(s) provided: _____

- (b) Discuss, with reference to your named small business, how maintaining a positive relationship with an external stakeholder can mutually benefit the business and its stakeholder.

Select (✓) ONE of the following stakeholders:

☐

Suppliers

☐

Local community

☐

Local government

- (i) Describe the selected stakeholder's interest in the named business.

- (ii) Explain how your named business could maintain a positive relationship with the selected stakeholder, using a specific example.

- (iii) Explain how maintaining a positive relationship would mutually benefit the business and the named stakeholder.

QUESTION TWO: Competition

Due to the increase in bike trails in the area and the number of e-bikes being used, a local bike shop, *Just Bike*, has also started to offer a repair and maintenance service. *Just Bike* is located near the tourist accommodation in town, and also near the start of some great trails. It is open from Monday to Saturday, 9am–4pm.

- (a) (i) Explain ONE positive consequence for *Wheel Come to You* of increased competition.

- (ii) Explain ONE negative consequence for *Wheel Come to You* of increased competition.

- (iii) Explain ONE consequence of the response for *Wheel Come to You's* customers.

COVID-19 has placed some pressures on the supply of bike parts that Emily uses to do her repairs and maintenance. This has meant she has had to find some alternative suppliers. Unfortunately, some of the bike parts she has received have not been up to the standard of quality that Emily is used to, and some customers have returned to have their bikes repaired again.

Extra space if required.
Write the question number(s) if applicable.

QUESTION
NUMBER

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