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SUPERVISOR'S USE ONLY

90843



# Level 2 Business Studies, 2017

# 90843 Demonstrate understanding of the internal operations of a large business

2.00 p.m. Monday 13 November 2017 Credits: Four

| 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. |

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 parts of the task 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.

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 each part.

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## **Background information**

Rawhiti and Leanne Preston own *Preston's Provisions*, a chain of eight supermarkets located in small towns throughout the North Island. Their vision statement is "Local produce for local people", and their key point of difference to the larger supermarkets is that they only source fresh produce from suppliers they have exclusively contracted in the surrounding region. *Preston's Provisions* has strong community links, and regularly consults with local iwi on the production and supply of local produce in an environmentally sustainable manner.

The Prestons have appointed a manager to each supermarket to oversee the day-to-day running, but continue to maintain overall control of the chain and regularly visit each supermarket manager to discuss strategy. Together with the manager, they formulate objectives for the *Preston's Provisions* supermarket, and develop a shared understanding of what business plan they will use to reach these goals at the local level.

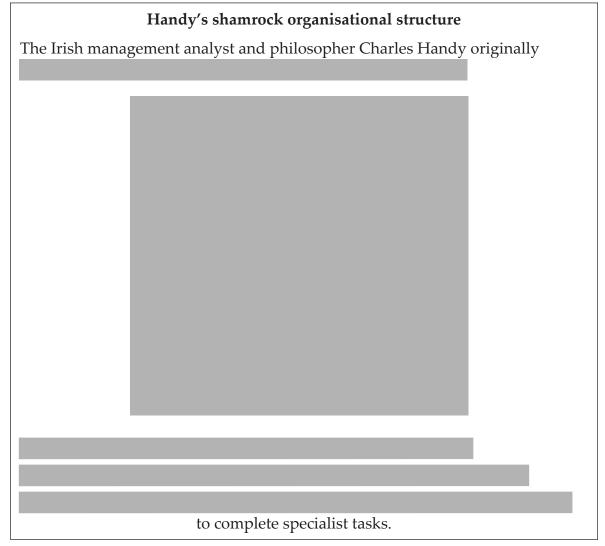
## Rangatiratanga

This is defined as the exercise of leadership, authority, guardianship, and ownership rights; it is particularly focused on resource production, utilisation, and management for current and future requirements. This includes strategic development and oversight, relationship development and maintenance, problem-solving, conflict resolution and peace-making, adaptation, and risk analysis.

| (a) | Fully explain how the leadership style adopted by the Prestons when working with local iwi or their local supermarket managers, displays aspects of rangatiratanga.  In your answer:  identify and explain the leadership style  fully explain how the Prestons demonstrate aspects of rangatiratanga. |
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Each *Preston's Provisions* supermarket employs up to 40 people on either a permanent, part-time, or casual basis. The Prestons operate their supermarkets using a shamrock organisational structure, as shown in the diagram below.



Text source (adapted): Bandyopadhyay and Mann, Level 2 Business Studies Learning Workbook (Auckland: ESA Publications, 2015), p 3.

 $Image\ source\ (adapted):\ https://clipartfest.com/categories/view/9548405ad6089d2762a7daba85d5b5860ad8d46f/shamrock-clipart-outline.html$ 

The *Preston's Provisions* supermarket in Whanganui is located near a high school, whose students are able to get part-time check-out jobs, or casual jobs re-stocking shelves. During the summer holidays, the school students are often hired on one-off contracts for stocktaking as needs arise.

Managers of the different departments such as bakery, butchery, and fresh produce are employed on a permanent basis, and are experienced and qualified in their areas.

A Whanganui accounting firm takes care of the finances, and Rawhiti and Leanne engage a Hamilton law firm to take care of employment contracts and supplier agreements for all supermarkets in the chain.

Preston's Provisions operates in a highly competitive industry where profit margins are small.

| nefits to <i>Preston's Provisions</i> of having a shamrock organisational ver, provide examples from <i>Preston's Provisions</i> ' Whanganui operation. |
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Rawhiti and Leanne know it is essential to keep costs to a minimum to ensure the *Preston's Provisions* chain remains profitable. They are strong advocates for using lean production and economies of scale in their supermarkets.

Discuss how Preston's Provisions can effectively minimise costs in their Whanganui supermarket. In your answer: fully explain the terms "lean production" and "economies of scale", providing examples of how these might be applied in the Whanganui supermarket to minimise costs justify, with TWO reasons, which method is likely to be more effective in helping Preston's Provisions keep costs to a minimum.

This examination continues on the following page.

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Because Rawhiti and Leanne cannot be at every supermarket all the time, they rely on a set of policies and procedures that they expect the supermarket managers and staff to adhere to. Because *Preston's Provisions* staff can be employed full-time, part-time, or on a casual basis, an area of particular concern is the hiring and termination of staff.

(d) Discuss the importance of policies and procedures for a large business (more than 20 employees and/or with a national or regional significance) you have studied, in hiring and terminating staff.

In your answer:

- explain the difference between a policy and a procedure
- fully explain ONE policy and ONE procedure that your chosen business may, or should, have in place when hiring and/or terminating staff
- justify, with TWO reasons, why the hiring and termination of staff is an area where strong policies and procedures need to be in place for your chosen business.

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