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90838



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### **Level 1 Business Studies 2021**

# 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.

#### QUESTION ONE: Economic influences and external stakeholders

Ana and William own *River and Raft*, an eco-tourism business based in the Waikato region. They offer guided kayak tours and boat trips on the Waikato river to view the glow worms at night.

Due to an increase in local tourists during the school holiday periods, Ana and William are considering buying a bigger boat so they don't have to turn away glow worm customers because their small boat is fully booked.

Interest rates have remained low for the last few years, and despite COVID-19 travel restrictions, business confidence is beginning to rise.

	Explain ONE positive consequence for <i>River and Raft</i> of low interest rates.
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rates.			

*River and Raft* have many different external stakeholders who are interested in the success of the business. These include customers, the local Waikato community, and suppliers such as the boat-building company, the petrol station, and the kayak repair shop.

Select (✔) ONE supplier from	n the options below:
Petrol station	Boat-building company
Kayak repair shop	Other:
Explain why this <i>River and R</i>	Raft supplier would be interested in the success of the business.

#### **QUESTION TWO: Competition**

Over the winter, a new tourism business that offers luxury kayak tours opened just down the road from *River and Raft*. The competitor is a smaller business and its kayak tours are more exclusive (smaller, and of a higher quality), but also more expensive.

=xplain	ONE benef	it and ONE	: negative	e impact	ot compe	etition fo	r <i>Rıver a</i>	nd Raft.	

Competition can bring a number of benefits as well as negative impacts for a business. Businesses have many different options they can take to compete and remain successful.

(b)

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:
Discuss TWO possible responses, ONE using price competition and ONE using non-price competition, that the business could implement to remain successful in a competitive environment For EACH response, consider the cost to the business, and explain, using examples, ONE positive consequence for the business.

There is more space for your answer on the following page. ➤

#### **QUESTION THREE: Environmental influences**

Weather conditions and changes can have both positive and negative impacts on business. Weather forecasters are predicting a long, dry, and warm weather pattern for the upcoming summer months in the Waikato region, which Ana and William are excited about, as this would be great for kayaking and visiting the glow worms on the boat.

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Ana and William are aware that natural disasters and extreme weather events could affect their eco-tourism business *River and Raft*, due to the outdoor nature of the activities they offer their customers. They have investigated two possible risks to their business: a landslide destroying the glow worm area they visit, and floods damaging the access path for the kayaking.

Sele	ect (✔) ONE of the environmental influences below and answer the questions that follow.
	Landslide destroying the glow worm area
	Floods damaging the access path for kayaking
(i)	Describe ONE strategy <i>River and Raft</i> could implement to reduce the impact of this environmental influence.
(ii)	Explain ONE positive consequence of <i>River and Raft</i> implementing this strategy.
(ii)	Explain ONE positive consequence of <i>River and Raft</i> implementing this strategy.
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(ii)	Explain ONE positive consequence of <i>River and Raft</i> implementing this strategy.

Expla	in ONE negativ	e consequen	ce of <i>River</i> a	and Raft imp	lementing this	s strategy.	

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

QUESTION NUMBER	Write the question number (e) if applicable.	
NUMBER		