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90844



Level 2 Business Studies, 2015

90844 Demonstrate understanding of how a large business responds to external factors

2.00 p.m. Tuesday 1 December 2015 Credits: Four

Achievement	Achievement with Merit	Achievement with Excellence
Demonstrate understanding of how a large business responds to external factors.	Demonstrate in-depth understanding of how a large business responds to external factors.	Demonstrate comprehensive understanding of how a large business responds to external factors.

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.

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

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Background information

Questions One, Two (a), and Three refer to *BMC*, a national drinks manufacturer that specialises in producing innovative energy drinks. *BMC* produces the market-leading energy drink, Buzz Plus. It is targeted at athletes, and has a high caffeine and sugar content. Buzz Plus is sold in retail outlets and supermarkets. The company donates a portion of the profits from Buzz Plus to local sports clubs, some of which now depend on these donations for their economic sustainability.

QUESTION ONE: ETHICAL INFLUENCES

(a)

Energy drinks such as Buzz Plus have become very popular, and many school children have been purchasing this product. There have been significant concerns from nutritional and health experts that Buzz Plus should not be sold to this market. These experts are concerned about child obesity in New Zealand, and argue that it is unethical to sell this product to school children.

Fully explain how ethical influences may affect a business such as BMC.			
In your answer:			
iii your answer.			
explain the ethical issue that BMC faces			
explain the ethical issue that bird faces			
fully explain how this othical issue may offer PMC			
 fully explain how this ethical issue may affect BMC. 			

(b) Discuss TWO solutions for BMC – other than the creation of a new product – that would ASSESSOR'S USE ONLY reduce the impact of ethical influences, and justify which solution would be the more appropriate. In your answer: describe TWO solutions to reduce the ethical influences impacting on BMC fully explain how each solution would benefit BMC justify, with TWO reasons, which solution for reducing the impact of ethical influences may be preferable for BMC to implement.

More space for this answer is available on the next page.

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QUESTION TWO: TECHNOLOGICAL CHANGE

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BMC is an innovative organisation. It has been developing a new product, Buzz Lite, that will be launched in early 2016. Buzz Lite is a new energy drink with very low sugar and caffeine, and comes in a unique recyclable container. New technology has made this possible. *BMC* argues that Buzz Lite could be very profitable, and will increase *BMC*'s commitment to citizenship, to further benefit sports clubs around New Zealand.

	ally explain why <i>BMC</i> needs to respond to technological change. your answer, refer to:
•	ONE positive consequence of <i>BMC</i> responding to technological change ONE negative consequence of <i>BMC</i> not responding to technological change.

(b) Discuss how a business you have studied (with more than 20 employees, or having a national or regional significance) has responded to technological change. You may refer to the impact of technological change on either **marketing** OR **production** for your chosen organisation.

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In your answer:

- explain, with an example, how your chosen business has responded to technological change
- fully explain ONE benefit and ONE cost of the response, to your business
- justify the response of your business to technological change, in terms of the degree of success it has achieved.

Business name		
Good(s) sold or service(s) provided		
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QUESTION THREE: CHANGES TO GOVERNMENT POLICY

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Although Buzz Lite has a reduced level of sugar and caffeine, the current government is concerned that energy and other soft drinks still carry health risks for school children and adults. The government is considering introducing a 25% tax on **all** energy and soft drinks. *BMC* argues that the tax will reduce the donations given to sports clubs. It has organised a meeting of all energy and soft drinks manufacturers to discuss possible next steps.

Fully explain how a 25% tax could affect the profits of <i>BMC</i> as a soft and energy drinks				
manufacturer, if <i>BMC</i> chooses to absorb the whole cost of the tax.				
In your answer:				
explain the likely effect of the 25% tax on the price of Buzz Plus and Buzz Lite				
• fully explain the impact on the profits of <i>BMC</i> if it absorbs the whole cost of the tax.				

(b)

Discuss ONE response to the 25% tax on soft and energy drinks that <i>BMC</i> could implement, other than absorbing the whole cost of the tax.	ASSESSOR'S USE ONLY
In your answer:	
describe ONE response that <i>BMC</i> could implement	
fully explain ONE benefit and ONE cost of the response, to BMC	
• justify the response in terms of its long-term impact on <i>BMC</i> .	
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More space for this answer is available on the next page.

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