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90839



NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

QUALIFY FOR THE FUTURE WORLD
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SUPERVISOR'S USE ONLY

Level 1 Business Studies, 2017

90839 Apply business knowledge to an operational problem(s) in a given small business context

2.00 p.m. Friday 24 November 2017

Credits: Four

Achievement	Achievement with Merit	Achievement with Excellence
Apply business knowledge to an operational problem(s) in a given small business context.	Apply detailed business knowledge to an operational problem(s) in a given small business context.	Apply comprehensive business knowledge to an operational problem(s) in a given small business context.

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.

Pull out Resource Booklet 90839R from the centre of 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.

Merit

TOTAL

16

ASSESSOR'S USE ONLY

Read ALL of the resources in Resource Booklet 90839R before you begin answering the questions in this booklet.

QUESTION ONE: WORKPLACE ACCIDENT

Use the information in Resource A and your business knowledge to answer this question.

- (a) Fully explain ONE cause of the workplace accident.

One cause of the workplace accident is that because due to the increase demand, the machines began to operate in longer hours per day. And a piece broke off from the grinding machine that caused a workplace accident. Because the machines are operated longer, that the machines will naturally become too over-worked and can breakdown. This was the cause of the workplace accident, due to operating the machines longer. And they were possibly never been updated or checked for any functionality damage/usage.

- (b) Fully explain ONE negative consequence of the workplace accident for the business.

One negative consequence of the workplace accident for the business is that workers will feel unsafe while working. They will be less focused, as they are afraid in their environment. This could lead to less work being done. And possibly workers quitting their job, because they feel unsafe due to the accident that occurred in the place they are working in. This negative consequence of the incident, is that it will affect workers, employees feeling unsafe with the work of the employees.

- (c) Discuss a possible solution for Tangiwai which would help to prevent workplace accidents in the future.

In your answer:

- describe a short-term solution
- explain ONE advantage of this solution
- fully explain TWO long-term measures that Tangiwai could implement to reduce the risk of similar workplace accidents in the future.

*clothing gear
check machine*

A short-term solution for Tangiwai to prevent workplace accidents in the future is to introduce safe clothing wear. This could be eye-wear, foot-wear and body wear to avoid any workplace accident that can affect the employee in the future. An advantage for this solution is that it is fast, and easy to provide and will allow the workers to feel safe in their workplace. Because having suitable gear and wear, will allow them to work normally again. Two long-term measures that Tangiwai could implement to reduce the risk of similar workplace accidents is to regularly check the machines and have a record of any defects in the machines. Being able to regularly check the machines will help to reduce the risk of accidents, because they can avoid it more. Because if someone does find a defect in the machine, they could inform the others and Warren to avoid any accidents that can occur. Having a record of the defects/damages on the machine is also a long-term measure that can help Tangiwai by being aware of the machines that are

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

Suitable to use and which are the best quality that can prevent accidents. This will help Warren when buying new machines, as it can show him which works/lasts longer the best.



M6

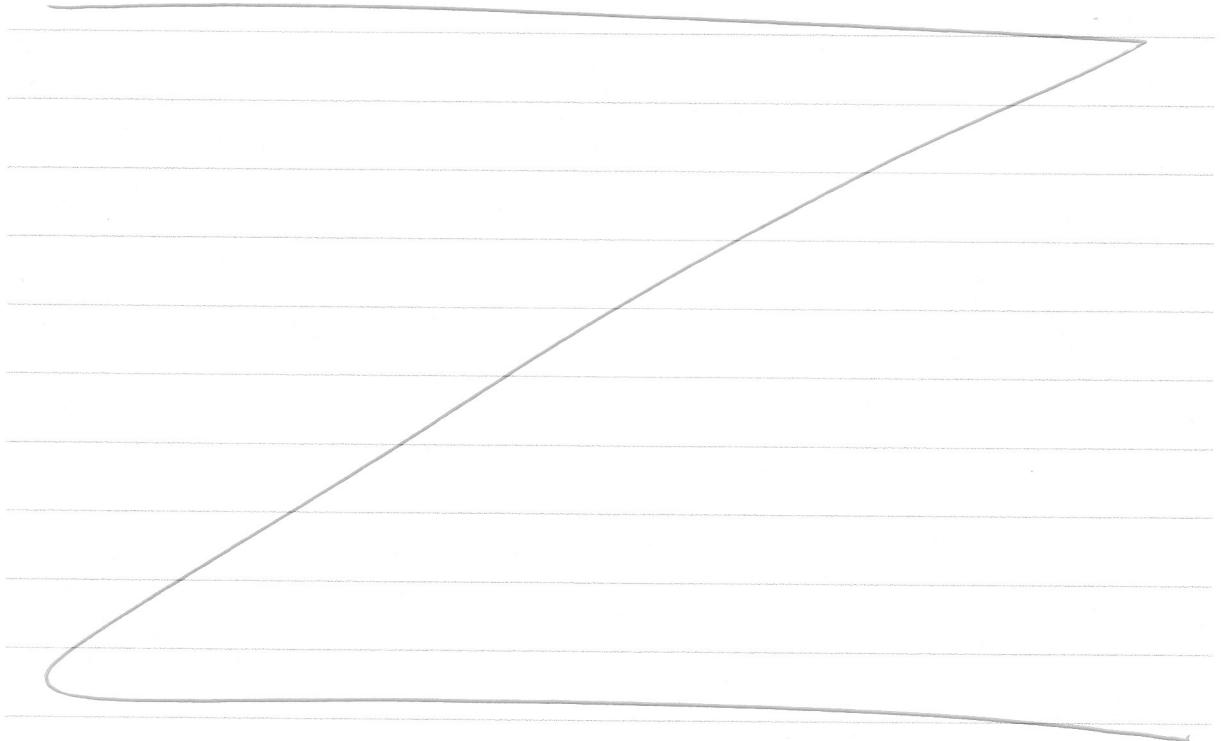
QUESTION TWO: PRODUCTION DISRUPTION

As a result of the fibre optic cable damage, Warren's online business was affected for 24 hours. Customers who had made online orders during this disruption were charged twice. This was not discovered until the following week.

Use the information in Resources A and B, and your business knowledge, to answer this question.

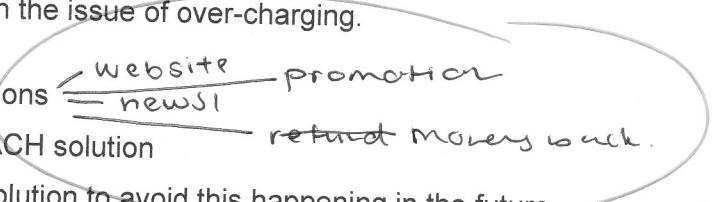
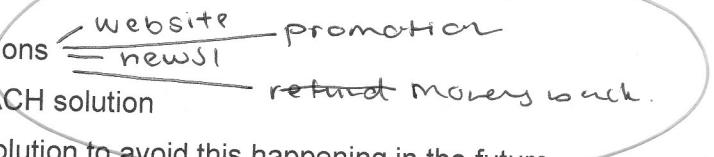
- (a) Fully explain TWO possible reactions that customers of *Tangiwai* might have, after being over-charged for orders.

Two possible reactions that customers could have is anger for being scammed and insecurities of an act of theft and theft. Because after being over-charged for orders, the customers will feel like they were scammed into being charged twice. And they will likely complain and never order from Warren's business ever again. It is also an act of theft if they have been overcharged, which will send negative publicity for Warren's business. And can be reported to the police, as an act of theft. Because being charged twice will make the customers feel insecure, due to bank/card details. //



- (b) Discuss how Warren could deal with the issue of over-charging.

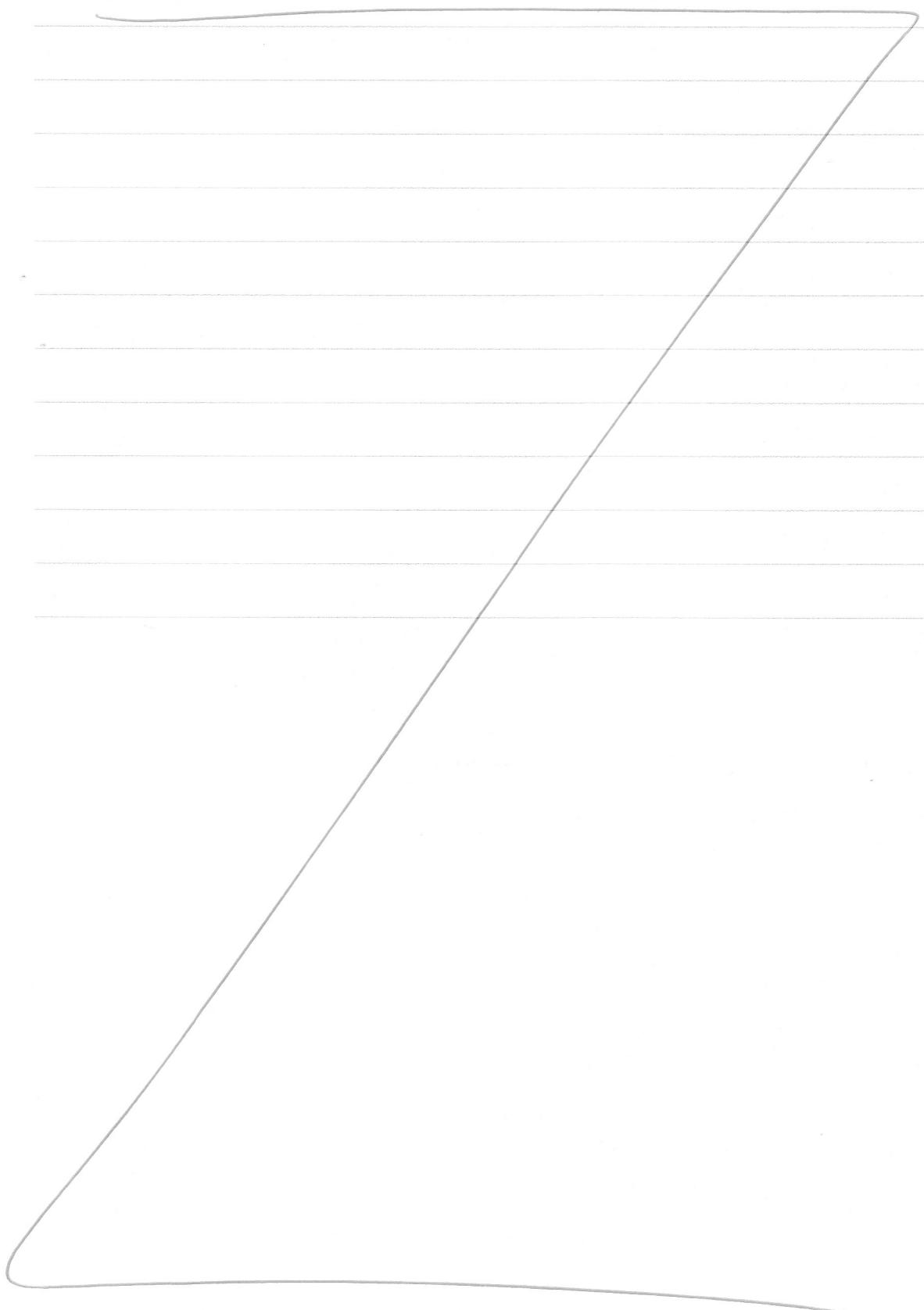
In your answer:

- identify TWO short-term solutions 
- explain ONE advantage of EACH solution 
- fully explain ONE long-term solution to avoid this happening in the future.

Two short solutions for Warren to deal with the issue of over-charging is by giving the extra money back and possibly a promotion, of a discount or free gift. The advantage of giving the extra money back, is that people will feel less angry at the incident and will be happy at the thought of customer service in Warren's business. It will help with the communication between Warren and the customer. And communication is a big deal in businesses. Applying a promotion of a discount or free gift, will make the customers feel less angry as the business is willing to apologise of the incident and is wanting to fix the issue, and maintain customers a more positive relationship. The advantage of applying a promotion of a gift or a discount will help the customers feel less threatened of the business and avoid any further negative publicity and comments.

A long term solution to avoid this happening in the future is by informing the construction contractor of it's location of the broadband cables. Because the issue was that the cables were damaged by the construction contractor from Warren. So a long term solution is to clearly inform the location of certain cables to the construction contractor. Because this will help avoid anymore incidents regarding cables.

being damaged by Warren's construction
contractor's.



MS

QUESTION THREE: NEW COMPETITION

Warren recently discovered that some of his designs are being copied by a new, larger competitor. The competitor mass produces their carvings and sells them on popular websites. The competitor uses jade sourced from China and the products are being sold for 15% less than *Tangiwai's* products.

Use the information in Resources A and C, and your business knowledge, to answer this question.

- (a) Discuss the impact of the new, larger competitor on *Tangiwai*.

In your answer:

- explain how a new, larger competitor could negatively affect a small business like *Tangiwai*
- fully explain TWO potential benefits to the customer of a new, larger competitor entering the market. — *cheaper, highly recognised, won't be charged more*

A new, larger competitor could negatively affect a small business like *Tangiwai* as it will affect the ^{profits} marketing of *Tangiwai*. Because this larger competitor would ^{most} likely have better marketing and advertising than a smaller business like, *Tangiwai*. Customers would be more attracted to a business that ^{is} has mass produced ^{than} *Tangiwai* that has with a cheaper price, ^{with} the same design, ^{as} *Tangiwai*. This will negatively affect *Tangiwai*, as profits will go down due to less customers interested because of the competitor. Two potential benefits to the ^{customer} ~~cost~~ of a new, larger competitor entering the market is that they are exposed to cheaper products and possibly a more trusted brand - due to the incident of over-charging from *Tangiwai*. The potential benefits for the ^{customers} ~~customers~~ on having more cheaper options with the same design is a benefit as they don't have to pay as much when buying from *Tangiwai*. And with a new, ^{bigger} competitor, this is a benefit for the customers as they can trust this bigger brand than *Tangiwai*, as it would seem they would have more strict policies.

(b) Discuss how Warren could deal with the issue of the new competitor copying his designs.

In your answer:

- describe TWO solutions
- choose the better solution and fully explain how it would resolve the issue
- fully explain ONE long-term consequence of the better solution for Tangiwai.

Two solutions Warren could deal with the issue of the new competitor copying his designs is by implementing and heavily advertise that it is real jade and

another solution is to do shows for his designs live before putting them out for sale. The better solution is to really advertise that it is real jade and from, originated from New Zealand.

And confirm that it is not from because even with the same designs, it is not the same material.

This will resolve And so heavily advertising the fact it is from native New Zealand made and is real jade will resolve the issue. As customers will want the real material.

But one long-term consequence of the better solution is that due to Tangiwai being a smaller business this might still be unhelpful affected because of the bigger competitor's advertising. Being a smaller business is harder to get media and coverage of their brand and products. So a consequence is that even if they are advertising more that their brand is real and NZ made, they can still be challenged of the bigger competitor, and will spend more than they earn. Which will

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

affect their cash flow. Because if they spend more than they earn, they can experience debts and possibly applying for loans.



MS

Subject:		Level 1 Business Studies	Standard:	90839	Total score:	16
Q	Grade score	Annotation				
1	M6	This response provided consistent evidence towards Merit, as the student has explained the cause and negative consequence of the accident, as well as the advantage of the short-term solution and both long-term measures. The answers were all in context; however, they lacked further expansion of how they could potentially impact Tangiwai for Excellence level.				
2	M5	The candidate has provided enough evidence for M5 in this question, as they have explained two reactions to the overcharging, as well as the advantage of offering refunds. Responses were provided in context. There was not enough evidence explained in depth to award the candidate M6, as the advantage of discounts was only described and the long-term solution was incorrect.				
3	M5	This response was at M5 level, because the candidate has provided some Merit evidence, in particular the negative effect on small businesses of large competitors, how the preferred solution resolves the issue, and the long-term consequence of that solution. Responses to (b) are in context. If the candidate had also explained the benefits to customers of competition, they would have reached M6.				