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90839



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## 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.**

Excellence

TOTAL

24

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

not suitable

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

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

A workplace incident has occurred at Tangiwai as a result of machinery. This is because the machines are being overworked and are not suited to such extreme workloads, thus the machinery is not suitable or fit to be doing the job, which resulted in a piece breaking off. In the future more incidents like this may occur because the machines are not suitable for the job ever since the production rate has increased, meaning the machinery cannot cope & is likely to break down once more.

- (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 the business may gain a bad reputation because the ~~and~~ hurt employee speaks against the working conditions or people just view the business in a negative light because of the accident. This is a negative consequence as a bad reputation may put off loyal customers from the business, thus the business is losing cash inflow to its competitors. In the future this could mean that completely new customers, who would otherwise be interested, would go to another ~~gade~~ vendor because of the negative reputation the business has, even future employees may not want to work at the business for fear of personal safety as a result of the bad reputation.

- (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.

A short term solution could be hosting one health & safety meeting with current employees, warning them of all hazards & how to deal with them. ~~This would be~~ An advantage of this is that the main point would be received by current staff and they would be more careful in the weeks after the meeting, now more aware of the hazards.

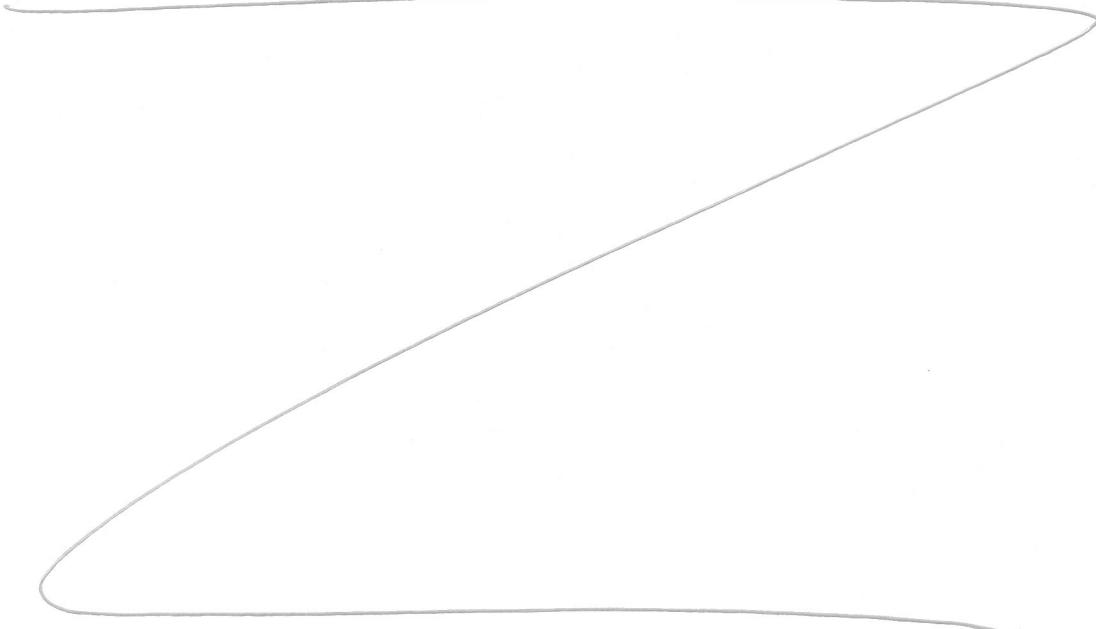
A long term measure *Tangiwai* could introduce is slowly replacing all machinery to new & stronger machinery to reduce risks of similar machine break downs thus leading to accidents. They could do this because the new machines would be able to cope better for the larger workload & thus have a far less chance of breaking down. This solution could also help in the future as if the demand maintains higher, it is presumed that many of the older machinery would've broken like the first, meaning there is less of a future risk by replacing the machines now. ~~This would be~~ therefore minimising the risk of ~~similar~~ incidents. The new machines may also be more efficient & thus be able to produce more jobs quicker, therefore making the entire business more efficient.

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

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Another long term solution is to sit down as a team at the start of every week & hold a health and safety briefing for the rest of the ~~company~~ business's ~~and~~ life / running. This is because it would serve as a constant reminder to the employees of the hazards, while also making sure new employees are aware and thus minimising the risks of similar accidents as more people will know better of the hazards e.g. Safety gear, how far back from machinery to be, what are the signs of malfunctioning machinery. In the future this will also help minimise the risk of a similar accident as it will become close to second nature for employees as the meetings will be every week, while also putting new employees on alert for all hazards immediately, thus decreasing the risk of a similar accident occurring.

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**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.

Some customers may be angry about being overcharged due to the situation at hand. They may be angry as they were overcharged, and this was only found a week later - thus they were overcharged for at least a week before being contacted by the business. This could also be an issue in the future as it may put customers off future orders from this bad one time experience, thus lessening Warren's market share. //

Some customers may complain as a reaction to being overcharged. They may complain because they were unfairly over charged. As the issue was not immediately dealt with, leaving only them to voice their concerns & do something about the issue as no one else was. This could cause an issue in the future as the negative complaints & reviews could give Warren's business a bad reputation, thus dissuading future customers from choosing Warren's business over others. //

(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.

Firstly, Warren could pay for the product of the customer & still give them the products. This would help rekindle a positive ~~so~~ relationship between the business & its customers because the customers will be able to see the business cares enough to be willing to forgo profit to make its customers happy, giving the business a good reputation. The business/Warren could also personally apologize to each customer & reimburse them the overcharged cost, reverting the payment back to that of a normal good. This could be good as it makes the problem seem small & shows the business cares about all of its customers personally. This is because the apology would not be a general one, but directed to each every individual, showing them the business values them all as ~~an~~ customers by personally apologizing, thus giving the business a good reputation for its customer relations.

A long-term solution to ~~so~~ avoid this happening in the future is to not only rely on one network for information transmissions on the internet, instead creating a back up wi-fi system that the business runs off if the first, fibre optic, system fails.

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This would work because it means next time the fibre optic cable does not work, the website will automatically change networks, meaning the business will continue to run like normal, thus transactions won't go through twice & no one will be overcharged as the ~~system~~ website will continue to run normally. In the future, this could help transactions come through faster, while ~~also~~ avoiding this issue, as the website would always have two or three networks to choose from, meaning it will choose the fastest automatically, thus increasing efficiency and making sure the problem doesn't reoccur by having back up networks to use if needed.

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### 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.

A new and larger competitor could negatively impact Tangiwai by taking over its market share. This could negatively affect the business because the business cash inflow would drastically decrease as a lot of their customers are choosing to go to a cheaper bigger brand. However this competitor could have benefits for the customer. Firstly, competitive pricing may occur between businesses. This would benefit the customer because prices would be driven lower & lower as each business tries to get the customers to choose their store rather than others. In the future this can lead to ridiculously low prices & events such as sales and special deals being more frequent because each business is trying to outdo the other, leading to better, deals and cheaper goods for the customer.

Another benefit for the customer when a new competitor enters the market is that they have a wider range of products available. This is because, while the competitor may copy the majority of

And increase his  
number of designs - they can't copy  
everything

- (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.

Solution 1: Warren could imprint his designs with a small logo on the bottom right of every print, showing that the idea was originally his.

Solution 2: Warren could ~~only~~ limit the designs sold online, and sell the nicer ones in store while also increasing advertising towards his store, meaning the competitor has less designs to steal & his store gets more attention because of the advertising.

I believe solution one would work best.

Solution one would work best as it would make his designs more unique if his logo is incorporated into them, meaning it is harder to copy. This is because each design will now be advertising & representing his business so cannot be directly copied, and if it is directly copied then the ~~worse quality~~ ~~cheaper product~~ only serves as advertising for the original. In the future this could also help ~~the~~ his business become the biggest because of the unique designs and the subtle advertising, thus the competitor would

This would also make Warren's designs more unique & thus more desirable increasing market share.

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

no longer have that much of an effect  
on the business. //

A long term consequence of this solution is that Warren's products become more popular online. This is because firstly his designs will be considered more unique as they subtly integrate the logo into the design, and when copied the popular designs will spread so soon Warren can get free advertising as his logo is on the design. // Also because the online markets already purchase ~~these~~ these designs, ~~because~~ he can just as easily sell his originals and profit of the fact that his designs & his logo is spread all over these websites profiting and selling as he can upmarket his as originals & as 100% genuine NZ Jade, making his product more premium & thus capitalising on the copiers spreading and popularising of his design and design integrated logo to profit. //

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

Q3(a) of the other business's goods, there is still a broader range of products - giving the customer more choice as to what product they want to buy. This could continue to benefit customers in the future because the business will compete with each other by diversifying their range, thus giving customers more and more choice on what goods they want. //

<b>Subject:</b>		Level 1 Business Studies	<b>Standard:</b>	90839	<b>Total score:</b>	24
<b>Q</b>	<b>Grade score</b>	<b>Annotation</b>				
1	E8	The candidate was awarded E8 because they were able to comprehensively explain the negative consequences of the workplace accident, as well as the long-term measures to avoid it happening again. Relevant information from the resource and business knowledge was integrated.				
2	E8	The candidate comprehensively explained the long-term solution to avoid overcharging in the future, integrating business terminology and relevant information from the resource. Although the explanations of the two reactions from customers were weaker, overall the answer was deemed to be comprehensive and E8 was awarded.				
3	E8	The response has provided consistent evidence towards Excellence with comprehensive explanations regarding potential benefits to customers of a larger competitor joining the market, as well as the better solution, with long-term consequences. The candidate has written in context and integrated business terminology.				