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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.**

**Achievement**

**TOTAL**

**12**

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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 workplace accident that has occurred is that a piece broke off the grinding machine that caused a severe injury to the carver carving the jade stone at the operating machine.

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

A negative consequence of workplace accident for the business is that because of a defect in one of the operating machines can have the business carry a bad reputation regarding the health and safety regulations and makes the business look unreliable and inefficient which could in the long term effect the profit.

- (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 - health/safety required check of machinery
- explain ONE advantage of this solution - shows they care/keep staff safe
- fully explain TWO long-term measures that *Tangiwai* could implement to reduce the risk of similar workplace accidents in the future.

1. Invest in new machinery
2. Implement stricter guidelines/rules about safety wear shirt.

A short term solution that could help prevent workplace accidents in the future would be to stop production of the goods and proceed to carry out a mandatory health and safety check up on all machinery to prevent any one else getting injured. An advantage to this solution is that it would prevent any further injuries happening to operating staff. A long term measure that *Tangiwai* could implement to reduce the risk of workplace accidents in the future could be to invest in all new & updated and advanced machinery to produce goods. Investing in new machinery would most likely completely prevent the risk of injury and would also improve the quality of produced goods. Another long term measure that *Tangiwai* could implement to reduce the risk of workplace injury would be to implement stricter guidelines and safety rules regarding health and safety of the staff. This would highly //

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

reduce the possibility of work place accidents because of the ~~to~~ stricter guidelines that the staff must obey by including safety protection wear. If the business implied these long term measures ~~longer~~ to their business I would highly believe ~~they~~ that it would significantly prohibit work place injuries. //

A4

**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.

A Possible reaction that customers of *Tangiwai* may have to being over charged because of the cable damage is that they may be very upset and not understanding towards the company. They may proceed to pin blame against the company and result in negative reviews bringing down the business's reputation. Another possible reaction the customers may have in regards to being charged double for orders is that they may be understanding and forgiveable towards the business. The understanding customers may be able to accept the error within and acknowledge

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

In your answer:

- identify TWO short-term solutions - pay back, apology & statement
- explain ONE advantage of EACH solution
- fully explain ONE long-term solution to avoid this happening in the future.

A short term solutions dealing with this issue would be to instantly payback all customers that were affected to avoid accusations of fraud<sup>and bad reputation</sup>. An advantage to this would be that the customers will be satisfied with the instant repayment and won't proceed to take legal action towards warren and his business. Another short-term solution dealing with this issue could be to provide an apology statement to all affected customers ~~stating~~ providing the nessary information and circumstances. The advantage with doing this is that the customers affected can understand the situation and the remource of the business. Applying this stradagey to this issue will help limit negative outcomes from the situation. and help remain the business with a good reputation which increases sales.

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A24

### 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. *-being cheaper*

A larger competitor copying *Tangiwai's* products could negatively affect the business because customers will most likely opt for the cheaper and more accessible option which is what this larger competitor is providing to them. A potential benefit to the customer of a new larger competitor is that the customer can have more options when choosing what jade products they want based on the customer's preference of the jade being the cheapest or the jade being authentic to New Zealand. Another benefit to the customer is the rise of value and quality of the businesses because they are both competing against each other the price will continue to drop while the quality rises. This is introducing new competitors into the market is a very positive thing for customers.

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

In your answer:

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- describe TWO solutions - address company, take legal action??
- choose the better solution and fully explain how it would resolve the issue - address company → miss communication etc.
- fully explain ONE long-term consequence of the better solution for Tangiwai.

A Solution that Warren could take to deal with the issue of copying designs would be to address the business in a formal ~~express~~ letter to address the issue and ask inquiries to the illegal copy design. Another solution could be to take legal action against the business if ~~the~~ Warren feels strongly about the stolen designs and feels as if he and his business needs justice. In my opinion I think the better solution to resolve this issue would be to address the business in a formal letter addressing the issue of copyright. This is because there could be misunderstandings and misscommunication between both businesses. Addressing the ~~key~~<sup>issue</sup> in a formal can result in less conflict and possibly resolve the matter. A possible long term consequence of addressing the business in regards to the copyright issue could result in a short term mutual understanding and agreement but in the long term,

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

could continue to copy Tangiwai's products designs or to continue to further sell the stolen design for their own profit.

A4

<b>Subject:</b>	Level 1 Business Studies	<b>Standard:</b>	90839	<b>Total score:</b>	12
Q	Grade score	<b>Annotation</b>			
1	A4	This response provides consistent evidence towards Achievement. The candidate has identified the cause and negative consequence of the accident, as well as a short-term solution. The candidate has not provided a reason as to how the first long-term measure of buying new machinery would prevent the accident occurring again, although the second measure, stricter guidelines, was explained. This on its own though, was not enough to be awarded M5.			
2	A4	This response was at A4 level, as it provides most of the Achievement evidence. The candidate identified one reaction, giving negative reviews, as well as two short-term solutions. The advantage of giving a refund required a more detailed explanation, but the advantage of apologising was explained. The long-term solution was not given, and overall, the answer was not sufficiently in-depth for Merit.			
3	A4	The candidate has provided enough evidence for A4 in this question, having described the impact of a new, larger competitor on both a small competitor and its customers, as well as two short-term solutions and long-term consequences. The answer does not reach M5, because although the better solution was explained, there is insufficient Merit evidence in response to other parts of the question.			