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91379



NEW ZEALAND QUALIFICATIONS AUTHORITY
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SUPERVISOR'S USE ONLY

Level 3 Business Studies, 2017

91379 Demonstrate understanding of how internal factors interact within a business that operates in a global context

9.30 a.m. Friday 10 November 2017
Credits: Four

Achievement	Achievement with Merit	Achievement with Excellence
Demonstrate understanding of how internal factors interact within a business that operates in a global context.	Demonstrate in-depth understanding of how internal factors interact within a business that operates in a global context.	Demonstrate comprehensive understanding of how internal factors interact within a business that operates in a global context.

Check that the National Student Number (NSN) on your admission slip is the same as the number at the top of this page.

There is **ONE** task in this booklet. You should attempt **ALL FOUR** parts of the task.

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

A4

ASSESSOR'S USE ONLY

Read the background information below and in the other boxes about *Kemu*. This is the business that you may use to answer parts (a), (b), and (c) of the task.



Kemu was formed in 2010 and specialises in the development of games to play on platforms such as PlayStation and Xbox. *Kemu* has a small niche market, however it can charge a premium price due to the consistent quality and innovation shown in its gaming software.

The head office is located in Lower Hutt and there is a design team in Silicon Valley, California. The designers have proved to be most effective when working together as a team.

Kemu's CEO convinced the shareholders that to remain competitive, the company needed to start developing games for virtual reality (VR) technology. The CEO's decision to convert to VR games was influenced by attending a technology conference in San Francisco, where VR games featured. This conference was attended by many of the market leaders in the gaming industry.

Image source: <http://www.wareable.com/project-morpheus/sony-project-morpheus-release-date-price-games>

You may choose to answer parts (a), (b), and (c) using *Kemu*, or a New Zealand-registered business(es) operating in a global context that you have studied in depth.

In part (d) you must use a New Zealand-registered business operating in a global context that you have studied in depth.

Name of New Zealand-registered business(es)	
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TASK

ASSESSOR'S
USE ONLY

- (a) Fully explain ONE benefit the business may gain by introducing product innovation, such as the new VR games.

In your answer, refer to:

- staff motivation
- productivity.

By Kemu introducing the new ~~VR~~ product innovation being VR games this could benefit the business in many ways. By introducing VR games it could introduce a whole new target market bringing ~~an~~ an inflow of sales to the business therefore going on to increase their overall profit. VR will be a new business venture for Kemu and this could increase staff motivation to come up with great ideas to implement into the VR Games and motivate the staff to design the best VR game. If the staff are excited about this new business venture it will increase their productivity in the workplace and this will go on to help Kemu produce a premium product they can charge a premium price for and keep them a competitive business.

For the move to VR games to be successful, the CEO needed the Silicon Valley designers to be fully supportive. The designers are a highly experienced and influential team. The CEO believed that an inclusive strategy for change, where the designers are consulted about how they believe the change should take place, would be the most effective strategy to transition *Kemu* to VR technology games.

- (b) Evaluate the likely success of an inclusive change management approach to convince employees to use innovative new technology.

In your answer:

- fully explain ONE positive and ONE negative effect of the inclusive change management approach for the business
- provide a justified conclusion, including any new information, as to the suitability of the inclusive change management approach for this business.

The likely success of an inclusive change management approach would be highly successful as the CEO recognise the Silicon valley designers are a highly experienced influential team and he consults them, involves them in the change. A positive of this is the team at Silicon valley will be more open to the ~~ideas~~ inclusive change ~~man~~ because they are being involved they will feel more as an equal. A negative of the inclusive change is the team at Silicon valley might not be open to change, they may have a system in place and want it to stay the same and this could cause some tension. This is unwanted tension as the designers at Silicon valley are very experienced and influential. The inclusive change management strategy is a very suitable approach for Kemu as the CEO was involving a team of very influential designers, if they got on board with the VR games other designers in the company

could follow suit.

Kemu is known in the industry for its consistent high quality and innovation. *Kemu* embraced the change and developed new VR games. However, since the introduction of the new VR games, there has been negative online feedback from unhappy customers finding faults and other problems with the quality of the new games.

- (c) Fully explain, with ONE reason, how negative online feedback may affect a business like *Kemu*, which is known for its consistent high quality and innovation.

In your answer, refer to:

- the effect on the use of a premium pricing strategy
- the impact on long-term revenue and profitability.

For a business like *Kemu* that is known for high quality products, to start getting feedback around poor quality will effect *Kemu*'s reputations as they will no longer be seen as high quality product they will be seen as having poor quality. This will effect *Kemu* in regards to the use of a premium pricing strategy. If they are seen as having poor quality they will no longer be able to charge a premium price for their products as it is no longer seen as a premium product. In the long run this will effect *Kemu*'s revenue and profitability as they will not be generating as much income from the sales of their product because they would of had to drop their prices and the loss of customers due to not wanting to buy a poor quality product.

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The examination continues on the following page.**

Kemu is currently investigating three possible quality management (QM) strategies to improve the quality of their games:

- Quality Control - checking at the end
- Total Quality Management
- Quality Circles.

- (d) For a New Zealand-registered business you have studied that is operating in a global context, choose a strategy from the above list, and evaluate its suitability to improve the quality of the products of the business.

In your answer:

- explain the chosen strategy in the context of the business
- fully explain ONE positive and ONE negative effect of this QM strategy for the business
- provide a justified conclusion, including any new information, as to the suitability of this QM strategy for this business.

Name of New Zealand-registered business	Fonterra
Quality management strategy	Quality Control

Fonterra is a New Zealand registered business that operates in the global context and is highly regarded for the high level of quality the products they produce are.

Quality Control is where at the end of the production stage you check the product to make sure it has no faults. For

Example Fonterra would check its packaging at the end of the production to make sure the printing is all in the correct locations.

One positive of this strategy is it prevents any faulty products getting to the customers allowing Fonterra to keep their reputation of a high quality product. Although a negative of this strategy is it is costly and

wastes time. It costs Fonterra money everytime a faulty product has to get bined or has to be ~~perad~~ fixed. It is also time consuming having to go back and start again when faulty product comes through. This Quality management strategy wouldn't be very suitable for fonterra as it isn't time or cost friendly to the business. Quality Assurance would be more suited for Fonterra, where you check the product at every stage of production.

A4

Subject:		Level 3 Business Studies	Standard:	91379	Total score:	A4
Q	Grade score	Annotation				
1	A4	<p>Part (a) The candidate has only explained the benefit that the business (<i>Kemu</i>) may gain from product innovation, referring to staff motivation and productivity. The candidate did not provide additional explanation as to how the higher productivity would impact the business.</p> <p>Part (b) A positive effect of an inclusive strategy was explained. This answer did not reach Merit, because the candidate has not provided an impact (how) statement.</p> <p>Part (c) The candidate has explained one reason how negative online feedback may affect the premium pricing strategy, but did not fully explain the effect on pricing (did not state that the price should decrease) or the impact on revenue and profitability in the long term.</p> <p>Part (d) The candidate has explained a Quality Control strategy and provided an explanation for one positive and one negative impact, in the context of <i>Fonterra</i>. The depth (detail) of the answer was not sufficient for Merit.</p>				