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NEW ZEALAND QUALIFICATIONS AUTHORITY  
MANA TOHU MĀTAURANGA O AOTEAROA

SUPERVISOR'S USE ONLY

## Level 1 Business Studies, 2011

### 90838 Demonstrate an understanding of external factors influencing a small business

9.30 am Tuesday 29 November 2011

Credits: Four

Achievement	Achievement with Merit	Achievement with Excellence
Demonstrate an understanding of external factors influencing a small business.	Demonstrate a detailed understanding of external factors influencing a small business.	Demonstrate a comprehensive understanding of external factors influencing a small business.

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 2–11 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.**

**TOTAL**

ASSESSOR'S USE ONLY

You are advised to spend 60 minutes answering the questions in this booklet.

Use the information in the boxes and your business knowledge to answer the following questions.

### QUESTION ONE: ENVIRONMENTAL INFLUENCES

*DG Plastics Ltd* is a small manufacturing business that produces plastic storage containers for household use. The business uses hazardous chemicals in their operations. The owner, Denny Grant, ensures the business follows strict guidelines in the use of these chemicals and in the disposal of the waste from these chemicals.

- (a) Identify TWO impacts on the environment that might arise from a business using hazardous chemicals.

(1) \_\_\_\_\_

(2) \_\_\_\_\_

- (b) Explain ONE benefit to and ONE cost for *DG Plastics Ltd* of complying with laws that are designed to protect the environment.

Benefit: \_\_\_\_\_

\_\_\_\_\_

Cost: \_\_\_\_\_

\_\_\_\_\_

- (c) Describe the Māori business concept of **Kaitiakitanga** in regard to the environment.

\_\_\_\_\_

\_\_\_\_\_



**QUESTION TWO: STAKEHOLDERS**

Use the information in the boxes and your business knowledge to complete the following tasks.

When Denny makes business decisions for *DG Plastics Ltd*, he must consider the impact of the decision on all of the business's stakeholders. He has to make a decision on whether or not to change the product line for *DG Plastics Ltd*, to make a wider range of plastic storage containers for both household and industrial use.

- (a) Identify TWO external stakeholders of *DG Plastics Ltd* who might be negatively affected by a decision to change *DG Plastics Ltd*'s product line.

(1) \_\_\_\_\_

(2) \_\_\_\_\_

- (b) Explain, by providing examples, how the TWO stakeholders identified in part (a) could be negatively affected.

(1) \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

(2) \_\_\_\_\_

\_\_\_\_\_  
\_\_\_\_\_

- (c) Identify ONE internal stakeholder of *DG Plastics Ltd*.

\_\_\_\_\_  
\_\_\_\_\_

Stakeholders have different objectives. Some of these objectives may be in conflict with others. The business may not be able to satisfy all the different stakeholder objectives.

(d) Discuss a situation where two stakeholders of *DG Plastics Ltd* have conflicting objectives.

In your answer you should include:

- a description of the TWO stakeholders and their objectives
- a full explanation of why their objectives may conflict
- a full explanation of how *DG Plastics Ltd* could minimise the conflict.

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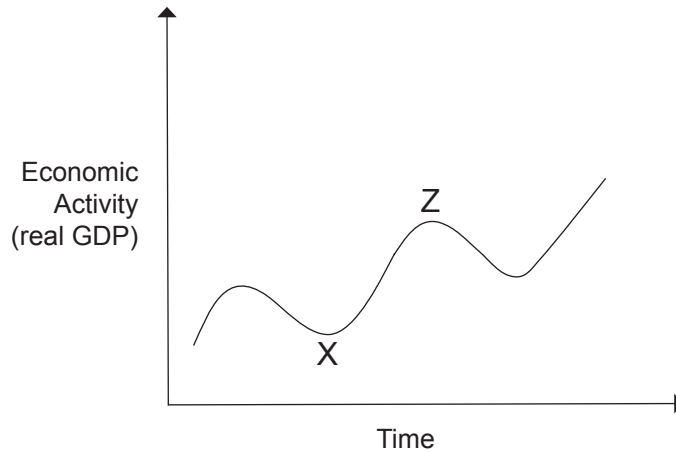
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### QUESTION THREE: ECONOMIC INFLUENCES

Use the information in the boxes and your business knowledge to complete the following tasks.

Business activity is influenced by many factors. It is generally cyclical, with four main stages. Governments have strategies in place to try to minimise business cycle extremes.

- (a) Identify Stage X and Stage Z on the business cycle diagram below.



X: \_\_\_\_\_

Z: \_\_\_\_\_

- (b) Explain what would be occurring in the economy at **Stage Z**, and what the likely consequences would be for individual businesses.

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- (c) Describe what is meant by a slump or a recession when referring to the economy.

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**QUESTION FOUR: LEGAL INFLUENCES**

Use the information in the boxes and your business knowledge to complete the following tasks.

Denny's wife, Sophia, owns a hair salon. She has been trialling a new hair dye product which the supplier said had been tested and was completely safe. It is usual practice for a hairdresser to spot test the hair dye on any new client before the actual hair dying takes place. However, this did not happen. Unfortunately, Sophia went ahead and used the dye on a new client, with disastrous results – the client's hair colour is now slightly green.

- (a) Identify the Act of Parliament that covers the type of incident referred to in the scenario above.

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- (b) Explain the consumer's legal entitlements under the Act you named in part (a) and how they relate to this particular case.

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- (c) Describe TWO remedies that could be used to rectify the situation referred to in the scenario above.

(1) 

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(2) 

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