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NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

SUPERVISOR'S USE ONLY

Level 1 Business Studies, 2012

90838 Demonstrate an understanding of external factors influencing a small business

9.30 am Thursday 29 November 2012

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 2–12 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.

TOTAL

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

QUESTION ONE: LEGAL INFLUENCES

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

Merino Living is a small business, employing 15 staff. It produces a range of merino wool products for babies and children.

- (a) Identify ONE objective of the Privacy Act 1993.

- (b) Explain ONE benefit of the Privacy Act 1993 for the employees of *Merino Living*.

- (c) Describe the term “compliance costs” and provide an example.

Merino Living has recently developed a website and is now selling their products online.

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(d) Discuss the issues relating to the Privacy Act that *Merino Living* has to consider when dealing with online customers.

In your answer:

- identify ONE privacy issue *Merino Living* needs to consider with regard to its online customers
- explain ONE consequence for *Merino Living* of not complying with the Privacy Act
- fully explain TWO advantages for *Merino Living* of complying with all aspects of the Privacy Act.

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QUESTION TWO: GLOBAL CONNECTIONS

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

Merino Living is optimistic about the many opportunities available through being connected globally.

- (a) Define the term “international business”.

- (b) Explain how the Internet can provide opportunities for New Zealand businesses.

- (c) Identify ONE security issue that may be faced by *Merino Living* and other New Zealand businesses operating online.

QUESTION THREE: SUSTAINABILITY

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

Merino Living has always focused on running a business and producing products that are environmentally sustainable.

- (a) Describe why environmental sustainability is important for all businesses.

- (b) Explain ONE cost to society of businesses not operating in an environmentally sustainable manner.

- (c) Identify ONE regulation that local or central government could impose to ensure businesses operate in an environmentally sustainable manner.

QUESTION FOUR: LOCAL BUSINESS COMPETITION

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

Merino Living is experiencing increased local business competition as more producers turn to using merino wool in their products.

- (a) Define the term "local business competition".

- (b) Explain the importance of customer service when operating in a competitive market.

- (c) Describe ONE action, other than customer service, that *Merino Living* could take to show that it is different from, and possibly better than, other merino wool producers.

Analysing competitors in a market is essential for all businesses aiming to increase their market share.

- (d) Discuss, with reference to a small business (up to 20 employees and/or with local or community significance) that you have studied, how an analysis of the competition of that business could help it to improve its position in the market.

State the name of the business below, and the good(s) or service(s) the business sells or provides.

Business name	
Good(s) sold or service(s) provided	

In your answer:

- describe ONE method your named business has used, or may use, to analyse its competition
- identify information from the analysis and explain how it may assist your named business to improve its position in the market
- fully explain TWO actions your named business has taken, or may take, in response to the information, to become more locally competitive.

Question Four continues on page 10

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

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