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NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

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Level 1 Business Studies, 2014

90838 Demonstrate an understanding of external factors influencing a small business

2.00 pm Thursday 20 November 2014
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 2–14 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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QUESTION ONE: LEGAL INFLUENCES – EMPLOYMENT RELATIONSASSESSOR'S
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Macey's Paint Shop is a small retail business owned by Jim Macey. *Macey's* sells all types of paint. Due to all the "do-it-yourself" (DIY) shows on television, *Macey's* has experienced some recent growth and needs to employ additional staff.

- (a) When employing staff, businesses must supply each employee with an employment agreement. Describe what an employment agreement is.

- (b) Fully explain the benefits of having an employment agreement.

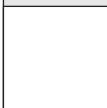
In your answer, fully explain:

- ONE benefit to the employee of having an employment agreement
- ONE benefit to the employer of having an employment agreement.

Benefit to the employee: _____

Benefit to the employer: _____

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The examination continues on the following page.**

QUESTION TWO: COMPETITION

Macey's Paint Shop is currently the only paint shop in the local community. Jim, the owner, has heard that a very large competitor that manufactures its own paint and sells direct to the customer might be moving into the local area. This larger competitor already dominates the New Zealand marketplace in terms of market share.

- (a) Describe why similar businesses might locate in the same area.

- (b) Fully explain the benefits of having good customer service when operating in a competitive environment.

In your answer, fully explain:

- ONE benefit to the customer of a business providing good customer service
- ONE benefit to a business of providing good customer service.

Benefit to the customer: _____

Benefit to the business: _____

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QUESTION THREE: ECONOMIC INFLUENCES

There has been a lot of talk in the media recently about increased consumer spending. The business cycle is experiencing an upturn. Consequently there are more houses being built.

(a) Describe what is meant by the business cycle.

(b) Discuss the possible consequences for *Macey's Paint Shop* if there are a greater number of houses being built.

In your answer, fully explain:

- ONE likely positive consequence for *Macey's Paint Shop*
- ONE likely negative consequence for *Macey's Paint Shop*.

Positive consequence: _____

Negative consequence: _____

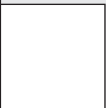
Recession is also part of the business cycle.

(c) Fully explain how a recession might affect *Macey's Paint Shop*.

In your answer:

- define the term "recession"
- fully explain, using ONE example, how a recession might affect *Macey's Paint Shop*
- fully explain how *Macey's Paint Shop* could deal with the effects of a recession.

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



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