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91379



NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

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Level 3 Business Studies, 2014

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

2.00 pm Wednesday 19 November 2014

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.

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 2–15 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

General Resource

Genstar Software is a payroll software firm operating out of South Auckland. It has a team of software developers, and also an administration/marketing team; all staff work at the same premises.

Genstar Software targets firms in the domestic and Australian markets. Over the last 10 years it has increased sales to the stage where it is now the market leader in both New Zealand and Australia. It is now looking to expand further.

QUESTION ONE: Innovation

Use the information in the General Resource above, and in the boxes below and on page 4, in addition to your business knowledge, to answer this question.

Genstar Software has recently developed a strong interest in the North American market. The software development team has been working on a product, and has made significant progress in meeting the requirements of that market. A new feature that links into the government tax department in the United States has proved very popular with users in the USA. But recently they have begun to experience setbacks, particularly in regard to a function within the payroll package that gives police access to employee information. This function has not been popular with users.

(a) Discuss the role of innovation in modern business.

In your answer:

- use an example from *Genstar Software* to explain the term “product innovation”
- fully explain ONE reason why being innovative is important for *Genstar Software’s* long-term growth.

Question Two continues on page 8 ►

(b) Evaluate the likely outcomes for a New Zealand firm operating in a global context that you have studied in depth, of an investment in international intellectual property protection, **other than a trademark**. This could be an investment in international intellectual property protection that has happened previously, or may happen in the future.

In your answer:

- select the type of intellectual property protection the company has used, or may use
- fully explain ONE positive and ONE negative outcome of the company obtaining the selected intellectual property protection on a global level
- draw a justified conclusion as to whether the purchase of the intellectual property protection by the firm would be likely to lead to improved long-term performance.

Name of New Zealand-registered business	
Good(s) sold or service(s) provided	
Type of intellectual property protection	

QUESTION THREE: Investment appraisal

Use the information in the General Resource on page 2, the box below, and the table on page 12, in addition to your business knowledge, to answer this question.

The board of *Genstar Software* has a difficult decision to make. To grow their business further, the company needs to expand into North America. This means they will need to set up an office in an appropriate location.

Genstar Software has found two possible locations. Their initial market research suggests that Los Angeles is the largest market, and it is currently lacking specialist online payroll software providers for small to medium businesses. This is the market to which *Genstar Software's* products are ideally suited.

The second option, Santa Clara Valley (Silicon Valley), is a smaller potential market, but it is the technology capital of North America. *Genstar Software* is likely to be able to source low-cost funding there.

The management has to carry out an investment appraisal comparing the two locations.

(a) Discuss the use of average / accounting rate of return for investment appraisal.

In your answer:

- explain the purpose of investment appraisal
- fully explain ONE benefit of using average / accounting rate of return as an investment appraisal tool.

Question Three continues on page 12 ➤

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