

91380



NEW ZEALAND QUALIFICATIONS AUTHORITY  
MANA TOHU MĀTAURANGA O AOTEAROA

3

SUPERVISOR'S USE ONLY

## Level 3 Business Studies, 2014

### 91380 Demonstrate understanding of strategic response to external factors by 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 strategic response to external factors by a business that operates in a global context.	Demonstrate in-depth understanding of strategic response to external factors by a business that operates in a global context.	Demonstrate comprehensive understanding of strategic response to external factors by 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

**QUESTION ONE: Multinational businesses**

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

The New Zealand-owned and Hawke's Bay-based olive company, *Te Awanga Olives* has been bought by a United States-based olive grower.

California-based *Grove Ranch*, led by CEO Doug Freeman, has entered into a merger agreement with *Te Awanga Olives* to buy 100% of the shares in the olive-growing and processing company, whose products include the premium oil brands “Bay Press” and “Haumoana Extra Virgin”.

*Te Awanga Olives* produces 150,000 litres of olive oil annually, but senior managers at *Grove Ranch* plan to introduce new processing technology within the next few years. *Grove Ranch* also has a marketing and distribution network in the United States and Europe, which would be a huge benefit to the New Zealand company in the future.

- (a) Discuss the decision by *Te Awanga Olives* to merge with a foreign-owned multinational such as California-based *Grove Ranch*.

In your answer:

- explain the possible impact on production
- fully explain a possible impact on future sales.

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**Question One continues on page 4▶**

While many businesses, such as *Te Awanga Olives*, welcome mergers with foreign-owned multinational companies, some business leaders in New Zealand have become concerned that domestic markets could be dominated by foreign-owned businesses. They have seen a need to develop strategies to defend their domestic markets against international competition.

(b) A “strategic response” means a business-wide reaction at multiple levels (size, scope, and timeframe). Evaluate a possible strategic response by a New Zealand-registered business operating in a global context, to the entry of a foreign multinational into the domestic New Zealand market.

In your answer:

- explain the chosen strategic response
- fully explain ONE positive impact and ONE negative impact of the strategic response
- draw a justified conclusion regarding the likely success of the strategic response to defend the domestic market of the business.

Name of New Zealand-registered company	
Name of the foreign multinational	

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## QUESTION TWO: Cultural intelligence

Use the information in the boxes below and on page 8, and your business knowledge, to answer this question.

Doug Freeman and other senior managers from *Grove Ranch* travelled to New Zealand from California to take a closer look at their new purchase.

While in the Hawke's Bay, they were invited to visit a local Māori-owned olive oil business, *Hinu o Te Rākau*. The Chief Executive of *Hinu o Te Rākau* explained to Doug the distinctive nature of their business that grows all its products on tribal lands. Connections with the local Māori community help ensure a high-quality product and take into account the priorities of the local Māori. All staff feel a strong sense of belonging, and an involvement in something bigger than a company focusing purely on profit.

Local tikanga such as manaakitanga underpinned the mihi whakatau (Māori welcome) the visitors from *Grove Ranch* received. Doug was captivated by the speakers issuing welcomes in Māori, as well as the waiata (songs) that supported each speaker. Following the welcome, Doug's delegation was invited to join their hosts in a meal of locally grown produce.

Doug was impressed. The visit had highlighted that *Hinu o Te Rākau* operated out of the principles of whanaungatanga and as a result, focused employment on the local Māori community, and treating each stakeholder, such as customers and suppliers, as if they were a member of their family.

### Definition of key Māori concepts

**Tikanga:** Tikanga is a body of practices or customs that implements tribal values and priorities.

**Manaakitanga:** Hospitality, generosity, care, respect, and giving. A group or organisation should be able to host and provide for people appropriately.

**Whanaungatanga:** An ethic of belonging or kinship. This principle acknowledges the importance of networks and relationships, and therefore of developing, managing, and sustaining relationships. It involves caring for and working harmoniously with others to achieve common goals. Whanaungatanga is expressed in a variety of ways in business settings – for example, culture, whānau-model systems and structures, support for and employment of whānau, use of whānau networks, and whānau support for the business.

(a) *Hinu o Te Rākau* draws upon a range of tikanga in their day-to-day practices and longer-term strategies. Discuss how this is demonstrated in their initial contact with Doug Freeman and his group.

In your answer:

- explain the role of manaakitanga in the Māori welcome given to Doug and his colleagues
- fully explain ONE impact of demonstrating whanaungatanga in the initial contact with Doug and his colleagues.

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**Question Two continues on page 8 ►**









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**Question Three continues on page 12▶**









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