

90845R



NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

QUALIFY FOR THE FUTURE WORLD
KIA NOHO TAKATŪ KI TŌ ĀMUA AO!

Level 2 Business Studies, 2017

90845 Apply business knowledge to a critical problem(s) in a given large business context

2.00 p.m. Monday 13 November 2017
Credits: Four

RESOURCE BOOKLET

Refer to this booklet to respond to the task for Business Studies 90845.

Check that this booklet has pages 2–4 in the correct order and that none of these pages is blank.

YOU MAY KEEP THIS BOOKLET AT THE END OF THE EXAMINATION.

RESOURCE A: NEWSPAPER ARTICLE**Award-winning Canterbury builder struggles with expansion into Nelson**

Macca Builders has recently moved into the Nelson housing market after a successful decade of residential building in Canterbury. Its managers have found business tougher than expected, and are now facing a crisis after finishing several superbly crafted houses but having no buyers for them. "We have invested significant amounts of capital into each house and now have the bank chasing us for the funds we have borrowed," CEO James MacIntosh explained.

James is frustrated with all the bad luck that has hit his business this year. "I guess we just thought that customers in Nelson would want a similar high-quality, innovative, luxury style of house to what we build in Canterbury," he said. "We were sure that the time was right to expand, with all our experience and the building awards we have received. It seems that we might have been wrong, and while it was easy to sell the first few, it has been a real struggle since then to get Nelson customers to buy our award-winning houses. Our employees work hard," he added. "They are paid a bonus for finishing construction ahead of schedule, so we are always confident of meeting deadlines and the expectations of the customer."

At the same time as *Macca Builders* entered the Nelson market, a large overseas business, *Sunshine Industries*, began marketing its lower-cost, environmentally sustainable houses. This type of housing is appealing to customers in the Nelson market, who have to pay high prices for land and want to reduce the cost of building on the land.

Another blow for *Macca Builders* was the recent departure of one of its three master builders, Jenny Peel, who had been given the task of leading the firm's construction work in Nelson. She was offered a much better deal at a rival firm and left abruptly, taking several prospective clients with her.

"Losing Jenny was hard, and finding a decent replacement in such a tight labour market, where labour costs are high, has been even harder," James said. "It certainly means a heavier workload for our remaining two master builders."

It seems for now, at least, that *Macca Builders* will need to re-think how to break into the Nelson market.

RESOURCE B: CANTERBURY BUILDING AWARDS

Over the last few years, *Macca Builders* has won several building awards, including the following:

- Registered Master Builders Supreme House of the Year
- Gold Award for Excellence in Building
- Carters New Home Award (\$1 m–\$2 m category)
- Craftsmanship Award.

RESOURCE C: HOUSE PRICES IN THE NELSON/MARLBOROUGH REGION



Source (adapted): <http://nelsonlive.co.nz/2015/09/nelson-house-prices-rise/>

RESOURCE D: NEWSPAPER ARTICLE – REGIONAL WAGE RATES

Tasman ranks bottom for pay

10 November, 2016


for jobs advertised on the seek.co.nz website rose to \$72,731, up 1.3 per cent.

Source (adapted): www.stuff.co.nz/nelson-mail/news/8848458/Tasman-ranks-bottom-for-pay

RESOURCE E: COMPANY MEMOS**Memo to James MacIntosh**

James,

I know that things are pretty tight with the cash flow out of Nelson at the moment, but I think that offering bonuses to our builders for finishing their jobs early is leading to unethical work practices, as they are taking shortcuts. Let's chat about it tomorrow.

Regards,

Jenny Peel

Master Builder

Memo to Jenny Peel

Jenny,

I think our methods are working well, and I am not sure what you mean by "unethical practices". I trust all of our workers to do the right thing. Let's talk.

Regards,

James MacIntosh

CEO, Macca Builders