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90838



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MANA TOHU MĀTAURANGA O AOTEAROA

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## Level 1 Business Studies 2020

### 90838 Demonstrate an understanding of external factors influencing a small business

9.30 a.m. Thursday 26 November 2020  
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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Over the last few years, *Molly Moo's* has seen an expansion of its target market. There is a growing demand from the corporate business sector for Molly's ice cream, including movie theatres, hotels, and restaurants. Molly is finding that the small factory in Wellington is not keeping up with the increased demand from the corporate sector, and a move to a bigger factory is required.

Molly is considering moving to “the sunniest city in New Zealand”, Nelson. The new location would allow Molly to switch to renewable energy for her new, larger ice cream factory by using solar panels. This would enable her to practise the Māori concept of *kaitiakitanga*.

**DEFINITION**

**Kaitiakitanga** is the exercise of guardianship – particularly in relation to natural resources, such as land, sea and waterways; also flora and fauna, including people. The principle requires that sustainability and environmental protection are valued. As kaitiaki or guardians, the owners or trustees of an enterprise are responsible for protecting (and / or growing) resources for future generations – not just for short-term or individual profit.

(b) Discuss how the intended use of *kaitiakitanga* for *Molly Moo's* will impact on its corporate customers, such as movie theatres, hotels and restaurants.

In your answer:

- explain how the shift to renewable energy would demonstrate the practice of *kaitiakitanga* by *Molly Moo's*
- fully explain the likely impact of this *kaitiakitanga* approach on their corporate customers.

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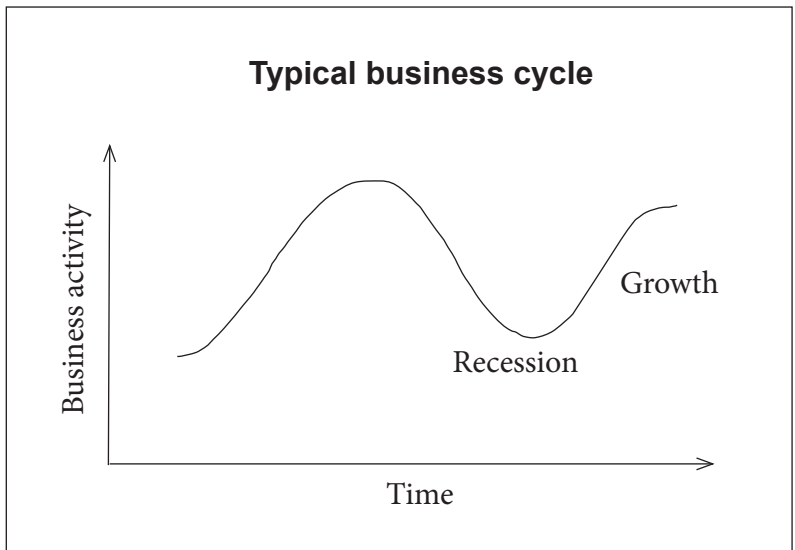
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**QUESTION TWO: Economic influences**

*Molly Moo's* has relocated to sunny Nelson, and the bigger factory is running well. The factory currently has 20 solar panels, which is enough to power the factory for 60% of the day. If the factory had 30 solar panels, these would produce enough electricity to supply the entire factory's needs. Molly is thinking of taking out a loan in order to purchase the extra 10 solar panels. Her business adviser has told her that the business cycle is on a growth path and that this is a good time for businesses to take out a loan.



A recession is a downturn in business activity. Growth is an upturn in business activity.

- (a) (i) Describe what is meant by the term 'business cycle'.

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Rising consumer confidence is one sign that an economy might be coming out of a recession.

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(b) Discuss the impact that rising consumer confidence might have on the demand for ice cream from *Molly Moo's*.

In your answer:

- describe the term 'consumer confidence'
- explain ONE **impact** that rising consumer confidence might have on *Molly Moo's*
- fully explain how rising consumer confidence could have a **flow-on effect** on employment for Molly's business.

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**QUESTION THREE: Legal influences**

Demand for *Molly Moo's* ice cream has continued to grow, due to an increase in consumer confidence. This has meant that Molly has had to employ more factory workers. Molly is well aware that in order to run a sustainable business, it is important to look after her employees. Mistakes arising from tiredness can increase the risk of injuries in the workplace. If employees are tired, equipment can get damaged and employees can get hurt. Molly has just implemented a factory roster based on a four-two system, which means that her staff work four days on and then have two days off, rather than the previous seven days on and two days off.

- (a) Using the four-two system described above, fully explain how *Molly Moo's* is complying with the Health and Safety at Work Act.

In your answer:

- identify the purpose of the Health and Safety at Work Act
- explain ONE benefit to the factory workers of having their rosters based on the four-two system
- fully explain ONE benefit to *Molly Moo's* of using the four-two system to roster staff in the ice cream factory.

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Businesses benefit from displaying good understanding and practice of consumer law.

(b) Using a small business (maximum of 20 workers and/or with local or community significance) you have studied in depth, discuss how conducting good business practice to comply with the Consumer Guarantees Act could affect the named business.

Name of the small business	
Good(s) sold or service(s) provided	

In your answer:

- describe an example of your named business displaying good business practice that complies with the Consumer Guarantees Act
- fully explain ONE positive consequence for the customer, of the named business complying with the Consumer Guarantees Act
- fully explain ONE consequence for the named business if it does not comply with the Consumer Guarantees Act.

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