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Mana Tohu Mātauranga o Aotearoa
New Zealand Qualifications Authority

Level 2 Business Studies 2025

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

Credits: Four

Achievement	Achievement with Merit	Achievement with Excellence
Apply business knowledge to a critical problem(s) in a given large business context.	Apply in-depth business knowledge to a critical problem(s) in a given large business context.	Apply comprehensive business knowledge to a critical problem(s) in a given large business 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 parts of the task in this booklet.

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.

Do not write in the margins (⚡⚡⚡⚡). This area will be cut off when the booklet is marked.

YOU MUST HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION.

TASK

This task has four parts, (a) to (d). Use the background information below, together with Resources A to D and your business knowledge, to complete this task. You may integrate any relevant Māori business concepts into your answers.

Background information

Kōwhai Grove is an orchard in the Bay of Plenty that grows organic avocados and citrus fruits. Recently, *Kōwhai Grove* introduced drone technology to monitor crop health and improve operational efficiency. The drones are equipped with advanced sensors that can detect signs of disease, water stress, and nutrient deficiencies, allowing the orchard to respond quickly to potential crop losses. By investing in drone technology, *Kōwhai Grove* is expecting to hire fewer seasonal workers this season.

Kōwhai Grove prides itself on being an accredited organic grower, and this is an important part of its tikanga, in particular whanaungatanga. To be considered an organic grower of avocados and citrus fruits in New Zealand, *Kōwhai Grove* needs to produce crops using certain biological growing practices and standards. A key focus for *Kōwhai Grove's* management is that all employees work as a team to maintain these standards. As *Kōwhai Grove* produces organic crops, it can demand a premium price for its products in comparison to regular crops.

RESOURCE A: News extracts about expected supply of, and demand for, avocados

Avocado consumption and demand are expected to expand further in coming years,

[REDACTED]

[REDACTED]

[REDACTED]

the versatility of avocados, has contributed to the growth in New Zealand avocado consumption.”

Sources (both adapted):

First quote: <https://www.nzherald.co.nz/the-country/news/avocados-global-industry-growth-tipped-to-continue-rabobank/CKYCAL2M6NENLCSUTNBUXKDAYQ/>

Second quote: <https://www.hearst.co.nz/2012-05-11-03-05-28/avocado-trade>

RESOURCE B: Current state of the market and the emergence of new competitors

Management at *Kōwhai Grove* are excited by the prospects ahead in terms of increased production and demand. However, bad weather and poor growing conditions have negatively impacted the avocado and citrus fruit markets in the last two years, leading to lower rates of profitability. The over-supply of lower-grade crops to the market, due to weather damage, has led to lower than expected retail prices and profits. Regulations around the use of land and water, ever-changing weather conditions, and maintenance costs of orchards, all make it challenging to remain financially viable in these markets.

With better weather conditions being forecast for the upcoming seasons and the potential for increased demand in the markets for avocado and citrus fruit, new competitors are considering entering the market to take advantage of more favourable conditions.

(a) (i) Explain a factor that might influence a new competitor's decision to enter the avocado and citrus fruits markets.

(iii) Justify, with TWO reasons, which strategy would be more successful than the other.

RESOURCE C: Performance-based bonuses

To encourage increased picking rates during the harvesting season, management at *Kōwhai Grove* are considering using performance-based bonuses for their seasonal workers, based on the amount of produce (avocados and citrus fruit) picked on a daily basis. If seasonal workers reach certain targets, they would receive a bonus. Currently, pay rates are set at the minimum wage regardless of experience and the quality of work produced. Performance-based payments are common practice in other orchards within the region.

However, a performance-based pay system may encourage unethical practices by employees that conflict with *Kōwhai Grove*'s tikanga, in particular whanaungatanga, and could impact its brand reputation as an accredited organic grower.

RESOURCE D: Definitions

Tikanga

Values, rules, priorities, and ways of doing business. A set of values that constitutes a

common goals.

Source (adapted): <https://seniorsecondary.tki.org.nz/Social-sciences/Business-studies/Maori-business/Culture-and-values>

Using the background information on page 2, Resources C and D above, and your business knowledge, answer the following questions.

- (c) (i) Explain why offering performance-based bonuses to workers at *Kōwhai Grove* who pick avocados and citrus fruits in greater quantities could lead to unethical practices by those workers.

- (ii) Explain a consequence of unethical practices by the workers in terms of how it will impact *Kōwhai Grove's* brand reputation.

- (iii) Justify, with TWO reasons, which solution is likely to be more effective to implement, to ensure that *Kōwhai Grove* upholds its tikanga.

Extra space if required.
Write the question number(s) if applicable.

QUESTION
NUMBER

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