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3

91380



NEW ZEALAND QUALIFICATIONS AUTHORITY
MANA TOHU MĀTAURANGA O AOTEAROA

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.

Not Achieved

TOTAL

06

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QUESTION ONE: Multinational businesses

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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.

• With the introduction of new processing technology by *Grove Ranch* after the merger will mean that they will be able to process more olives more efficiently. This will allow *Te Awanga Olives* to ^{increase} production ~~more~~ of olive oil as they are now more efficient at processing the olives. //

The merger may cause uncertainty for the employees of *Te Awanga* over their job security as the firm goes through changes from the merger. This may cause employees to become less motivated as they are uncertain about their future at the firm. This could lead to a decrease in production as the firm goes through the changes. //

• Future sales for Te Awanga may increase as the merger with Grove Ranch gives them access to the already established marketing and distribution network in Europe and the USA set up by Grove Ranch. This ~~allows~~ gives Te Awanga access to ~~more potential customers overseas which are~~ ~~will~~ ~~lead~~ provide their product to more potential customers overseas and get their name out to the customers leading to an increase in sales. //

Question One continues on page 4 ►

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.

~~The Maori welcoming that Doug received~~
 • manaakitanga was used in the Maori welcoming to Doug to show how the firm's values and the way that they operate according to Maori concepts, and also show Doug Maori culture and the importance of cultural ~~sustainability~~ responsibility. //

• Demonstrating whanaungatanga in the initial contact with Doug ~~showed~~ and his colleagues showed them the culture of the firm and the importance of cultural responsibility to the firm and the way that the firm operates by forming strong networks and relationships to work harmoniously to achieve its goals. This may make Doug more aware and responsible toward Maori culture and act ^{show} sustainably // _{cultural}

Question Two continues on page 8 ►

Doug Freeman was so inspired by his welcome at *Hinu o Te Rākau* that he decided to commit to developing a strategy to promote greater cultural awareness by employees at *Te Awanga Olives* of local Māori customs.

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- (b) A "strategic response" means a business-wide reaction at multiple levels (size, scope, timeframe). Evaluate a strategic response that senior management could implement to promote greater cultural awareness of local Māori customs by the employees at *Te Awanga Olives*.

In your answer:

- explain the strategic response
- fully explain ONE positive impact and ONE negative impact of the strategic response to promote greater cultural awareness
- draw a justified conclusion as to the likely success of the strategic response.

N2

QUESTION THREE: Changes in the global marketplace caused by natural disasters

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Use the information in the box below, and your business knowledge, to answer this question.

The earthquakes affecting various parts of New Zealand in the last few years have caused some concern amongst senior management at *Te Awanga Olives*. It was thought that strategies should be implemented to ensure the continuation of olive oil production in a highly competitive market if such a natural disaster hits their processing plant.

- (a) Discuss the impact that natural disasters such as earthquakes can have on *Te Awanga Olives*.

In your answer:

- explain ONE possible impact on sales
- fully explain ONE possible impact on the workforce.

• If a natural disaster, hitting NZ and damaging the processing plant may mean that they are unable to produce any oil ~~olives~~ while the plant is damaged. This means that the supply of *Te Awanga's* oil will become limited and start diminishing, meaning that sales will stop once *Te Awanga* run out of supply while the plant is being repaired. The industry is highly competitive, meaning that there are plenty of substitutes for consumers if *Te Awanga* can't supply their oil. This may lead to loyal customers having to buy competitors' oil meaning *Te Awanga* will lose its customers and sales. //

• While the plant is damaged *Te Awanga's* employees will be unable to work, meaning they will not be making any income and may have to ^{have} find another job to support themselves and/or their families. //

Question Three continues on page 12►

Not Achieved (06)

Question One – N2

Part (a) The candidate provided some evidence of Achievement by explaining the possible impact on production and explaining the impact on future sales for the business.

The candidate repeated the stimulus material in the answer and failed to add the extra information needed to take the answer to a fully explained for the impact on future sales.

Part (b) The candidate made no attempt of this part of the question so therefore was unable to gain another explanation to take the mark to an A3.

Question Two – N2

Part (a) The candidate provided some evidence of Achievement by explaining the role of manaakitanga and explaining one impact of demonstrating whanaungatanga.

The candidate failed to add the extra information needed to fully explain one impact of demonstrating whanaungatanga.

Part (b) The candidate made no attempt of this part of the question so therefore was unable to gain another explanation to take the mark to an A3.

Question Three – N2

Part (a) The candidate provided some evidence of Achievement by explaining one impact on sales and explaining one possible impact of the workforce.

The candidate failed to add the extra information needed to fully explain one impact on the workforce.

Part (b) The candidate made no attempt of this part of the question so therefore was unable to gain another explanation to take the mark to an A3.