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90844



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## Level 2 Business Studies, 2016

### 90844 Demonstrate understanding of how a large business responds to external factors

2.00 p.m. Friday 25 November 2016  
Credits: Four

Achievement	Achievement with Merit	Achievement with Excellence
Demonstrate understanding of how a large business responds to external factors.	Demonstrate in-depth understanding of how a large business responds to external factors.	Demonstrate comprehensive understanding of how a large business responds to external factors.

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.**

Merit

TOTAL

18

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### Background information for all questions

Asia Food Suppliers is an Auckland-based supermarket chain looking to expand nationally.

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### QUESTION ONE: POLITICAL INFLUENCES

The New Zealand Government has approved changes to existing immigration policies to make it easier for people from Asia to settle and live in New Zealand. By introducing this policy change, the New Zealand Government is hoping to increase the number of Asians living in New Zealand by 50% over the next 10 years.

Source (adapted): [http://www.stats.govt.nz/browse\\_for\\_stats/population/estimates\\_and\\_projections/NationalEthnicPopulationProjections\\_HOTP2013-38.aspx](http://www.stats.govt.nz/browse_for_stats/population/estimates_and_projections/NationalEthnicPopulationProjections_HOTP2013-38.aspx)

- (a) Fully explain how the change in immigration policy may affect New Zealand businesses.

By Changing the immigration policy in New Zealand so that the New Zealand government will see an increase in asian\$ settlers, this ~~we~~ will ~~to~~ affect NZ businesses positively. This is because, increasing NZ's population will create a larger Market of potential consumers. Businesses that focus there target market on the asian consumers will greatly benefit from this change. This is because, the larger the population of NZ the ~~greater~~ larger the ammount of consumers. ~~willing to pay~~ As a consequence of this change, businesses will see an increase in consumers purchasing what the business is selling as a result ~~leaving~~ increasing the sales of the business



Government policies may be implemented through:

- free trade agreements such as the Trans-Pacific Partnership (TPP)
- initiatives to discourage consumption of "demerit products", e.g. sugar, tobacco.

*Asia Food Suppliers* is worried about other government policies that may affect their decision to expand nationally.

- (b) Discuss a government policy (other than immigration) that could impact on *Asia Food Suppliers*' expansion. You may choose an example from the box above, or any other relevant policy.

In your answer:

- explain a response to your chosen policy that *Asia Food Suppliers* could implement
- fully explain ONE advantage and ONE disadvantage of this response for *Asia Food Suppliers*
- justify, with TWO reasons, why this response could ensure a successful expansion for *Asia Food Suppliers*.

- A response that *Asia Food Suppliers* could implement on the policy "initiatives to discourage consumption of demerit products" is to change the way the business and carefully select products that are considered to be outside the range of "demerit products". This will mean that the business is conforming to the policy and supplying the country with products that are seen to be acceptable.

- One advantage of this change of the products they are supplying is that the business will increase their clean image by selling products that are seen to be healthier. This will mean that the business

More space for this answer is available on the next page.

is sitting alongside the growing health community and expanding their target market. It will also as a result, give the business a clean green image. A consequence of this will be that they have widened their range of consumers which will lead to an increase in sales //

- A disadvantage to this change will be that the business will have to spend time and effort changing the products that they supply so that it matches this policy. This as a result will cost time, effort and planning within the business which could be spent doing something more productive. Also the business will have to supply a smaller range of products to the consumers. This is because they now have guidelines to follow so that the business ~~can~~ can match the policy. As a result, this could potentially decrease the consumers ~~who~~ ~~stop~~ ~~at~~ ~~and~~ ~~and~~ ~~at~~ which will mean a decrease in sales. //



## QUESTION TWO: SOCIAL INFLUENCES

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The demographics of New Zealand's population are changing. By the year 2043, the proportion of New Zealand's population over 65 is projected to be 23.8%. In 2016, it is currently at 14%.

<http://www.stats.govt.nz/Census/2013-census/profile-and-summary-reports/qstats-65-plus-mr.aspx>

- (a) Fully explain why a business needs to be aware of demographic changes.

It is important for a business to be aware of demographic changes because it helps them select ~~the~~ products that they ~~wish to sell to the consumers in the future.~~ For example, ~~by~~ relates to the current community. For example, by ~~the~~ knowing this information about projected demographics, businesses can adjust their ~~&~~ target market so they have a larger base of consumers. For example, since there is a prediction of an increase in people over 65, businesses can look to sell ~~per~~ more products that suit this age group. This as a result, will lead to greater business success as the target market and consumer base will increase. This means the business will receive a greater amount of sales thus meaning an increase in income.

- (b) Discuss TWO responses that *Asia Food Suppliers* could implement to address the issue of an aging population, in order to ensure continued growth.

In your answer:

- explain EACH response that *Asia Food Suppliers* could implement
- fully explain ONE advantage of EACH response
- justify, with TWO reasons, which response will have the greater impact on growth.

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- One response ~~to~~ that *Asia Food Suppliers* could implement to ensure continued growth over the aging population, is that they could look at changing the products that they supply to the consumer so they are more based for an aging population. This will mean that they have adjusted their ~~big~~ target market so that it is more fitting for the older generation.
  - Another response would be to increase the amount of stores/supermarkets within the ~~area~~ area. This as a ~~result~~ result will make it easier for the aging community to shop at their stores. //
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- An advantage of ~~e~~ *Asia Food Suppliers* changing their products to fit the aging population would mean that they are keeping up ~~it~~ with the demographic change thus keeping a wider ~~audience~~ consumer base. If they expanded their product range so that they supplied products that suit older people as well as young, ~~then~~ they will maximise their target market meaning a maximised ~~to~~ consumer base. This as a result will ~~cause~~ mean that



The business is pulling ~~maximum~~ Maximum Sales.

- By increasing the ~~stores~~ number of Stores within the area, the aging Community will not want to travel far to purchase the products supplied. By increasing the number of Supermarkets the business will also create a name for itself within the ~~the~~ area. This will increase the Consumers as well as increase the Sales in the business.

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### QUESTION THREE: LEGAL INFLUENCES

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Asia Food Suppliers needs to employ more staff who have an awareness and understanding of Asian cultures. They have approached a market research company for the names, addresses, and phone numbers of possible employees.

- (a) Fully explain why the market research company may be in breach of the Privacy Act if they gave the information requested by Asia Food Suppliers.

~~Because part of the privacy act~~  
~~is to keep ~~informa~~ personal ~~in~~ information~~  
 If the market research company give  
~~to~~ Asia Food Suppliers any information,  
 They are breaching the privacy act. This  
 is because, part of the privacy act  
 includes keeping all private information disclosed  
 and confidential. This information that the  
 market research company obtained is done  
 privately and if the owner/person  
 who gave the ~~from~~ information to the  
 market research company does not agree  
 with his private information being shared  
 then it is illegal ~~for~~ for the information to  
 be given. If the information was given the  
 market research company will be breaching  
 the privacy act and will face charges  
 as well as possible jail time //



Other laws which are likely to impact on large businesses in New Zealand include:

- the Employment Relations Act 2000
- the Resource Management Act 1991.

- (b) Choose ONE of the laws from the box above. Discuss ONE response by a large business you have studied (more than 20 employees, and/or having a national or regional significance) to the law you have chosen.

In your answer:

- explain how your chosen business has responded to the law
- fully explain ONE advantage and ONE disadvantage to the business of the response
- justify the response in terms of the degree of success for the business.

Name of large business	Bunnings Warehouse
Good(s) sold or service(s) provided	Hardware Supplies
Law	the Employment Relations Act 2000

- Bunnings Warehouse has responded to this law by making sure that ~~all~~ all employees are treated fairly and evenly. This is so that Bunnings can ~~make sure~~ follow the terms of this law //

- One advantage of Bunnings Warehouse ~~agreeing~~ ~~agreed~~ responding in this way is that the employees ~~or~~ will be motivated to work harder, more productive and more efficient. This is because the employees will be receiving breaks, praises, & correct pay etc. As a result of Bunnings responding in this way, they will increase the employee and employer relationship. This means the employees will be

More space for this answer is available on the next page.

happy to work which leaves a positive  
imprint on the customers. This means by bunnings  
responding in this matter, as a result they will  
retain customers as well as attract new ones //

One disadvantage of bunnings & responding in this  
way is that ~~then~~ they will have to  
higher a larger work force. This is because  
the employees are required to have breaks and  
at bunnings, they will need people working  
while people are on breaks. As a result,  
bunnings will have to increase expenses  
which means a decrease of revenue for the  
business //



Merit exemplar for 90844 – 2016		Total score: 18
Q	Grade score	Annotation
1	M6	<p>The candidate has shown an in-depth understanding of political influences posed in the question by fully explaining their answers in both part (a) and part (b).</p> <p>This answer was precluded from Excellence because no justification was given as to why their response could ensure a successful expansion.</p>
2	M6	<p>The candidate has provided enough evidence in this response to achieve an M6 grade. If they had justified which response would have the greater impact on growth, they may have achieved an Excellence grade. This candidate has included business knowledge to support explanations.</p>
3	M6	<p>In part (a) the candidate has given sufficient evidence to show an in-depth understanding of why the market research company may be in breach of the Privacy Act.</p> <p>In part (b) the response by the candidate's chosen company to the Employment Relations Act was stated, though not explained (the candidate mentioned that being treated fairly was part of the Act, but later supported their understanding by adding further requirements of the Act such as receiving breaks, correct pay). The advantage of the response was fully explained; however, the disadvantage was only at an explained level. No justification was given as to the degree of success for the business. Relevant business knowledge was included in the answer.</p>