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90844



NEW ZEALAND QUALIFICATIONS AUTHORITY
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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.

Excellence

TOTAL

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Background information for all questions

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

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

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

The change in immigration policy will be beneficial for NZ businesses such as Asia Food Suppliers with a targeted market of mainly Asian customers. For example, when the government change their policy to allow more Asians to settle in NZ, the asian population will likely to increase. This means the demand for Asian food ^{will} ~~is~~ likely increase and therefore businesses such as Asia Food suppliers which specialises in Asian food, will likely experience a gain in revenue. Businesses specialising in asian food will be benefited on a larger scale compared to other businesses but other businesses will be benefited too because the increased population from increased immigrants means that the demand for other goods will increase too. Hence, businesses are likely to ~~see~~ see an increase in sales which in turn, will allow them to have a better ability for expansion. //

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.

Implementing Free Trade Agreement such as TPP would have an impact on Asia Food Suppliers because TPP would remove the tariffs of imported Asian food.

In response, Asia Food Suppliers could increase the supply of their Asian Food by ^{importing} ~~purchasing~~ a large variety of Asian food because they now have the ability to do so since the removal of import tariffs means the cost of importing each good would decrease.

One advantage of this response is that Asia Food Suppliers would have the potential to attract more customers. Since Asia Food suppliers are now importing a larger variety of Asian food, the business now have the ability to cater for a larger market niche. In this way, the business would be likely to gain a larger market share due to the gaining of a large variety of customers. Thus, the business will likely to

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

experience a gain in sales, which in turn, would allow them to have more source of finance.

• One disadvantage of this response is that Asia Food Suppliers might have to purchase more equipments such as shelves for stocking the increased variety of goods. The purchasing of new equipments would cause an increase in expense in the short term for the business. Since new ~~stores~~ equipments ~~are~~ such as shelves are being purchased. ~~many~~ many stores of Asia Food Suppliers perhaps will have to rearrange their store layout which means the productivity of the stores may be reduced temporarily and there might be additional expenses as the stores might have to ~~employ~~ use other businesses for rearranging their layouts.

• One reason why increasing the variety of goods in stock could help Asia Food Suppliers to expand successfully is that ~~it would~~ the advantage of doing this would be at a larger scale than the disadvantage. Although the business might experience an increase in expense in the short term, the business will likely able to gain more customers in the long run due to their capability of targeting a larger variety of customers. In this way, the market share of the business will likely increase which makes the business financially stable and relatively hard to be outran by their competitors. Which in turn means their source of finance will be secure and their expansion would likely to be smooth and safe.

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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.

A business needs to be aware of demographic changes because it will affect their targeted market as well as their marketing strategies. For example, if the population of elders are predicted to increase over the next few years, a business should adjust their products as well as change their marketing strategies to target the elders if they would like to maintain their sales. If the business doesn't do so and is still operating in the same way, it is likely that the business will experience a decrease in sales because the increased elder population means a larger proportion of the market might no longer be interested in the products the business is selling. Thus, it is crucial for a business to adapt to the demographic changes if they would ~~like~~ like to maintain their sales ~~or~~ or outrun their competitors. If the business is aware of the demographic changes, then the business have the potential to make adjustment earlier than their competitors, which means the business is therefore more likely to gain a higher market share. //

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

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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.

• One response which Asia Food Suppliers could ~~imp~~ implement is to ~~have more~~ ^{rearrange} the ~~lay~~ layout of the store so there're more spaces between each shelves to allow wheelchair access.

• Another response which Asia Food Suppliers could implement is to employ more staff members in each store ~~to~~ ~~so~~ so there are more employees available that could provide assistance to elderly customers when needed.

• The advantage of the first response is that the stores of Asia Food Suppliers would appeal more to elders because they would receive a better shopping experience as they would have a better access around the store. Therefore, Asia Food Suppliers would experience an increase in ~~s~~ the amount of elder customers and thus their sales will likely to increase in the future because it's estimated that the elder population will increase to 23.8% in the future.

• The advantage of the second response is that the stores of Asia Food suppliers would develop a better reputation for their overall shopping experience and service. By having more staff members available, ~~shoppers~~ ^{customers} could have more opportunities to ask a store employee when they have problems or queries. Therefore, ~~it~~

customers would feel a sense of convenience as well as a high standard of customer service when they are shopping at one of the Asia Food Suppliers store. Therefore, the customers will recommend Asia Food Suppliers to people they know and therefore, the stores are likely able to attract more customers from the increased reputation.

• Taking onboard more staff will have a greater impact on growth because by providing better customer service as well as convenience to solve customer's problems.

Asia Food Suppliers have the potential to gain customers of all age ~~and~~ groups as opposed to just older customers if they create wheelchair access within their stores. This is more beneficial to Asia Food Suppliers because although the elder population have increased, population from other age groups are still present. Therefore, Asia Food Suppliers are able to gain sales from the entire market as opposed to just an ~~an~~ individual niche.

• Taking onboard more staff will have a greater impact on growth because creating space for wheelchair access would decrease the ability for stores to stock a large variety of products. This is because the ~~the~~ space within each store is limited and if there're more spaces between each ~~isles~~ isles, ~~there'll~~ then there'll have to be less isles and therefore the ability for the stores to stock a large variety of products will be decreased. 11

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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.

The Privacy Act stated that a business may not provide the personal information of a personnel without the permission from the person him/herself. If the market research company gave Asia Food Suppliers the personal information of possible employees. Then it is likely that those possible employees will be contacted by Asian Food Suppliers. Some of the possible employees may not wish to be contacted but if Asian Food Suppliers contacted them, then the person being contacted might question where did Asian Food Suppliers get him/her personal information from. Therefore, Asian Food Suppliers may be in trouble for the unauthorized possessioning of other's personal information, but the market research company would also ~~have~~ have breached the Privacy Act for giving personal information to others without the permission of the personnel. Therefore, not only Asia Food Suppliers will receive a damaged reputation for the unlawful possessioning of other's personal information, but the market research company will also have legal responsibilities for unlawfully providing the information. //

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	ANZ
Good(s) sold or service(s) provided	Banking service
Law	Employment Relations Act 2000

The Employment Relations Act have stated that all employees within the business should be given sufficient break so employees would remain healthy and ~~energetic~~ have sufficient energy for work. ANZ has responded to the law by giving each employee a 1-hr ~~non-designated~~ break for each 8 hours of work. This would allow employees to go outside their office and have lunch, as well as getting a breathe of fresh air so they can come back to work with enough energy.

The advantage to the business for giving sufficient break to employees is that employees would be motivated. Since the employees could use this 1-hr period to grab lunch and take a rest from work. They could also use this time to socialise with

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

other employees that are on break too. Therefore, the employees will feel motivated because not only they'll be recharged when they get back to work, but they'll also have valuable socialisation between their colleagues which in turn, boosts the bond of the people in the business and the employees will have a stronger sense of belonging. Therefore, the employees will have more incentives to work harder and thus, the productivity in the business will increase.

One disadvantage to the business for giving employees an hour of break for each 8 hours of work is that the business may experience a shortage of staff during popular break times. For example, around noon when most of the employees are on their break, only a minimal amount of staff members are available to serve their customers which may result in a long queue of customers ~~be~~ waiting to be served. This may result in ~~the~~ some customers being unhappy with their waiting time and they may spread their negative words through word of mouth. Which therefore, may result in ANZ appealing to customers as slow and unprofessional, therefore ~~may~~ the ~~reputation~~ ~~of~~ ~~the~~ business may lose out on some customers because some of them may decide to switch their banking provider.

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Write the question number(s) if applicable.

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QUESTION
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1b. Another reason why the response would help Asia Food Suppliers to expand successfully is that having a larger variety of goods in store would make the stores look more appealing to potential customers. ~~Since~~^{If} the stores look more appealing, potential customers walking by the store will have a higher chance to actually walk into the store and they may end up purchasing some products. This means the stores would experience increased foot-traffic and increase the chance of sales. Thus causing an increased revenue as well as economies of scale, because it doesn't matter how many customers are in the store, the store still has to operate in the same way. so the more customer, the better it is for the stores. /C

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3b. By giving an hour of break to employees, there is a high degree of success regarding this response. Since the employees are feeling motivated towards work, their productivity would be maximised and they would be likely to ~~remain~~ ^{work} for the business for a long period of time. This would result in ANZ having minimal staff turnovers which prevented ANZ from unnecessary spendings in both financial and time on training and employing new staff members. ANZ also have variety of other ways to prevent a long waiting queue at branches such as having phone banking services in place, having coffee machines in ~~coffee~~ popular branches and seating area so customers could sit and wait ~~for~~ while wait for being served. Therefore overall, by giving sufficient break to employees, the benefits which ANZ receives such as staff loyalty and maximised efficiency are at a larger scale than the minimal loss of customers which ANZ would experience occasionally. Due to ANZ being a large business, the loss of few customers would not have a huge effect on their ~~sales~~ ^{revenue} and profit. Therefore, ANZ has achieved large degree of success by providing sufficient break to employees because employees of ANZ ~~are~~ ^{as a} business ~~are~~ which cares about see their rights. //

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Excellence exemplar for 90844 – 2016		Total score: 23
Q	Grade score	Annotation
1	E8	<p>This candidate has clearly explained how the change in the immigration policy will affect New Zealand businesses. There is further explanation on the consequences of this situation (e.g. increased sales, which in turn will help to facilitate expansion).</p> <p>In part (b), the candidate has explained their response to their chosen policy, Trans Pacific Partnership (TPP), which is to increase the supply of Asian foods by importing a larger variety of Asian goods, due to the removal of tariffs. The advantages and disadvantages of this response have been fully explained. The justification has been made that includes two reasons, although the first reason is stronger. This candidate has integrated business knowledge and evidence from the resource throughout their answer.</p>
2	E8	<p>This is an E8, because there is accurate use of business knowledge to fully explain why a business needs to be aware of demographic changes, e.g. target market, marketing strategies, and market share.</p> <p>In part (b), the candidate has used a structured writing style (what, why, and how). The candidate started by explaining two responses (the “what”), then explained the reasons why this would be an advantage for each response, and concluded with an impact for Asia Food Suppliers (the “how”).</p> <p>The candidate has justified with two reasons as to which response will have the greater impact on growth.</p>
3	E7	<p>The candidate has fully explained why the market research company will be in breach of the Privacy Act and the impact on the market research company.</p> <p>In part (b) the candidate has explained how their chosen business has responded to the Employment Relations Act. An advantage of complying with this Act has been explained, with the impact on the business given. The disadvantage has been fully explained.</p> <p>Business knowledge has been integrated throughout the answer, with a valid justification given that includes new information and is relevant, e.g. minimal staff turnover and staff loyalty, which will maximise efficiency.</p>