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90844



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SUPERVISOR'S USE ONLY

Level 2 Business Studies, 2017

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

2.00 p.m. Monday 13 November 2017
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 parts of the task 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 2–11 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.

Achievement

TOTAL

A3

ASSESSOR'S USE ONLY

This task has FOUR parts, (a) to (d). Use the background information below, the supplementary information in the other boxes, and your business knowledge, to complete each part.

ASSESSOR
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Background information

Kapai Kiwifruit (known as KK) is a kiwifruit producer based at Katikati, in the Bay of Plenty. It is a seasonal business, and often has difficulty finding workers during the harvest. The owners have decided to invest in new technology that will enable them to pick kiwifruit using fewer workers.

There is a very short time span in which kiwifruit can be picked, packed, and sold. Kapai Kiwifruit wants to maximise the amount that can be harvested in this time.

- (a) Fully explain ONE positive and ONE negative impact on Kapai Kiwifruit of an investment in new technology.

- A positive impact that Kapai Kiwifruit will have by investing in new technology will be that they won't have to rely as much on ~~the~~ actual people working for them, which is something they can't control. This will increase the reliability of Kapai's harvest because the technology will be an internal factor they can control unlike hiring people which is an external factor. //

- A negative impact would be that Kapai Kiwifruit would have to invest a large amount of money to purchase this new technology. This could result in a lower profit for Kapai Kiwifruit because the new technology would cost a lot to use and maintain. //

Besides the seasonal workers, *Kapai Kiwifruit* also employs approximately 100 full-time staff. Some of these employees belong to the Kiwifruit Workers Union.

The kiwifruit industry has recently received negative media coverage, due to the poor treatment and payment of seasonal workers. The managers at *Kapai Kiwifruit* are always keen to honour the principle of "good faith", which is central to the Employment Relations Act, when employing all of their workers.

(b) Discuss the impact of the Employment Relations Act (ERA) on *Kapai Kiwifruit*.

In your answer:

- use an example from *Kapai Kiwifruit* to explain the purpose of the ERA
- fully explain ONE cost to *Kapai Kiwifruit* of complying with the ERA
- justify, with TWO reasons, why it is in *Kapai Kiwifruit*'s best interests to comply with the ERA.

The purpose of the Employment Relations Act is to make sure that a business is not mistreating their workers. This can be seen when *Kapai Kiwifruit* honours the principle of "good faith" which results in the workers being treated fair and in a law abiding way.

A cost of complying with the ERA is that *Kapai Kiwifruit* has to follow laws and restrictions that the ERA enforce e.g. paid leave, minimum wage. These restrictions are often expensive and results in a profit for the year.

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

that is significantly smaller than what it would be if they didn't abide by the ERA. //

- One reason why it is in ~~the~~ Kapai Kiwifruits best interest to follow the guidelines set by the ERA is that it would give the business bad PR if they didn't. This could result in people not buying their kiwifruits due to them treating their workers poorly. This would result in a loss of sales which would decrease Kapai Kiwifruits profit for the year. //

- (c) For a large business (more than 20 employees, or having national or regional significance) you have studied, fully explain ONE advantage and ONE disadvantage to the employees of belonging to a trade union (apart from the financial cost of joining the union).

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USE ONLY

Business name	Antam Forterra
Good(s) sold or service(s) provided	Dairy products

- One advantage of employees ~~are~~ belonging to a trade union is that they will make sure that the business that you are working for (in this case Forterra) are abiding by the law, e.g. the ERA. This will result in the business not exploiting their workers.

- One disadvantage of employees belonging to a union is the overall useless nature of unions. They rarely actually result in any benefit for the workers and often act as more of a scam rather than a helper. For example unions are usually the people that organize worker strikes. But these strikes often never work and cost the actual workers either weeks of pay or sometimes their jobs. Also it is a

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

worker finds themselves in a court battle with their employers a union will rarely ever offer the worker financial report even if they are in the right. Even worse is that the union that cover the Forterra workers need to make a annual payment just to be apart of a union that offers them no benefits. //

The Kiwifruit Workers Union is negotiating a new collective agreement on behalf of *Kapai Kiwifruit's* 100 full-time workers with the firm's management. The managers have offered the workers a pay increase that is less than what they expected. Negotiations have broken down and the union is considering taking industrial action.

- (d) Discuss TWO possible responses by *Kapai Kiwifruit* management to industrial action by their employees.

In your answer:

- identify and explain a method of industrial action that may be undertaken by the employees
- fully explain TWO actions that management may take in response to the stated industrial action
- justify, with TWO reasons, which response would be preferable for management.

- A industrial action that may be undertaken by the employees would be to organize a strike off work. //
- One response that *Kapai Kiwifruit* could do if their workers did strike would be to capitulate and appease the workers by giving them the pay increase. This would result in ~~the business~~ *Kapai Kiwifruit* having to spend more on workers salaries which would lower their profit for the year. Another response would be to simply wait the strike out and not give in to the unions demands. This would result

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

In a loss in production while the strike is going on but when it stop they wont have to increase their workers salaries which is good for business.

- I believe that the late response of waiting the strike out would be much preferable than surrendering to the unions demand. One reason I believe this is that it Kapai Kivitermit did give in to their workers demands it would set a bad president for the future. It would make the workers become intitled and think that they can get anything they want just be ~~work~~ striking. This would result in further strikes and more demands until the business would become a charity rather than a competitive business. Another reason that waiting out the strike would be preferable would be that it would be the perfect opportunity to ~~make~~ fase out actual people and incorporate new technology rather than actual people. ~~Thus~~ These new harvesting machines would be much more effective and would increase product

Extra space if required.

Write the question number(s) if applicable.

QUESTION
NUMBER

output significantly in the harvesting period. Also the machines wouldn't need a wage and wouldn't go on strike or demand anything.

A strike by the workers would be a ~~fine~~ perfect excuse to start incorporating machines into the business. //

Subject:		Level 2 Business Studies	Standard:	90844	Total score:	A3
Q	Grade score	Annotation				
1	A3	<p>Part (a) One positive and one negative impact was explained, using some business knowledge and business terms, e.g.: internal factor, reliability, costs, purchasing, profit.</p> <p>Part (b) The purpose of the Employment Relations Act (ERA) was not explained, and the stimulus material was repeated in response. One cost was explained, using some evidence of minimum legal requirements.</p> <p>Part (c) One advantage was explained, but incorrectly – it is not an advantage for employees. Similarly, one disadvantage was explained incorrectly – it is not a disadvantage to employees.</p> <p>Part (d) A method of industrial action by employees was stated, but not explained. Two actions that management may take in response were both explained, using some business knowledge and business terms, e.g.: profit, salaries, production.</p>				