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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.

Merit

TOTAL

M5

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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.

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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.

• One positive of Kapai Kiwifruit investing in new technology is that they can fulfill their needs of wanting to maximise the amount of Kiwifruit that can be harvested. In the long ~~term~~ term the company will ~~make a~~ increase their profit as there are more kiwifruit being harvested meaning there is more to sell ^{and} on top of that the company will get to pay less workers which decreases their expenses giving them ^{more} money they can use to grow & expand their business.

• One negative on investing in new technology is that with ~~the~~ machinery has to be serviced and after awhile it may have to be replaced ^{cost} more money. And if the technology breaks down Kapai Kiwifruit doesn't have anyone to harvest their kiwifruit ^{in replace,} therefore ~~they can't~~ they will make less profit due to the lack of kiwifruit being harvested. //

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.

• *Kapai Kiwifruit* have to obey the rules and regulations of the Employment relations Act (ERA) the purpose is ~~to~~ to protect employees health and safety and to encourage fair treatment of workers. Examples of some rules of the ERA are:

A ~~the~~ minimum wage of \$15.75 NED ~~to be~~ for the the employees, no discrimination in the work place, regular breaks etc... //

Kapai Kiwifruit have to pay their employees at LEAST \$15.75 per hour and provide them fair treatment. //

• One cost of *Kapai Kiwifruit* complying with ERA is that they will have to pay their seasonal workers at least \$15.75 per hour which ~~it~~ could be more than they are paying the seasonal workers now there fore the company ~~will~~ ~~lose~~ expenses //

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

would increase. //

- It is in Kaipais best interest to comply with ERA because: //

- ERA provides fair treatment to employees and when Kaipais kiwifruit comply their employees will feel most respected in the workplace which may increase their productivity in their work which is a positive impact for the company. If Kaipais kiwifruit did not comply with ERA then their employees may feel disrespected and unmotivated to work resulting in poor productivity which is a negative for the ~~company~~ company cause it may result in less profit being made.
- It will give Kaipais kiwifruit a good image / reputation of treating their workers well which can attract customers and more public wanting to work for them. More customers means more profit for the company. If Kaipais kiwifruit did not comply with ERA ~~it~~ it would give them a negative reputation and customers may be displeased and may move to Kaipais competitors which will decrease their market share and profit. //

- (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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Business name	The Warehouse.
Good(s) sold or service(s) provided	Retail.

- One advantage of joining a trade union as an employee of The Warehouse is that a union offers support to employees for example if a Warehouse employee were to be ~~was getting under paid~~ unfairly terminated the union ~~offer~~ can offer legal and ^{financial} ~~financial~~ advice for the employee so they can take the ~~case~~ case to tribunal with the help of the union and have a fair chance against The Warehouse which has the money and resources to win in tribunal where the employee may not have had without the union. //
- One disadvantage is that a trade union could distract an employee from their work as unions hold meetings which can be time consuming and has potential to distract an employee from their job at the Warehouse. //

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

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.

- the industrial action that may be undertaken is that the employees could go on strike. Strike is when employees take a certain amount of time off working (e.g like half a day or a day) to prove a point to their employers so their employers hopefully would meet the employees demands.

- two actions could be:

- that management will meet employees/unions demands which in this case would be increasing workers pay, to what the workers want.
- management don't change their minds and keep the pay the same to their first negotiation.

- Management meeting the unions requirements would be preferable because it would make the workers ~~happy~~ satisfied and they

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

can go back to their jobs satisfied and hopefully more motivated towards their jobs therefore they can have increased productivity. Which also positively impacts the business.

Another reason that meeting the union requirements would be preferable is that the workers wouldn't go on strike again for increased pay/wages which is efficient ~~for~~ for the business so they can complete work and not waste time. Rather than the business not giving the union the increased pay, the employees ~~would~~ could ~~go~~ go on strike again which isn't productive for the company when their aim is to make a profit and without workers they can't ~~do~~ fulfill their aim.

Subject:		Level 2 Business Studies	Standard:	90844	Total score:	M5
Q	Grade score	Annotation				
1	M5	<p>Part (a) One positive and one negative impact were both fully explained, using some evidence of business knowledge and business terms used in the correct context, e.g.: expenses, profit, growth, and expansion.</p> <p>Part (b) The purpose of the Employment Relations Act (ERA) was explained, using an example from <i>Kapai Kiwifruit</i>. One cost was explained, using some evidence of business knowledge and business terms.</p> <p>Part (c) One advantage was fully explained, using some evidence of business knowledge and business terms, e.g.: termination, tribunal, resources. One disadvantage was explained only.</p> <p>Part (d) A method of industrial action by employees was explained. Two actions that management may take in response were stated, but not explained.</p>				