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90844



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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.

Excellence

TOTAL

E8

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.

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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.

There are positive and negative impacts that Kapai Kiwifruit ^{should consider if it} ~~should consider if it~~ decided to invest ~~in~~ in new technology. By investing in New Technology,

(+) Kapai Kiwifruit can increase productivity and improve efficiency throughout the production process which is important especially when only given ^{to pick pack ready for sale} short time frames. By doing that, Kapai Kiwifruits stay ^{competitive} ~~competitive~~ in the market and decreases chances of falling behind in the production process.

This in the long run increases cash flow into Kapai Kiwifruits. However if Kapai Kiwifruit decides to invest in new technology, then this could lead to significant financial costs not just relating to the purchase price ^{of the technology}, but to start up costs and training costs so staff are trained and qualified to use the technology. This can also be time consuming and take staff away ~~from~~ from work for multiple days which can result in a decrease in productivity and as a result decrease in cash flow into Kapai Kiwifruits. These are positive and negative impacts that Kapai Kiwifruits should contemplate when investing in new technology. //

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 of 2000 is to help ensure relationships between the employees of *Kapai Kiwifruit* and the employers at *Kapai Kiwifruit* stays strong and able to ^{be} maintain^{ed} to ensure that if any conflicts between the two parties arise at *Kapai Kiwifruit* arise, there can be a quick remedy to eliminate as much negative impacts as possible. One cost ~~(of)~~ to *Kapai Kiwifruit* is the cost of proper training, uniform and Equipment etc. for new employees beginning at *Kapai Kiwifruit*. to give new employees a fair-chance at doing a good job during the new employees 90-Day Trial. This benefits *Kapai Kiwifruit* because if after 90 Days the employee is dismissed, *Kapai Kiwifruit* cannot be accused of Unfair Dismissal if the employee ~~(decides to)~~ feels that's the case because ~~the~~ *Kapai Kiwifruit* did give the new employee a Fair chance. This keeps *Kapai Kiwifruit* in regulation with the Employment Relations Act (2000) because in the Act it alludes that an employer must act with Fairness and good grace which is why *Kapai Kiwifruit* should provide a 90 Day fair trial to new employees. One Reason that it's in *Kapai's* *Kiwifruit's*

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

best interest to comply with ERA is in regards to Public Perception and Reputation. If Kapa'i Kiwifruit does not comply with the ERA, then this ^{can} cause a huge walkout of its employees as they would have felt they were treated poorly by Kapa'i

^{or any other union action} Kiwifruit and would as a result spread the news to the Public. ~~(The)~~ This

surrounds Kapa'i Kiwifruit around Bad Publicity which can result in a decrease of revenue as customers are more socially aware of what's good and Bad Business practice and would not want to support a Business like Kapa'i Kiwifruit who isn't treating their employees well. (That is too) If Kapa'i Kiwifruit

does not comply with ERA even if it's in the Best Interest for Kapa'i Kiwifruit to do so then this could lead to a mass staff walkout, creating Bad

Publicity for Kapa'i Kiwifruit which can result in a decrease of Revenue for Kapa'i

Kiwifruit. Another Reason that it is in Kapa'i Kiwifruit's best interest to comply with

the ERA is to make sure that there is a good organisational culture between the staff and employees which can drive productivity up and keep staff at Kapa'i

Kiwifruit motivated to keep on doing a good job. If Kapa'i Kiwifruit complies with

the ERA, then this creates a good Organisational Culture between the employees

because then the employees feel respected and actually feel that they are

apart of the Business of Kapa'i Kiwifruit because their needs are being met

and they are being heard of on a regular Basis. As the Employees begin to

feel respected, and listened to this motivates employees to do better because now

that they are (Kapa'i Kiwifruit) doing more for the employees than the

employees begin to feel the need to do better and go beyond expectations

of the employer which as a result increases ~~the~~ rate of productivity and

efficiency which then increases flow of cash coming into Kapa'i Kiwifruit.

It is in the Best Interest of Kapa'i Kiwifruit to comply ~~the~~ with the Employment

Relations Act to eliminate possibility of any union action and to create

a more upbeat, positive Organisational culture which will as a result

drive productivity, efficiency and cash flow up. And not complying with the ERA

creates bad relationships with the community.

- (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).

Business name	Les Mills
Good(s) sold or service(s) provided	Club / Gym membership

There are many advantages and disadvantages to employees of Les Mills who decide to belong to a trade union besides those of a financial nature. One advantage ^{for} of the employees of Les Mills belonging to a trade union is having a bigger voice when it comes to demands relating to pay increases and / or equality or elimination of discrimination in the work place for women or people with certain socio-economic backgrounds or ethnicity. This is an advantage because there's always strength in numbers and by aligning themselves with a union there's much more of a chance for the employees to ~~be heard~~ have their grievances ~~(to be)~~ heard by Les Mills. This is because a Multinational Company like Les Mills is much ~~(more)~~ likely to ignore the grievances of an employee because it's only one out of thousands of other staff members they employ on a regular basis. However if a ~~collective of~~ ^{an union} ~~(group of employees both have it)~~ an employee is with ~~Les Mills~~ the employee is not alone, but has the support of a group of people behind them which will get the employee's voice heard stronger by Les Mills which increases the chances of a more effective resolution being met and agreed upon by both parties involved. Although joining a trade union increases the amount of support an employee has when demanding something or negotiating with Les Mills, there is ~~(always)~~ also a disadvantage to joining a union especially when joining the union.

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

on an Industrial Action when wanting to demand or re negotiate something with Les Mills which is ^{Risk of} loss of money and risk of immediate dismissal for the employee. When immediate action is taken by the union and its affiliated employees, the most common action taken is strike or walkout. When an employee goes on strike or walks out with the ~~(the)~~ union, the employee also walks away from a pay cheque and job security because ~~yet~~ an employee only gets paid when work is completed and with all industrial actions there is always a chance of the employer (Les Mills) not meeting demands and dismissing employees who have left. This puts financial stability and job security on the line for the employee but as always it's always up to the employee to assess risk and come to the conclusion on whether it's worth the risk siding with the union and taking part in Industrial Action. There are good advantages and disadvantages for the employee to weigh in when considering joining a ^{trade} union but overall joining a trade is a mostly positive thing as it strengthens the voice of the employees and provides support to the employees that might not have support in the workplace.

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.

To get the pay increase wanted I desired the employees may decide if all ~~negotio~~ negotiations do not work as expected, to carry out Industrial Action which would most likely be a 'slow down'. This is when employees at *Kapai Kiwifruits* work to the minimum standard expected by *Kapai Kiwifruits* but do not work at any higher of a standard. This is to encourage *Kapai Kiwifruits* to restart negotiations with the union in regards to the pay increase desired and helps to make *Kapai Kiwifruits* realise how much of an assets it's employees really are. In response to the 'slow down' industrial action, *Kapai Kiwifruits* has two possible actions that can be carried out in response to the industrial method. *Kapai Kiwifruits* can either restart negotiations with the union and come up with the best possible ~~best~~ medium that would satisfy both the Union and *Kapai Kiwifruits* or can decide to discipline it's employees by giving a final warning before dismissal on the grounds of Unsatisfactory Performance by its employees. In the instance of *Kapai Kiwifruits* wanting to re-negotiate with the unions, *Kapai Kiwifruits* will need to give negotiations a fair shot and act with fairness and good faith in order for *Kapai Kiwifruits* to be able to come to a reasonable remedy that

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

not only Kapa'i Kiwifruits is happy about, but ~~also~~ also satisfies the union in order for the 'slow down' industrial action to come to an end. This would be effective and would comply with the (Employment) Employment Relations Act because employees are being treated with respect and fairness and would be a more cleaner and fuss free resolution. In the instance of all employees being reprimanded ~~and~~ and given final warnings before dismissal, then management would meet with all the employees at a set date and time and would state that all employees that have participated in the specified industrial action will be given final warnings before dismissal and in order to ~~(not)~~ avoid dismissal from Kapa'i Kiwifruits all employees must improve performance. However that action is not suitable because the employer (Kapa'i Kiwifruits) will be liable to claims of unfair dismissal because the employees are doing what is expected of them and therefore ^{lack of} high performance becomes unfair grounds of dismissal. Restarting negotiations with the union is the best course of action in response to the industrial action because both parties feel heard and there's a better chance of a remedy being negotiated without negotiations becoming personal, discriminative or 'messy' which can lead to bad publicity etc. and result in a downfall of revenue for ~~Kiwifruit~~ Kapa'i Kiwifruits. The employees should however only resort to industrial action when there is no other possible solution as industrial action ~~does create bad~~ ^{does create bad} organisational culture and create

Subject:		Level 2 Business Studies	Standard:	90844	Total score:	E8
Q	Grade score	Annotation				
1	E8	<p>Part (a)</p> <p>One positive and one negative impact were both fully explained, with good business knowledge and use of business terms in the correct context, e.g.: cash flow, efficiency, and productivity.</p> <p>Part (b)</p> <p>The purpose of the Employment Relations Act (ERA) was explained, using an example from <i>Kapai Kiwifruit</i>. One cost was fully explained, using good business knowledge and use of business terms in the correct context, e.g.: 90-day trial, organisational culture, motivation, publicity, and revenue.</p> <p>Part (c)</p> <p>One advantage and one disadvantage were both fully explained, with good use of business knowledge and use of business terms in the correct context, e.g.: discrimination, negotiation, resolution, grievances, and dismissal.</p> <p>Part (d)</p> <p>A method of industrial action by employees was explained, although the candidate mentioned a “slowdown” instead of a go slow. Two actions that management may take were given – one fully explained and other explained, with additional information provided for two fully explained reasons as to which of the two actions would be preferable for management.</p> <p>Good use of business knowledge and use of business terms in the correct context, plus integration of knowledge from other aspects of the standard to provide full explanations, e.g. the ERA.</p>				