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90844



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NEW ZEALAND QUALIFICATIONS AUTHORITY
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Level 2 Business Studies, 2019

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

9.30 a.m. Tuesday 26 November 2019
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.

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.

High Achievement

TOTAL

04

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Magical Movers is a member of the Road Transport Forum, an employer association that was formed in the late 1990s to provide the road-freight industry with a single national voice. It deals with a range of issues related to government, including road-user charges, road construction, and vehicle regulation.

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You may choose **either** *Magical Movers* **or** a large business (more than 20 employees and/or with a national or regional significance) that you have studied in depth.

- (a) Referring to *Magical Movers* or your chosen business, fully explain TWO benefits to the business of belonging to an employer association.

It is very beneficial for *Magical Movers* to belong to an employer association.

One benefit of the business ~~belong~~ belonging to an employer association and especially the Road Transport Forum is that each employee in the business can be assured that if there is any^{thing} that happens on the road whilst working that causes grief or harm to them, the employer association will help to ensure their rights and needs are met, and that they get any health or work related help they need.

Another benefit of *Magical Movers* belonging to an ~~association~~ employer association is that if the business ever ~~does~~ fails to comply with any ~~that~~^{laws} (such as RMA or Privacy Act) they will be able to ask the ~~an~~ Road Transport Forum for help and support for what their next step is to fixing things. The association could also help them fight for their rights if they believe they have not breached any ~~an~~ Laws.

The government is looking at ways of improving New Zealand's roading system, which requires considerable financial investment. One method the government has used to raise the necessary capital is to increase the tax on fuel in specific parts of the country, such as Auckland, where *Magical Movers* is based. Any increase in fuel costs affects the profitability of transportation businesses. *Magical Movers* operates in a price-sensitive industry in which there are many competitors.

The government is considering whether to apply this policy to other parts of the country.

You may choose **either** *Magical Movers* **or** a large business (more than 20 employees and/or with a national or regional significance) that you have studied in depth.

- (b) Referring to *Magical Movers* or your chosen business, discuss TWO responses that the business could make to reduce the impact that a rise in fuel costs is likely to have on its profitability.

In your answer:

- explain how a rise in fuel costs would impact on business profitability
- fully explain TWO responses the business could make to reduce this impact while operating in a competitive market
- justify, with TWO reasons, why one response would be better than the other.

For *Magical Movers*, a rise in fuel costs would greatly impact on their business profitability as the industry in which they are in requires moving trucks and vehicles which ~~solely~~ solely rely on gas to run and function correctly. Because of this crucial need of gas, it means *Magical Movers* is still going to need to purchase it despite the rise in price. This then leads to the business having to spend more money on the gas and therefore having to use more business profits in order to keep up with competitors.

A response *Magical Movers* could make to reduce this impact while operating in a competitive market is possibly relocating their main business

facility and workers to a region in New Zealand where they can still get the sales they need, but also ~~there~~ in somewhere in which they ~~have~~ business related costs they are required to have for their everyday work ^{such as gas} is cheaper and ensures they won't have spend as much as their profits as they would have to in Auckland. //

Another response Magical Movers could make to reduce this impact while ~~to~~ operating in a competitive market is to possibly invest in ~~equipment~~ equipment/~~and~~ vehicles that require less gas and therefore require the business to use less ~~on~~ ~~even~~ of the profits on gas. This investment in upgraded technology would at first require the business to spend a bit of their profits, but in the long run it will ensure they spend less money on gas and therefore get to keep more of their profits. //

Investing in upgraded technology/vehicles would be a better option over relocating. One reason for this is that even though they may lose more profits to start off with, in the long run investing in upgraded vehicles will mean the business will have to spend less of their business profits on gas. Another reason why Magical Movers investing in upgraded technology would be better than

Magical Movers has developed a code of ethics for all its workers. In the code of ethics, particular attention is paid to ensuring that customers pay a fixed rate for moving services which does not change if the job takes longer than expected. The code of ethics also helps to ensure that employees get appropriate meal breaks and rest stops to maintain their well-being when working.

You may choose **either** *Magical Movers* **or** a large business (more than 20 employees and/or with a national or regional significance) that you have studied in depth.

- (c) Referring to *Magical Movers* or your chosen business, fully explain TWO reasons why the business needs to make ethical decisions regarding how it operates.

It is very important ~~that~~ that *Magical Movers* makes ethical decisions regarding how they operate.

One reason why *Magical Movers* ~~an~~ needs to make ethical decisions is so they can ensure they keep a customer base in which they can rely on to earn profit from. ~~They~~ The business needs to ensure they're not changing rates or charging extra for things they promised a fixed price for as this could lead to them having a bad reputation and therefore losing customers.

Another reason why *Magical Movers* needs to make ethical decisions is so their employees' ~~an~~ needs and requirements are adequately met in order for them to be able to complete their work properly, as if the business does not do this ~~and~~ doesn't let employees have ~~an~~ appropriate meal breaks, it could not only result in the business losing employees, but ^{it could} also

All New Zealand businesses must comply with the laws in New Zealand. Laws that are likely to impact on large businesses in New Zealand include:

- Privacy Act 1993
- Employment Relations Act 2000
- Resource Management Act 1991.

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(d) Choose ONE of the laws from the box above, and then complete the table below.

For a large business that you have studied (more than 20 employees, and/or having a national or regional significance), discuss how its relationship with a key stakeholder is affected by the business complying with the law.

In your answer:

- identify the law that you will discuss and, using a specific example, explain how the business has ensured that it complies with your chosen law
- fully explain ONE advantage and ONE disadvantage to the business of complying with this law
- justify, with TWO reasons, whether complying with this law improves the relationship of the business with a key stakeholder group.

Name of large business:	SAS Sport
Goods and/or services provided:	sports gear
Chosen law	Resource Management Act 1991
Key stakeholder group	Customers and Employees Customers

The Resource Management Act 1991 (RMA) is the law in which businesses are required to comply with regarding the ~~environment~~ sustainment of the environment and the use of the Earth's natural resources, and also how land ~~is~~ is used. One ~~an~~ example of how SAS sport ~~has~~ complies with ~~that~~ the Resource management Act 1991 is through them complying with the plastic bag banning that was put in place in June 2019 in which there's is to be no distribution

of single use plastic bags from businesses and they can no⁴ longer be used. Because of this, SAS Sport had to switch from using single use plastic bags with their sales to using a more sustainable ~~resource~~^{product} such as ~~plastic~~ paper bags./.

One advantage of SAS Sport complying with this law is that they are able to do their part in helping protect and save our environment, meaning they are making more ethical decisions./

A disadvantage of SAS Sport complying with the RMA is that for some laws that come into place, they ~~may~~ may be required to find alternatives to either the decisions ~~in~~ they're making or the products they're using/selling. This may cause the business to have to spend more profits on these alternatives and therefore could lead to them making and earning less profits.

SAS Sport complying with the Resource Management Act 1991 would improve the relationship of the business with their customers. One reason for this is that the customers can see that ~~if~~ the business is complying with this law, they're making ethical decisions ~~in~~ ~~and~~ which then makes customers put more faith in the business as

Extra space if required.

Write the question number(s) if applicable.

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- b. relocating is that investing in vehicles they require and use less gas is also better for the environment because if they use less gas, it helps to decrease the demand ~~and~~ of gas resulting in ~~the~~ businesses having to use less of the Earth's natural resources.
- c. cause Magical Movers to become ~~un~~ unreputable meaning they may lose customers who don't agree with the decisions the business is making.
- d. they feel like they can trust it more. This means the business will keep a bigger customer base therefore leading ~~to~~ them earning more profits. Another reason why SAS Sport complying with the Resource Management Act 1991 would improve ~~the~~ the relationship of the business with their customers because if the customers see that the business is making decisions to find more sustainable alternatives to their products, they may feel as if the products are better quality and therefore would feel more obliged

Extra space if required.
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to purchase the which then leads
to SAS sport earning more profits/

Achievement Exemplar 2019

Subject	Level 2 Business Studies		Standard	90844	Total score	04
Part	Grade score	Annotation				
a	A4	First point is too vague. Second point (fixing things) needs to be more specific.				
b		Points do not reach Merit, as they do not explain why the responses resolve the fuel tax issue. There is nothing in the attempted justification that would help to increase the grade.				
c		Good first point, but second point needed to explain what might happen if they start to lose employees, i.e. hard to get more staff in a tight market.				
d		Plastic bags not part of RMA so no first E, but the advantage and disadvantage apply to RMA for SAS Sport.				