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91379



Draw a cross through the box (X) if you have NOT written in this booklet

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Mana Tohu Mātauranga o Aotearoa
New Zealand Qualifications Authority

Level 3 Business Studies 2024

91379 Demonstrate understanding of how internal factors interact within a business that operates in a global context

Credits: Four

Achievement	Achievement with Merit	Achievement with Excellence
Demonstrate understanding of how internal factors interact within a business that operates in a global context.	Demonstrate in-depth understanding of how internal factors interact within a business that operates in a global context.	Demonstrate comprehensive understanding of how internal factors interact within a business that operates in a global context.

Check that the National Student Number (NSN) on your admission slip is the same as the number at the top of this page.

There is ONE task in this booklet. You should attempt ALL FOUR parts of the task.

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.

Do not write in the margins (//////). This area will be cut off when the booklet is marked.

YOU MUST HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION.

Excellence

TOTAL 07

TASK

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 this task. You may integrate any relevant Māori business concepts into your answers.

You should read the resource information in ALL of the boxes before beginning the task.

BACKGROUND INFORMATION

Oarsome Aotearoa is an adventure tourism company that offers a range of activities for tourists visiting New Zealand. The activities offered are largely focused on the utilisation of New Zealand's waterways and include kayaking, white water rafting, and jet boating.

Established in 1994, in Queenstown, the adventure capital of New Zealand, *Oarsome Aotearoa* continues to primarily operate from this location. However, they do also have operations in the Tasman region and the Bay of Plenty.

Oarsome Aotearoa is committed to reporting against the quadruple bottom line. They have key goals in all four areas of sustainability, including:

- to improve their protection of the natural environment in which they operate
- to acknowledge and protect local Māori history and taonga (valued resources)
- to be one of the three biggest adventure tourism operators in New Zealand.



Source: <https://www.raft.co.nz/shotover-river-queenstown/>

Pūtake: The origin or reason for being

Every business has a reason for being. Many Māori businesses exist for the same reason

experienced by mainstream businesses.

Source: <https://seniorsecondary.tki.org.nz/Social-sciences/Business-studies/Maori-business/Culture-and-values>

The pūtake of *Oarsome Aotearoa* is shown through their mission statement: 'to inspire and excite by leading individuals beyond their comfort zones, unlocking the extraordinary, and connecting them with New Zealand's unparalleled natural environment and rich history'.

In the box below, enter the details of a New Zealand-registered business operating in a global context that you have studied in depth. **Do not use *Oarsome Aotearoa*.**

Name of New Zealand-registered business: Ice Breaker
 Good(s) sold or service(s) provided: Outdoor Marino Clothing

- (a) (i) Explain how the pūtake of the business may affect its brand.

The pūtake of IceBreaker will affects its brand as it creates a reason being, often about something more meaningful than just profits. The pūtake of IceBreaker includes multiple different areas, one being environmental sustainability. They created an innovation called CoolLite, which is summer activewear created from a combination of marino & tinsel (eucalyptus wood), helping to reduce the odour & uncomfortableness of sweat. It was also created as it is made from very environmentally sustainable material, an example of IceBreaker displaying their pūtake. cont p11

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- (ii) Explain one possible consequence the putake of the business may have for their market share.

A potential consequence for IceBreaker having environmental sustainability as their putake is that costs of production may be larger than their competitors. This is because competitors such as Mons Royale use cheaper materials to create their clothing which has a negative effect on ~~our~~ the environment, not contributing to ~~environment~~ environmental sustainability. Due to IceBreaker using materials such as merino & tinsel, their cost of production increases, causing their profitability to decrease. With ~~now~~ decreased profits output could also potentially fall as IceBreaker will be less inclined to supply. Therefore, decreased profitability & potential decreased output will lead to a decrease in IceBreakers market share.

Since its humble beginnings in the 1960s, adventure tourism has grown rapidly in New Zealand to now having many operators competing for overseas tourist dollars, especially in Queenstown.

To grow its market share and increase profits, *Oarsome Aotearoa* has invested time and monetary resources into innovating its offerings to tourists. Some of its innovations include:

- having knowledgeable guides narrate the local history on kayak trips
- expanding choices by developing new routes for white water rafting
- being the first to offer electric-powered jet boat rides on the Shotover River.

You may choose to discuss either *Oarsome Aotearoa* or a New Zealand-registered business operating in a global context that you have studied in depth.

- (b) (i) Explain one positive impact that product or service innovation may have on the business.

Oarsome Aotearoa innovating its offerings to tourists will ~~have~~ cause a large increase in the number of customers they receive. By implementing knowledgeable guides, expanding white water rafting routes and offering electric-powered jet boat rides, *Oarsome Aotearoa* will stand out amongst other businesses and hugely expand their own. These innovations contribute to all parts of the triple bottom line: people (guides narrating history & increased routes) place (electric-powered jet boat) and profits (all). Innovating *Oarsome Aotearoa* through upgrades & expansions will increase customers with more options and them standing out amongst competitors. Customers will also see *Oarsome Aotearoa* as a business that cares for more than profits e.g. the environment & customer experience. Therefore, there sales will increase, causing a positive effect on the profits of *Oarsome Aotearoa*.

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- (ii) Explain one negative impact that product or service innovation may have on the business.

A negative impact of implementing innovations for Oarsome Aotearoa is that it takes a lot of time and resources (e.g. monetary). Creating new innovations can take a lot of time to come up with new ideas & cost a lot of money having to invest in innovators and pay workers overtime to contribute to innovative ideas. In the short term, this could have a negative effect on Oarsome Aotearoa's profitability with increased costs.

- (iii) How likely is it that product or service innovation will result in the business being able to increase its profitability? Provide a justified conclusion, including any new information.

Service innovation for Oarsome Aotearoa is most likely going to have a positive ~~of~~ impact on their profitability. This is because the long term benefits of innovations will outweigh the short term costs (e.g. time & money). Although Oarsome Aotearoa's ~~use~~ profitability will initially decrease, eventually the number of customers will rapidly increase & Oarsome Aotearoa could potentially

increase their prices as they would now offer much more than competitors. Customers will increase with more offers / experiences and wanting to support businesses like Oarsome Aotearoa with a good brand reputation (e.g. environmentally sustainable). As Oarsome Aotearoa will now be providing a 'luxury service' compared to competitors, they could potentially increase prices. This combined with an increase in customers will cause a big increase in profitability for Oarsome Aotearoa.

Critical to the ongoing success of *Oarsome Aotearoa* is the maintenance of its strong reputation as a safety-conscious adventure tourism operator. All of the experiences *Oarsome Aotearoa* offers to tourists carry risks and ensuring these risks are managed is of paramount importance.

To ensure the adventures their customers experience are of a consistently high quality while ensuring all safety requirements are met, *Oarsome Aotearoa* has implemented total quality management (TQM).

You may choose to discuss either *Oarsome Aotearoa* or a New Zealand-registered business operating in a global context that you have studied in depth.

- (c) (i) Explain one positive effect the implementation of total quality management will have on the business.

Total Quality Management requires all employees to get on board with a culture of quality, constantly ensuring ~~the~~ *Oarsome Aotearoa*'s services are kept to an extremely high standard. A positive effect of TQM on *Oarsome Aotearoa* is that customers will be provided with the highest quality experience (e.g. tour etc) as the businesses focus in on quality. With increased customer satisfaction and care for customer experience, *Oarsome Aotearoa*
cont p11

- (ii) Explain one negative effect the implementation of total quality management will have on the business.

A potential negative effect of TQM on *Oarsome Aotearoa* is that employees are purely focused on quality 24/7, which could result in lack of commitment to other areas of the business, e.g. innovation etc. Without any focus on other areas of the business such as innovation, ~~no~~ potentially no future improvements will be made. Also, TQM requires all employees to get on board with a
cont p11

- (iii) How likely is it that the implementation of a total quality management system will result in the consistent delivery of a high-quality product or service? Provide a justified conclusion, including any new information.

The implementation of TQM is most likely going to result in a consistent delivery of high-quality services for Oarsome Adventure. This is because in the long term, all employees will be trained and a culture of quality means the focus is on quality. Although training costs time and money in the short term, staff focus will be on quality 24/7, the long term ~~benefits~~ benefits outweigh them. With a culture of quality, customers will always be getting a high-quality service (e.g. jet boat etc). Also, with all employees trained, they will be able to teach new staff the ways of their culture of quality. This should decrease costs in the long term. Overall, TQM will ~~help~~ help Oarsome Adventure to provide the best experiences possible. This could lead to increases in prices with consumers willing to pay more, leading to an increase in sales and profits in the future for Oarsome Adventure (increase in economic sustainability).

The implementation of total quality management (TQM) is a significant change to the way Oarsome Aotearoa operates. In keeping with the principles of TQM, Oarsome Aotearoa have used an inclusive change management process to facilitate this change.

You may choose to discuss either Oarsome Aotearoa or a New Zealand-registered business operating in a global context that you have studied in depth.

- (d) (i) Explain one benefit that using an inclusive change management process can have on the business.

A benefit of Oarsome using an inclusive change management process is that all employees get a say and feel included in the decision of the change. For example, TQM was an inclusive change management process where all staff agreed and had a ~~say~~ say. This should increase employee morale as they feel as though they have a say in changes to the business. As a result, more skilled people will want to work for Oarsome Aotearoa as they are good to their employees.

- (ii) Explain one possible impact that using an inclusive change management process can have on the costs of the business.

A possible impact of Oarsome Aotearoa using an inclusive change management process is that costs of the business increase. This is because by including everyone on ~~the~~ decisions regarding changes to the business, Oarsome Aotearoa will have to pay ~~it~~ employees more to attend regular meetings regarding change. Therefore, costs will slightly increase and profitability will slightly decrease for Oarsome Aotearoa.

Extra space if required.
Write the question number(s) if applicable.

QUESTION
NUMBER

- a.i. Being environmentally sustainable will help attract more customers who care about the environment, potentially increasing sales & profits. IceBreaker will create a brand reputation of caring for the environment, showing just how important putake can be.
- c.i. should see an increase in customers in the long term. This will increase sales for Oarsome Aotearoa and therefore, profits will also increase.
- c.ii. culture of quality. This takes a lot of ~~training~~ training of staff, decreasing sales & profitability in the short term as costs will increase and time is spent focusing on quality training.

Excellence

Subject: Business Studies

Standard: 91379

Total score: 07

Task	Grade score	Marker commentary
One	E7	<p>The candidate has fully explained one positive and one negative effect of service innovation, and has also provided a justified conclusion, including new information, by comparing the strategy in the short-term versus the long-term, and explaining the impact on the Oarsome Aotearoa brand.</p> <p>The candidate has also explained, in context, one positive and one negative effect of total quality management, but more thorough justification would have improved the response further.</p>