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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.**

Merit

TOTAL **05**

## Page 1

### 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.

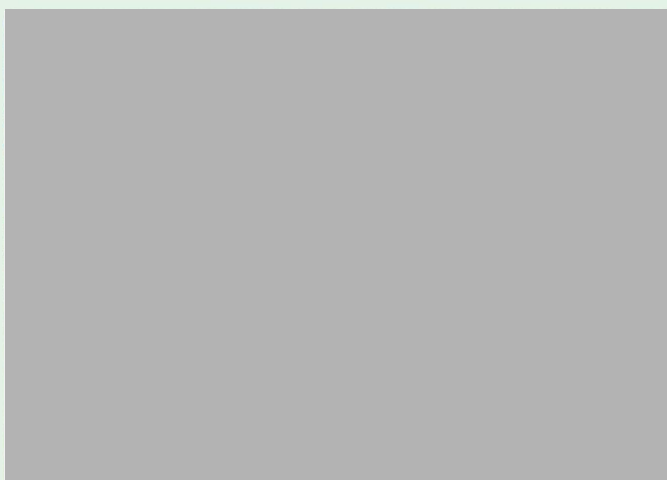
### BACKGROUND INFORMATION

*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.



### Pūtake: The origin or reason for being

Every business has a reason for being. Many Māori businesses exist for the same reason as other businesses; that

businesses can encounter legal, cultural, and business complexities that are not 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 boxes 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:

Fonterra

Good(s) sold or service(s) provided:

Dairy

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

B I U

Fonterra's Pūtake or 'reason for being' is to help Kiwi farmers create a sustainable and high quality dairy source for the world to share. Fonterra focuses on creating an ethical brand, and is known for having the lowest carbon emissions in dairy production in the world. The Pūtake of Fonterra may affect its brand through reputation. With Fonterra being a global and such a large company its reputation is a large factor in its successes. Since Fonterra is putting in so much effort towards their Pūtake their reputation is affecting their brand positively, gaining a high reputation and resulting in even higher revenue. Having a good and high brand awareness is extremely important in the success of Fonterra's company and the overall brand and financial sustainability.

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

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A possible consequence the Putake of Fonterra may have for their market share is a decline in market share. The Putake of a business should be highly demonstrated and integrated throughout the business making it clear to their customers why they exist. A business that demonstrates this well and conveys to their customers the reason for the company, they are like to see a high growth in customers. If Fonterra does not correctly portray their Putake whether its through brand awareness, advertisement or even word of mouth then they are likely to see a decline in market share. If Fonterra's Putake is not shown right then the trust and reputation of Fonterra could be tainted or not truly seen for what they stand for. Overall a possible consequence of the Puktake of Fonterra not portrayed well is a decline in market share and a visible arise of competitors this being so harmful to Fonterra as a globally recognised company.

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.

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A positive impact that Fonterra's innovation of plantain pastures may have on the business is customer trust. Fonterra has put 22 million dollars into the research and development for the implementation of plantain pastures in New Zealand Dairy Farms. These plantain pastures are used to clean the water ways around the dairy farms and lower carbon emissions further. By Fonterra advertising this great innovation the company is likely to gain a positive customer trust. Customers will see this money implemented into helping the world lower carbon emissions and see this as an act towards helping them, resulting in a beneficial domino effect. Customers will notice the innovation, see this as an act of greatness therefore gaining high trust in the company of which they purchase dairy from. Having a great customer trust leads to a variety of positive benefits such as competitive advantage, low staff turn over, financial sustainability and many more all being effects under the umbrella of customer trust. This effect of the innovation of plantain pastures being one of the most beneficial for Fonterra.

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

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A negative impact that Fonterra's innovation of plantain pastures may have on the business is a major company set backs. Although Fonterra is a global and rich company putting so much money into a single aspect of business could cause major set backs. In order to place these plantain pastures Fonterra will be needing to stop the dairy production of dairy farms one by one to input these pastures. Stopping production of even a few farms at a time could be detrimental to the business. As larger dairy production areas like the Waikato putting a pause on these could cause large set backs for both Fonterra and the farmers. If these dairy farmers are not producing enough dairy to subsidize for the rest on halt then there will be a huge decline in production and even revenue. Not only costing the company tens of millions just to implement this innovation but also to pay the dairy farmers what they would be earning and paying the price for the loss of dairy produced, once again resulting in major set backs for Fonterra. Set backs like this if not properly adhered to could mean profit loss as well as an array of other reputation harming problems.

(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.

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The likelihood of Fonterra's innovation of plantain pastures causing a fluctuation in its profits is unlikely. After all the money that is spent on research and putting this innovation in place I believe all that the company will gain is higher customer trust. When seeing a company like Fonterra that truly cares for its customers and people, they are sure to gain higher trust. This will mean end users are likely to stick to using their product rather than turn away from, this too leveraging the company for competitive advantage. Although Fonterra could see an increase in profits I am doubtful that it will be solely from the innovation of plantain pastures. This innovation is highly beneficial but not enough to increase the company's turnover. The company could maintain its profits and pay off what they had spent on the necessary measures taken to implement this innovation. They too could be seen as a trustworthy brand, but I do not see Fonterra's earnings expanding after the simple input of this innovation of plantain pastures I do not believe this is quite enough to lure in a large enough customer base to result in Fonterra being able to increase its profitability.

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.

B I U     

Total quality management means that the company is continuously implementing quality management throughout the production of their product or service. A positive effect that the implementation of total quality management will have on Fonterra is high customer satisfaction. Having steps to ensure that the production and exportation of Fonterra's dairy products is to of a high standard is greatly beneficial to the company. The financial success of a company is almost purely dependent on their customers. Earning customers that are happy and impressed with your product is a key importance in this success. By using TQM Fonterra will almost surely guarantee the satisfaction of its customers. By implement quality assurance and control techniques they are making sure no bad products leave their warehouses. By involving all workers and staff in this implementation they are creating a satisfied and happy customer base and ensuring high product quality.

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

B I U     

A negative effect that the implementation of TQM will have on Fonterra could be slower production. A large part of implementing TQM is giving all staff the responsibility to ensure that the product they are producing is of high standard. Putting this responsibility on the shoulders of their staff and farmers could cause a lot of caution meaning longer periods of time to produce the dairy. If farmers are checking their stock and dairy to ensure no mess ups so regularly this could cause a delay in production. Making sure that the dairy is of standard to increase customer satisfaction is extremely important to the succession of Fonterra but Total Quality Management could cause major set backs and delay in the receiving of dairy between farmers and warehouses and warehouses to customers.

(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.

B I U     

The likelihood that the implementation of a Total Quality Management system will result in the consistent delivery of a high quality dairy from Fonterra is very likely. After every cow is milked, after every bottle is packaged and after every step is taken the quality of the product is checked it is highly likely that the produce is to of a high standard. If ensuring that the dairy meets the requirements and managers are checking that staff are properly undergoing necessary measures then this will result in consistent delivery of high quality product. By implementing TQM there is the responsibility of every worker to check that the produce meets requirements. Rules and requirements, quality assurance and all of the needed implementations that fall under TQM are put in place too ensure that there will be an on going trail of up to standard high quality products. Overall I believe that the implementation of a TQM system at Fonterra will infact be very likely in adhering to the consistent delivery of high quality dairy products.

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.

B I U

A benefit that using an inclusive change management process can have on the business is high staff productivity. By choosing to have an inclusive change management process to facilitate the change of inputting the system of TQM you are including everyone and all. By ensuring that all staff have a say in the improvement and change of this implementation means everyone has a voice. When allowing your staff to feel welcomed in giving advice, suggestions and overall helping into the adjustment of change you are creating a positive environment. When staff feel as if they are appreciated and have an importance you are most surely going to see an increase in staff productivity. By having a high productivity rate you are benefiting your company greatly. Fonterra will see despite possible past setbacks an increase in speed and quality of production. When staff know that they are apart of the company and are who helped to making this adjustment to change as well as have the freedom to participate in facilitating this, they are likely to feel a moral responsibility to give back and help the company a benefit in using an inclusive change management process.

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

B I U

A possible impact that using an inclusive change management process can have on the cost of Fonterra is a low staff turnover. Having happy and appreciated staff means a positive working environment. Everyone aspires to work in a place were they feel welcomed and apart of the company. By Fonterra implementing an inclusive change management process they are doing exactly that. If staff are placed in a positive work environment then they are likely to want to stay and continue working for Fonterra. By having a low staff turnover this means that there is low cost need for HR and staff rehiring. This impact is greatly beneficial for Fonterra and will mean a great bond between farmers and the staff of their company. Too having a low cost needed for HR means that the money can be placed into other needed areas of the company like innovation or expansion - areas that will benefit Fonterra. With satisfied workers a low staff turn over is a positive impact that using an inclusive change management process can have on the cost of Fonterra. Overall being greatly beneficial to both the company environment and financial sustainability of the company Fonterra.



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## Merit

**Subject:** Business Studies

**Standard:** 91379

**Total score:** 05

| Task | Grade score | Marker commentary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|------|-------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| One  | M5          | <p>The response has stated Fonterra's pūtake and has explained its impact on the brand. Further explanation of the consequence of the pūtake for Fonterra's brand would have improved the answer.</p> <p>The candidate explained, in some detail, a positive impact of service innovation, and also a negative impact, both in context. Including new/ related information in the justification would have improved the answer. A negative effect of total quality management was explained; an explanation of a benefit of total quality management in context would have further improved the response.</p> <p>The response has explained how higher staff productivity can be achieved from using an inclusive change management process. The candidate has also carefully explained how an inclusive change management process can lead to reduced staff turnover and thus lower HR/hiring costs, making Fonterra more financially sustainable.</p> |