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91381



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Mana Tohu Mātauranga o Aotearoa  
New Zealand Qualifications Authority

## Level 3 Business Studies 2024

### 91381 Apply business knowledge to address a complex problem(s) in a given global business context

Credits: Four

| Achievement  | Achievement with Merit  | Achievement with Excellence  |
|--|---|--|
| Apply business knowledge to address a complex problem(s) in a given global business context. | Apply in-depth business knowledge to address a complex problem(s) in a given global business context. | Apply comprehensive business knowledge to address a complex problem(s) in a given global business 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.**

Pull out Resource Booklet 91381R from the centre of 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 2–12 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

## BACKGROUND INFORMATION

*Manaia Tala* is a New Zealand-based clothing and jewellery company. Established by two friends while studying in Auckland in the early 2000s, *Manaia Tala* has grown to exporting to over 20 countries.

Environmental sustainability is at the forefront of decisions made by *Manaia Tala* and is shown through their designs highlighting native flora and fauna, and the natural fibre fabrics chosen. Reducing their impact on the environment is a priority.

Producing quality clothing and jewellery is also central to the environmental sustainability goals of *Manaia Tala*. They seek to make durable products that will last for many years and, as a result, they are able to charge premium prices.

As well as valuing environmental sustainability, *Manaia Tala* takes social responsibility seriously. Implementing ethical practices such as payment of the living wage, the implementation of safe labour practices throughout their supply chain, and supporting the removal of child labour in the clothing industry are key objectives.

Until now, *Manaia Tala* have been manufacturing all of their clothing in New Zealand, and this has enabled them to ensure their social and environmental goals have been met. Now, however, *Manaia Tala* has increased to a size where it is no longer viable to manufacture all of their clothing within New Zealand, and they have determined that they will need to outsource some of their manufacturing to an overseas firm.

*Manaia Tala* has estimated that they will need to initially outsource the manufacturing of one clothing line consisting of seven items. They are considering two manufacturers in India: *Ramand Mill* and *Bahl Textiles*.

*Manaia Tala* usually offer a maximum of 500 items for sale of each item they produce, to help ensure exclusivity of their garments.



Refer to Resources A and B on page 2 of the resource booklet to answer part (a).

(a) (i) Explain one benefit to *Manaia Tala* of using *Ramand Mill* to manufacture their clothing.

B I U

One benefit that using Ramand Mill to manufacture Manaia Tala's clothes is that the environmental impact rating is very good meaning that they look after the environment and have a good environmental impact throughout their clothing manufacturing process. This is a benefit to Manaia Tala because they can uphold their values of environmental sustainability and they can still market to the consumers that their product is environmentally friendly meaning they won't lose out on a market share that cares about the environment.

(ii) Explain one benefit to *Manaia Tala* of using *Bahl Textiles* to manufacture their clothing.

B I U

One benefit of Manaia Tala using Bahl Textiles to manufacture their clothing is that the worker skill level is higher. Manaia Tala is very cautious on the quality of the clothes as they want to have the highest quality clothes that last a long time and are sustainable. The benefit of working with Bahl Textiles is that they have higher worker skill level, this means that the quality of the clothing that is being produced is higher and the clothes will last longer, meaning that Manaia Tala will be able to adhere to their values and continue to serve the best quality clothes that they can.

- (iii) Which of the two manufacturers would you recommend for *Manaia Tala*? Justify your recommendation, including any new information.

**B** *I* U

I would recommend that Manaia Tala use Bahl Textiles to manufacture the clothes. This is because of a multitude of reasons. Both Ramand Mill and Bahl Textiles have the same average cost per item of clothing however one thing that Manaia Tala values is the environment and the environmental sustainability. While Ramand Mill does have a 'very good' environmental impact rating, Bahl Textiles has a 'good' environmental impact rating meaning that both of the factories care about the environment and would be environmentally sustainable. However the next thing that Manaia Tala values the most along with environmental sustainability is the quality of the clothing and the durability. This is why Manaia Tala should choose to go with Bahl Textiles. Bahl Textiles has a high worker skill meaning that they quality of the clothing and the standards that Manaia Tala want, will be upheld allowing them to continue to produce quality clothing that will last for a long time, meaning that they will continue to sell and gain more customers because of their quality clothing at an affordable price. Along with that Bahl Textiles would increase the reputation of Manaia Tala in India. The social compliance score of Bahl Textiles is 9.4 compared to only 7.9 for Ramand Mill, meaning that the workers and the factory is more socially compliant, this would increase the reputation of Manaia Tala because they would be seen as a company that is more socially compliant meaning that the locals and the people who live in the area like and enjoy having the company there. This means that they would gain customers from India who like their clothing and like their way of doing business further increasing their sales and profits, leading to additional income that they can use to further invest in potential ways to improve their sustainability in India and help them with their values. Along with that, Manaia Tala would have a better reputation and save more money using Bahl Textiles. Due to the increase in worker skill level, there are less workplace accidents per year at Bahl textiles with only 32, compared to 43 with Ramand Mill, this would not only save the business money having to pay out employees if they are injured, but it would also help their reputation because the less workplace accidents that occur the more people will look at your company happily and think it is an safer place to work, increasing the businesses reputation and meaning that if other companies want to collaborate or join them, then they know it is a safer workplace and less people are going to get hurt or injured during the production phase.

The first production run completed in India did not meet the quality expectations of *Manaia Tala*'s management, and the clothing line was unable to be taken to market.

In response to the disappointment of the first production run, *Manaia Tala* has implemented a quality assurance system.





Refer to Resources C and D on page 3 of the resource booklet to answer part (b).

(b) (i) Explain one possible cause for the quality expectations of *Manaia Tala* not being met.

B I U

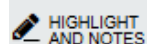
One cause for the clothes not meeting the quality expectations of Manaia Tala's management is the fact that they may not be able to understand what the company in India is offering because they are not familiar with the language. In resource D it states that "Interpreting the subtexts and unique indirect modes of communication requires experiential understanding". This means that the company may not have been able to understand what the different companies in India were able to make and the quality that they were able to uphold, this means that the quality of the clothing was not up to standard and didn't meet the quality expectations.

(ii) Explain the effect the introduction of a quality assurance system will likely have on the economic sustainability of *Manaia Tala*.

B I U

The introduction of a quality assurance system like a total quality management system would mean that Manaia Tala would be more economically sustainable. A total quality management system would mean that the business would have to use some money to train the employees and staff that they needed to and make sure that they up skill for example managers so that they can check the quality at every stage. Although they have to use some money to do so, they will ensure more economical stability if they implement a total quality management system, this is because a total quality management system is when the product is checked at every step in the production process to ensure it is at the right quality, this means that it will ensure that all the clothes are the correct quality and meet Manaia Tala's quality standards. This will benefit and increase the economic sustainability of Manaia Tala because they won't have to send clothes back and shipments back because they are not up to quality standards, this means that they won't have to cancel any releases or any clothing lines, meaning that they will be able to sell their clothes and ensure that their clothes are of high quality and at the right time, meaning they won't lose and profits or money that they will make from the releases, and they won't have to spend any money to ship the clothes back and forth to get redone.

As well as experiencing some quality issues with the manufacturing completed in India, there have also been some time delays in *Manaia Tala* receiving their orders. This has resulted in some customer orders not being fulfilled within the required time frame.



> Resources E and F on page 4 of the resource booklet to answer part (c).

(c) (i) Explain one possible cause for the delay in receiving of orders by *Manaia Tala*.

B I U

One cause for the delay in receiving orders from India for Manaia Tala is the fact that they will be shipping the clothes out to New Zealand, this is because it is not a good with a short shelf life and the fact that air freight is too expensive. This means that Manaia Tala would use ocean shipping. The cause for the delay is the variation in shipping days, the shipping days are between 13 and 63 days, meaning there is lots of variation in the amount of time it will take to get to New Zealand, along with that when shipping to New Zealand there is transportation needed from the ships to the facility meaning that if there is and problems with the courier or shipping it will cause days of delays.

(ii) Explain how the New Zealand Government securing a free trade agreement with India could benefit *Manaia Tala*.

B I U

Securing a free trade agreement with India would greatly benefit Manaia Tala. This is because a free trade agreement would allow Manaia Tala to export and import from India for free. This would help Manaia Tala economically because the company will be able to export the fabric or wool that they use to make their clothes, into India, without tax or tariffs. This would mean that they wouldn't have to pay as much money to export the fabrics, allowing them to save some money and use it somewhere else, reinvesting in the company to help it attain its goals of being environmentally sustainable whilst still producing quality fabrics. Also with that it would mean that there are no quota's on their exports to India, meaning that they won't have to limit the amount of products they want to send into India. This means that they will be able to produce more products in the same batch allowing for them to increase their economies of scale, giving them a higher profitability allowing for them to increase revenue and profits. The free trade agreement also means that when they are shipping their products back to New Zealand there are also no barriers like taxes or tariffs meaning that they will once again save even more money and become more profitable meaning they gain more profit and can be able to invest it somewhere else in the business or save it. Along with that they can import more products and more clothes into New Zealand because there won't be a quota in place, this means that they can import more clothes if they think they will sell out or they can import two batches of clothes rather than just one, giving them more sales and more revenue.



As *Manaia Tala* has continued to grow and expand into new markets, the design software they had been using is no longer fit for purpose. As a result, they have made the decision to invest in software that enables them to produce 2D garment sketches, 3D modelling, tools for creating sewing patterns, and the ability to test fabrics. Research thus far has narrowed the choice of the preferred software choices down to either Garment Creator Suite or Stitch Sculpt. Both options include all of the tools that *Manaia Tala* requires and are within the budget they have available to purchase design software.

Refer to Resource G on page 4 of the resource booklet to answer part (d).

(d) (i) Explain one positive effect choosing Garment Creator Suite would have on *Manaia Tala*.

**B** *I* U     

One positive effect that choosing Garment Creator Suite would have on Manaia Tala is the fact that it has a collaboration feature, this feature allows for more than one worker to work on the design at the same time. This means the Manaia Tala can improve their products and their designs by having multiple people working on it at once collaborating all of their ideas and making a clothing that really pops out. It also means that Manaia Tala can make sure that everyone has an input and that the whole marketing team can settle on a design that everyone likes because they can all work on it together, allowing for more cohesion in the business.

(ii) Explain one positive effect choosing Stitch Sculpt would have on *Manaia Tala*.

**B** *I* U     

One positive effect choosing stitch sculpt would have on Manaia Tala is that the initial cost of the design software is lower at only \$9,500. This means that Manaia Tala are able to save money when purchasing the software, and it allows Manaia Tala to invest the money somewhere else, allowing them to have a device software that is cheap and reliable, while still investing and improving the company to make sure that its values are upheld.

- (iii) Which of the two software choices would you recommend for *Manaia Tala*? Justify your recommendation, including any new information.

**B** *I* U

I would recommend that Manaia Tala chooses to use the Garment Creator Suite (GCS) for their design software. Although it is more expensive at \$12,000 compared to \$9,500, the rate of return is higher at 11% compared to 9%, meaning that Manaia Tala gets a \$1320 return on the \$12,000 when they choose GCS whereas if they chose Stitch Sculpt they would only get a \$855 return. This also means that the company can pay off the cost of the design software faster being able to pay it off in just over 9 years, whereas it would be just over 11 years if they chose stitch sculpt, meaning that they can use the rate of returns income to pay off other debts or they can use it to further develop their designs or reinvest in their company to improve it. The next reason why Manaia Tala should choose Garment Creator suite is because of the update frequency, the update frequency of GCS is every 3 months, this means that they are more up to date with the newest designs and technology, this is very important for Manaia Tala as they are a fashion company, fashion moves very quickly and things come in and out of fashion, so having your software updated more often means that Manaia Tala can keep up to date with the fashion trends and can design the clothing to the trends. The final reason why Manaia Tala should choose GCS is because it has the collaboration feature meaning that multiple people can edit and work on the design at the same time, meaning that the input and design from everyone is counted for and that the design that Manaia Tala want is what they get. Overall although GCS is more expensive, it also has a better rate of return meaning that they can pay it off quicker, and it has an update every three months allowing the design software to be more up to date and better, and it has a collaboration feature allowing Manaia Tala to really design what they want and get the best result for the customer and company.

## Excellence

**Subject:** Business Studies

**Standard:** 91381

**Total score:** 07

| Q   | Grade score | Marker commentary   |
|-----|-------------|---|
| One | E7          | <p>The candidate fully explained a benefit of using Ramand Mill and a benefit of using Bahl Textiles, stating that the benefit will either maintain the market share of the business or meet its quality expectations.</p> <p>They justified their recommendation of Bahl Textiles by comparing the two suppliers and introducing new information by considering its longer-term sustainability, allowing them to reach the Excellence level. The response explained that the collaboration feature would help the business to obtain better designs and create cohesion in the business.</p> <p>The response has explained the positive effect of choosing Stitch Sculpt. Further accurate explanation of what the leftover capital could be used for, rather than simply “something else” would have improved the response. Due to the narrow range of specifics, the candidate’s justification relied heavily on information given about Garment Creator Suite and very little regarding Stitch Sculpt.</p> <p>A demonstrated ability to build on prior points would have improved the response further.</p> |