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91379



NEW ZEALAND QUALIFICATIONS AUTHORITY
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Level 3 Business Studies, 2015

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

2.00 p.m. Tuesday 24 November 2015
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 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 2–10 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.

Not Achieved

TOTAL

2

ASSESSOR'S USE ONLY

Use the background information below, the supplementary information in the other boxes, and your business knowledge to complete this task.

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Moa Campers is a New Zealand-based company that has been listed on the New Zealand Stock Exchange since 1994. It has grown in size to be the largest manufacturer of holiday vehicles in New Zealand, Australia, and South Africa. It intends to move its campervans into the South East Asian market in the near future. There is a growing market for travel in this region, and there are rumours that a French firm will soon be selling campervans there.

The production department is generally made up of highly skilled staff who have worked in the business for a long time.

Image source: <http://www.campervan.co.nz/images/MICRO-Alpha/Campervan%20Fleet/2Berth-Cutaway.jpg>

The Production Manager prides herself on the quality control policies that *Moa Campers* has used for a number of years. However, recently the sales team has been receiving a number of complaints about the quality of the campervans. There has also been a growing number of negative consumer reviews online. It has become obvious to senior managers in the business that there is an issue with quality management in the production department, and that something has to be done.

- (a) Fully explain how ineffective quality management at *Moa Campers* might impact on profitability in the New Zealand and Australian markets.

In your answer, refer to:

- the impact that ineffective quality management would have on brand loyalty in the New Zealand and Australian markets
- the consequences for profitability of *Moa Campers*.

Moa Campers being affected by poor quality management will impact them in the market as they are a company that has a reputation of high quality. With customers complaining about poor quality people may start to look elsewhere to other companies as customers will start to not want to risk purchasing from a company that doesn't consistently produce high quality goods. Because of this *Moa Campers* sales will start to be negatively affected with less people buying their product, with less sales, sales revenue will decrease causing the companies profit to decrease.

The CEO and Production Manager recently attended a conference which focused on improving New Zealand business competitiveness. The CEO spent a lot of time hearing about case studies of innovative New Zealand businesses.

- (b) Fully explain ONE example of successful innovation by a New Zealand firm operating in a global context that you have studied in depth.

In your answer:

- discuss whether it is an example of product or process innovation
- fully explain how the innovation has enabled the firm to be competitive.

| | |
|------------------------------------|-----------------------|
| Name of New Zealand-based business | Tasman Bay Food Group |
| Innovation | Updated Food product. |

Tasman Bay Food Group was attempting to break into an international marketplace with the product 'juices' however they received complaints and updated the product, 'Juices in a tube'. The innovation brought a new process in to make the new product. This would fall more into the process innovation side as the company needed to develop a new way of producing the product more so than it being an all new product. As this was an innovation designed to target the needs of the new market, the innovation allowed the product to be more widely accepted improving how competitive it is in the market.

While the CEO looked at innovation, the Production Manager spent much of her time at the conference looking at quality management. She was very interested in the following quality management strategies:

Quality Assurance

Kaizen

Quality Circles

- (c) Select ONE of the quality management strategies from the box above, and evaluate this strategy for its potential to improve quality management at *Moa Campers*.

In your answer:

- explain the chosen strategy in the context of *Moa Campers*
- fully explain ONE positive and ONE negative effect of this strategy for production
- provide a justified conclusion, including any new information, as to the suitability of this strategy for *Moa Campers*.

Selected strategy: Quality Circles.

For Moa Campers the Quality Circle would be a team of ^{plus someone appointed to lead} 5-10 of the currently employed staff to meet and go over any issues and ideas that will help improve the consistency and overall quality of their product. As the employees of Moa Campers are all highly skilled they would be able to come up with highly effective changes and as their changes are implemented it would improve the ~~more~~ motivation of the employees as they would feel much more like a key aspect to the company. However if the leader and the ~~other~~ rest of the group do not work well together it may make it very difficult to develop new ideas causing the employees to become frustrated leading to lower motivation.

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

If Mon Campers can get a group of employees that work well together to participate in a quality circle it could be very effective in improving the quality of the product and improve the different aspects of the production process leading to a more consistently high quality product which will lower expenses caused by wasted material, ~~over~~ during production and returns ~~at~~ ^{or repairs} from customers meaning leading to a higher profit. //

The potential change in quality management strategies has created some concern amongst workers, some of whom have been outwardly resistant. Senior managers recognise they will need to implement a change management strategy.

- (d) Evaluate a change management strategy that the leadership team at *Moa Campers* could implement to overcome the resistance to change.

In your answer:

- describe the change management strategy
- fully explain ONE benefit and ONE cost of the change management strategy
- provide a justified conclusion, including any new information, as to the suitability of this strategy for *Moa Campers*.

Moa Campers implement an open communication strategy which would improve the amount of discussion between ~~members~~ employees etc, allowing for any concerns, questions, ideas etc to be voiced much more easily. This will allow for the Senior Managers to address any concerns and talk to those who are opposed to the change to hopefully feel more involved and get on board with supporting the change. However if the management are not skilled enough they may not be able to explain / address the concerns of the staff which could lead to worsening the issue with workers being opposed to the change if staff see the Senior Managers being unsure or not confident of the change themselves. This strategy should be highly suited to Moa Campers as their staff are highly skilled

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

So those in a position of management should be able to handle ~~exp~~ any ideas, concerns, and those who are unclear ~~of~~ on the change.

N2

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| Not Achieved exemplar for 91379, 2015 | | Overall score: N2 |
| Q part | Annotation | |
| (a) | The candidate has only explained the impact on brand loyalty/profit. | |
| (b) | The candidate failed to answer the question, even though the answer contained business ideas/information about Tasman Bay Food Group. There was very little evidence, providing only partial explanation. | |
| (c) | The candidate has only explained the Quality Circles as a chosen quality management strategy, and explained the positive effect of the strategy. The candidate failed to provide evidence of the negative effect. | |
| (d) | Instead of discussing a change management strategy, the answer focused on assumptions in relation to senior managers' ability to handle change. Hence the stated answer had very little relevant evidence, providing only partial explanation. | |