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# 3

91379



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## Level 3 Business Studies, 2016

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

9.30 a.m. Friday 25 November 2016

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 2–11 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.**

**Achievement**

**TOTAL**

**A4**

ASSESSOR'S USE ONLY

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

*Strat Y* is a digital design company that has been listed on the New Zealand Stock Exchange since 2007. The company specialises in designing logos for corporate clients.

The market for digital design is growing in Australasia and South East Asia, and *Strat Y* now has offices in Auckland, Sydney, Kuala Lumpur, and Shanghai. The company has a strong team of designers who have won many awards.

While *Strat Y* currently has a strong market share, this is now under threat from online "do-it-yourself" (DIY) digital design services. The DIY service provides customers with the opportunity to create their own brand, using a template prepared by the design firm. This innovation is significantly cheaper, and is beginning to impact on *Strat Y*'s revenue. *Strat Y* is looking at making changes to its business to counter this threat.

- (a) Fully explain why a change management strategy is necessary for *Strat Y*.

*Strat Y* is a digital design company whose business is currently being threatened by other online services who offer a more affordable option for digital designs. A change management strategy is needed for *Strat Y* in order to differentiate their business from other online services.

Change management is a structural change within a firm which helps them to change from their current state of operating to their potential future state of operation. A change management strategy is necessary for *Strat Y* as it will allow them to re-evaluate their current state, it'll allow them to re-evaluate their goals, and their vision, their future expansion and how they will be able to differentiate and separate themselves from their competitors.

Senior management at *Strat Y* have decided to respond to the competition by being more innovative, developing their own range of new and improved products.

The CEO has consulted with a business analyst, who has suggested the following two strategies to create a culture of innovation at *Strat Y*:

- Inclusive or Task culture – this strategy involves consultation across the business, inviting all staff to be involved in developing innovative new products.
- Top-down or Power culture – this strategy involves management exercising authority over staff involved in developing innovative ideas, on the assumption that only they as managers know what is required.

(b) Evaluate ONE of the above strategies to encourage an innovative culture at *Strat Y*.

In your answer:

- select one of the change management strategies from the box above
- fully explain ONE positive and ONE negative impact of this strategy on the business or its employees
- provide a justified conclusion, including any new information, as to the suitability of this strategy for *Strat Y* to create a culture of innovation.

Selected strategy: The strategy which I have selected for *Strat Y* is the Inclusive or Task Culture strategy. Innovation is to produce, create and develop fresh new ideas, this could be highly beneficial to *Strat Y*. A positive impact of this strategy on the business and/or employees is that by including all the business ~~staff~~<sup>employees</sup> and by ~~including~~ considering their input it is likely to stimulate motivation and stimulate productivity within the business. This is due to the fact that staff have the ability to voice their opinions and develop ideas of their own which they believe will be beneficial to their *Strat Y*. However where there

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

are positives there are also negatives.

A negative impact on employees and/or the business as a result of this strategy may be the time and focus of the staff.

Staff may become so caught up in trying to develop an innovative product that they may lose sight of their own specific job within the business. ~~Time is a negative~~ Although innovation within Strat Y is beneficial each employee has a specific role within the firm which they will <sup>have</sup> continue to serve.

This strategy would be a highly suitable and beneficial strategy for Strat Y to implement, in order to create an innovative culture as this strategy involves all employees thus promoting ~~innovation~~, motivation within all staff as they will have an increased willingness to work and an increased desire to perform.

By using this strategy not only is it implementing something useful and suitable it is also stimulating an innovative culture.

Any new innovation that *Strat Y* develops needs protection from theft by competing firms across the world. The CEO has investigated international protection of *Strat Y*'s new product ideas by consulting with a specialist intellectual property lawyer.

- (c) Select a New Zealand-registered business you have studied that is operating in a global context. Identify an item of intellectual property this company has, or may have in the future, and evaluate whether investing in international intellectual property protection of this item is worthwhile.

In your answer:

- fully explain ONE positive and ONE negative impact on the business of the company obtaining international protection for the intellectual property you have chosen
- provide a justified conclusion, including any new information, on the suitability of the intellectual property protection for the company.

Name of New Zealand-registered business	Air New Zealand
Intellectual property requiring protection	Sky Couch
Type of intellectual property protection	Patent

Air New Zealand is one New Zealand's leading airlines. Air New Zealand have developed an intellectual property item called a 'Sky Couch' and have therefore sought to get a patent for it.

A positive impact on the business if they obtained an international protection for their intellectual property would mean that another design for something similar will be prohibited for the next 20 years or so. If they will be fined a significant amount of money.

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

A negative impact may be that some may still illegally produce something of that the same nature or may figure out a way to make a new design which is better and more suitable - or more favourable. Than the Air New Zealand Skycoach, even with the International protection.

The Intellectual property protection suitability on Air New Zealand would be highly beneficial.

It is suitable as it means that no one will be able to copy their design or take credit for their Skycoach. It means that they will have the right to these designs and whoever breaches these terms will be fined. So in conclusion, the suitability of the intellectual property protection for Air New Zealand is highly beneficial and would be well received.

The CEO at *Strat Y* is concerned about maintaining high-quality products. She is looking at changing the quality management system away from traditional quality control. The potential new quality management systems she is considering are:

- Total Quality Management
- Kaizen.

(d) Select ONE of the quality management systems from the box above.

Fully explain why *Strat Y* should consider using the system you have selected.

In your answer, refer to:

- how the selected quality management system would affect how staff do their job
- the impact on competitiveness.

Quality management system: Total Quality Management is a system I think *Strat Y* should consider using. Total Quality management is when everyone is involved in the changing process. Everyone gets a say and is responsible for the changes that occur. *Strat Y* should consider using this quality management system as it'll allow them staff them to keep an eye on their quality as everyone will be involved.

Total Quality management would affect staff and how they do their jobs as it will perhaps increase and stimulate motivation. It will also likely result in staff becoming more involved with the company.

Total quality management will most definitely impact competitiveness, as the quality management system changes the competitiveness rates are

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

likely to become impacted increase as a new culture will be introduced. By implementing total quality management into Strat Y, the CEO is looking at ways to further enhance their advantage over competitors through their quality management. Parity Quality If the quality of a product is good, customers will always look for at the company as being good and therefore they will receive a good reputation. Therefore this is why Strat Y should use total quality management because not only will it give them an advantage over their competitors it will increase the motivation that staff has will have to perform in their roles which would lead to a stimulation in productivity.

A

Achievement exemplar for 91379 – 2016		Grade Score: A4
Question part	Annotation	
(a)	The candidate has explained only why a change management strategy is necessary in a given context. The impact (“how”) statement was very weak and repeated the same statement (differentiating their service).	
(b)	One positive and negative impact for inclusive strategy have only been explained. This answer did not reach Merit, because the candidate did not provide “how” statements for both positive and negative impacts of the inclusive strategy.	
(c)	The positive impact of the patent only has been explained.	
(d)	The candidate has provided only a partial explanation of the TQM system in a given context. The candidate has provided a weak description of TQM being a cultural change involving everyone, without mentioning customers being involved in the process (stated). There was weak evidence of how TQM would affect the staff by enabling them to become more involved, and of how TQM would impact on competitiveness via good reputation (explained). There is insufficient detail for Merit.	