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91379



NEW ZEALAND QUALIFICATIONS AUTHORITY
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SUPERVISOR'S USE ONLY

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.

Merit

TOTAL

M6

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

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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*.

Change management is a structured period of transition from situation A to situation B in order to achieve lasting change in a business. Change is a key aspect in a businesses success as it is important for the business to keep up with the forever changing trends and markets. It is necessary that *Strat Y* keeps up with global trends and customer expectation to stay competitive in the market. If they do not do this then they could fall behind in the market and loose customer loyalty if their customers seek another provider who can give them what they want and need. This could lead to a decrease in customers resulting in a decrease sales for the business which could also lead to a lesser profit. Therefore it is important for *Strat Y* to stay competitive in the marketing implementing a change management strategy to keep up with trends and customer expectations.

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: Inclusive or Task culture

A positive of this strategy is that the staff will feel more involved and therefore less likely to disagree with the development of new products. Communicating the ideas to staff makes them feel valued and respected in the business. This means that they may feel more open about the development and will learn the effects it will have on the business and themselves which will reduce rumours and resentment. It is a basic human need to feel respected and valued so in implementing this strategy

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

it will make the employees feel better about the decision therefore leading to higher employee motivation which will increase productivity in the production process.

A negative would be that the strategy is quite timely as all staff across the business will be consulted. This means that the development process for the range ~~of~~ of new products will be delayed until after ~~a~~ everyone in the business has been consulted. During this process, competitive businesses may come up with new products similar or better than the ones that Strat Y plan to introduce so this process could be a disadvantage to the business as it may take too long.

This strategy would be suitable for Strat Y to create a culture of innovation as they will gain respect from the employees as they are involving them and making them feel valued. This will increase staff motivation and productivity which will help increase sales and profitability. Although the Strategy could potentially be timely, it is ^{more beneficial} ~~better~~ to keep your employees happy and motivated to maintain a good ^{working} environment and overall good business reputation.

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.

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- (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	Trelise Cooper
Intellectual property requiring protection	Brand / logo
Type of intellectual property protection	Trademark

A positive of registering Trelise Coopers brand is that it is an exclusive right which means no one else can use the brand name or logo to counterfit and copy the business.

Brand reputation is very important when attracting new customers and maintaining customer loyalty. If a business has been copied it can depopulise that business which could lead to a decrease in customers.

By having a Trademark on the businesses brand will prevent this from happening and maintain a good reputation by not

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

generating any bad publicity. Obtaining international protection for ~~a businesses~~

* Trelise Coopers intellectual property is overall positive for the business as being protected will maintain sales and profit for the business.

A negative would be that Trelise Cooper has to re register her ~~brand~~ ^{Trade} mark on her brand every 10 years which can be a timely process. While in the process of registering this, another business could copy her closely imitate the brand. This will decrease the significance of the brand and could have an effect on the customer base leading to a decrease in sales and reputation, therefore decreasing profitability.

Intellectual property protection for Trelise Cooper is highly suitable as it is a very well known, high end brand who is known for her unique designs and quality products. If someone was to counterfeit her brand and products then the reputation the brand has for quality may be damaged and could effect the customer loyalty and sales for the business as well as generate ~~a~~ bad publicity. This Trademark will have to be renewed every 10 years but is a crucial protection need for the business.

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: Kaizen

Kaizen means continuous improvement which is a quality management system that will continuously improve the quality of a business. This management system would affect the targets in which staff have to meet to ensure good quality throughout the organisation. This means staff would continuously have to learn about the new ways of keeping quality through staff training. The training would help staff be more knowledgeable of the businesses expectations therefore would increase job productivity. Staff would also always have to stop and check if the quality is up to standard which may be timely during the process. Overall this

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

system would affect how staff do their job as they may need to learn different things about quality along the way which will increase their ~~the~~ knowledge and motivation and cause staff ~~the~~ to be more productive.

The continuous improvement of quality in the business makes them seen as a more competitive business in the market. It gives Strat Y a competitive advantage by always improving quality as it gives them a good brand reputation and increases customer loyalty as they are continuously fulfilling the customers needs. This means that other brands may see the business as a threat as ~~the~~ Strat Y are setting the bar for high quality which could generate good publicity and therefore cause an increase in customers who are looking for a brand with top quality standards. Because of this the market will become more competitive in order to achieve the highest standard of quality. Kaizen is an effective quality management system as it allows for continuous improvement of quality to ~~to~~ keep up with the competitive market.

M6

Merit exemplar for 91379 – 2016		Grade Score: M6
Question part	Annotation	
(a)	The candidate has fully explained why a change management strategy is necessary in a given context. The candidate has written a description of change management (stated), a “because” statement – to stay competitive in the market (explained), and an impact statement – decreased sales (fully explained).	
(b)	One positive and one negative impact for inclusive strategy have been fully explained. This answer does not reach Excellence, because the candidate did not provide a new idea in the conclusion, which repeats the same ideas written in the full explanation.	
(c)	Only the positive impact of the trademark has been fully explained.	
(d)	The candidate has fully explained Kaizen as a quality management system in a given context. The candidate has provided a valid description of Kaizen (stated), and evidence of how Kaizen would affect the staff by stating that staff continuously need to learn the new ways of keeping quality/ staff training, which would increase productivity (explained). The answer also provided evidence of how Kaizen would impact on competitiveness via competitive advantage by always improving quality, enhancing brand reputation, and increasing customers (fully explained).	