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91380



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## Level 3 Business Studies, 2019

### 91380 Demonstrate understanding of strategic response to external factors by a business that operates in a global context

9.30 a.m. Friday 8 November 2019  
Credits: Four

Achievement	Achievement with Merit	Achievement with Excellence
Demonstrate understanding of strategic response to external factors by a business that operates in a global context.	Demonstrate in-depth understanding of strategic response to external factors by a business that operates in a global context.	Demonstrate comprehensive understanding of strategic response to external factors by 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.

**YOU MUST HAND THIS BOOKLET TO THE SUPERVISOR AT THE END OF THE EXAMINATION.**

TOTAL

ASSESSOR'S USE ONLY

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 answer.

## BACKGROUND INFORMATION



*Stol* is a multinational business founded in Denmark that designs and sells ready-to-assemble furniture, kitchens, and home accessories. It is the world's largest furniture retailer. Market research suggests their core market is very social media savvy and engages with environmental issues.

In late 2018, *Stol* announced that it was going to open a New Zealand-registered subsidiary. Its first retail store in New Zealand will be in Auckland. *Stol* also plans to open production facilities in New Zealand, to enable it to produce enough of its furniture to export to the Pacific Islands.

*Stol* tends to create massive retail stores that benefit from economies of scale, which reduces their costs and allows for low-priced products. This will be a major investment in New Zealand, and *Stol* will need the local staff to quickly adjust and fit into the *Stol* approach to quality and customer service.

Image source: [https://farm3.static.flickr.com/2558/4147214115\\_f9771541fd\\_o.jpg](https://farm3.static.flickr.com/2558/4147214115_f9771541fd_o.jpg).

In 2011, *Stol* considered entering a new export market in New Zealand by opening a retail store (with an online presence) in Auckland. However, *Stol* decided to postpone this initiative, because of the recessionary conditions (very low or negative economic growth rates) that existed in the New Zealand market at the time. These conditions were caused by the global financial crisis, which began in 2007 and ended in 2008 and was characterised by falling consumer confidence around the world. Its flow-on effects were felt for a number of years afterwards, and resulted in many businesses closing down.

(a) Fully explain the impact of recessionary conditions in an export market that a multinational business operates in or decides to enter.

- how the recessionary conditions might affect the export market
- how these conditions may impact on the success of the multinational business in the export market.



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The examination continues on the following page.**

(b) Select a New Zealand-registered business operating in a global context that you have studied in depth and which has been, or could be, impacted by the entry of a named multinational business into EITHER its domestic market OR a global export market that it operates in.

Name of New Zealand-registered business	
Name of multinational business	

In your answer, refer to:

- the opportunity **or** threat of the entry of the multinational business
- the impact this will have on the long-term financial sustainability of the New Zealand-registered business.



You may choose *Stol* or a New Zealand-registered business operating in a global context that you have studied in depth.

- state the strategic response, and explain why this is a business-wide reaction at multiple levels (at least TWO of size, scope, and timeframe)
- fully explain ONE positive impact and ONE negative impact of the strategic response
- provide a justified conclusion, including any new information, as to the likely success of the strategic response.





You may choose *Stol* or a New Zealand-registered business operating in a global context that you have studied in depth.

- In your answer:



Extra space if required.  
Write the question number(s) if applicable.

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QUESTION  
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