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## Level 3 Business Studies, 2016

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

#### 9.30 a.m. Friday 25 November 2016 Credits: Four

Achievement	Achievement with Merit	Achievement with Excellence
	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.

#### You should attempt ALL the questions in this booklet.

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.

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

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#### QUESTION ONE: QUALITY MANAGEMENT ISSUES

Use the information in Resources A and B in the resource booklet, and in the box below, in addition to your business knowledge, to answer this question.

The *Kakapo Cheese Company* (*KCC*) is a New Zealand-based dairy processing company that has come under increased pressure from other domestic producers over the last few years.

As a result, *KCC* decided in 2013 to enter the Chinese market with a range of three cheeses. This has involved a massive investment in marketing and establishment of distribution networks. There has been rapid growth in the Chinese market, and *KCC* has had to employ additional new staff.

In 2016 the head office became aware of a growing number of dissatisfied customers from its Beijing market. Complaints have mostly been about the inconsistent quality of the product and lack of timely delivery. This is a concern for senior management, because profitability has recently become a problem, partly due to the substantial investment required to enter the Chinese market.

- (a) Fully explain the possible cause(s) and effect(s) of the customer dissatisfaction. In your answer, include:
  - factor(s) which may have caused the increase in customer dissatisfaction
  - possible effect(s) of the dissatisfaction issue on other stakeholder(s) of the business, such as employees and investors, and consequently on the business.

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The CEO of *KCC* has been thinking about possible solutions to the issue of rising dissatisfaction amongst Beijing customers.

(b) Suggest TWO possible solutions to the issue.

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- (c) Evaluate BOTH possible solutions. In your answer:
  - fully explain ONE positive effect that EACH solution would have on the business
  - state the solution you recommend
  - justify your recommendation by explaining why it is better than the other solution.

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

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#### **QUESTION TWO: SUPPLY CHAIN ISSUES**

Use the information in Resources C, D, and E in the resource booklet, and in the box below, in addition to your business knowledge, to answer this question.

*KCC* is facing a major problem with inefficient delivery by the Beijing distribution company to the retailers who are selling *KCC*'s cheese. Deliveries are sometimes late and / or mixed up with other firms' deliveries. Part-deliveries may be left for weeks in the distributor's warehouse before the staff of the distribution firm work out which retailer they were meant to be delivered to. This has been an ongoing issue over the past six months.

(a) Fully explain the possible cause(s) and effect(s) of the issue that *KCC* is having with the distributor in Beijing.

In your answer, include:

- factor(s) which may have caused the issues with delivery
- possible effect(s) of the delivery issues on stakeholders of the business, such as customers, competitors, and shareholders.

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The CEO has two possible solutions to the delivery issue – *KCC* could either sell direct to its retailers, or could enter into a strategic alliance with a local Beijing distributor.

- (b) Evaluate the TWO possible solutions to the delivery problem. In your answer:
  - fully explain ONE positive effect that each solution would have on the business
  - state the solution you recommend
  - justify your recommendation by explaining why it is better than the other solution.

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### QUESTION THREE: UNEXPECTED GLOBAL RISKS

Use the information in Resources F, G, H, and I in the resource booklet, and in the box below, in addition to your business knowledge, to answer this question.

*KCC* sees the Beijing market as an opportunity to grow rapidly. While there had been growth, it had not been as high as expected.

(a) Fully explain the possible cause(s) and effect(s) of the slow growth in demand for cheese in the Chinese market.

In your answer, include:

- factor(s) which may have caused the slow growth in demand
- possible effect(s) of the slow growth in demand on the business and stakeholder(s) of the business, such as employees, suppliers, and investors.

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- (c) Evaluate the TWO possible solutions to the slow growth in demand in the Chinese market: In your answer:
  - fully explain ONE positive effect that each solution would have on the business
  - state the solution you recommend
  - justify your recommendation by explaining why it is better than the other solution.

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