

Write your name here	
Surname	Other names
Edexcel Principal Learning	Centre Number
	Candidate Number
Business, Administration and Finance	
Level 2	
Unit 7: Responding to Change in Business	
Sample Assessment Material Time: 1 hour	Paper Reference BA207/01
You do not need any other materials.	Total Marks

Instructions

- Use **black** ink or ball-point pen.
- **Fill in the boxes** at the top of this page with your name, centre number and candidate number.
- Answer **all** questions.
- Answer the questions in the spaces provided
– *there may be more space than you need.*

Information

- The total mark for this paper is 40.
- The marks for **each** question are shown in brackets
– *use this as a guide as to how much time to spend on each question.*

Advice

- Read each question carefully before you start to answer it.
- Keep an eye on the time.
- Try to answer every question.
- Check your answers if you have time at the end.

N37392A

©2009 Edexcel Limited.
2/2/2



Turn over ►

edexcel 
advancing learning, changing lives

Some questions must be answered with a cross in a box ☒. If you change your mind about an answer, put a line through the box ☒ and then mark your new answer with a cross ☒.

1 Which of the following is **most likely** to explain why a business might experience a rise in demand for its products over time? A rise in:

A	the rate of economic growth	<input type="checkbox"/>
B	interest rates	<input type="checkbox"/>
C	income taxes	<input type="checkbox"/>
D	unemployment	<input type="checkbox"/>

(Total for Question 1 = 1 mark)

2 Technology changes quickly. Which of the following is **most likely** to be an advantage to a business of keeping pace with such change?

A	Its production costs could rise as it invests more.	<input type="checkbox"/>
B	Staff will not be affected in any way, which helps stability.	<input type="checkbox"/>
C	It may help the business gain a competitive advantage over its rivals.	<input type="checkbox"/>
D	The business will not need to update its technology as much.	<input type="checkbox"/>

(Total for Question 2 = 1 mark)

3 Which of the following **best** defines the term **ageing population**?

A	A situation where all the population is getting older.	<input type="checkbox"/>
B	A situation where the proportion of older people in a population increases over time.	<input type="checkbox"/>
C	A situation where there are more people aged 80 and over in a population than those in the 16-65 age group.	<input type="checkbox"/>
D	A situation where the proportion of older people increases faster than the number of students.	<input type="checkbox"/>

(Total for Question 3 = 1 mark)



4 A business is investing in a new IT system to monitor its accounts and sales. Which of the following is **most likely** to be an advantage of this change for its employees?

A	The business can reduce the number of staff it employs.	<input type="checkbox"/>
B	Changes mean less stress because there is always something to keep employees occupied.	<input type="checkbox"/>
C	It gives employees the opportunity to learn new skills.	<input type="checkbox"/>
D	It means that employees can reduce their productivity.	<input type="checkbox"/>

(Total for Question 4 = 1 mark)

5 A rise in the price of raw materials can have many consequences. Which **one** is most likely to be an advantage for the business?

A	It will lead to a rise in production costs.	<input type="checkbox"/>
B	It will make the business less competitive.	<input type="checkbox"/>
C	It could reduce the profit margin.	<input type="checkbox"/>
D	It could force the company to increase productivity.	<input type="checkbox"/>

(Total for Question 5 = 1 mark)



6 Political, social and legal factors can cause a change in the way a business operates. State **one** example of each.

Political:

.....

Social:

.....

Legal:

.....

(Total for Question 6 = 3 marks)

7 Identify **two** environmental issues that can influence a business.

1

.....

2

.....

(Total for Question 7 = 2 marks)



Read the passage below carefully and then answer the questions that follow.

EMI is one of the leading businesses in the music industry. The company was formed in 1931 and is now based in London. EMI has some of the world's leading artists on its books, including the Beatles, Katy Perry, Coldplay, Korn, KT Tunstall and Starsailor. Its business involves signing artists to produce music. For many years this music was sold as vinyl long playing (LP) albums and singles. The development of music cassettes and then CDs saw sales of vinyl decline but the sale of CDs boosted the company for many years until the early part of the 21st century.

The music industry in recent years has had to cope with changes in technology, consumer behaviour and social habits but it has not necessarily changed at the same speed. The growth of music downloading and peer-to-peer file sharing has had a major impact on sales of traditional formats, eg CDs, which EMI had focused on. In addition, the development of personal MP3 players has meant that people now want to access and use music in different ways than was the case ten years ago.

EMI has been losing money. In 2006-07 it made a loss of £260 million.

(Source: adapted from Biz/ed In the News: <http://www.bized.co.uk/cgi-in/chron/typein/typein.pl?itn=3005>)

8 (a) With reference to the passage, identify **two** factors that have caused changes in the music industry.

(2)

1

.....

2

.....

(b) Explain how **one** of the factors you have identified in (a) might have led to the losses that EMI made in 2006 – 2007.

(3)

.....

.....

.....

.....

.....

.....



(c) Are the changes that EMI faces an example of incremental change or step change?
Justify your answer.

(6)

.....

.....

.....

.....

.....

.....

.....

.....

.....

.....

(d) Re-locating or restructuring the business are two ways that EMI could respond to the changes it faces.

Choose **one** of these ways and analyse **one** advantage and **one** disadvantage to EMI.

(5)

Way:

.....

Advantage:

.....

.....

.....

Disadvantage:

.....

.....

.....

(Total for Question 8 = 16 marks)



Read the passage below carefully and then answer the questions that follow.

In May 2007, EMI was bought by a private equity group, Terra Firma, for £3.2 billion. Its boss, Guy Hands, spent some time reviewing the business and announced fundamental changes to the business.

The acquisition by Terra Firma will have affected the employees of the business. Most knew that EMI was making a loss and they suspected that the new owners would make changes to the business. EMI employed around 5500 staff worldwide. As changes are introduced to the business, it is reported that up to 2000 will lose their jobs saving the company £200 million a year. Some artists are said to be upset at the scale of the job losses; Radiohead quit EMI last year and Robbie Williams is said to be withholding his next album in protest at the changes.

(Source: adapted from Biz/ed In the News: <http://www.bized.co.uk/cgi-in/chron/typein/typein.pl?itn=3005>)

- 9 (a) One possible result of the changes is that EMI staff will lose their jobs. Using the passage, and your own knowledge of business, identify **two other** possible effects on employees of the new management team arriving at EMI.

(2)

1

.....

2

.....

- (b) Explain **one** possible reaction of employees to the changes proposed by Mr Hands.

(3)

.....

.....

.....

.....

.....

.....



