

Write your name here	
Surname	Other names
Edexcel Principal Learning	Centre Number
	Candidate Number
Business, Administration and Finance	
Level 3	
Unit 8: Responding to Change in Business	
Sample Assessment Material Time: 1 hour	Paper Reference BA308/01
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 50.
- 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.

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Some questions must be answered with a cross . 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 not** a possible internal cause of change?

A	New business plans developed by managers of the business.	<input type="checkbox"/>
B	Information received from market research and customer feedback.	<input type="checkbox"/>
C	Consumer boycotts organised by pressure groups.	<input type="checkbox"/>
D	An improvement in the skill level of workers.	<input type="checkbox"/>

(Total for Question 1 = 1 mark)

2 Which of the following is an example of change which **directly** affects individuals in an organisation?

A change:

A	which leads to a reduction in pollution	<input type="checkbox"/>
B	in the age distribution of the population	<input type="checkbox"/>
C	in the level of inflation	<input type="checkbox"/>
D	which leads to redundancies	<input type="checkbox"/>

(Total for Question 2 = 1 mark)

3 Which of the following would **most likely** be the result of a rise in interest rates for a small business?

A	There would be an incentive to increase the amount it saves in a bank.	<input type="checkbox"/>
B	It would receive more customers.	<input type="checkbox"/>
C	Its sales, production and distribution costs would fall.	<input type="checkbox"/>
D	There would be a large increase in sales revenue.	<input type="checkbox"/>

(Total for Question 3 = 1 mark)



4 Smart Systems is a UK-based business which sells goods to customers in the United States (US). Which of the following is the **most likely** outcome for Smart Systems of a rise in the value of the pound against the dollar?

A	It would make the business more competitive against its US-based rivals.	<input type="checkbox"/>
B	It would not have any effect because the business only accepts payment in pounds.	<input type="checkbox"/>
C	It would lead to an increase in demand for its products from customers in the US.	<input type="checkbox"/>
D	It will be more difficult for the business to sell its goods to US customers.	<input type="checkbox"/>

(Total for Question 4 = 1 mark)

5 An ageing population will result in many changes to society which impact on businesses. Which of the following is **most likely** to be a direct result of an ageing population in the UK?

A	Businesses will design products to suit those in the older age group.	<input type="checkbox"/>
B	Costs of production will increase.	<input type="checkbox"/>
C	A greater number of older people means that demand will not change.	<input type="checkbox"/>
D	Recruitment of suitably experienced staff will be harder.	<input type="checkbox"/>

(Total for Question 5 = 1 mark)



Read the passage below and then answer the questions that follow

General Motors (GM) is one of the world's largest car manufacturers. Founded in 1908, GM today employs about 266 000 people around the world. With global headquarters in Detroit, GM manufactures its cars and trucks in 35 countries. In 2007, nearly 9.37 million GM cars and trucks were sold globally.

(Source: <http://www.gm.com/corporate/about/company.jsp>)

In 2008, rising oil prices affected many firms, especially those that were directly involved like the motor car industry. In the United States (US), the love affair with the car had made them highly profitable organisations. However, the rise in oil prices, the economic slowdown and changes in technology all had a significant impact on these firms. GM started to suffer heavy losses and began to restructure its business.



General Motors offices in Detroit. Copyright: Biz/ed.

One of the main changes it faced was in the demand for its sports utility vehicle (SUV) range. With oil prices rising, consumers were looking to buy smaller, more fuel efficient cars and GM was slow to react to this market need. Sales in general for the business fell by 20% in the second quarter of 2008, which resulted in a loss of \$14 billion. Part of the loss was accounted for by the cost of its redundancy programme. It announced in June 2008 that it was closing three plants, affecting thousands of workers and local communities. The company planned to persuade other workers to take early retirement, and announced in early August 2008 that it was offering a further 74,000 this opportunity.

(Source: adapted from Biz/ed In the News: <http://www.bized.co.uk/cgi-bin/chron/chron.pl?id=3148>)

GM's rival Ford reported financial problems of its own in November 2008. The company said that it had used up over \$7 billion in cash to keep operating and announced losses of \$2.6 billion. Adam Jonas an analyst at investment brokers Morgan Stanley commented: "Auto companies just don't make money in a recession."



6 For each of the following external factors, state whether you think the factor influenced the fall in the sales of vehicles. Then explain your answer.

(a) An ageing population in the United States.

(3)

Influential? (Tick **one** box)

Yes

No

Explanation:

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(b) Competition from other car manufacturers.

(3)

Influential? (Tick **one** box)

Yes

No

Explanation:

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(c) Consumer confidence.

(3)

Influential? (Tick **one** box)

Yes

No

Explanation:

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(Total for Question 6 = 9 marks)



7 Companies like GM often collect customer feedback. Explain **one** advantage and **one** disadvantage to a business like GM of using customer feedback to make decisions about its products.

Advantage:

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Disadvantage:

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(Total for Question 7 = 6 marks)



Read the passage below and then answer the questions that follow

The problems facing both GM and Ford have meant that the bosses of both companies have had to make major changes to their business. Cutting costs through making some workers redundant is one way that both will need to use. Other ways include stopping overtime, not granting pay rises, cutting out shifts and cutting production.

Workers may not like these changes but many know that they face a bleak future if something drastic is not done. The sacrifice that has to be made by some for the long-term survival of both businesses will help to keep the majority in work. What all workers are hoping for is that business leaders make the changes as fair as possible to all and that there is plenty of information, advice and help available to help workers cope with the changes.

Ford announced that its restructuring would include cutting jobs, cutting employee benefits and bonuses, cutting costs, selling off some assets and finding ways to re-finance some of its operations.

8 Both GM and Ford decided to make major changes to their businesses. These changes are likely to affect those who work for the two businesses directly.

(a) Outline **two** possible reasons for resistance to change in organisations such as GM and Ford.

(4)

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9 The decision by Ford to cut employee benefits and bonuses will have different effects on different stakeholders in the business.

Outline **one** advantage and **one** disadvantage to each stakeholder below of this decision.

(a) Employees

(4)

Advantage:

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Disadvantage:

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(b) Shareholders

(4)

Advantage:

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Disadvantage:

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(Total for Question 9 = 8 marks)



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