

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	
Thursday 10 June 2010 – Afternoon 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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Questions 1 to 5 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 **one** of the following is a possible external cause of change?

A	The expansion of an existing store	<input type="checkbox"/>
B	An increase in the level of unemployment	<input type="checkbox"/>
C	Training of the workforce	<input type="checkbox"/>
D	Customer feedback from questionnaires	<input type="checkbox"/>

(Total for Question 1 = 1 mark)

2 Which **one** of the following is **most likely** to result from an increase in inflation?

A	Higher wage demands	<input type="checkbox"/>
B	A reduction in unit costs	<input type="checkbox"/>
C	A rise in exports	<input type="checkbox"/>
D	Decreased interest payments	<input type="checkbox"/>

(Total for Question 2 = 1 mark)

3 Which **one** of the following is **not** a cultural issue that will impact on a small business?

A	Poor attitude of the workforce	<input type="checkbox"/>
B	A change in lifestyles in the UK	<input type="checkbox"/>
C	Changes in employment law	<input type="checkbox"/>
D	Changes in the religious make-up of the UK	<input type="checkbox"/>

(Total for Question 3 = 1 mark)



4 The UK Government wants to improve the environmental record of UK firms.

Which **one** of the following is **most likely** to be included in environmental protection law?

A	Ensuring no waste is sent to landfill sites	<input type="checkbox"/>
B	Reducing the use of sustainable resources	<input type="checkbox"/>
C	Increasing the amount of recycled material used in packaging	<input type="checkbox"/>
D	Increasing the use of natural resources	<input type="checkbox"/>

(Total for Question 4 = 1 mark)

5 CCM, a computer company, imports software from the USA.

Which **one** of the following will result from an increase in the value of the Dollar against the Pound?

A	CCM will have to pay less for the imports	<input type="checkbox"/>
B	CCM will import more software	<input type="checkbox"/>
C	The change will have no effect on CCM	<input type="checkbox"/>
D	CCM will have to pay more for the imports	<input type="checkbox"/>

(Total for Question 5 = 1 mark)



Read the passages below and then answer the questions that follow.

EMI is one of the world's leading music companies, home to some of the most successful and best known recording artists, songwriters and music catalogues (i.e. all songs performed by artists recorded in EMI studios).

EMI's music catalogue contains music by Lily Allen, The Beatles, Coldplay, Kylie Minogue and Robbie Williams.

(Source: adapted from <http://www.emi.com>)

EMI plans to cut between 1,500 and 2,000 jobs worldwide. It aims to cut costs by £200 million a year, following recent losses of £757 million.

EMI is facing a number of problems, including:

- falling CD sales as younger consumers switch to internet downloads
- artists who are unhappy are leaving EMI and signing to rival competitors
- poor decision making e.g. EMI paid to end a contract with one artist, who then went on to have a top-selling album with one of EMI's rivals.

Guy Hands, the new boss of EMI, believes there is a lot of value in the group, in a recent statement he said:

"Firstly it has what is the best publishing business in the world, which is about 80% per cent of its value, and secondly it has the most extraordinary historical catalogue of artists and music. The catalogue was actually better than we expected. There was an awful lot that was not being exploited; we saw that with time, care, attention and frankly money, that the catalogue could be brought to life."

6 (a) EMI has set a goal of reducing costs by £200 million a year to help reduce its deficit.

Justify **one** way, other than by cutting jobs, that EMI could use to reduce its deficit.

(3)

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7 Guy Hands has suggested that it will take an increase in the amount of money available to fully make use of EMI's music catalogue.

Explain **one** advantage and **one** disadvantage of EMI having to borrow money to invest in its music catalogue.

Advantage

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Disadvantage

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(Total for Question 7 = 6 marks)



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Read the passage below and answer the questions that follow.

Guy Hands has called for 'fundamental change' in setting out his plans for the future of EMI. "Some [artists] unfortunately simply focus on negotiating for the maximum advance". He believes that bonuses should be linked to performance, whereas at EMI advances are paid to artists regardless of success - "advances which are often never repaid".

Mr Hands said that in future EMI would be more selective - "It will be open to us to choose which artists we wish to work with and promote". However, he also stated that "many spend huge amounts of time working with their label to promote, perfect and endorse their music".

Mr Hands also wants to change the way that executives are rewarded and wants to encourage them to work together. He blamed the current situation on "a compensation and management system put in place over the last 20 years which does not encourage the right behaviours or reward the right actions".

(Source: adapted from <http://www.ft.com>)

Thousands of EMI staff are to lose their jobs following restructuring plans at the company. "We believe we have devised a new revolutionary structure for the group that will improve every area of the business. In short it will make EMI's music more valuable for the company and its artists alike," Mr Hands said.

EMI employees seemed eager to avoid reporters, although one said "He's a businessman, he's got to do what is best for the business...but we have worked in this industry for a long time, we have seen this before. At the end of the day, we just want to know if we have still got a job and if we are going to get paid."

(Source: adapted from <http://www.guardian.co.uk>)

Robbie Williams may refuse to make another album for EMI. The singer is under contract with EMI, but is unhappy after the label was taken over by Guy Hands. Williams' manager, Tim Clark, said he would not deliver a new album because he had no idea how the label would handle it.

"We have no idea how EMI will market and promote the album. They do not have anyone in digital technologies capable of doing the job required. All we know is they are going to decimate their staff."

"EMI can sue or pay up his contract," Mr Clark said. "Robbie needs to know what services EMI can provide to an artist of his standing."

Radiohead and Sir Paul McCartney have already left EMI, with reports that Coldplay and Kylie Minogue may follow.

(Source: adapted from <http://business.timesonline.co.uk>)



8 EMI has decided to make major changes to its business. These changes have seen resistance from its workforce and major artists at the company.

(a) Identify **two** possible ways of overcoming resistance to change that EMI can use.

(2)

1

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2

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9 EMI is looking to change the system of rewarding both artists and management in the organisation.

Explain **one** advantage and **one** disadvantage of using the following methods when measuring the effectiveness of change at EMI.

(a) Measurement of actual results against stated objectives.

(4)

Advantage

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Disadvantage

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(b) Use of staff satisfaction surveys.

(4)

Advantage

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Disadvantage

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(Total for Question 9 = 8 marks)



