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Centre Number	Candidate Number
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Business, Administration and Finance
Level 3
Unit 8: Responding to Change in Business

Wednesday 20 January 2010 – Morning Time: 1 hour	Paper Reference BA308/01
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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 . 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 internal cause of change?

A	A new business plan	<input checked="" type="checkbox"/>
B	An increase in interest rates	<input checked="" type="checkbox"/>
C	A fall in the value of the pound (£)	<input checked="" type="checkbox"/>
D	A change in economic growth	<input checked="" type="checkbox"/>

(Total for Question 1 = 1 mark)

2 Which **one** of the following is a social issue that will impact on a small business?

A	An increase in the average age of the population	<input checked="" type="checkbox"/>
B	A reduction in the rate of inflation	<input checked="" type="checkbox"/>
C	Stricter laws on consumer protection	<input checked="" type="checkbox"/>
D	An increase in taxation	<input checked="" type="checkbox"/>

(Total for Question 2 = 1 mark)

3 Which **one** of the following is **most likely** to result from an increase in interest rates?

A	A reduction in VAT	<input checked="" type="checkbox"/>
B	An increase in consumer confidence	<input checked="" type="checkbox"/>
C	A decrease in imports	<input checked="" type="checkbox"/>
D	A reduction in demand for the firm's products	<input checked="" type="checkbox"/>

(Total for Question 3 = 1 mark)

4 UK firms are looking to increase the amount they export.

Which **one** of the following is **most likely** to help this happen?

A	A reduction in marketing expenditure	<input checked="" type="checkbox"/>
B	A fall in the value of the pound (£)	<input checked="" type="checkbox"/>
C	Increased taxes on pollution	<input checked="" type="checkbox"/>
D	A rise in the value of the pound (£)	<input checked="" type="checkbox"/>

(Total for Question 4 = 1 mark)



5 There has been a change in the UK's health and safety legislation.

Which **one** of the following would be the **most likely** impact?

A	A rise in minimum wage	<input type="checkbox"/>
B	A rise in the number of accidents	<input type="checkbox"/>
C	An increase in staff training	<input type="checkbox"/>
D	A decrease in staff motivation	<input type="checkbox"/>

(Total for Question 5 = 1 mark)



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Turn over ►

Read the passage below and then answer the questions that follow

British Airways (BA) is one of the world's largest carriers of people around the globe. Revenue in 2008/09 was nearly £9 billion but they still made a loss of £401 million, against a profit of £922 million the year before.

'We are in the grip of a devastating global economic downturn and the next year will be extremely difficult for us. In times of crisis, it is essential that we keep our sights fixed on the future. That is why we are continuing with our plans to firmly establish British Airways as a high performing, market-focused, global premium airline.' Martin Broughton, Chairman BA.

'During the year the credit crisis spread quickly from the US to the rest of the world provoking a global downturn that has left no single region and very few business sectors untouched. Added to that, we saw the value of the pound plunge; a collapse in consumer confidence; and record oil prices.' Willie Walsh, Chief Executive BA.

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

The airline industry has urged the UK government to abandon the planned rise in Air Passenger Duty (APD) as a matter of urgency.

The Treasury claimed the aviation industry was undertaxed as it did not pay VAT on tickets or fuel and insisted the levy compensated for damage caused to the environment.

"We [the airline sector] are already in survival mode. We don't understand why the UK is insisting with an APD which has nothing to do with the environment," said Giovanni Bisignani, President of IATA (representing airline companies).

Julia Simpson, British Airways' head of corporate communications, said: "It is a crazy tax that the government should scrap.

"A family of four travelling to Australia is going to be facing a bill of £340 before they have set foot on the plane and paid for their tickets."

But Green Party politician Darren Johnson said it was a good thing if people were discouraged from flying.

"We need to be increasing APD. Aviation is simply not paying its way in terms of the environmental damage it causes," he claimed.

At present airlines pay £10 APD for short-haul flights and £40 for longer journeys, a cost relayed to the consumer.

This will rise to £85 for flights to Australia and £60 to the US from November

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



6 Explain how the following factors will impact upon British Airways being a high performing airline.

(a) A decrease in global economic growth.

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(b) An increase in Air Passenger Duty (APD).

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(c) A decrease in the value of the pound (£) against other currencies.

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(Total for Question 6 = 9 marks)



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7 Willie Walsh, the Chief Executive at BA, has suggested that there will have to be changes to the company. BA's management will set a new business plan to tackle the challenges of the rapidly changing business environment.

(a) Explain **one** advantage to a large business such as BA of having a business plan.

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(b) Explain **one** disadvantage to a large business such as BA of having a business plan.

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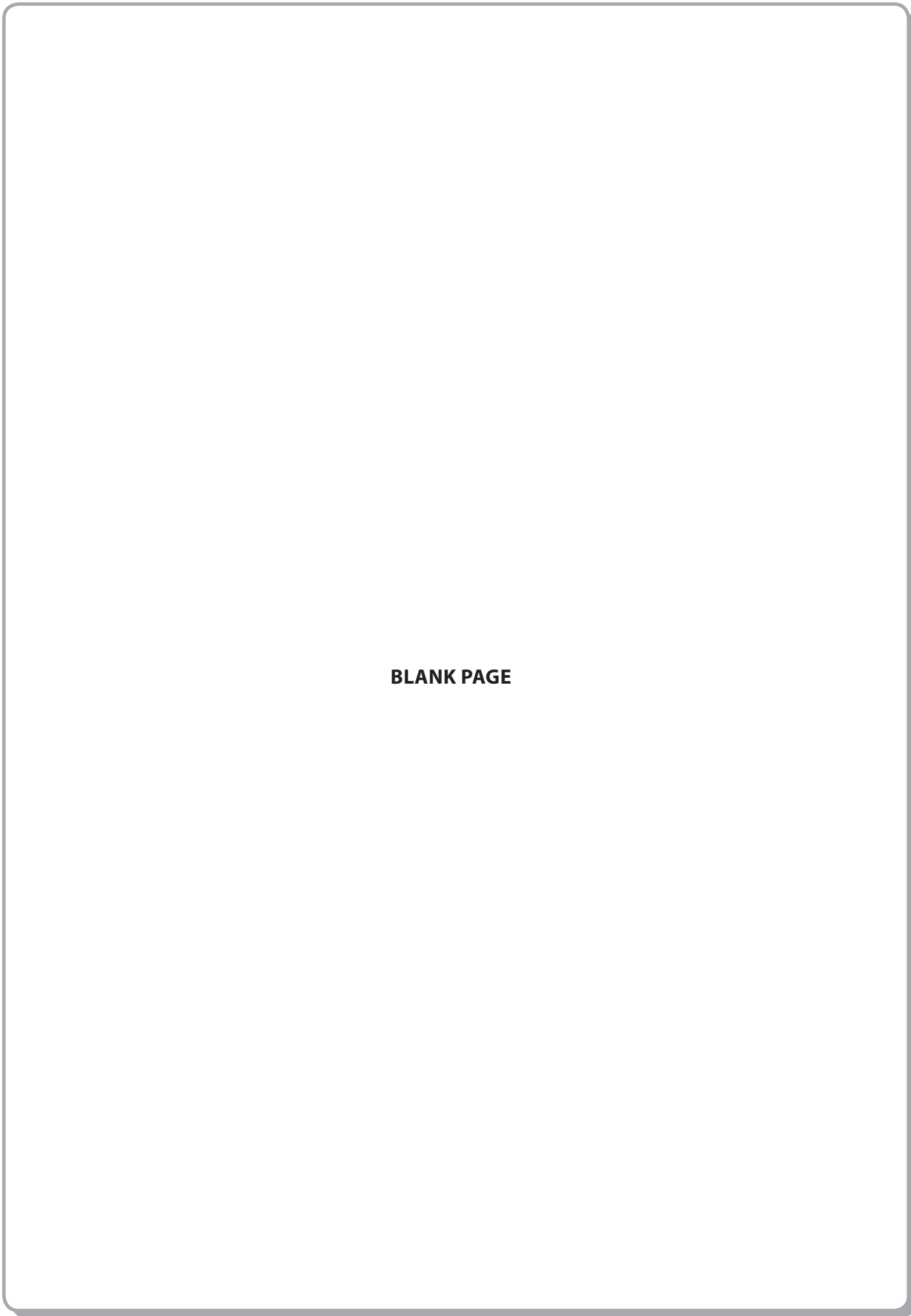
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(Total for Question 7 = 6 marks)





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7
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Read the passage below and answer the questions that follow

BALPA, the union for BA pilots called for a change in management style. BA has cancelled hundreds of flights with thousands of bags delayed at Terminal 5 (T5) since opening.

"It is with great sorrow and acute embarrassment that BA pilots have witnessed the... shambles that the opening of T5 has become," BALPA's representative said. "Banks, investors and analysts need to wake up, there is something very wrong at the heart of this company that is making our once great brand a laughing stock," he added.

The opening of T5 has been a public relations disaster. BA had hoped the new terminal would bring an end to frequent complaints about delays and overcrowding at the airport.

BA said that it remained "absolutely committed to resolving the problems associated with the initial move into T5."

BALPA said the company's reputation was now on the line, a fact that also affected the careers of its employees. "A fundamental change of attitude is required from the very highest levels of BA management".

BALPA has been pressing BA for years to focus on punctuality, baggage delivery and product quality. "Get that right and the customers will keep coming back in today's highly competitive aviation market".

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

To help in cutting costs about 800 British Airways employees have volunteered to work for no basic pay for up to four weeks following an appeal from Willie Walsh, Chief Executive.

The offers were hailed by Mr Walsh as "a fantastic first response," but they came under attack from Unite, the union representing cabin crew, ground services and check-in staff.

A Unite representative said less than 2% of the entire workforce had volunteered to work for free. "Workers were sent intimidating emails from senior managers which we believe put pressure on staff to volunteer, otherwise they would get a meeting with a manager. This bullying and harassment will not be tolerated."

Mr Walsh, who was paid a salary of £743,000, and the Chief Financial Officer announced they were planning to work for no pay during July 2009.

BA is locked in negotiations with large groups of staff in the search for permanent changes in working practices aimed at raising productivity and cutting costs.

BA is cutting thousands of jobs from its workforce, after suffering a drastic decline in 2008 – 2009 with a record £401m pre-tax loss falling from a record profit of £922m a year earlier.

Mr Walsh has warned BA is in "a fight for survival" and said the worst of the recession for the airline industry was "still ahead."

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



8 BA has decided to make major changes to its working practices. These changes have seen resistance from the workforce.

(a) Outline **two** possible reasons for this resistance to change in an organisation such as BA.

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(b) Individuals at BA can manage their own responses to change in a number of ways.

Assess **two** ways that individuals at BA might use to respond to this change.

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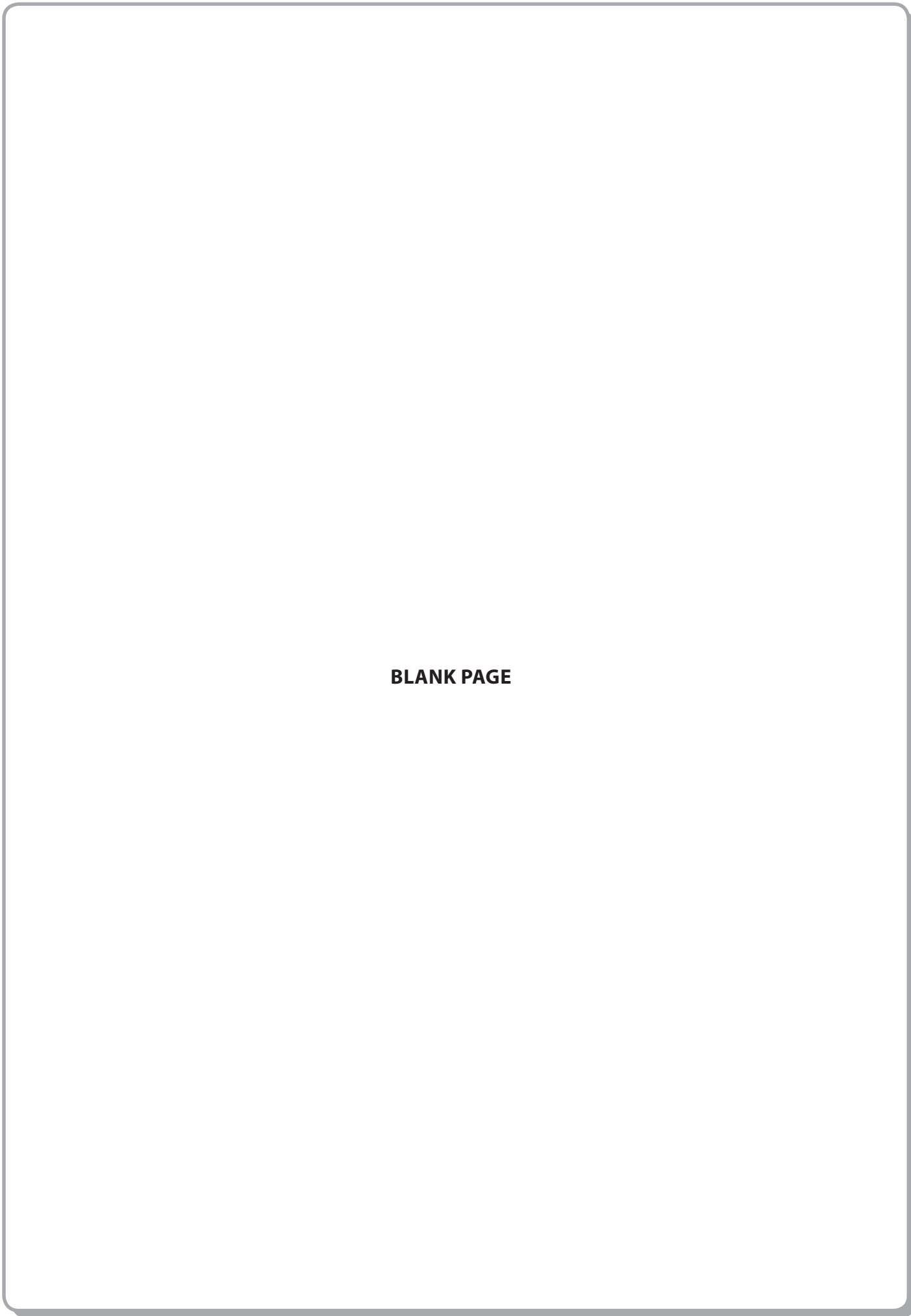
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(Total for Question 8 = 12 marks)





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In its Annual Report BA stated that:
We have set our sights on being the world's leading global premium airline.
We have five key goals. They are to:

- be the airline of choice for long haul premium customers
- deliver an outstanding service for customers
- grow our presence in key global cities
- build on our leading position in London
- meet our customers' needs and improve margins through new revenue streams.

(Source: <http://www.britishairways.com>)

BA is looking to cut costs and make redundancies as part of the plan to meet the above goals.

Examine how the following techniques might allow BA to measure the impact of the changes it has implemented.

(a) Measurement of changes in customer satisfaction data.

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(b) Benchmarking with other organisations.

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(Total for Question 9 = 8 marks)



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