GradeMax

Please check the examination details below before entering your candidate information

Candidate surname	Other names

Pearson Edexcel
International
Advanced Level

Centre Number | Candidate Number

Thursday 7 January 2021

Morning (Time: 2 hours) | Paper Reference **WBS11/01**

Business

International Advanced Subsidiary
Unit 1: Marketing and people

You must have:
Source Booklet (enclosed)

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 in Sections A, B and C.
- Answer the questions in the spaces provided – *there may be more space than you need.*

Information

- The total mark for this paper is 80.
- The marks for **each** question are shown in brackets – *use this as a guide as to how much time to spend on each question.*
- Calculators may be used.

Advice

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

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SECTION A

Read Extracts A and B in the Source Booklet before answering Question 1.

Write your answers in the spaces provided.

1 (a) Define the term 'brand'. (Extract A, line 9)

(2)

(b) Explain **one** risk Jack Ma may have taken when setting up the *Alibaba Group*.

(4)

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(c) Analyse **two** factors that may have increased demand for the *Alibaba Group*.

(6)

(d) Discuss if profit maximisation is the main business objective of the *Alibaba Group*.

(8)

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(e) Assess the advantages of a paternalistic style of leadership for a business such as the *Alibaba Group*.

(10)

(Total for Question 1 = 30 marks)

TOTAL FOR SECTION A = 30 MARKS

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SECTION B

Read Extracts C, D and E in the Source Booklet before answering Question 2.

Write your answers in the spaces provided.

2 (a) Define the term 'product innovation'. (Extract D, line 5)

(2)

The price elasticity of demand (PED) is estimated to be –1.5 for games consoles.

(b) If *Nintendo* reduces its console prices by 8%, calculate the estimated percentage change in demand. You are advised to show your working.

(4)

(c) Analyse **two** different pricing strategies that *Nintendo* might use to compete in the games console industry.

(6)

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(d) Discuss how the Boston Matrix may help companies such as *Nintendo* develop their product portfolio.

(8)

(e) Assess the benefits of a matrix organisational structure for a business such as *Nintendo*.

(10)

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(Total for Question 2 = 30 marks)

TOTAL FOR SECTION B = 30 MARKS

SECTION C

Read Extract F in the Source Booklet before answering Question 3.

Write your answer in the space provided.

3 Evaluate the extent to which the non-financial methods of motivation offered by *HSBC* might improve employee performance.

(20)

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(Total for Question 3 = 20 marks)

TOTAL FOR SECTION C = 20 MARKS
TOTAL FOR PAPER = 80 MARKS

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Source Booklet

Do not return this Source Booklet with the question paper.

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Sources for use with Section A

Extract A

Alibaba Group

The *Alibaba Group* was established in 1999. The business was inspired and led by entrepreneur Jack Ma, a former English teacher from China. Jack Ma and 17 other people invested in the business. From the beginning, the business focused on using technology to enable small businesses to grow and compete more effectively in the global economy. Its mission is 'to make it easy to do business anywhere'. Jack Ma is now a billionaire.

The *Alibaba Group*'s first website allowed small Chinese exporters and entrepreneurs to sell internationally. The *Alibaba Group* has grown into a global leader in online and mobile commerce. It is a world recognised brand and the fastest growing e-commerce business, employing thousands of people.

The *Alibaba Group* has expanded and now has many websites. Its three main websites are Alibaba, Taobao and Tmall. Alibaba is for business-to-business sales (B2B). Taobao is consumer-to-consumer sales (C2C), similar to *eBay*, though it does not charge a selling fee like competitors such as *eBay*. Tmall is for business-to-consumer sales (B2C), similar to *Amazon*. Transactions on its websites totalled $248 bn in 2018, which was more than *eBay* and *Amazon* combined.

The *Alibaba Group* has a programme called the 'Tech For Change Initiative' that aims to support female education through free online training and free access to computing resources. It aims to help one million women become computer developers by 2030. The *Alibaba Group* donates funding for healthcare for the underprivileged and for wildlife protection.

Extract B

Leadership of Jack Ma

Jack Ma, a Chinese entrepreneur and founder of the *Alibaba Group*, built a large team around him that trust his decision making. He is known for his paternalistic style of leadership. He believes in taking responsibility for the actions of the group.

In an interview, Jack Ma mentioned how his paternalistic leadership helped him to succeed. He said he gave his team the confidence to follow his commands as he took the responsibility for anything that went wrong. He also said that his job is to make sure his team is happy, because when the team is happy, they can make customers happy.

Sources for use with Section B

Extract C

Competition in the Entertainment Industry

The games console market is dominated by three businesses; *Sony*, *Microsoft* and *Nintendo*. For many years *Sony*'s PlayStation console dominated the market. However, *Nintendo* regained its leadership position for the first time since 2009 with the sales of its new game console, the Switch.

In 2019, *Nintendo* sold 17.3 million Switch consoles, *Sony* sold 17.1 million PlayStation consoles, and *Microsoft* remained in third place, selling 10 million Xbox consoles.

Extract D

Nintendo's Goal: Bringing Smiles to People's Faces

Nintendo was founded in 1899 in Japan. It produced traditional Japanese playing cards. In 1970, *Nintendo* started the development of games consoles and video games. The entertainment market is dynamic, and *Nintendo*'s goal is to create fun experiences through product innovation.

Nintendo has sold more than 4.7 billion video games and more than 750 million game console units. This is because of the iconic characters it has created, including Super Mario, Donkey Kong, and Pokémon. Its most successful games consoles included Game Boy and the Wii. The Game Boy became the first handheld console to sell in large numbers but is no longer manufactured and the Wii has declining sales. In 2018, the *Nintendo* Switch was launched, which allows users to enjoy games anytime, anywhere, with anyone.

Extract E

Organisational changes at *Nintendo*

Nintendo recently made changes to its organisation that positively impacted on the business. *Nintendo* merged its two game development divisions, which were previously separate. One division had focused on consoles used in the home like the Wii while the other created games for handheld devices like the 3DS. Combining the two divisions aimed to speed up the development of products and allow *Nintendo*'s creative teams to share ideas and technology.

The use of a matrix organisation has proved to be a good move given the nature of the Switch, which is both a handheld device and a home console. This differentiates it from other games consoles in the market. The main benefit of the reorganisation is that it allows *Nintendo* to be more flexible with how it uses its game developers and other employees.

Source for use with Section C

Extract F

Hongkong and Shanghai Banking Corporation (HSBC)

In 1865, *HSBC* was started in Hong Kong, helping to finance trade between Europe and Asia. *HSBC* is now one of the world's largest banking and financial services organisations with more than 40 million customers in 64 countries.

Motivating university graduates at *HSBC*

HSBC believes teamwork allows ordinary people to achieve extraordinary things. It wants employees to feel empowered, and proud of working for the business. Employees are involved in training programmes, consultation events and team working.

HSBC gives its university graduates the skills they need to allow them to make important decisions in the risky financial markets. Graduates are encouraged to undergo a job rotation programme and spend time working in banks around the world during the first three years of their employment. A wide selection of online courses is available to graduates including team management, leadership, and IT skills.

All new employees have access to a wide range of development opportunities, including on-the-job coaching and mentoring as well as instructor-led workshops and online-learning. Online learning is encouraged as it enables people to study at their own pace and at a time that suits them. This is especially important for employees who choose to work flexibly or remotely. In a recent employee survey 49% said they work on a flexible basis.

As part of its aim to help achieve a healthy work-life balance, *HSBC* offers its employees the opportunity to take a sabbatical, which is time off work to travel or pursue an interest. Andy Russell, a communications manager for the bank, took six months off to travel the world, and gained a fresh perspective on his career in the process.

Acknowledgements

Extract A adapted from: https://www.alibabagroup.com/en/about/history

Extract B adapted from: https://www.quora.com/Is-there-any-example-of-a-business-leader-that-adopts-paternalistic-leadership

Extract C adapted from: https://www.businesswire.com/news/home/20181129005477/en/Nintendo-Number-Spot-Sony-2019-Game-Console

Extract D adapted from: https://www.nintendo.co.uk/Corporate/Career/About-Nintendo/About-Nintendo-825979.html

Extract E adapted from: https://www.theverge.com/2018/6/20/17478950/nintendo-switch-structure-success-shinya-takahashi-interview

Extract F adapted from: https://www.hsbc.com/who-we-are/our-businesses