Please check the examination details below before entering your candidate information

Candidate surname	Other names

Centre Number | Candidate Number

Pearson Edexcel International Advanced Level

Tuesday 22 October 2024

Afternoon (Time: 2 hours)

Paper reference **WBS13/01**

Business

International Advanced Level
UNIT 3: Business decisions and strategy

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.

Turn over ▶

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SECTION A

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

Write your answers in the spaces provided.

1 (a) Using Extract C calculate, to two decimal places, the current ratio for *Samsung* in 2022. You are advised to show your working.

(4)

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The price elasticity of demand (PED) for a *Samsung* television is estimated to be −1.5.

(b) If a retailer selling *Samsung* televisions reduces its price by 4%, calculate the estimated percentage change in demand. You are advised to show your working.

(4)

(c) Discuss the benefits to *Samsung* of increasing the market share of its smartphones.

(8)

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Samsung's mission statement is 'To devote its talent and technology to creating superior products and services that contribute to a better global society'.

(d) Assess whether *Samsung*'s mission statement is likely to affect its stakeholders.

(12)

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Samsung has plans to change the culture in its South Korean offices.

(e) Assess the extent to which *Samsung* may benefit from this change.

(12)

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(Total for Question 1 = 40 marks)

TOTAL FOR SECTION A = 40 MARKS

SECTION B

Read Extracts E and F in the Source Booklet before answering Question 2.

Write your answer in the space provided.

2 Using the data in Extracts E and F, and decision tree analysis (DTA) calculations, evaluate the extent to which DTA will help *Center Parcs* decide on its growth strategy.

(20)

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(Total for Question 2 = 20 marks)

TOTAL FOR SECTION B = 20 MARKS

SECTION C

Read Extracts G, H and I in the Source Booklet before answering Question 3.

Write your answer in the space provided.

3 Evaluate the extent to which changes in the competitive environment of the Middle Eastern airline market may affect *Emirates*.

(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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GradeMax

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Source Booklet

Do not return this Booklet with the question paper.

Turn over ▶

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Sources for use with Section A

Extract A

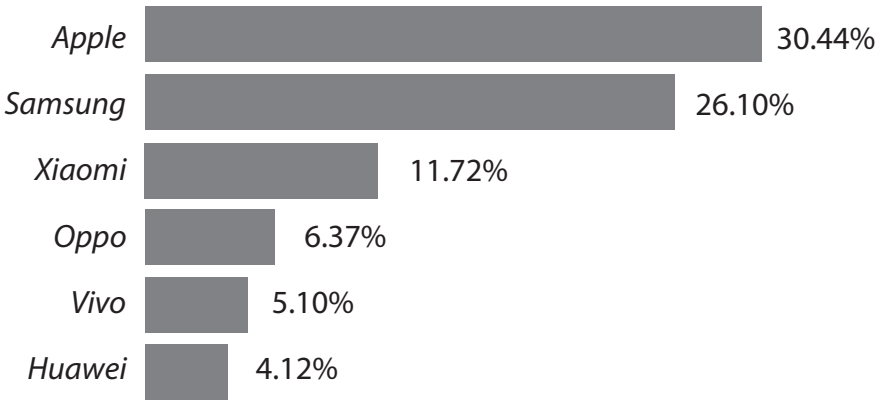
About *Samsung*

The South Korean electronics business *Samsung* started in 1969. It is recognised globally as a market leader in technology and is ranked as a top 10 global brand. *Samsung*'s mission statement is 'To devote its talent and technology to creating superior products and services that contribute to a better global society'. 5

Samsung has a wide product portfolio that includes smartphones, tablets, smartwatches, TVs, kitchen appliances and audio devices.

Extract B

Global market share (%) of the top six smartphone providers in 2023



Extract C

Selected financial data for *Samsung* 2021 and 2022 in South Korean won (KRW)

	2021 (trillion KRW)	2022 (trillion KRW)
Non-Current Assets	208	230
Current Assets	218	218
Current Liabilities	88	78

Extract D

Changes in culture at *Samsung*

Due to the rise of a new generation of employees and changing social values, *Samsung* is changing its office culture in South Korea. The changes come as *Samsung* faces increased competition in the job market to attract and retain the best employees. From 2004 to 2013, *Samsung* was voted the most desired company to work for in South Korea.

The current conflict between *Samsung* and its trade union relates to how its top-down decision-making culture is causing problems for the business.

Samsung aims to flatten its organisational structure and offer a flexible work environment. All employees, including senior management, will be encouraged not to wear their suits and ties on Fridays and wear casual clothing. *Samsung* will also introduce the 'Work from Anywhere' policy, designed to let employees work from shared office spaces or from home. Female employees will be encouraged to return to work after having children and more child day-care centres will be provided on site.

Sources for use with Section B

Extract E

About *Center Parcs*

Center Parcs started in 1968 in The Netherlands. A Dutch businessman, Piet Derksen, opened a holiday village with accommodation in the form of tents. As the business grew, tents became luxurious lodges, located in beautiful woodlands with leisure facilities and restaurants.

Center Parcs is a successful business. Holiday villages have been opened in The Netherlands, Belgium, France and the UK. In 2001, *Center Parcs* took over UK based *Oasis Lakeland Holiday Village* and renamed it *Center Parcs* Whinfell Forest.

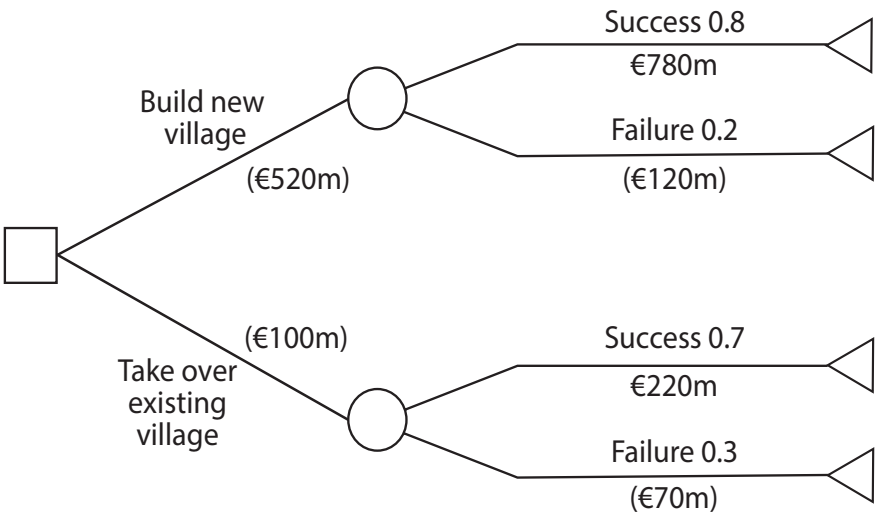
Many of the *Center Parcs* villages closed during the global health crisis but all were reopened by the end of 2021. In 2022, the business announced plans to expand its Longford Forest site in the UK, adding 200 lodges to this very successful village.

Extract F

Decision tree analysis (DTA)

Center Parcs is considering two options to grow its business. The DTA data and decision tree are shown below:

Option 1 Organic growth: build a new holiday village	**Option 2** Inorganic growth: take over an existing holiday village
Cost €520m	Cost €100m
Success estimate 0.8 expected revenue €780m	Success estimate 0.7 expected revenue €220m
Failure estimate 0.2 estimated loss €120m	Failure estimate 0.3 estimated loss €70m



Sources for use with Section C

Extract G

Growth in air travel

Global air travel is expected to increase rapidly over the next 20 years. The leading Middle Eastern and North African airlines are expected to take advantage of this due to their locations. Middle Eastern airlines are expected to be the fastest growing but are likely to face increased competition from Saudi Arabia. They also face threats from low-cost airlines, rising fuel prices and a shortage of airline staff.

In 2022, the Saudi Government announced a new national airline. It has plans for new aircraft and a new airport in the capital Riyadh to accommodate 120 million travellers per year by 2030 and 185 million per year by 2050. The existing capacity is 35 million travellers.

Extract H

Emirates leads the way in the Middle East

Middle Eastern airline, *Emirates*, was started in 1984. It is the largest international airline and carried 19 million passengers in 2022. It flies to 152 destinations and has over 102,379 employees.

Emirates leads the way for customer service and in-flight entertainment. It was the first airline to install video systems in all aircraft seats. It installed the world's first private suites into its aircraft, offering luxury not provided by any other airline.

Operating modern and fuel-efficient aircraft has been central to *Emirates*' business model from the airline's start up. It aims to minimise waste in all aspects of the business to reduce its costs.

Extract I

Low-cost airlines in the Middle East

Middle Eastern low-cost budget airlines such as *flydubai*, *Air Arabia* and *Jazeera Airways* benefit from a growing demand in the region. This is because of reduced consumer travel budgets caused by the global health crisis and the growing demand within the Middle East for affordable travel.

Additionally, European low-cost airlines, *WizzAir* and *Ryanair*, have entered the Middle Eastern airline market and provide a wide range of destinations connecting East with West.

GradeMax

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Acknowledgements

Extract A adapted from: https://www.samsung.com/levant/about-us/company-info

Extract B adapted from: https://www.oberlo.com/statistics/smartphone-market-share

Extract C adapted from: https://www.samsung.com/global/ir/financial-information/financial-valuation-snapshot/

Extract D adapted from: https://www.koreaherald.com/view.php?ud=20220704000647

Extract E adapted from: https://corporate.centerparcs.co.uk/about-us/history.html

Extract G adapted from: https://www.al-monitor.com/pro/memos/long-term-transport-growth-bodes-well-middle-east-airlines-airports-competition

Extract H adapted from: https://www.emirates.com/uk/english/

Extract I adapted from: https://www.airport-technology.com/analyst-comment/middle-east-low-cost-carrier/?cf-view