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Practice exam questions

The greatest business concept

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Check your answer to the question on pp. 14–15 of the magazine. This question relates to the Edexcel specification.

Sample answer

Corporate culture is the shared values, beliefs and norms of a business that affect every aspect of work life. Corporate culture is important for Pinewood Studios as it is in the middle of a 15-year expansion costing £200 million. The business will want to ensure they have the right staff and attitudes to ensure large films such as *Indiana Jones and the Dial of Destiny* pay to use these facilities.

Using Handy's view of culture, the information provided suggests that Pinewood operates a task culture, one where teams are created for different projects. As Pinewood are already attracting large amounts of customers, such as Netflix, this approach to supporting customers seems to be sensitive to the highly creative filmmaker's needs. Interim Chief Executive Paul Golding seems to foster a culture where staff are very centred on customers, indicating that films take priority over the risks of higher costs. The consequence of this is Pinewood becoming a world-class studio that has bounced back from a loss to a profit. The strong corporate culture should ensure continued success. This means the £200 million expansion is more likely to be profitable attracting more customers.

However, the task-orientated approach to culture risks Pinewood's ability to take advantage of achieving economies of scale. As the culture is focused on each film project, Golding and his team may not be ensuring unit costs are kept as low as possible across the different projects. For example, bulk ordering of sand for the set of the *Indiana Jones* film may not be combined with sand needed on other sets. This means unit costs for providing the facilities will rise and, as the evidence already states, costs are high. This could risk Pinewood losing business to other studios, such as those in the US. In the longer term this could risk the success of the expansion and result in Pinewood making a loss.

However, Golding has been the CEO since 2017 suggesting his leadership style is flexible enough to ensure Pinewood is constantly adapting its corporate culture to give it a competitive advantage in the market. His comments on independent staff being the key to Pinewood's success have translated into a strong culture that allows for a sufficiently competitive product that has seen a large expansion in the UK. If Golding continues to foster an attitude of innovation that meets the needs of the film industry, the corporate culture will continue to allow Pinewood to be profitable in the long term.

Sample examiner comment

Mark: 10/10 (level 4 — an excellent response fully focused on the question)

The answer gives a benefit of a strong corporate culture in contributing to Pinewood's success. The answer then develops a benefit and drawback in detail using relevant analysis and evaluation of

qualitative and quantitative data. Each point focuses on both the financial repercussions for Pinewood of adopting a team- and project-based culture together with the potential impact on its profits. The conclusion points out the key success factor of using this approach to corporate culture and also highlights how this success might be maintained.

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