



Oxford Cambridge and RSA

A Level Business

H431/03 The global business environment

Monday 11 June 2018 – Afternoon

Time allowed: 2 hours



You must have:

- the Resource Booklet

You may use:

- a scientific or graphical calculator



First name										
Last name										
Centre number						Candidate number				

INSTRUCTIONS

- Use black ink.
- Complete the boxes above with your name, centre number and candidate number.
- Answer **all** the questions.
- Write your answer to each question in the space provided. Additional pages may be used if necessary but you must clearly show your candidate number, centre number and question number(s).
- Do **not** write in the barcodes.

INFORMATION

- The total mark for this paper is **80**.
- The marks for each question are shown in brackets [].
- Quality of extended responses will be assessed in questions marked with an asterisk (*).
- This document consists of **20** pages.

2

Answer **all** the questions.

Please use the information provided in the **Resource Booklet** to answer the following questions.

1 IKEA is ‘the world’s largest furniture retailer’. (Line 3)

Explain **two** likely barriers to entry into the furniture market.

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[4]

2 IKEA takes its corporate social responsibility (CSR) seriously. (Extract B)

Analyse the possible effect of IKEA’s CSR profile on any **two** of its stakeholders.

[6]

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3 Evaluate **one** reason why having a range of promotional activities is important to IKEA. [10]

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4 IKEA raised its basic wage level in all of its stores in the USA. (Extract E)

Explain **two** possible reasons why it might have done this.

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Question 6 starts on Page 11

- 6 Karlsson Skogsbruk (KS), based in Sweden, manufactures wooden furniture for large retail stores in Europe. It is hoping to get a contract to supply IKEA, but it has not yet organised its own operations management sufficiently.

Table 1 and **Fig. 1** show the various stages and time taken for the manufacture and delivery of a recent order for 110 garden chairs and 70 garden tables.

Stages of processing a recent order

	Activity	Duration (hours)
A	KS receives order and communicates to wood supplier	1
B	Lead time for wood delivery to KS	48
C	Delivery, unloading and quality checking of wood	3
D	Briefing and training of 'garden chair team'	2
E	Briefing and training of 'garden table team'	3
F	Pre-manufacture cutting and treating of wood	4
G	Manufacture of garden chairs	50
H	Manufacture of garden tables	28
J	Quality checks of garden chairs	2
K	Quality checks of garden tables	2
L	Packaging	6
M	Loading and delivery to customer	10

Table 1

Network diagram of the stages of processing a recent order

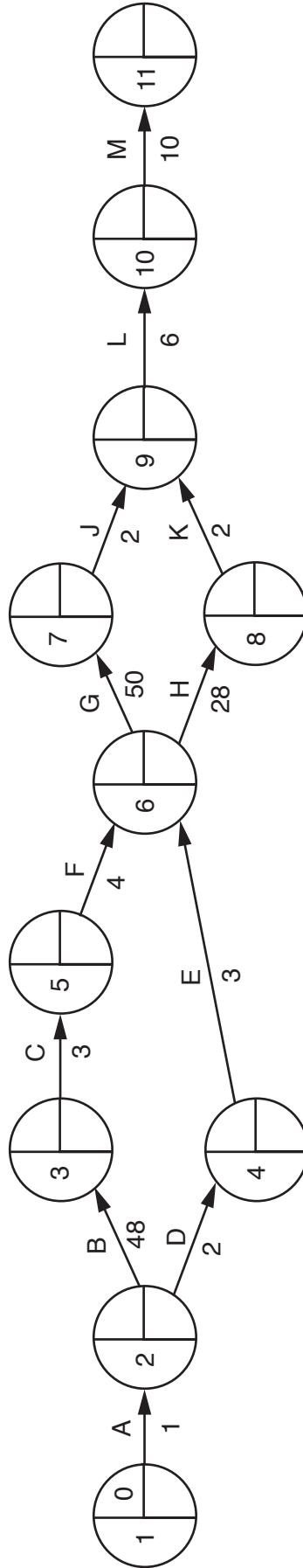


Fig. 1

(a) By completing the network diagram (**Fig. 1**), calculate the:

(i) earliest start time for activity H.

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Answer [1]

(ii) overall time for delivery to the customer.

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Answer [1]

(iii) latest finish time for activity D.

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Answer [1]

(b) Using the network diagram (**Fig. 1**), identify the critical path for the order.

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Answer [1]

(c) Explain the difference between total float and free float.

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..... [2]

- (d) The marketing manager at KS does a lot of research into the consumers of its products and their likely response to changes in price. Recent research from a furniture store in Germany has shown that a fall in price from €150 to €112 for a garden table led to a rise in monthly demand for garden chairs from 86 to 98 units.

Calculate the cross elasticity of demand for garden chairs in response to the change in the price of a garden table.

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Answer [4]

- 7 Analyse **one** way in which Ansoff's matrix might have been useful to IKEA when planning the expansion into India. (Extract G) [6]

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8* Discuss the extent to which changes in economic factors are likely to affect IKEA in the future. **[20]**

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END OF QUESTION PAPER

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