

**OXFORD CAMBRIDGE AND RSA EXAMINATIONS
A LEVEL
H431/03
BUSINESS**

**The global business environment
MONDAY 11 JUNE 2018: Afternoon
TIME ALLOWED: 2 hours
plus your additional time allowance
MODIFIED ENLARGED 24pt**

| | | | | | | | | | | | |
|--------------------------|--|--|--|--|--|-----------------------------|--|--|--|--|--|
| First name | | | | | | Last name | | | | | |
| Centre number | | | | | | Candidate number | | | | | |

**YOU MUST HAVE:
the Resource Booklet**

**YOU MAY USE:
a scientific or graphical calculator**

READ INSTRUCTIONS OVERLEAF



INSTRUCTIONS

Use black ink.

Complete the boxes on the front page 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).

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 (*).

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 4)

Explain TWO likely barriers to entry into the furniture market.

1 _____

2 _____

[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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[illegible]

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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.

1 _____

2 _____

5* Evaluate the importance of effective stock control to the success of IKEA. [20]

[illegible]

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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.

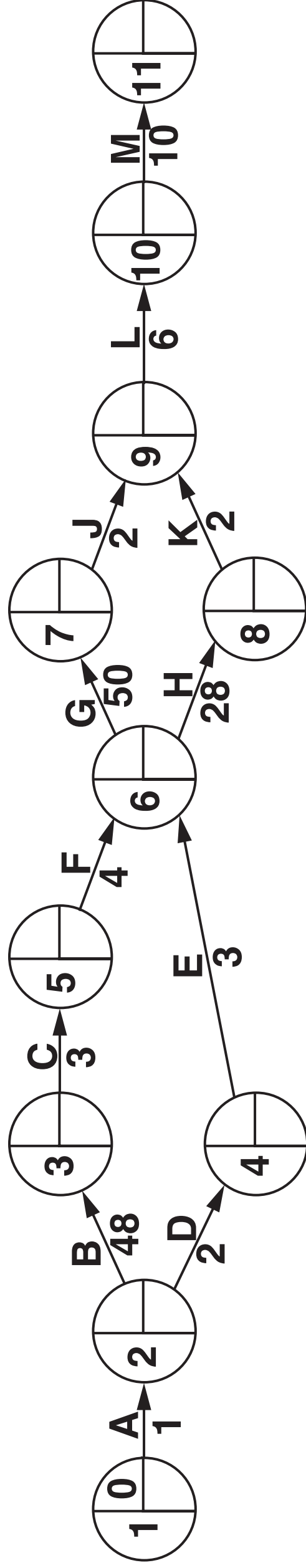
Table 1

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 |

Fig. 1

Network diagram of the stages of processing a recent order



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

(i) earliest start time for activity H.

Answer _____ [1]

(ii) overall time for delivery to the customer.

Answer _____ [1]

(iii) latest finish time for activity D.

Answer _____ [1]

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

Answer _____ [1]

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

[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.

Answer _____ [4]

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END OF QUESTION PAPER

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