

Friday 7 June 2019 – Morning

A Level Business

H431/03 The global business environment

Time allowed: 2 hours

69002312716*

**You must have:**

- the Resource Booklet

You may use:

- a calculator



Please write clearly in black ink. **Do not write in the barcodes.**

Centre number

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Candidate number

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First name(s)

Last name

INSTRUCTIONS

- Use black ink.
- Answer **all** the questions.
- Write your answer to each question in the space provided. Additional paper 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 (*)
- This document consists of **20** pages.



A calculator may
be used for this
paper

Answer **all** the questions.

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

- 1 Explain **two** ways changes in technology might have an impact on a business such as BMW.

1.....

.....

.....

2.....

.....

.....

[4]

- 2 Explain **one** way crisis management may be important for a business.

.....

.....

.....

[2]

- 3 Analyse **one** benefit to BMW of its approach to workforce planning at its Dingolfing factory.

- [6]

- 4*** Evaluate the importance of logistics to BMW's operations.

[20]

- 5 Syngla Enterprises (SLE) is based in Spain and is a major supplier of quality leather seat covers found in premium cars manufactured in the EU. SLE only produces the seat covers once an order is received. It does not supply BMW at the moment but hopes to get a major contract with it in the near future. Spain's currency is the Euro.

Table 1 shows some data about SLE and the market it operates in.

SLE market data

	2018	2017
Demand from EU car manufacturers for leather seat covers (million units)	3.71	3.55
SLE's sales of leather seat covers (million units)	0.23	0.20
SLE's sales revenue from leather seat covers (€m)	12.65	10.60
SLE's total variable costs of production (€m)	2.53	2.18

Table 1

- (a) Calculate SLE's EU market share in 2017.

.....

Answer [2]

- (b) (i) SLE has been approached by an agent working for BMW's niche sports car factory, based in Italy. The agent has offered to buy 1500 car seat covers at a price of €26 each.

Using the **2018** data from **Table 1**, calculate the total contribution of this order.

.....

Answer [3]

- (ii) Should SLE accept this order? Justify your decision.

[10]

- (c) SLE holds large quantities of tanned leather ready to be used in the manufacturing of car seat covers. SLE usually orders tanned leather on the first day of each month, which then arrives on the first day of the next month. The principal supplier of tanned leather is based in Morocco, a non-Euro and non-EU country. SLE's planned buffer stock is 20 000 units.

Stock control chart for the end of 2018 at SLE

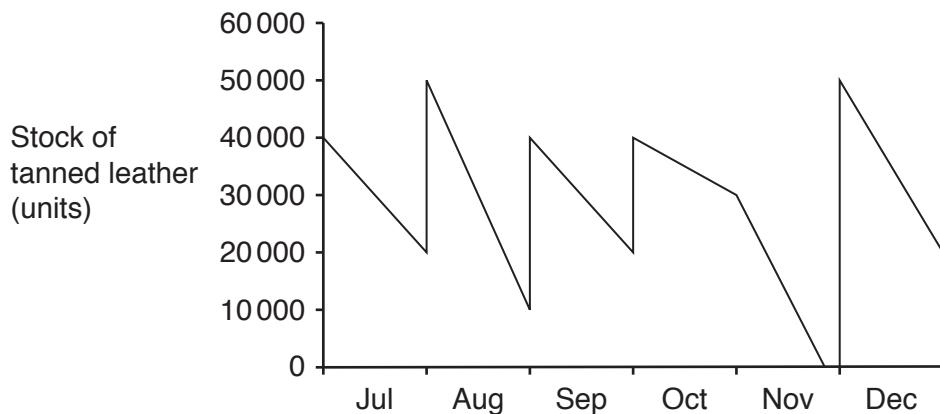


Fig. 1

Using **Fig. 1**, identify:

- (i) the number of times any buffer stock was used

..... [1]

- (ii) the lead time

..... [1]

- (iii) the amount of stock used in the six-month period from July to December.

..... [1]

- (d) Analyse **two** possible problems with SLE's approach to stock control, using **Fig. 1** and any other relevant information.

Problem 1

Problem 2

[6]

- (e) SLE exports seat covers to a niche car producer in the UK.

Explain **two** ways a rise in the value of the Euro against all currencies might have an impact on a business such as SLE.

1

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2

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[4]

- 6* To what extent is BMW's marketing likely to be affected by future changes in the global business environment? Justify your view. [20]

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END OF QUESTION PAPER

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