

General Certificate of Education
June 2006
Advanced Subsidiary Examination



**GENERAL STUDIES (SPECIFICATION B)
Unit 2 Power**

GSB2

Monday 22 May 2006 1.30 pm to 2.45 pm

For this paper you must have:

- an 8-page answer book

Time allowed: 1 hour 15 minutes

Instructions

- Use blue or black ink or ball-point pen.
- Write the information required on the front of your answer book. The *Examining Body* for this paper is AQA. The *Paper Reference* is GSB2.
- Answer **two** questions.
- Answer **Question 1** from **Section A** and **one** question from **Section B**.
- Do all rough work in your answer book. Cross through any work you do not want marked.

Information

- The maximum mark for this paper is 70.
- The marks for questions are shown in brackets.
- You are reminded of the need for good English and clear presentation in your answers. All questions should be answered in continuous prose. Quality of Written Communication will be assessed in all answers.

SECTION A

Answer the question.

You are advised to use examples to illustrate your answer where appropriate.

- 1** Read the passage opposite about IKEA, the Swedish home-furnishings retailer.

The company's founder, Ingvar Kamprad, believes that his company is 'improving the world'.

Write a letter to the customer-relations department of IKEA, or of any other global company, in which you question whether the company is improving the world.

(40 marks)

Turn to page 4 for the next question

IKEA

Ingvar Kamprad established IKEA in 1943 as a mail-order business; 15 years later he opened the first IKEA retail store in Sweden selling flat-packed furniture. IKEA is now an international retailing business operating in 31 countries with over 70 000 employees. Sales have risen every year since it was set up and reached €10.4 bn last year. It remains a private company and does not reveal its annual profits to the public.

Despite its success to date the company remains eager for further growth and the aim is now to double its size in the next 10 years. This comes at a time when Kamprad hands over control to his three sons. However, not wanting rivalry amongst the brothers to break up the business, Kamprad has placed the company in trust; this means his sons cannot sell it and that IKEA must remain a private business. This way the company is safe from the demands of outside investors who often interfere with an organisation's long-term planning.

According to Kamprad, being able to make decisions without outside interference has been an important element in the firm's success, 'I hate short-termist decisions . . . when entering the Russian market we had to decide to lose money for 10 years.' Few investors would have been willing to wait for this long for returns. Kamprad is also worried that the culture would change for the worse if outsiders became involved. 'We could make much more money over the next 5 years if we increased our prices . . . but in the long term it would be a catastrophe.'

The vision of Ingvar Kamprad has driven the business forward at every stage. He has been its inspiration and chief strategist, often basing decisions on his gut feeling of what would work rather than extended analysis. For example, he decided to go ahead with IKEA's China venture after IKEA managers spent little more than 2 weeks in Shanghai and Beijing. When the company invested over £170 m into building Moscow's biggest shopping mall the project director admitted the quantitative data to support the decision were not available saying, 'We have given up on the statistics!'

The future growth of the business is likely to come mainly from the areas of Russia and China where there are tremendous opportunities for low-price, well-designed home furnishings. In Sweden the company already has 20% of the market and in other existing markets growth is difficult. In the UK, for example, a planned expansion to 30 stores has not occurred due to difficulties getting planning permission.

Ingvar Kamprad has created a modern and highly distinctive company that brings with it a refreshing missionary zeal and enthusiasm to the way it does business. Kamprad genuinely believes IKEA is improving the world by bringing excellent quality at affordable prices and that the company has important messages for others to learn from. Whereas British companies might reward their staff at Christmas with a bonus or box of biscuits, IKEA gave each of its British co-workers a mountain bike, a barbecue and a picnic set. The aim was to encourage them to be environmentally aware and live an outdoor life.

The question now is whether IKEA can continue to excel without Ingvar Kamprad to lead it.

Source: ANDREW GILLESPIE, IKEA, in *Business Review*, April 2003

SECTION B

Answer **one** of the following questions.

You are advised to use examples to illustrate your answer where appropriate.

EITHER

- 2 Highly-paid sports men and women, entertainers, actors, models and media commentators all have high *status* (or position) in society. But how much *power* do they have?

You might consider the following in your answer:

- their influence as role models
- the way they feature in advertising
- their involvement in political matters
- whether they *ought* to have power.

(30 marks)

OR

- 3 Voter turn-out at elections has been dropping in the UK, particularly among the young. Voting is compulsory in Australia, and those eligible to vote, who fail to do so, have to pay a fine.

Discuss the view that voting should be made compulsory in the UK.

You might consider in your answer whether:

- the British public would accept compulsion
- there might be undesirable consequences
- it is a citizen's duty to vote
- such a move would really be democratic.

(30 marks)

END OF QUESTIONS