OCR
Oxford Cambridge and RSA

Monday 18 October 2021 – Morning

A Level Business

H431/03 The global business environment

Time allowed: 2 hours

You must have:
- the Resource Booklet

You can use:
- a calculator

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

Centre number | | | | | | Candidate number | | | | |

First name(s) ______________________

Last name ______________________

INSTRUCTIONS
- Use black ink.
- Write your answer to each question in the space provided. You can use extra paper if you need to, but you must clearly show your candidate number, the centre number and the question numbers.
- Answer **all** the questions.
- Use the Resource Booklet to answer all the questions.

INFORMATION
- The total mark for this paper is **80**.
- The marks for each question are shown in brackets **[ ]**.
- Quality of extended response will be assessed in questions marked with an asterisk (*).
- This document has **16** pages.

ADVICE
- Read each question carefully before you start your answer.

Answer **all** the questions.

1 State **two** financial objectives that an organisation such as Nike might have for the coming year.

1 ....

2 ....
[2]

2 Explain **two** factors which enable Nike to be a globalised business.

1 ....

....

....

....

2 ....

....

....

....
[4]

3* Evaluate the extent to which Nike's marketing strategy is likely to be affected by external influences. **[20]**

....

....

....

....

....

....

....

4 **(a)** With reference to **Tables 1 & 2**, calculate the advertising elasticity of demand from 2014 to 2018.

....

....

....

....

....

....

Answer .... **[3]**

(b) Explain what **Tables 1 & 2** show about the success of Nike's advertising expenditure.

....

....

....

.... **[2]**

5 Analyse **one** reason why Nike might want to have an ethical human resources strategy.

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

....

.... [6]

6 'Its products are made in 42 countries at 567 independent factories'. (Lines 47–48)

Discuss why Nike might choose to outsource in this way. **[10]**

7 Sportmania is a new online sportswear retailer located in Bulgaria. It is planning its stock levels of Nike training shoes and is deciding on how many of each shoe size to order. The management at Sportmania believe the demand for training shoe sizes to have a normal distribution.

(a) Explain what is meant by a 'normal distribution'.

....

....

....

.... **[2]**

(b) The management at Sportmania commissioned a survey of shoe sizes from a sample of 60 teenagers. **Table 4** shows the frequency of each shoe size (European shoe sizes).

Shoe sizes of 60 teenagers and their frequencies

Shoe size	37	38	39	40	41	42	43	44
Frequency	2	5	9	13	17	10	3	1
Size – mean	–3.4	–2.4	–1.4	–0.4	0.6	1.6	2.6	3.6
(Size – mean)^2	11.6	5.8	2.0	0.2	0.4	2.6	6.8	13.0
Frequency × (size – mean)^2	23.2	29.0	18.0	2.6	6.8	26.0	20.4	13.0

Table 4

The mean is 40.4.

Calculate the standard deviation. You must show your workings.

....

....

....

....

....

....

Answer .... **[3]**

(c) Sportmania operates out of a large warehouse on the edge of Sofia, Bulgaria's capital city, and is located near some similar online sports retailers' warehouses. There is considerable demand for staff trained in logistics and distribution management among these firms and they are all beginning to see the benefits of investing in various distribution and warehouse technologies.

Analyse how **two** external economies of scale may benefit Sportmania.

1 ....

....

....

....

....

....

....

....

....

2 ....

....

....

....

....

....

....

....

.... **[6]**

(d) Sportmania's Finance Director has been analysing sales of football boots in Sofia (**see Table 5**).

Sales of football boots in Sofia (2012–2020)

Year	Sales (pairs) '000s	3-period moving average '000s
2012	46	
2013	32	45
2014	57	42.67
2015	39	48.67
2016	50	44
2017	43	51.67
2018	62	49.67
2019	44	54.67
2020	58	
2021	Unknown	
2022	Unknown	

Table 5

The Finance Director has noticed that football boot sales rise when there is a World Cup. The last two World Cups were in 2014 and 2018. In predicting sales for the next World Cup in 2022, the Finance Director will use previous World Cup years to make a 'cyclical' adjustment to his predicted data.

Calculate the average 'World Cup' cyclical variation.

....

....

....

....

Answer .... **[2]**

8* Evaluate the extent to which Nike can be considered as successful. **[20]**

....

....

....

....

....

....

....

END OF QUESTION PAPER