Week 17

IGCSE Business Studies

Homework bundle for this week

本周作业合集

exercises.lol

Contents 目录

IGCSE Business Studies Name: ______________ Score: ________

1. 6 workers produce 300 units a day. What is productivity (units per worker)?

   ____

2. Which is a fixed cost?
   - ☐ factory rent
   - ☐ raw materials
   - ☐ power used by machines
   - ☐ piece-rate wages
3. Quality control mainly involves:
   - ☐ inspecting finished products to catch faults
   - ☐ building quality into every stage
   - ☐ ignoring quality
   - ☐ cutting prices
4. For a high-street shop, the most important location factor is usually:
   - ☐ closeness to customers
   - ☐ closeness to a coal mine
   - ☐ a remote rural site
   - ☐ distance from all towns
5. Making a single, unique product to order is:
   - ☐ job production
   - ☐ batch production
   - ☐ flow production
   - ☐ lean production
6. Selling price is 12 and variable cost per unit is 8. What is the contribution per unit?

   ____

7. Quality assurance focuses on:
   - ☐ preventing faults at every stage
   - ☐ inspecting only at the end

☐ increasing waste

☐ lowering wages

8. Which are location factors? (Select all that apply.)

☐ transport links

☐ labour costs

☐ government incentives

☐ the owner's favourite colour

Tick every correct option.

9. Fixed costs are 1,600 and contribution per unit is 4. What is the break-even output (units)?

____

10. Why does quality matter to a business? (Select all that apply.)

☐ it builds reputation

☐ it keeps customers loyal

☐ it reduces waste and returns

☐ it raises raw-material costs

Tick every correct option.

IGCSE Business Studies

1. **50**

   $300 \div 6 = 50$ units per worker.

2. **factory rent**

   Rent does not change with output — a fixed cost.

3. **inspecting finished products to catch faults**

   QC inspects the end product.

4. **closeness to customers**

   Shops need footfall — closeness to customers.

5. **job production**

   Job production makes one bespoke item at a time.

6. **4**

   Contribution $= 12 - 8 = 4$.

7. **preventing faults at every stage**

   QA designs quality in so faults do not occur.

8. **transport links; labour costs; government incentives**

   Transport, costs and incentives matter; the last does not.

9. **400**

   Break-even $= 1{,}600 \div 4 = 400$ units.

10. **it builds reputation; it keeps customers loyal; it reduces waste and returns**

    Quality builds reputation and loyalty and cuts waste; it does not raise material costs.

4.1 Production of goods and services

Name: ______________ Class: __________ Date: ____________ **Total: 20 marks**

KEY WORDS production 生产 • batch 批量生产 • inventory 库存 • cost 成本 • technology 技术

Objective

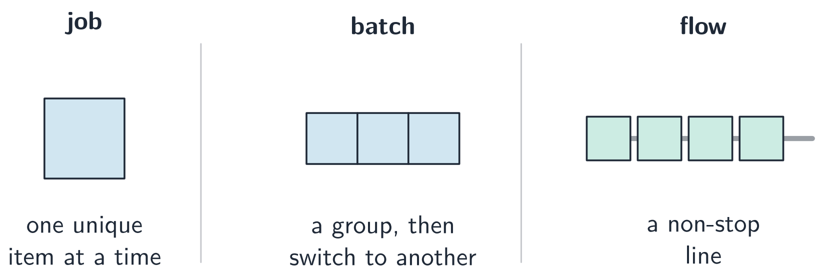
Build the skills to answer exam questions on **production of goods and services** 商品与服务的生产 — the **methods of production** 生产方法 (job, batch, flow), **productivity** 生产率, **lean production** 精益生产 and **just-in-time** 准时制 (JIT).

You must be able to:

- describe job, batch and flow production
- explain productivity and how to raise it
- explain lean production and JIT inventory

1 Worked examples

Methods of production



Job (one item), batch (a group), flow (non-stop)

- **Job** 单件生产: one item to order (a wedding cake). **Batch** 批量生产: a group, then switch. **Flow** 流水线生产: non-stop line (cars) — low unit cost but needs high demand.
- **Productivity** 生产率: output per worker/machine; raise it by training, technology, motivation.
- **JIT** 准时制: materials arrive as needed → little **inventory** 库存 → low storage cost, but a late delivery stops production.

Answer shapes: K + App + An + Ev (a justified judgement, for "do you think" questions).

2 Practice

2.1 Define the term *productivity*. [2]

2.2 State the difference between *job* and *flow* production. [2]

2.3 Define the term *just-in-time (JIT)*. [2]

3 Exam-style questions

3.1 Identify two ways a business could raise its productivity. [2]

3.2 Explain two benefits to a manufacturer of using flow production. [6]

3.3 A furniture maker produces special, made-to-order pieces. Do you think it should switch to flow production? Justify your answer. [6]

Solutions

IGCSE Business answers are marked by **level of response**: award **K** knowledge, **App** application, **An** analysis and **Ev** a justified judgement.

2.1 how much output each worker or machine produces in a set time (2 for a clear definition; 1 for a partial idea).

2.2 job production makes one item at a time to order; flow production makes goods non-stop on a moving line (2 for a clear difference; 1 for a partial idea).

2.3 a system where materials arrive just as they are needed, so very little inventory is held (2 for a clear definition; 1 for a partial idea).

3.1 any two of: train workers; use better machines/technology; improve motivation; organise work better (1 + 1).

3.2 *[6]* For **each** of two benefits: K 1 + An up to 2 — e.g. *low unit cost*: machines run non-stop making many identical units → economies of scale → low cost per item. *Consistent quality*: a standard line → every unit is the same → fewer faults. Maximum 3 each.

3.3 *[6]* Both sides + judgement. **For:** flow production lowers the unit cost and raises output. **Against:** flow production makes identical goods, but this maker sells *special, made-to-order* pieces, so job production fits its product; flow lines are costly to set up and remove the custom appeal. **Judgement (Ev):** the maker should keep job production because its product is custom — flow production only suits high, steady demand for identical goods.

3 STB is a public limited company. It uses job production to build houses. In 2024 the business built 13 500 houses. STB has many stakeholder groups including its 5000 employees. The Managing Director knows business activity can affect the environment and that there are many reasons why a business should respond to environmental pressures. She also wants to know how economic growth might affect STB.

(a) Identify **two** ways business activity can affect the environment.

Way 1: ....

....

Way 2: ....

.... [2]

(b) Identify **two** reasons why a business should respond to environmental pressures.

Reason 1: ....

....

Reason 2: ....

.... [2]

(c) Outline **two** ways economic growth might affect STB.

Way 1: ....

....

....

....

Way 2: ....

....

....

.... [4]

(d) Explain **two** benefits to STB of using job production.

Benefit 1: ....

....

Explanation: ....

....

....

....

Benefit 2: ....

....

Explanation: ....

....

....

.... [6]

(e) Do you think employees are the most important stakeholder group for a manufacturing business? Justify your answer.

....

....

....

....

....

....

....

....

....

....

....

.... [6]

3 **(a)** Explain **two** reasons why FF uses job production.

Reason 1: ....

....

Explanation: ....

....

....

....

....

....

Reason 2: ....

....

Explanation: ....

....

....

....

....

....

[8]

(b) Consider the following **two** sources of finance which could be used for working capital when FF's new shop opens. Which would be the best source for Kathryn to use? Justify your answer.

- Bank overdraft
- Trade credit

Bank overdraft: ....

....

....

....

....

....

....

....

Trade credit: ....

....

....

....

....

....

....

....

Recommendation: ....

....

....

....

....

....

....

.... [12]

3 **(a)** Explain **one** advantage and **one** disadvantage of CR holding inventory.

Advantage: ....

....

Explanation: ....

....

....

....

....

....

Disadvantage: ....

....

Explanation: ....

....

....

....

....

....

[8]

(b) Consider the advantages and disadvantages of the following **three** ways CR could use to sell its products. Which way should Charly choose? Justify your answer.

- Selling through CR's own shop
- Selling online
- Selling to a wholesaler

Selling through CR's own shop: ....

....

....

....

....

....

Selling online: ....

....

....

....

....

....

Selling to a wholesaler: ....

....

....

....

....

....

Recommendation: ....

....

....

....

....

....

[12]

1 RSL manufactures paint using flow production. Last year it produced 10 million litres of paint. RSL has 6 managers and 80 employees working in its factory. The managers use different leadership styles. RSL uses email and telephone calls as its methods of internal communication. The Operations Manager wants to understand why some manufacturing businesses are relocating their operations to other countries.

(a) Identify **two** benefits to a business of using flow production.

Benefit 1: ....

....

Benefit 2: ....

.... [2]

(b) Identify **two** reasons why people work.

Reason 1: ....

....

Reason 2: ....

.... [2]

(c) Outline **one** advantage of RSL using each of the following methods of internal communication.

Email: ....

....

....

....

Telephone calls: ....

....

....

.... [4]

(d) Explain **two** leadership styles RSL's managers might use.

Leadership style 1: ....

....

Explanation: ....

....

....

....

Leadership style 2: ....

....

Explanation: ....

....

....

.... [6]

(e) Explain **two** factors a manufacturing business should consider when relocating its operations to another country. Which factor is likely to be the most important? Justify your answer.

....

....

....

....

....

....

....

....

....

....

....

.... [6]

2 SNT is an ethical business. It manufactures a range of soft drinks using batch production. In 2023 SNT produced 300 000 bottles of soft drinks each week. There are many factors which affect how much inventory the business should hold. SNT's directors are planning to expand the business into new markets in other countries by forming a joint venture. They are considering licensing as another way to help overcome the potential problems of entering these new markets.

(a) Define 'licensing'.

....

....

....

.... [2]

(b) Identify **two** factors which might affect how much inventory a business should hold.

Factor 1: ....

....

Factor 2: ....

.... [2]

(c) Outline **two** benefits to SNT of using batch production.

Benefit 1: ....

....

....

....

Benefit 2: ....

....

....

.... [4]

(d) Explain **one** advantage and **one** disadvantage to SNT of forming a joint venture when entering new markets in other countries.

Advantage: ....

....

Explanation: ....

....

....

....

Disadvantage: ....

....

Explanation: ....

....

....

.... [6]

(e) Do you think the advantages to a business of being ethical are greater than the disadvantages? Justify your answer.

....

....

....

....

....

....

....

....

....

....

....

.... [6]

3 **(a)** Explain **two** benefits and **two** limitations of CC using batch production.

Benefit 1: ....

....

....

....

Benefit 2: ....

....

....

....

Limitation 1: ....

....

....

....

Limitation 2: ....

....

....

.... [8]

(b) Consider the **two** options for CC's new cookies outlined in Appendix 3. Which option should CC choose to produce? Justify your answer using appropriate calculations.

Option 1: ....

....

....

....

....

....

....

....

Option 2: ....

....

....

....

....

....

....

....

Recommendation: ....

....

....

....

....

....

....

.... [12]

4.2 Costs, scale of production and break-even analysis

Name: ____________ Class: ________ Date: __________ **Total: 23 marks**

KEY WORDS fixed costs 固定成本 • break-even 盈亏平衡 • average cost 平均成本 • total cost 总成本 • revenue 收入

Objective

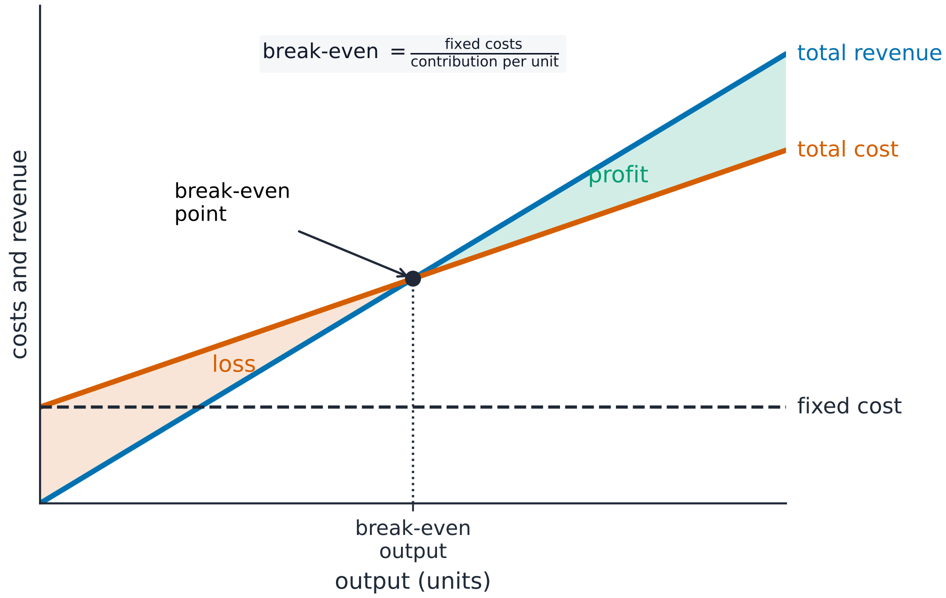
Build the skills to answer exam questions on **costs, scale of production and break-even analysis** 成本、生产规模与盈亏平衡 — **fixed and variable costs** 固定与可变成本, **revenue and profit** 收入与利润, and **break-even** 盈亏平衡.

You must be able to:

- calculate total cost, average cost, revenue and profit
- calculate the **break-even output** and the **margin of safety**
- explain the limits of break-even analysis

1 Worked examples

■ Costs, profit and break-even

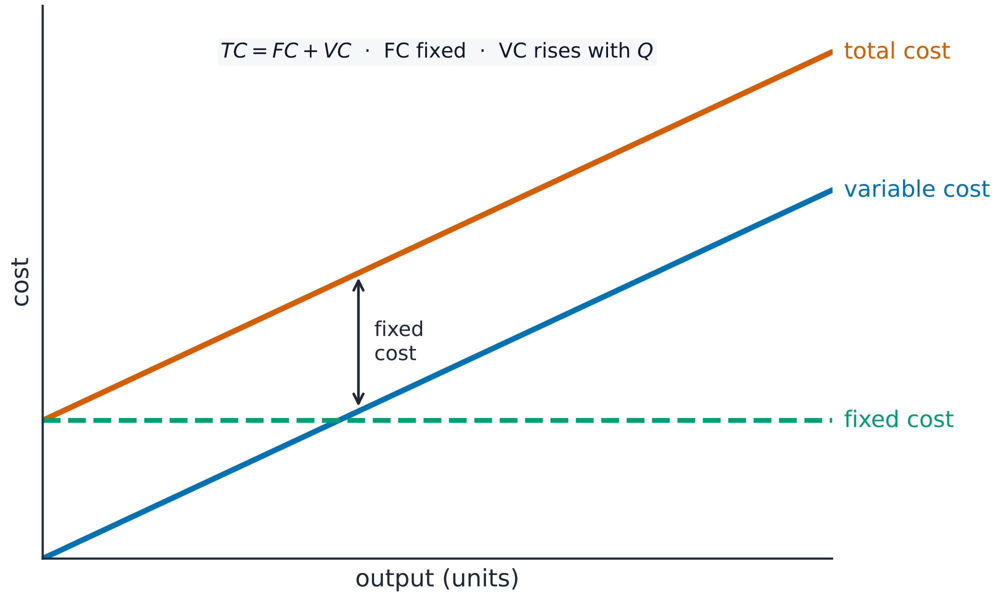


Left of break-even is loss; right of it is profit

$$\text{total cost} = \text{fixed} + \text{variable} \qquad \text{profit} = \text{total revenue} - \text{total cost}$$

$$\text{break-even output} = \frac{\text{fixed costs}}{\text{price} - \text{variable cost per unit}}$$

- **Worked:** price \$15, variable cost \$5 → contribution \$10. Fixed costs \$8,000 → break-even $= \frac{8000}{10} = 800$ units.
- **Margin of safety** = actual output − break-even output (a big margin is safer).



The fixed and variable costs behind the break-even calculation

Answer shapes: K + App + An + Ev (a justified judgement, for "do you think" questions).

2 Practice

2.1 Define the term *fixed cost*. [2]

2.2 A firm has fixed costs of $4,000 and variable costs of $3 per unit, and makes 1,000 units. Calculate the total cost. [2]

2.3 State what the *break-even* point means. [2]

3 Exam-style questions

3.1 A product sells for $20 with a variable cost of $8 per unit. Fixed costs are $6,000.

(a) Calculate the contribution per unit. [1]

(b) Calculate the break-even output. [2]

(c) The firm makes 700 units. Calculate the margin of safety. [2]

3.2 Explain one benefit and one limitation of break-even analysis. [6]

3.3 Do you think break-even analysis is useful to a small business? Justify your answer. [6]

Solutions

IGCSE Business answers are marked by **level of response**: award **K** knowledge, **App** application, **An** analysis and **Ev** a justified judgement.

2.1 a cost that does not change with output, such as rent or salaries (2 for a clear definition; 1 for a partial idea).

2.2 \$4,000 + (1,000 × \$3) = \$7,000 (2; award 1 for a correct method with the wrong figure).

2.3 the level of output where total revenue equals total cost, so the business makes no profit and no loss (2 for a clear definition; 1 for a partial idea).

3.1 (a) \$20 − \$8 = \$12 (1). (b) break-even = $\frac{6000}{12}$ = 500 units (2; allow follow-through). (c) margin of safety = 700 − 500 = 200 units (2; allow follow-through).

3.2 *[6]* K 1 + An up to 2 each side — *benefit*: it shows how many units must be sold to avoid a loss → helps set a sales target. *Limitation*: it assumes all output is sold and that price and costs stay the same → in reality these change, so it is only a guide. Maximum 3 each.

3.3 *[6]* Both sides + judgement. **For:** quick and simple, shows the break-even point and margin of safety, and supports a loan application — useful for a small firm at start-up. **Against:** its assumptions (all output sold; constant price and costs) are unrealistic. **Judgement (Ev):** break-even is a helpful planning guide for a small business, but it should guide decisions, not make them alone — its value depends on how stable prices and costs are.

3 SBL is a fast food restaurant which sells 900 chicken burgers each week. It has 14 employees. The owner, Vicki, provides her employees with training but does not currently use delegation. She is preparing a break-even chart to help calculate SBL's margin of safety. A partially completed break-even chart is shown in Fig. 3.1. Vicki wants to know how an economic recession might affect her business.

Break-even chart for SBL

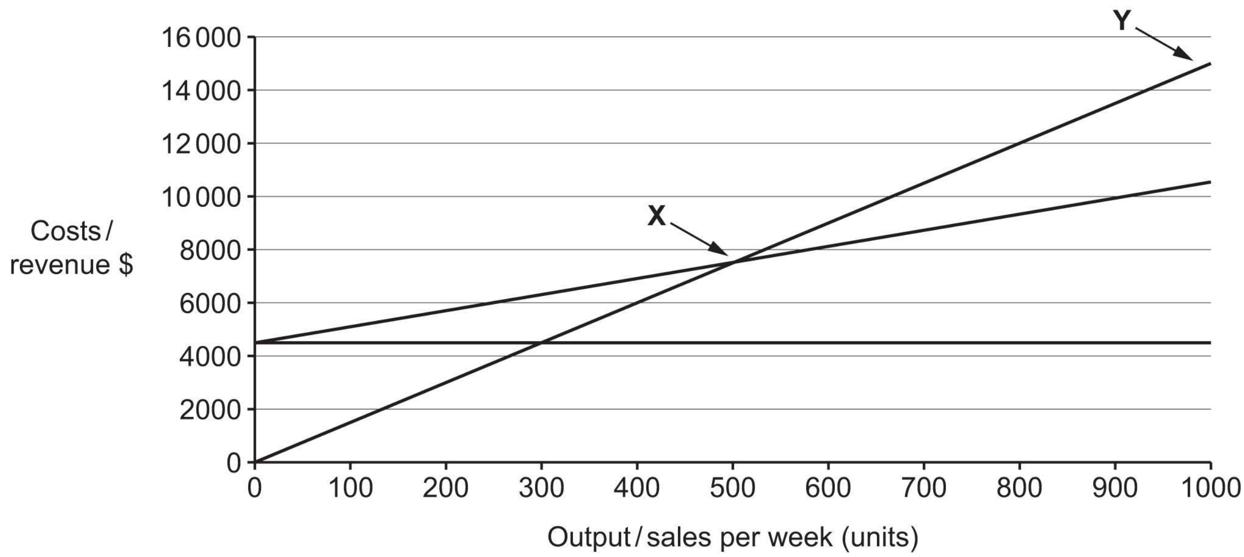


Fig. 3.1

(a) Identify **X** and **Y**.

X: ....

....

Y: ....

.... [2]

(b) Define 'margin of safety'.

....

....

....

.... [2]

(c) Outline **two** advantages of Vicki delegating tasks to her employees.

Advantage 1: ....

....

....

....

Advantage 2: ....

....

....

.... [4]

(d) Explain **two** possible effects an economic recession might have on Vicki's business.

Effect 1: ....

....

Explanation: ....

....

....

....

Effect 2: ....

....

Explanation: ....

....

....

.... [6]

(e) Explain **two** methods of training a business might use. Which is likely to be the best method for a service business to use? Justify your answer.

....

....

....

....

....

....

....

....

....

....

....

.... [6]

4 DJU manufactures clothing including jeans and trousers. There are 90 employees working in its factory. DJU uses specialisation when making its products. The Managing Director is reviewing DJU's cost and output data. An extract is shown in Table 4.1. She wants to know how lower interest rates might affect the business. DJU's directors are considering different ways a business could grow including taking over a competitor.

Table 4.1

Extract from DJU's cost and output data (per week)	
Fixed costs	$400 000
Total costs	$595 000
Total output	85 000 units

(a) Define 'fixed costs'.

....

....

....

.... [2]

(b) Calculate DJU's average cost per unit per week. Show your working.

Working: ....

....

....

Final answer: .... [2]

(c) Outline **two** ways lower interest rates might affect DJU.

Way 1: ....

....

....

....

Way 2: ....

....

....

.... [4]

(d) Explain **one** advantage and **one** disadvantage to DJU of using specialisation when making its products.

Advantage: ....

....

Explanation: ....

....

....

....

Disadvantage: ....

....

Explanation: ....

....

....

.... [6]

(e) Do you think the advantages of taking over a competitor are greater than the disadvantages? Justify your answer.

....

....

....

....

....

....

....

....

....

....

....

.... [6]

1 BPT manufactures bicycles in country A. It uses batch production. The Operations Director is preparing a break-even chart for one of BPT's bicycles, as shown in Fig. 1.1. The directors are considering ways to lower BPT's break-even level of output. BPT imports 60% of its raw materials and exports its bicycles to 8 countries. The Managing Director wants to know how a depreciation in country A's exchange rate and the introduction of import tariffs might affect BPT.

Partly completed break-even chart for one of BPT's bicycles

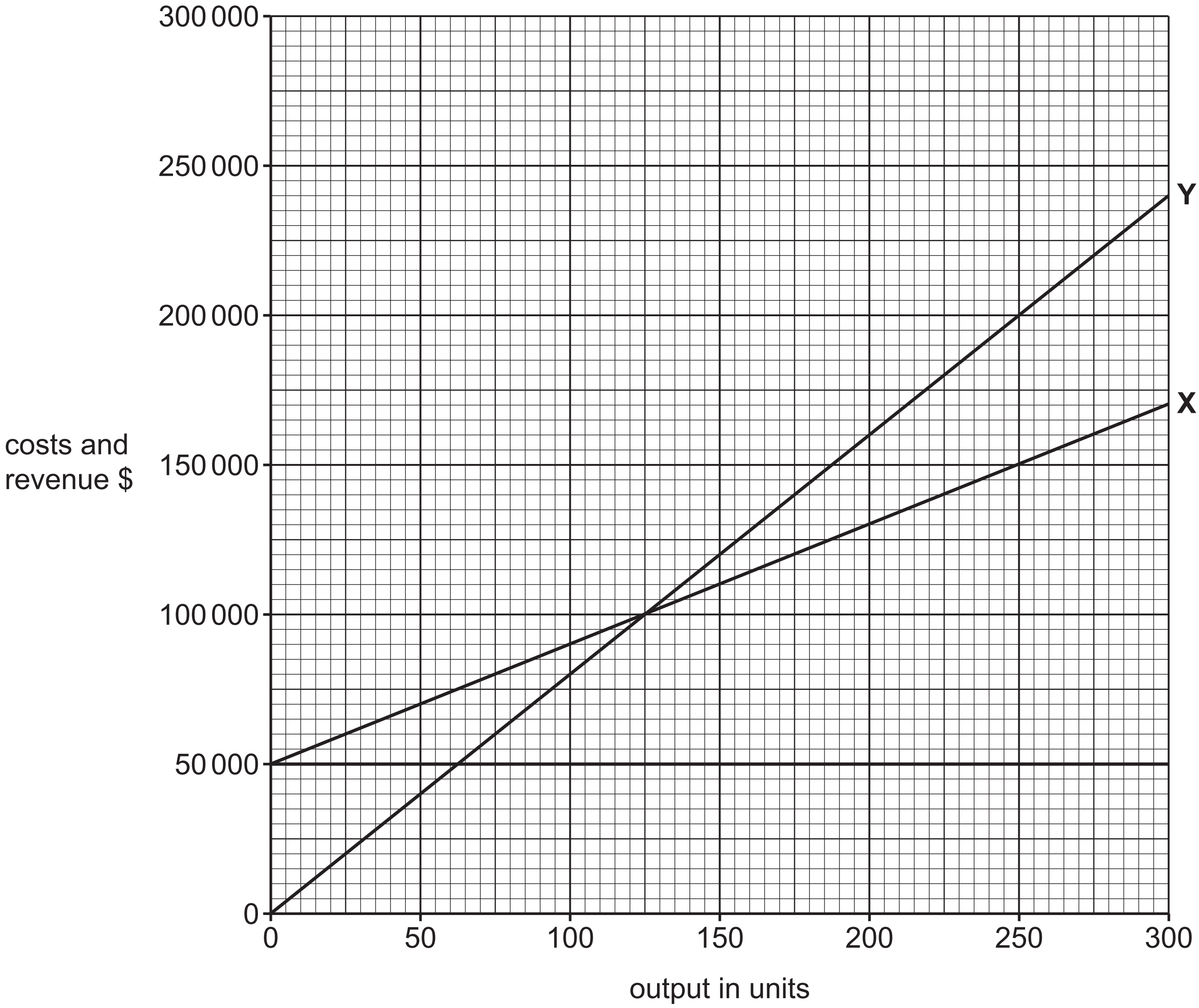


Fig. 1.1

(a) Identify the lines labelled **X** and **Y** in Fig. 1.1.

X: ....

....

Y: ....

.... [2]

(b) Define ‘import tariff’.

....

....

....

.... [2]

(c) Outline **two** ways BPT could lower its break-even level of output.

Way 1: ....

....

....

....

Way 2: ....

....

....

.... [4]

(d) Explain **two** ways a depreciation in country A’s exchange rate might affect BPT.

Way 1: ....

....

Explanation: ....

....

....

....

Way 2: ....

....

Explanation: ....

....

....

.... [6]

(e) Do you think batch production is the best method of production for a business to use? Justify your answer.

....

....

....

....

....

....

....

....

....

....

....

.... [6]

1 FBM is a boat building business. It has 100 skilled employees. The Operations Director is concerned that FBM holds a high level of inventory. She is also concerned that the business is starting to experience diseconomies of scale. The Finance Director has been asked to analyse FBM's cost and output data. An extract is shown in Table 1.1.

Table 1.1

Extract from FBM's cost and output data	
Variable costs per unit	$5000
Fixed costs per year	$600 000
Number of boats made each year	300

(a) Define 'diseconomies of scale'.

....

....

....

.... [2]

(b) Identify **two** ways a business can use cost data to help make decisions.

Way 1: ....

....

Way 2: ....

.... [2]

(c) Identify **four** fixed costs a business might have.

Fixed cost 1: ....

....

Fixed cost 2: ....

....

Fixed cost 3: ....

....

Fixed cost 4: ....

.... [4]

(d) Explain **one** advantage and **one** disadvantage to FBM of holding a high level of inventory.

Advantage: ....

....

Explanation: ....

....

....

....

Disadvantage: ....

....

Explanation: ....

....

....

.... [6]

(e) Do you think customers have a more important role in the success of a business than its employees? Justify your answer.

....

....

....

....

....

....

....

....

....

....

....

.... [6]

IGCSE BUSINESS STUDIES • EXERCISE SHEET

4.3 Achieving quality production

Name: ____________ Class: ________ Date: __________ **Total: 20 marks**

KEY WORDS quality 质量 • quality assurance 质量保证 • customers 顾客 • quality control 质量控制 • brand 品牌

Objective

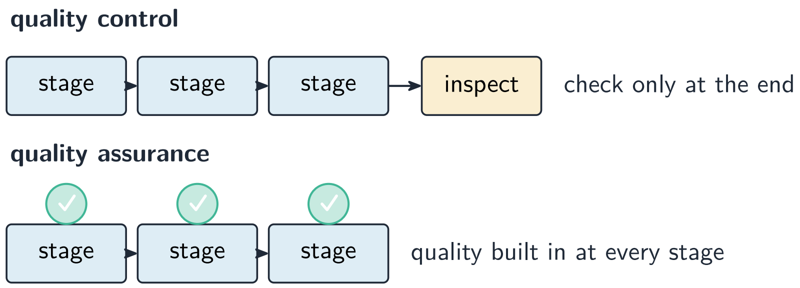
Build the skills to answer exam questions on **achieving quality production** 实现优质生产 — why **quality** 质量 matters, and the difference between **quality control** 质量控制 and **quality assurance** 质量保证.

You must be able to:

- explain why quality matters to a business
- distinguish quality control from quality assurance
- analyse the benefits of good quality

1 Worked examples

Managing quality



Control finds faults; assurance prevents them

- **Quality** 质量: a product is good enough for what customers need.
- **Good quality** → a strong **brand** 品牌 and loyalty, fewer returns and complaints, a higher price.
- **Quality control** 质量控制: inspectors check finished goods at the **end**.
- **Quality assurance** 质量保证: every worker builds quality in at **every** stage, to prevent faults.

Answer shapes: K + App + An + Ev (a justified judgement, for "do you think" questions).

2 Practice

2.1 Define the term *quality*. [2]

2.2 State the difference between *quality control* and *quality assurance*. [2]

2.3 Identify two benefits to a business of producing good-quality products. [2]

3 Exam-style questions

3.1 Identify two problems caused by poor quality. [2]

3.2 Explain two benefits to a business of using quality assurance. [6]

3.3 Do you think quality is the most important factor in a product's success? Justify your answer. [6]

Solutions

IGCSE Business answers are marked by **level of response**: award **K** knowledge, **App** application, **An** analysis and **Ev** a justified judgement.

2.1 a product being good enough for what customers need (2 for a clear definition; 1 for a partial idea).

2.2 quality control checks finished goods at the end and removes faulty ones; quality assurance builds quality into every stage to prevent faults (2 for a clear difference; 1 for a partial idea).

2.3 any two of: a strong brand and loyalty; fewer returns and complaints; can charge a higher price (1 + 1).

3.1 any two of: lost customers; damaged brand; more returns and complaints; wasted materials (1 + 1).

3.2 *[6]* For **each** of two benefits: K 1 + An up to 2 — e.g. *fewer faults*: quality built in at each stage → faults caught early, not at the end → less waste. *Better reputation*: consistent quality → customers trust the brand → repeat sales. Maximum 3 each.

3.3 *[6]* Both sides + judgement. **For:** poor quality loses customers and damages the brand, so quality is vital for repeat sales. **Against:** price, promotion and place also matter — a high-quality product still fails if it is too dear or unknown. **Judgement (Ev):** quality is very important, but it must combine with the right price and good marketing — it is *a* key factor, not always *the* most important; it depends on the product and market.

1 BEI is a multinational company. It manufactures aeroplanes. Quality assurance is important. BEI has 5000 employees. BEI's directors have announced plans to reduce the size of its workforce (downsize). The Human Resources Director is considering which employees to make redundant. Information about employee A can be found in Table 1.1.

Table 1.1

Information about employee A
• Worked at BEI for 1 year • Worked at another manufacturing business for 12 years • Able to use most of the machines at BEI • Often late for work • Popular with other employees • Left school with 2 IGCSEs

(a) Define 'quality assurance'.

....

....

....

.... [2]

(b) Identify **two** reasons why a business might reduce the size of its workforce.

Reason 1: ....

....

Reason 2: ....

.... [2]

(c) Outline, with reference to BEI, the difference between redundancy and dismissal.

....

....

....

....

....

....

....

.... [4]

(d) Explain **one** advantage and **one** disadvantage of BEI making employee A redundant.

Advantage: ....

....

Explanation: ....

....

....

....

Disadvantage: ....

....

Explanation: ....

....

....

.... [6]

(e) Explain **two** possible benefits to a country of a multinational company locating there. Which benefit is likely to be the most important? Justify your answer.

....

....

....

....

....

....

....

....

....

....

....

.... [6]

4 **(a)** Explain **two** reasons why high quality is important for FF.

Reason 1: ....

....

Explanation: ....

....

....

....

....

....

Reason 2: ....

....

Explanation: ....

....

....

....

....

....

[8]

(b) Using Appendix 3 and other information, consider the following **two** ways FF could contribute to sustainable development. Which way should Kathryn choose? Justify your answer.

- Buying all flowers from sustainable sources
- Using electricity from renewable sources

Buying all flowers from sustainable sources: ....

....

....

....

....

....

....

....

Using electricity from renewable sources: ....

....

....

....

....

....

....

....

Recommendation: ....

....

....

....

....

....

....

....

[12]

1 NFC manufactures shoes using batch production. Quality assurance is used to maintain quality. NFC uses market segmentation. The Marketing Director is reviewing NFC's product range. He knows there are both benefits and limitations to developing new products. He also knows the promotion of products is important.

(a) Define 'batch production'.

....

....

....

.... [2]

(b) Identify **two** aims of promotion.

Aim 1: ....

....

Aim 2: ....

.... [2]

(c) Outline **one** advantage and **one** disadvantage to NFC of using quality assurance.

Advantage: ....

....

....

....

Disadvantage: ....

....

....

.... [4]

(d) Explain **two** benefits to NFC of using market segmentation.

Benefit 1: ....

....

Explanation: ....

....

....

....

Benefit 2: ....

....

Explanation: ....

....

....

.... [6]

(e) Do you think the benefits for a business of developing new products are greater than the limitations? Justify your answer.

....

....

....

....

....

....

....

....

....

....

....

.... [6]

2 Rachel's business produces and sells chocolate bars. Quality is important. Rachel is a sole trader who received government support when she started up her business. The business operates in a competitive market. Rachel is considering ways to increase sales of her best-selling product. She is also planning to introduce a new chocolate bar. Rachel knows deciding which pricing method to use for a new product is important.

(a) Define 'sole trader'.

....

....

....

.... [2]

(b) Identify **two** ways a government can support business start-ups.

Way 1: ....

....

Way 2: ....

.... [2]

(c) Outline **two** ways Rachel could increase sales of her best-selling product.

Way 1: ....

....

....

....

Way 2: ....

....

....

.... [4]

(d) Explain **two** reasons why quality is important to Rachel's business.

Reason 1: ....

....

Explanation: ....

....

....

....

Reason 2: ....

....

Explanation: ....

....

....

.... [6]

(e) Do you think price skimming is the best pricing method for a business to use when introducing a new product? Justify your answer.

....

....

....

....

....

....

....

....

....

....

....

.... [6]

IGCSE BUSINESS STUDIES • EXERCISE SHEET

4.4 Location decisions

Name: ____________ Class: ________ Date: __________ **Total: 18 marks**

KEY WORDS market 市场 • manufacturing 制造业 • raw materials 原材料 • service 服务 • tariffs 关税

Objective

Build the skills to answer exam questions on **location decisions** 选址决策 — the factors that affect where a **manufacturing** 制造业 or **service** 服务 business locates, and locating in another country.

You must be able to:

- state the factors a manufacturing business considers when choosing a location
- explain how a service business's location factors differ
- analyse a location or relocation decision

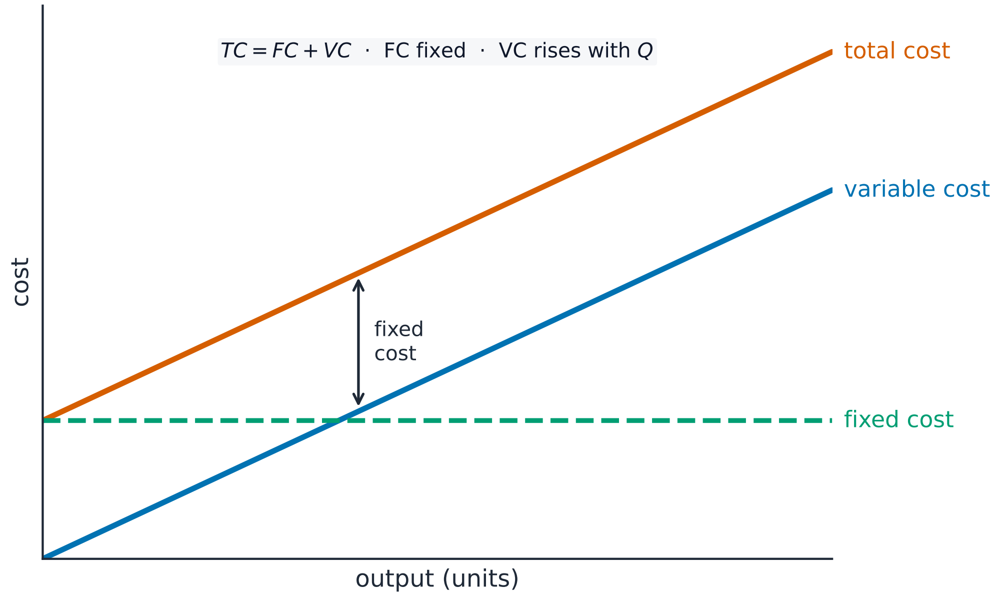
1 Worked examples

■ Choosing a location

The best location gives the greatest total benefit

- **Manufacturing factors:** nearness to **raw materials** 原材料, nearness to the **market** 市场, land cost, suitable labour, transport links, government grants.
- **Service factors:** mostly nearness to customers, passing foot traffic, nearby shops, rent.

- **Locating abroad:** reach new customers, lower wages/rent, or avoid **tariffs** 关税 — but face different laws and languages.



Location changes the cost structure — cheaper land lowers fixed costs, nearness to market lowers variable transport

Answer shapes: K + App + An + Ev (a justified judgement, for "do you think" questions).

2 Practice

2.1 Identify two factors a manufacturing business considers when choosing a location. [2]

2.2 State one location factor that matters most to a service business. [1]

2.3 State one reason a business might locate in another country. [1]

3 Exam-style questions

3.1 Identify two factors that affect the location of a shop. [2]

3.2 Explain two factors a manufacturer should consider when choosing where to locate its factory. [6]

3.3 A manufacturer is deciding whether to move its factory to a country with lower wages. Do you think it should move? Justify your answer. [6]

Solutions

IGCSE Business answers are marked by **level of response**: award **K** knowledge, **App** application, **An** analysis and **Ev** a justified judgement.

2.1 any two of: nearness to raw materials; nearness to the market; land cost; suitable labour; transport links; government grants (1 + 1).

2.2 nearness to customers (or passing foot traffic) (1).

2.3 any one of: reach new customers/markets; lower wages or rent; nearer raw materials; avoid tariffs (1).

3.1 any two of: nearness to customers; passing foot traffic; nearby shops; the rent (1 + 1).

3.2 *[6]* For **each** of two factors: K 1 + An up to 2 — e.g. *nearness to raw materials*: heavy materials are costly to move → locating nearby cuts transport costs. *Suitable labour*: enough skilled workers nearby → the factory can be staffed → it runs smoothly. Maximum 3 each.

3.3 *[6]* Both sides + judgement. **For moving:** lower wages cut costs and raise profit, and it may reach new customers. **Against:** different laws, languages and customs, higher transport of finished goods back, and possible loss of quality and control. **Judgement (Ev):** moving can cut costs sharply, but only if the savings outweigh the added risks and quality can be kept — it depends on the size of the wage saving and how well the firm can manage a distant site.

1 WMH is a business which operates in the secondary sector. It makes furniture including tables and chairs. WMH's employees are all members of a trade union. The Managing Director knows the business is likely to remain small. She is considering introducing new technology into WMH's factory. She also knows it is important for a manufacturing business to choose a suitable location for a factory.

(a) Define 'trade union'.

....

....

....

.... [2]

(b) Define 'secondary sector'.

....

....

....

.... [2]

(c) Identify **four** reasons why a business might remain small.

Reason 1: ....

....

Reason 2: ....

....

Reason 3: ....

....

Reason 4: ....

.... [4]

(d) Explain **two** possible effects of WMH introducing new technology.

Effect 1: ....

....

Explanation: ....

....

....

....

Effect 2: ....

....

Explanation: ....

....

....

.... [6]

(e) Explain **two** factors a manufacturing business should consider when deciding on a suitable location for a factory. Which factor is likely to be the most important? Justify your answer.

....

....

....

....

....

....

....

....

....

....

....

.... [6]

3 Miguel plans to start up a gym (sports club). It will offer a range of fitness classes including yoga. The business will be a partnership with his sister. Miguel thinks the size of the business will remain small. Secondary market research will be used to help make decisions including which pricing method to use. Miguel knows it is important for a new business to select a suitable location.

(a) Define ‘partnership’.

....

....

....

.... [2]

(b) Identify **two** ways to measure the size of a business.

Way 1: ....

....

Way 2: ....

.... [2]

(c) Outline **two** pricing methods Miguel could use.

Method 1: ....

....

....

....

Method 2: ....

....

....

.... [4]

(d) Explain **one** advantage and **one** disadvantage to Miguel of using secondary market research.

Advantage: ....

....

Explanation: ....

....

....

....

Disadvantage: ....

....

Explanation: ....

....

....

.... [6]

(e) Do you think access to employees is the most important factor for a new business to consider when deciding on a suitable location? Justify your answer.

....

....

....

....

....

....

....

....

....

....

....

.... [6]

3 GAE is a multinational company. It manufactures steel. GAE has 2400 employees and has factories in 4 countries. The business regularly introduces new technology. Holding inventory is important. GAE's directors are planning to build a new factory and want to know how legal controls over location might affect this decision. The Managing Director said, 'The new factory will create many external benefits.'

(a) Define 'external benefits'.

....

....

....

.... [2]

(b) Identify **two** ways legal controls over location might affect a business.

Way 1: ....

....

Way 2: ....

.... [2]

(c) Outline **two** advantages to GAE of introducing new technology.

Advantage 1: ....

....

....

....

Advantage 2: ....

....

....

.... [4]

(d) Explain **two** reasons why holding inventory might be important for GAE.

Reason 1: ....

....

Explanation: ....

....

....

....

Reason 2: ....

....

Explanation: ....

....

....

.... [6]

(e) Explain **two** benefits to a business of being a multinational company. Which benefit is likely to be the most important? Justify your answer.

....

....

....

....

....

....

....

....

....

....

....

.... [6]

1 RSL manufactures paint using flow production. Last year it produced 10 million litres of paint. RSL has 6 managers and 80 employees working in its factory. The managers use different leadership styles. RSL uses email and telephone calls as its methods of internal communication. The Operations Manager wants to understand why some manufacturing businesses are relocating their operations to other countries.

(a) Identify **two** benefits to a business of using flow production.

Benefit 1: ....

....

Benefit 2: ....

.... [2]

(b) Identify **two** reasons why people work.

Reason 1: ....

....

Reason 2: ....

.... [2]

(c) Outline **one** advantage of RSL using each of the following methods of internal communication.

Email: ....

....

....

....

Telephone calls: ....

....

....

.... [4]

(d) Explain **two** leadership styles RSL's managers might use.

Leadership style 1: ....

....

Explanation: ....

....

....

....

Leadership style 2: ....

....

Explanation: ....

....

....

.... [6]

(e) Explain **two** factors a manufacturing business should consider when relocating its operations to another country. Which factor is likely to be the most important? Justify your answer.

....

....

....

....

....

....

....

....

....

....

....

.... [6]