Answer sheet

Contents

[IG Teaching Hub Business Worksheets](#Page2_1) 2

Lesson 14 – Worksheet 2 2

Lesson 14 – Worksheet 3 2

[IG Teaching Hub Business Homework sheets 4](#Page3_1)

Lesson 14 – Homework sheet 4

Worksheet 2

**1** One benefit is that businesses can access their customers continuously, regardless of physical proximity. This means that companies such as Peloton can still deliver their service without having to pay rent for a physical location. This reduces Peloton’s costs and so will improve their competitiveness, leading to higher profits.

A second benefit is that companies with an online business, such as John Lewis, can reach a wider range of customers. They can sell goods to customers who do not live close to their existing stores. This broadens their market without them needing to open any further physical stores.

**2** The growth of e-commerce and e-tailing is a long-term trend but many ‘bricks and mortar’ stores will close down as a result of the pandemic. It is unlikely they will return to the high street quickly and it is probable that many will not return at all. Businesses that do survive will be very different, with their online presence making up a much greater proportion of their total sales. This represents a great shift in the way that businesses interact with their customers and suppliers.

Worksheet 3

<source info: POA L14, Activity 2 (for the text with grey background, other text by author)>

**1** The companies may leave the UK because they will find it easier to do business inside the European Union. There will be certain rules and regulations that affect the way companies trade with each other, and to whom they can sell. It may be cheaper to locate inside the EU because companies outside the EU will be discriminated against in some way. This could be in terms of extra charges that companies outside have to pay. There may also be rules and regulations regarding the people they can hire.

Possible counter argument: The UK may choose to join another trade bloc which would give similar or better benefits to companies locating in the UK. UK companies may not want to have to conform to the commonly agreed rules and regulations and feel their costs will fall if they do not need to follow them. (For example, being part of the EU places restrictions on hiring skilled bank-workers from outside the EU which prevent banks from easily hiring staff from India or the USA.)

**2** There are many reasons why a financial services company may choose to stay in the UK. There are benefits to being close to other companies in the same sector. There is a large market of financial services consumers in the UK already, and there is a pool of highly skilled labour that the companies can access in the UK. For many companies, language is also an issue. Many financial services consumers will be in other countries where English is the second language. They may not speak French, so France is less desirable as a location for them.

Possible counter-argument: The much lower costs which banks may receive from operating in France may allow them to train workers there (or in any other EU country, for example in Ireland where wages are much lower than in the UK, but the same language is spoken.) They may also choose to relocate their existing staff from the UK to lower-cost centres where they can still easily provide services in Europe.

Homework sheet

**<source info>pages 414 and 415** [Page 3 – Edexcel International GCSE (9–1) Business Student Book: Teacher Resource Pack - ActiveTeach (activeteachonline.com)](https://www.activeteachonline.com/product/view/id/963/page/3/mode/dps?modal=/player/document/id/766089)

**1** Calculate the monthly rent for each site assuming that the company employs 2000 staff.

Monthly rent for site A is given by:

2000 × 200 × US$1.00 = **US$400 000 per month**

Monthly rent for site B is given by:

2000 × 200 × US$1.10 = **US$440 000 per month**

Governments may try to influence the location of businesses.

**3** One reason why governments try to influence location decisions is to avoid congestion where there is already enough or too much development. This will reduce the strain on existing infrastructure, such as roads, schools and hospitals. Governments may also aim to minimise the impact businesses might make on local communities. For example, most people would object if a business opened a noisy night club in a highly residential area or if a large petrochemical company established a refinery in a national park.

Some governments use regional policy to help develop ‘poorer’ areas. Regional policy provides opportunities for businesses. For example, governments use incentives, such as quick planning permission, investment grants, tax breaks, employment subsidies and rent-free factory space, to attract businesses. In this case the government is keen to attract businesses to the greenfield area where Site A is located. The government is offering US$500 000 of support if the New Delhi Insurance Company locates its call centre there.

**4** Service providers like the New Delhi Insurance Company are likely to consider a range of factors when choosing a suitable location for new operations. These might include proximity to market, the cost of land, accessibility and parking, amenities and recreational facilities, network services and competition. In this case, the New Delhi Insurance Company hopes to locate its new call centre in an urban area where its new recruits have access to a wide range of amenities and leisure facilities, such as restaurants, coffee bars, sports clubs and cinemas. This is important because the company will need to attract 2000 well-qualified employees to help staff the call centre.

As the importance of electronic data continues to grow, businesses will require greater and more capacity. Also, many businesses operate in an increasingly global economy. This means that access to continuous communication systems is vital. These growing requirements have made connectivity a major concern formany office-based businesses, for example. In this case, the New Delhi Insurance Company is opening a large call centre. This will require first class communication networks and that would therefore be a key issue.

**5** In this case both Site A and Site B have specific advantages. One of the main benefits of Site A is the quality of the office space available. Site A provides a brand new purpose built office block on the outskirts of the city about 3 miles (5 km) from a large residential area. Since the New Delhi Insurance Company needs to attract 2000 new workers, proximity to a large residential area is also attractive.

Information in the table also shows that graduate unemployment around Site A is 8.6 per cent. Since the company needs to attract well-qualified and university educated employees to staff the call centre, the higher level of graduate unemployment means there will be more people available to choose from. Site A can also provide efficient electronic communication connections that are likely to be important for a call centre. Finally, Site A is also attractive financially. Monthly rent will be US$400 000 compared to the US$440 000 at Site B. Site A also is a greenfield site and the government is keen to attract businesses to the area. Financial support of US$500 000 is being offered to the New Delhi Insurance company if it chooses to locate there.

Site B also has attractions. This is a city centre site close to all the amenities. This could be important to the insurance company because it hopes to locate its new call centre in an urban area where its new recruits have access to a wide range of amenities and leisure facilities such as restaurants, coffee bars, sports clubs and cinemas. This is important because the company will need to attract 2000 well-qualified employees to help staff the call centre. Access to these facilities might help the company to attract high quality staff. Transport links to the Site B are excellent. The main railway station is just two minutes walk away. Potentially, this means that the company could attract staff from further away. This would provide more choice during the selection and recruitment process.

The office block at Site B is in a fashionable and popular area, however, the building itself is not modern and will require some investment to upgrade the facilities. The cost of modernising is not given but the site does provide room for expansion if the company needs more office space in the future.

Deciding which site to locate the call centre office is not straightforward here since there are advantages to both sites. The New Delhi Insurance Company has to decide on its priorities. If the company wants to minimise costs, Site A might be a preferable location. Monthly rent is 10 per cent lower, the government is offering US$ 500 000 financial support and the building is purpose-built and ready for occupation. Modernisation will not be required. However, the more expensive city centre site will provide more amenities for workers and might make the recruitment of high quality staff easier. It is very close to the main railway station so it might be possible to recruit staff from further away. To conclude, if cost is the main issue here, then Site A would be the preferred location. However, if staff recruitment and meeting staff needs is more important, then Site B might be more attractive. It is a close call!