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Teacher view

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# The big picture

Location refers to the geographical position of a business; in other words, to where the business is positioned or sited. Determining the location is one of the most important decisions that a business makes.

Suppose an entrepreneur sets up a bakery in an area where no one lives or works. The bakery would have no access to customers. Or imagine a business builds a factory in an area where there are no workers available; the business would have no access to human resources. Neither of these locations would work for the businesses because they lack connections to markets and resources, both of which a business needs to produce and sell its product.



**Figure 1.** A bad location may mean that a business cannot access customers or resources.

Credit: lupengyu, Getty Images

Student view

Like all business decisions, a good location choice will depend on both internal and external factors and how they interact. For example, the cost of resources such as renting a physical building or paying workers in a particular area will be determined by external economic factors. But this will have a major impact on a business's finances, operations and human resources management.

The dynamic nature of the external environment means that a good location today may not be a good location tomorrow. A business needs to evaluate its location continuously in order to ensure that it is well positioned to meet its customers' needs and that it can access the financial, human and physical resources it requires to make its products.

In this subtopic, you will learn about some of the factors that affect the selection of a business location. You will also learn about ways that a business can access different locations without moving its core operations.

### **Learning objectives from the IBDP Business Management guide with assessment objective level:**

- **Explain** the reasons for a specific location of production (AO2)
- **Evaluate** outsourcing/subcontracting, offshoring, insourcing and reshoring as ways of reorganising production, both nationally and internationally (AO3)

5. Operations management / 5.4 Location

## **Location of production**

Location of production      Location of production

### **① Exam tip**

A common mistake students make is to confuse the terms 'location' and 'place'. Place is part of the marketing mix and represents all decisions relating to the distribution of a product. However, this unit focuses on location, which is the physical space in which a company chooses to carry out its operations.



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There are some circumstances where the concepts of location and place overlap. For example, it is difficult to distinguish between location and place when thinking about a hotel and the services it provides.

Businesses consider many factors when choosing a location. For a physical retailer, one of the most important factors is the amount of foot traffic and the demographics of potential customers in the area. Retailers that sell expensive clothing and accessories, for example, will want to sell in a location where high-income customers are likely to go. So, it makes sense that many of these retailers would locate near each other, to take advantage of the customers that are already there.

The global real estate company Cushman & Wakefield periodically publishes information on Main Streets Across the World

(<https://www.cushmanwakefield.com/en/japan/insights/main-streets-across-the-world-2019>).

The company lists the world's most expensive streets in terms of rental prices. These are where many global retailers of expensive clothing and accessories are located. Renting a space on one of these streets is very costly for a business. **Table 1** shows the average rent per square foot of a retail space on the ten most expensive streets in the world.

**Table 1. Top 10 most expensive retail streets in the world in 2019.** Source: 'The World's most expensive shopping streets' (<https://www.cushmanwakefield.com/en/japan/insights/main-streets-across-the-world-2019/print/>)

	City	Location	Rent per square foot per year (USD)
1	Hong Kong	Causeway Bay	2745
2	New York	Upper 5th Avenue	2250
3	London	New Bond Street	1714
4	Paris	Avenues Des Champs Elysées	1478
5	Milan	Via Montenapoleone	1447
6	Tokyo	Ginza	1251
7	Sydney	Pitt Street Mall	1076

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	<b>City</b>	<b>Location</b>	<b>Rent per square foot per year (USD)</b>
8	Zurich	Bahnhofstrasse	866
9	Seoul	Myeongdong	862
10	Vienna	Kohlmarkt	513

As at the time of publishing this book, the rental data had not been updated since before the COVID-19 pandemic. Lockdowns and a significant decline in tourism have caused rental prices in many of these locations to decrease significantly. For example, Cushman & Wakefield reported that in 2021 that many retail spaces in prime shopping areas of Hong Kong were renting at an 80% discount from their peak in 2014.

This decline in rents reflects the fact that many retailers no longer want to open or maintain stores on these shopping streets. The locations are not as desirable as they once were, and retailers are rethinking where to sell their products. This is just one example of how the dynamic external environment can affect location decisions.

There are many reasons why a business would choose one location over another, including:

- sociocultural factors
- technological factors
- economic factors
- environmental and ethical factors
- political and legal factors

This is an excellent opportunity to use the STEEPLE factors ([Section 1.1.5 \(/study/app/business-hl/sid-351-cid-762729/book/tool-swotsteeple-analysis-id-36504/\)](#)). Using STEEPLE, you can understand in greater detail how the external environment can affect the business and its location decisions. Some of the factors will be easy to quantify for a business for decision-making, such as the economic factors of land, labour and finance costs. Other factors, such as sociocultural factors, are more qualitative. These are less easy but just as important to include in decision-making.



## Sociocultural factors

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Sociocultural factors relate to the way people live and what they believe and value, including religion, cuisine, family life, demographics, health education and leisure. These factors will affect what people choose to buy and how they choose to spend their time. Businesses need to be aware of the current and changing sociocultural context so that they can ensure that their location gives them access to the target market that is most interested in their product. Locating near the target market with the right sociocultural (demographic) characteristics should improve marketing and reduce costs of transportation.

Business knowledge and the strength of ties to the local area and community, as well as concern for the welfare of customers, are also qualitative reasons why a business might want to locate in a certain area. The business owners and employees may have a preference for the quality of life in a particular area, which could also drive location decisions.

### ⌚ Making connections

HL students learned about Hofstede's cultural dimensions in [Section 2.5.5 \(/study/app/business-hl/sid-351-cid-762729/book/tool-hofstedes-cultural-dimensions-id-39406/\)](#). These cultural dimensions of a country can impact organisational culture. National culture will certainly have an impact on location decisions for multinational companies as they consider how their organisation may be affected by the norms of a country.

## Technological factors

Access to efficient transport networks allows customers to visit stores and suppliers to deliver raw materials. This has the double advantage of increasing potential sales while reducing costs. You learned about these reductions in costs, called [external economies of scale in Section 1.5.2 \(/study/app/business-hl/sid-351-cid-762729/book/internal-and-ext-economies-id-36534/\)](#).

It is common to find businesses clustering at the intersections of major roads in areas where cars dominate transport. In city centres, however, infrastructure that supports foot and bicycle traffic may be more important. More and more cities are changing the [infrastructure within](#) their city centres, making it difficult to drive and easier to walk or cycle. While you might think that this would make those areas less attractive to businesses, research shows that customer access actually improves for businesses with such changes, making pedestrian and bicycle-friendly areas very attractive to businesses.



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**Figure 1.** Generally, businesses will want to locate where the infrastructure supports large numbers of people travelling on foot or by bicycle.

Credit: Eloi\_Omella, Getty Images

Technological changes related to remote working and e-commerce have had a huge impact on the location decisions of businesses. Some businesses no longer need offices, and the COVID-19 pandemic has accelerated the trend towards remote working. Businesses can avoid the high cost of office space if they can adapt to remote working patterns, as Airbnb has done. Technology affects e-commerce location decisions, because orders can be placed from anywhere and can be delivered to anywhere. However, if the business needs to hold stock (inventory), there will be a variety of factors affecting the location of those facilities.

## Economic factors

The costs of land and facilities are factors for businesses' decisions about location. As shown in **Table 1**, some retail locations are very desirable and command high prices. Generally, the more people that converge on a location, the greater the chance there is of attracting customers, provided that the business is meeting their needs and wants. Demand for busy locations is high and the cost of land and facilities in these locations, whether to rent or buy, will also be high.

The availability, quality and cost of labour in a region will also affect location decisions for a business. Germany has a large number of highly trained engineers, so businesses that need those skills and are willing to pay higher wages may want to locate there. Tesla, for example, decided to locate its European automobile factory in Germany in part because of the skilled labour there. However, for businesses where production is labour intensive and requires fewer high-tech skills, it may make sense to move operations to a country that has many unskilled

workers who can be paid less. Clothing manufacturing is still very labour-intensive work and the competition in the industry is fierce, putting pressure on manufacturers to cut costs. This is why many clothing manufacturers are located in Bangladesh, where labour is abundant and wages are low.

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**Figure 2.** Businesses may need to consider the availability of skilled labour when they decide on a location.

Credit: Thomas Barwick, Getty Images

Another factor affecting businesses' location decisions is the availability of the suppliers they need. If there are many suppliers in an area, then competition may keep supply costs low for the business and there will be a choice of quality of supplies. Also, the closer the suppliers are to the business, the less chance there is of supply chain disruptions.

A further factor relating to the location of suppliers is clustering. Clustering refers to a situation where similar businesses are located near each other. You might think it would make more sense for similar businesses to spread out. But similar businesses that are near each other can take advantage of a larger customer base that comes to a location where it is known that these businesses locate. Suppliers are also more likely to locate where they know that there are multiple customers. This creates a kind of positive networking effect, or ecosystem, between the businesses.



Student view



# Environmental and ethical factors

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The location of a business can have significant ethical implications for the business. If a business chooses to locate in a particular region due to lower cost labour or weaker environmental protections, these would not be ethical location decisions. While the lower production costs may be attractive for the business, it is not ethically acceptable to choose a location so as to exploit people or the planet.

On the other hand, businesses could choose a location to enhance their ethical and environmental impact. For example, a clothing manufacturer could choose to locate in an area where there is significant unemployment, committing to paying fair wages, under conditions that support workers' well-being. A business could also choose to locate in an area where it can be involved in regenerating ecological systems, making positive contributions to the environment.



## Concept

### Ethics

Ethics refers to moral principles that govern the behaviour of a person or groups. Every business decision has moral implications, and businesses are often engaged in the question of 'what is the right thing to do?'

Ethical responsibilities in business come from the relationships and networks that are formed when business organisations are established. Businesses have a duty to engage positively in reciprocal relationships with their stakeholders and their natural environment.

Because location decisions involve impacts on both people and planet, businesses need to consider the ethical issues associated with their location, or relocation, decisions.

# Political and legal factors

Political stability in a country is an important factor for businesses because of the importance of a predictable political environment. Even if the location is good for other economic reasons, political unrest can quickly turn a functioning economy into chaos. It can also lead to unstable exchange rates and unpredictable trade relationships, which can disrupt supply chains.



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**Figure 3.** Political instability can cause uncertainty and disrupt economies.

Credit: Edy Purnomo, Getty Images

Legislation and regulation is also an issue to consider. Some countries regulate business activity more than others. While such regulation often has positive consequences for workers' rights and environmental protection, the regulations will constrain the operations of a business and the business will need to be aware of what laws are relevant to its activities in a particular location. Trade barriers and free trade agreements can also impact the ability of a business to import resources and export its products. The benefits of locating all or part of a business in another country could be quickly erased if tariffs are imposed.

Sometimes governments will offer financial help to businesses that locate in a particular area, for example to a city with high unemployment. This financial support might be in the form of free land, lower tax rates, or even a direct subsidy, all of which can reduce business costs. Governments do this as it helps them to achieve their own economic objectives.

Altogether, there are many factors that a business must consider when it decides on a location. The dynamic nature of internal and external factors of a business make location a constant consideration for most organisations.

## Activity

**Learner profile:** Thinkers

**Approaches to learning:** Thinking skills (transfer)



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Different types of businesses will weigh up the factors for location differently. You should be able to identify which factors may be important for different types of businesses.

- On your own, or with a partner, consider the types of businesses listed in **Table 2** and discuss two or three factors that would be important for a location decision.

**Table 2.** Location factors to be considered by different types of business.

Type of business	Most important factors to consider location
Manufacturing (with unskilled labour)	
Manufacturing (with skilled labour)	
Retailer (physical store)	
Retailer (online)	
Technology business (such as artificial intelligence or cloud computing)	

## Activity

**Learner profile:** Inquirers

**Approaches to learning:** Research skills (information literacy)

For many years, Silicon Valley in California, USA has been a global centre for technology startup. Now there are many cities around the world that are known for being good places for such startups, including Beijing, London, Bengaluru, Paris, Berlin, Singapore, Tel Aviv, São Paulo, Seoul, Amsterdam and Stockholm.

- Choose one of these cities and carry out some quick research on the internet to find out what makes that city a good place for technology startups.

## 2 section questions ^

### Question 1



- 1 Location      ✓ refers to the geographical position of a business; where it is positioned or sited.



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### Accepted answers and explanation

#### #1 Location

##### General explanation

Location refers to the physical position or site of a business. This is different from 'place' in the marketing mix, which refers to how a product or service is distributed. Location decisions depend on many internal and external factors.

#### Question 2

Which of the following is **unlikely** to be a reason for a business to locate in a particular place?

1 High taxes ✓

2 Abundant skilled workers

3 Access to a large target market

4 Low rent for facilities

#### Explanation

High taxes, all other things equal, are generally unattractive for businesses because they increase the cost of production and lower profits. High taxes generally deter businesses.

The other options are considered factors that would attract businesses to a location.

5. Operations management / 5.4 Location

# Methods of reorganising production

Ways of reorganising production      Ways of reorganising production

A business may need to reorganise its production facilities as a result of business growth, a changing external environment or revised business objectives. This section explores the following methods of reorganising production:

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- outsourcing (subcontracting)
- insourcing
- offshoring
- reshoring

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## Outsourcing (subcontracting)

Outsourcing (subcontracting) involves a business hiring an external company to carry out a task that it could do itself.

Imagine you pay a builder to build you a house. It is a complex task and requires many different skills. For instance, the skills necessary to install the electrical cables safely are very different from those needed to connect the home's water supply. As it is unlikely that one person can do all these tasks, the builder will need to hire (or subcontract) work to skilled electricians and plumbers. The subcontractors are paid by the builder. The builder still has ultimate responsibility for ensuring the job is done, and they will also be the only person you pay.

The practice of outsourcing or subcontracting is more widespread than you might think. In fact, it is standard practice for major global clothing brands not to make any of their products at all. The companies use a vast network of subcontractors, predominantly based in Asia, where low minimum wages and poorly enforced labour laws help to keep costs down.

The benefits of arranging production in this way are clear. Building and running factories is expensive and this cost can be passed on to the subcontractor. Also, if there is a downturn in demand, the company can simply end its contract with the subcontractor without having to worry about factory overheads or staff redundancy costs.

The downside is that the use of subcontractors results in a loss of control. As the company does not own the factories, it makes it more difficult to know and regulate what goes on inside them. This has resulted in regular scandals for major consumer retailers. This is especially true in the clothing industry, where subcontractors have been found to exploit workers – particularly young women – in dangerous conditions.



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**Figure 1.** Most global clothing retailers outsource/subcontract work to other companies abroad, rather than producing the clothing themselves.

Credit: Roberto Westbrook, Getty Images

## Offshoring

Offshoring is the relocation of a business function to another country. As discussed in the previous section, it is becoming more common for companies to transfer part of their activities to another country. In fact, countries and regions are developing specialised advantages to attract international companies. These include:

- research and development in the UK
- consumer electronics assembly in South-east Asia
- clothing production in Bangladesh
- ICT call centres in India

By relocating some business functions overseas, companies can lower costs and increase productivity. However, it is important to remember that both communication and transportation will be made more difficult by offshoring. Offshoring has also been criticised for unethical practices such as exploitation of labour in low-income countries, including use of child labour, below-living wages and dangerous conditions. Environmental damage may also be more likely when companies offshore, particularly to countries with weak environmental protection laws or enforcement.



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## 🌐 International Mindedness

Businesses that consider offshoring need to be very careful to understand the risks associated with the external environment in the host country.

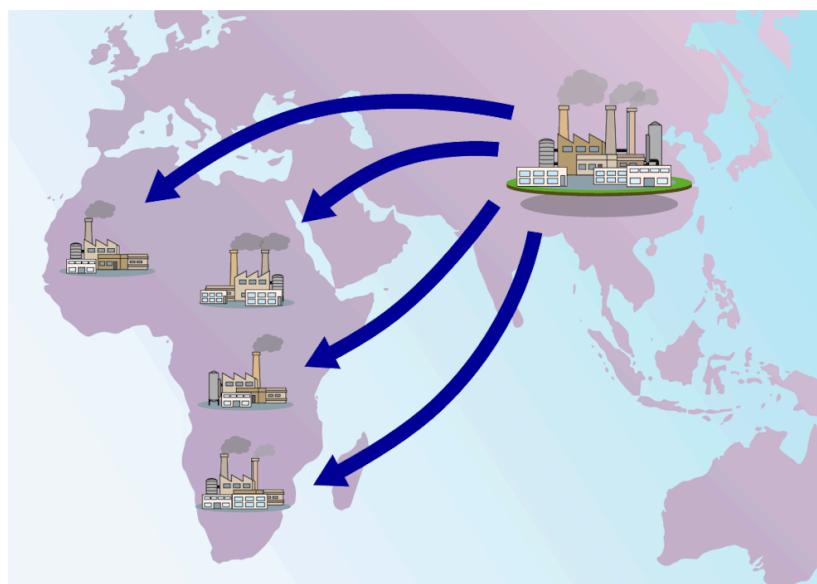
Changing economic factors such as recession and inflation can quickly change the revenues and costs of production. Political instability can make it difficult to predict laws and regulations and can even undermine an entire economy. Changing laws may make it more costly or difficult to operate over time.

While offshoring may be attractive for lowering costs of production at a particular time, it carries significant risks, both financial and ethical, for the business as well.

## ⚖️ Theory of Knowledge

Multinational companies often use outsourcing (subcontracting) in locations abroad to produce the goods they sell. When subcontractors violate laws or the ethical principles the company stands for, for example paying workers too little, the company may be tempted to say that it did not know about what the subcontractor was doing.

- Does subcontracting work relieve a business of its responsibility ‘to know’?



**Figure 2.** Offshoring is the relocation of the business function to another location.

🔗 More information for figure 2

The image is a diagram illustrating the concept of offshoring. It features a world map with several factories placed at different locations. There is a central, larger factory located in the upper right region of the map, representing the original business location. Arrows extend from this factory to smaller factories scattered across different continents, indicating

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the relocation of business functions. The factories appear in regions representing Europe, Africa, and Asia. The arrows are thick and blue, showing the direction of the offshoring process from the original location to the other regions. Smoke is depicted rising from the chimneys of the factories, symbolizing industrial activity.

[Generated by AI]

### ⓘ Exam tip

Students often get confused between outsourcing and offshoring. You should remember that when the business outsources, it uses another business to perform activities that it needs for the business. Offshoring involves setting up production in another country.

It is possible for a business to be both outsourcing and offshoring at the same time. When a company like Apple uses production facilities in China through another company, such as Foxconn, this is both outsourcing and offshoring.

## Insourcing

Insourcing involves ending contracts with external suppliers to undertake previously outsourced business functions. Insourcing is the opposite of outsourcing.

Though outsourcing can bring about significant cost savings, it also requires companies to give up a certain degree of control. Outsourcing means that companies place their reputation in the hands of others. Some companies may decide that the cost savings are no longer worth the risk and bring these activities back 'inhouse'. Other reasons for insourcing may include the need to keep hold of commercial secrets, improve quality, or save costs, if the outsourcing did not result in the predicted efficiencies.

## Reshoring

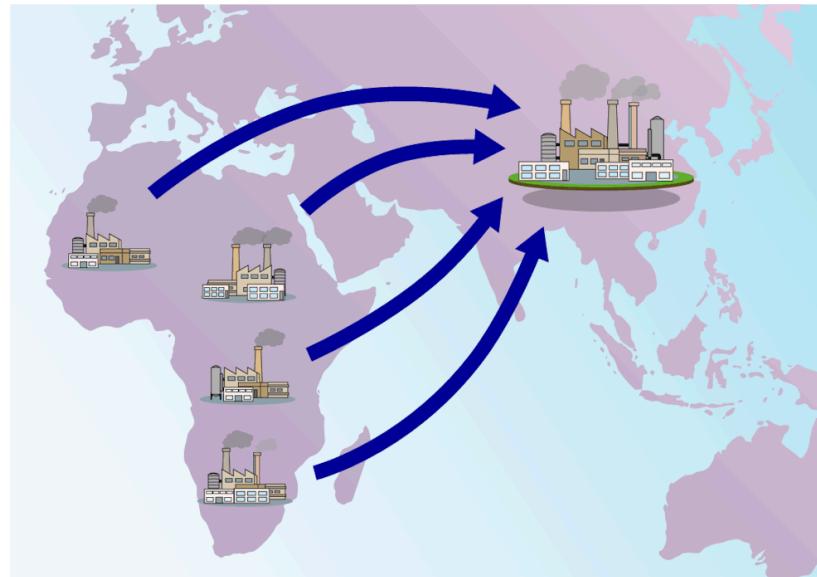
Reshoring involves bringing back production to a country from a location abroad. Typically, this is done so that a business can manage its supply chains more effectively. It enables the business to have more control over production and operations and reduces the risks involved with offshoring. For example, many businesses have decided to reshore production after experiencing supply chain disruptions during the COVID-19 pandemic. While the risk of a



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 pandemic was always there, the reality of it made the financial and operational risks of offshoring even clearer. There could also be country-specific external factors or business-specific internal factors involved in a decision to reshore.

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(/study/app/hl/sid-351-cid-762729/o) However, reshoring may result in higher costs of production for businesses and could meet resistance from workers. Supply chains would need to be redeveloped, and workers abroad would lose their jobs. These represent significant barriers for any decision to reshore.



**Figure 3.** Reshoring is when a business brings back its operations from overseas.

 More information for figure 3

The image is a map illustrating the concept of reshoring, where multiple factories from various locations are moving operations back to a central facility. The background shows a world map with outlines of continents. Factories are depicted in multiple locations towards the left of the image, on land resembling parts of South America and Africa. Blue arrows point from these factories towards a larger factory depicted on the right side of the image, over a landmass resembling Asia. The arrows signify the movement of manufacturing operations back to a central location, possibly indicating reshoring from developing regions back to a developed region. Factories are simplistic in design, showing smokestacks emitting smoke, highlighting the industrial aspect.

[Generated by AI]

## Activity

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**Learner Profile:** Knowledgeable

**Approaches to Learning:** Self-management skills (organisation)



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The text above outlines some advantages and disadvantages of different ways of reorganising production. In this instance, outsourcing and offshoring have been presented together so that a point could be made about the distinction in the terminology. However, when you are studying, you may find that grouping outsourcing and insourcing together, and offshoring and reshoring together makes sense.

- Copy and complete this table in your notes to summarise this evaluative information for your studying.

Advantages and disadvantages of different ways of reorganising production.

	Advantages	Disadvantages
Outsourcing / subcontracting		
Insourcing		
Offshoring		
Reshoring		

## Case study

### Reshoring

Disruptions to global supply chains caused by the COVID-19 pandemic, geopolitical conflict and rising labour costs around the world are causing many businesses to consider reshoring their operations to their countries of origin.

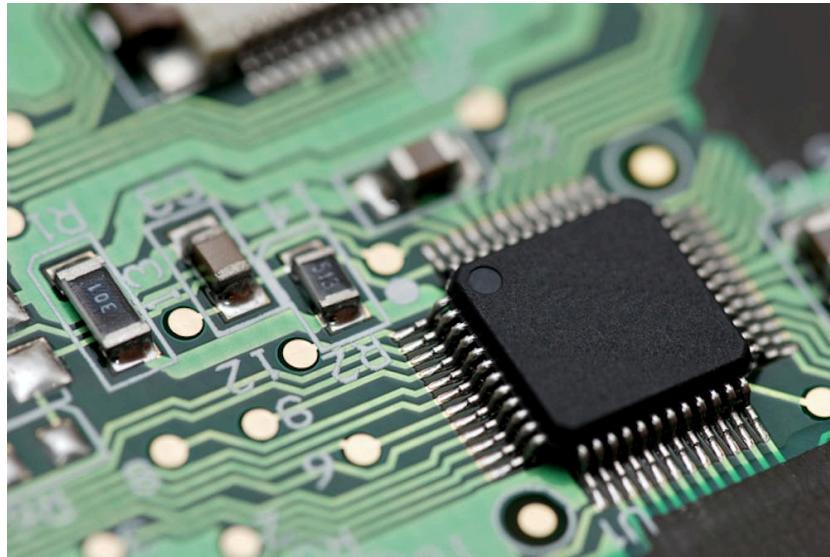
For example, Wolfspeed, an American multinational electronics company, recently built a new microchip factory in the United States. This factory can serve the technology needs of other US companies, particularly in the automobile manufacturing industry, who have been facing severe disruptions to semiconductor supply chains from Asia.



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**Figure 4.** Reshoring microchip production could alleviate supply chain disruptions in

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Feedback

Technology industries

Credit: iStock Getty Images  
<https://www.gettyimages.com/detail/reasons-for-spec-locn-of-prodn-id-39492/print/>

**Assign**

Governments, understanding how important reshoring may be for production and local jobs, are supporting the reshoring initiatives with funding. For example, the US government has committed 52 billion USD to support factory construction in the microchip industry. This should help alleviate future supply chain problems for industries that rely on semiconductors for their technologies.

However, it is unclear whether the US economy can support growth in this reshored industry. Labour markets are tight, particularly in the skills that workers need for the microchip industry. Wages are rising. In addition, the microchip industry itself depends on a global supply chain of materials. Producing the microchips in the US may not resolve the supply chain problems of Wolfspeed or the other businesses that depend on the company's products, because global markets are so interdependent. Other countries are also trying to increase production of microchips, so that global competition in the future could again drive down prices and make manufacturing in the US unattractive.

### Questions

- Define reshoring. [2 marks]
- Explain two possible disadvantages of reshoring. [4 marks]

#### Question 1

Reshoring involves bringing back production to a country from a location abroad, usually so that the business can manage its supply chains more effectively.

**Define** is an AO1 level command term, requiring the precise meaning of a term.



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- One mark is given for a vague definition.



- Two marks are given for a complete definition.
- Definitions do not require application to the stimulus material.

## Question 2

One disadvantage of reshoring is higher costs of production. Often businesses decide to offshore in search of lower costs, especially for labour. Lowering costs of production can increase profits. If a business like Wolfspeed decides to reshore production, this could result in higher costs of production due to economic conditions. The article mentions that labour markets in the US are tight and wages are rising, which indicates that Wolfspeed will have this issue.

A second disadvantage of reshoring is that the business will need to reorganise its supply chains. This could take time and raise costs, making reshoring unattractive. In the case of Wolfspeed, even by redeveloping supply chains, the company will still be a part of a global network of producers that could face disruptions. So, producing microchips in the US may resolve some, but not all, supply chain issues.

**Explain** is an AO2 level command term, requiring a detailed account including reasons or causes. Explain *why*, explain *how*.

- Other responses may be possible and, if appropriately explained and applied in context, may receive full marks.

To achieve full marks, you must always include theory and application to the case study in your responses to the **explain** command term.

## 3 section questions ^

### Question 1

The following are all disadvantages of reshoring, **except**:

- 1 More control over supply chains ✓
- 2 Loss of an experienced workforce
- 3 Resistance by existing staff
- 4 Higher labour costs ✗

### Explanation



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Reshoring may result in a number of disadvantages, including higher costs of production for businesses, resistance from workers and loss of experienced workers. Supply chains would also need to be redeveloped. These represent significant barriers for any decision to reshore.

However, having more control over supply chains is an advantage of reshoring, rather than a disadvantage.

## Question 2

A 1 subcontractor ✓ is an external business that is hired to carry out a task on behalf of a business.

### Accepted answers and explanation

#1 subcontractor

#### General explanation

Businesses often hire subcontractors to carry out a task. This could be because the subcontractor can do the task more quickly, at lower cost, or with better quality than the business itself.

## Question 3

Which of the following is the term used to describe the process of whereby a business ends a contract with an external supplier in order to undertake a previously outsourced business function?

- 1 Insourcing ✓
- 2 Outsourcing
- 3 Reshoring
- 4 Offshoring

#### Explanation

Outsourcing involves a business hiring an external company to carry out a task that it could do itself. Insourcing is the opposite of that, where a business ends a contract with an external supplier in order to undertake that previously outsourced work itself.

The other two terms involve moving operations abroad (offshoring) or bringing operations back to the home country (reshoring).



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5. Operations management / 5.4 Location

# Terminology exercise

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Feedback



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Assign

**Check that you understand the terminology used in this subtopic by dragging the correct word into each space.**

The term \_\_\_\_\_ refers to the geographical position of a business; in other words where the business is positioned or sited. This is different from the term \_\_\_\_\_, which is part of the marketing mix and refers to the distribution channel used by the producer.

There are many internal and external factors that can affect the location decisions of a business.

\_\_\_\_\_ is a good framework for thinking about the external factors affecting location decisions.

In addition to location decisions, businesses often need to consider reorganising production in response to internal and external factors and changing organisational objectives. The term \_\_\_\_\_

refers to a business hiring an external company to carry out a task that it could do itself. The opposite of outsourcing is \_\_\_\_\_, where a business ends a contract with an external supplier in order to undertake a previously outsourced business function itself.

In addition to hiring other companies to take on some operations, a business may decide to relocate some of its operations to another country. This is called \_\_\_\_\_. However, there may be times when a business needs to bring production back to the home country, for example if economic or political conditions change. This is called \_\_\_\_\_.

place location reshoring STEEPLE offshoring insourcing outsourcing

Check

## Interactive 1. Terminology Exercise: Business Location and Outsourcing.



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5. Operations management / 5.4 Location

# Checklist

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**Section**

Student... (0/0)

Feedback

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**Assign**

## What you should know

By the end of this subtopic, you should be able to:

- define the following terms: (AO1)
  - location
  - outsourcing/subcontracting
  - offshoring
  - insourcing
  - reshoring
- explain the reasons for a specific location of production (AO2)
- evaluate outsourcing/subcontracting, offshoring, insourcing and reshoring as ways of reorganising production, both nationally and internationally (AO3)

5. Operations management / 5.4 Location

# Reflection

**Section**

Student... (0/0)

Feedback

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**Assign**

## Teacher instructions

The goal of this section is to encourage students to pause at the end of the subtopic and to reflect on their learning. Students can use the questions provided below to guide their reflection. The questions encourage students to look at the bigger picture and to consider how the subtopic's contents might have impacted the way they view the subject.

The following table shows you how each prompt aligns to the DP *Business management guide*:



Student view

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Prompt #	Syllabus alignment
1	<b>Concept:</b> Ethics, Sustainability
2	<b>Learner profile:</b> Thinkers
3	<b>Learner profile:</b> Balanced

Students can submit their reflections to you by clicking on 'Submit'. You will then see their answers in the 'Insights' part of the Kognity platform.



## Reflection

In this subtopic you learned about location of production.

Take a moment to reflect on your learning so far. You can use the following questions to guide your reflection. If you click 'Submit', your answers will be shared with your teacher.

1. Is it ethical to outsource production to a country with a poor environmental record?
2. Think about examples of clustering you have seen in your community. What political, social or economic factors facilitated this clustering? How would the clustering change if one of the STEEPLE analysis factors (see [Section 1.1.5 \(/study/app/business-hl/sid-351-cid-762729/book/tool-swotsteeple-analysis-id-36504/\)](#)) were to change?
3. Should governments use taxpayers' money to encourage businesses to locate in a specific area?

⚠ Once you submit your response, you won't be able to edit it.

0/2000

X  
Student view

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### Rate subtopic 5.4 Location

Help us improve the content and user experience.



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**Section**

Student... (0/0)

Feedback

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**Assign**Student  
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