

9.1 Location and scale

Name: _____ Class: _____ Date: _____

Total: 29 marks

KEY WORDS location • optimum scale • relocation
• location and scale • offshoring

Objective

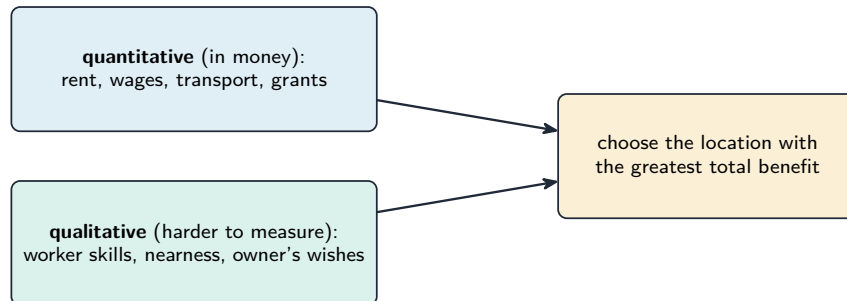
Build the skills to answer exam questions on **location and scale** – **quantitative and qualitative** location factors, **offshoring**, and the **optimum scale** of operation.

You must be able to:

- classify location factors as quantitative or qualitative
- explain offshoring and the optimum scale of operation
- analyse and evaluate a location or relocation decision

1 Key knowledge and worked examples

■ Choosing a location

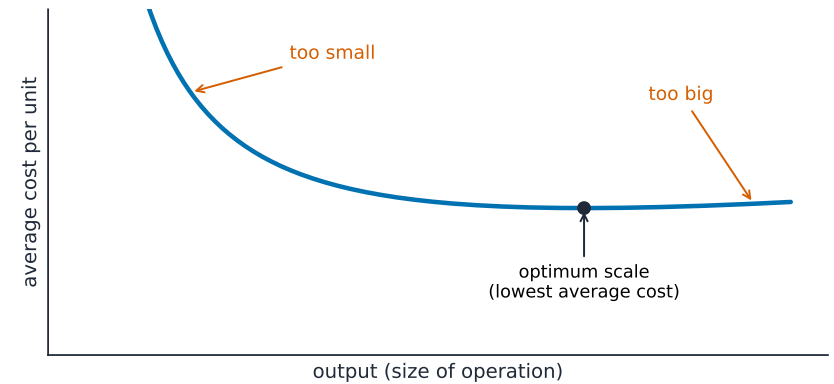


Quantitative (rent, wages, transport, grants) and qualitative (skills, nearness, owner's wishes) factors

- **Quantitative factors:** measurable in money – rent, wages, transport, grants.
- **Qualitative factors:** harder to measure – worker skills, nearness to customers, owner's wishes.
- **Offshoring:** moving production abroad (lower wages, new markets) – but longer

supply lines and culture risk.

- **Optimum scale:** the size where average cost per unit is lowest.



optimum scale = min average cost

The optimum scale is the output where average cost per unit is lowest

Answer shapes: AO1 + AO2 + AO3 (reasoning chain) + AO4 (a supported judgement *in context*).

2 Practice

2.1 State the difference between a *quantitative* and a *qualitative* location factor. [2]

2.2 Define the term *offshoring*. [2]

2.3 Define the term *optimum scale of operation*. [2]

3 Exam-style questions

3.1 Explain one factor a business should consider when choosing a location. [3]

3.2 Analyse two reasons why a business might **offshore** its production. [8]

3.3 A manufacturer is deciding whether to relocate its factory to a lower-wage country. Evaluate this decision. [12]
