

Solutions

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

Each answer shows the steps, then the **result**.

2.1

- any **two** of: near raw materials / near the market / land cost / labour / transport / grants (K, K)

2.2

- a service business: **nearness to customers** (or passing foot traffic) (K)

2.3

- any **one** of: new customers / lower wages or rent / nearer raw materials / avoid tariffs (K)

3.1

- any **two** of: near customers / passing traffic / nearby shops / the rent (K, K)

3.2

- for **each** of two factors: K + An, max 3 each
- e.g. **near raw materials**: heavy materials costly to move → locating nearby cuts transport
- e.g. **suitable labour**: enough skilled workers nearby → the factory can be staffed

3.3

- **for moving**: lower wages cut costs; may reach new customers
- **against**: different laws and languages, higher transport back, loss of quality/control
- **judgement (Ev)**: move only if the wage saving outweighs the risks and quality can be kept