

4(a)	Explain <u>two</u> factors LB's managers should consider when deciding which method of communication to use to inform employees about the expansion plans. Award 1 mark for each relevant factor (max 2). Award a maximum of 3 additional marks for each explanation of the factor that LB's managers should consider when deciding which method of communication to use with employees about the expansion plans – one of which must be applied to this context. Relevant factors might include: • How many employees need to be informed – a large number of employees need to see the information – as everyone will be affected by the expansion • If feedback is needed – managers will know the message has been received – to make sure all employees understand what it will mean for their job role • How much information needs to be included in the message / complexity of the message – if it is a lot of information then a written form of communication should be used – such as an email or letter • If there is need for a written record – as legally a record may be needed for certain types of communication with employees – then there will be communication that can be referred to at some time in the future • Speed / urgency / importance of communication – employees need to be told quickly before rumours are spread around the factory • Cost of the communication methods chosen For example: How many employees need to be informed (1). A large number of employees will need to see the information (1) as everyone will be affected by the expansion plans (1) when building the new factory in country Y (app). Application could include: luxury bathroom products; baths/basins/showers; plan to produce a new range of bathroom products; plans to open a factory in another country; sells in specialist retail shops; website contains information on product range.
------	---

4(b)

Using Appendix 3 and other information, consider the benefits and drawbacks for country Y of LB building its new factory there. Do you think the benefits for country Y are greater than the drawbacks? Justify your answer.

Level	Description	Marks
3	Sound application of knowledge and understanding of relevant business concepts using appropriate terminology. Detailed discussion of both the benefits and drawbacks for country Y. Well-justified conclusion. Candidates discussing in detail both the benefits and drawbacks for country Y, in context and with a well-justified conclusion, including why the alternative benefits or drawbacks were rejected, should be rewarded with the top marks in the band.	9–12
2	Sound application of knowledge and understanding of relevant business concepts using appropriate terminology. Detailed discussion of one benefit or drawback for country Y. Judgement with some justification / some evaluation of choice made. Candidates discussing in detail at least one benefit and one drawback for country Y and applying these to the case should be rewarded with the top marks in the band.	5–8
1	Limited application of knowledge and understanding of relevant business concepts. Limited ability to discuss the benefits and/or drawbacks with little/no explanation. Simple judgement with limited justification / limited evaluation of choice made. Candidates outlining the benefits and drawbacks for country Y in context should be rewarded with the top marks in the band.	1–4
0	No creditable response.	0

4(b)

Relevant points might include:

Benefits	Drawbacks
• It creates jobs – lowering unemployment in country Y – raising incomes in the country and helping to increase economic growth/GDP • Increased investment – the new factory for manufacturing bathroom products will mean new infrastructure may be built also benefiting local businesses • LB could export from country Y – improving its balance of payments – earns foreign currency for country Y to purchase more imports • LB may pay taxes to the government – increases tax revenue to provide more services for its population • Increased consumer choice – more competition and more luxury bathroom products available to buy – as consumers have increasing incomes and it has increased demand for luxury products	• The jobs created may be unskilled and low paid – may make it more difficult for local businesses to meet their labour needs as they expand due to increasing economic growth • There may be reduced sales for the local bathroom manufacturers as their costs and prices may be higher • Profits may be sent back to country X – loss of government tax revenue in country Y • Scarce resources may be used up quickly leaving few non-renewable resources remaining when LB leaves – making economic growth in the future slow down • LB may have some political influence and gain financial support such as grants that could have been spent on local businesses • Increased noise and air pollution when the factory producing bathroom products is being built – may cause damage to the environment and health of the local population

Conclusion

Justification might include:

- Allowing LB to locate in the country has more benefits for country Y than it has drawbacks. The jobs created will help the country develop and may benefit from the transfer of new technology from LB **to the many other bathroom producers** in the country. This may increase their efficiency and improve their productivity. So many other local businesses may benefit which outweighs the drawbacks of LB causing pollution when building the new factory as this is only in the short term.
- The government in country Y should not allow LB to build a factory there as it may not gain tax revenue if the government of country Y has to offer financial support to attract LB to locate there. LB may have lower unit costs from the **economies of scale it benefits from as it is a large business** and therefore may cause the many local bathroom manufacturing businesses to close if they cannot compete.