

# SIZE AND LOCATION OF A FIRM

## MARKING SCHEME

1. 1995
  - Obtains discount because of bulk buying
  - Able to advertise
  - Incurs low costs of production
  - Offers better management because of specialization
  - Allows diversification in order to reduce risks
  - Able to cater for staff welfare
  - Large output due to many channels
2. 1995
  - Leads to congestion
  - Cause pollution
  - Increase social evils
  - -Leads to widespread unemployment
  - -Can lead to economic depression during times of war, calamities
3. 1996
  - Where the firm is producing perishable products
  - Where the firm is producing fragile products
  - Where the raw materials are cheaper to transport than final products.
  - Where the market for the produce is concentrated in the area.
4. 1997
  - Cost of land
  - Availability of room for expansion
  - Government policy on land utilization
  - The nature of the land
  - Proximity, auxiliary services
  - Convenience
  - Get exact value of his money
  - Receive genuine goods directly from manufacturer
  - Cheap
5. 1997 P2
  - The country will achieve balanced economic development
  - Creation of job opportunities in all regions of the country
  - Reducing rural / urban migration
  - Technology transfer to rural areas
  - Location of industries in rural will lead to infrastructural development.
  - May lead to establishment of subsidiary
  - May lead to expanded utilization of resources
  - May lead to even distribution of social amenities
  - May achieve a more even distribution of income between regions.
6. 1998
  - Get services for 24 hours
  - Require fast service
  - Convenience / Next To A Person
  - Receive genuine / first class goods directly from manufacturer
  - Cheap/doesn't require labour.

**7. 1998**

- Reduce transport cost
- Get quality raw materials
- Enhance continuous production
- Avoid wastage of raw materials
- Reduce its cost of production.

**8. 1998**

- -Lack of capital
- Competition techniques
- -Lack of market
- -Expensive
- -Poor management
- -Poor infrastructure
- Lack of commercial services.

**9. 1998 P2**

- Personalized services: small scale retailers provide personalized services and are therefore able to attract and retain customers which are not offered by supermarkets.
- accessibility of small scale retailers / convenience of locating small scale retailers are conveniently in urban centres.
- Credit facilities small scale retailers offer credit facilities to some of their customers which are not available to specific customer needs.
- Adaptation to specific customer needs small scale retailers easily adapt to the specific client.
- They can sell goods in small units than the supermarkets.
- Running costs of small scale retailers are little and this makes it easier for them to survive unlike small markets which require huge capital to operate.
- Management: Small scale businesses the risks involved are low while in supermarkets are great.
- Starting/ initial capital starting small scale retailers a suitable for people form of low income.
- Flexibility- it is easier for small scale retailers to change from one form of business to another location than it is for supermarkets.

**10. 1999 P2**

- Employment is generated for the benefit of the members of the community.
- Members if the community tends to be willing to learn skills required by the industries.
- Leads to emergence of auxiliary service industry i.e. back insurance
- Improve standards of living are likely to be experienced in the area due to rise of income.
- Infrastructure is likely to arise to serve the community
- Industries dealing in by products are likely to arise and the community would use the by – products
- Leads to development of complementary industries / auxiliary industry
- Leads to establishment of improved social services
- Leads to introduction of modern technology which the community can utilize.
- Provides wide market for the local produced goods
- May lead to exploitation of local resources which would otherwise be idle.

**11. 2000**

- Provide business incentives
- Provide credit facilities to investors
- Provide land at reasonable cost
- Transport
- Communication
- Health cases.

**12. 2000**

- able to get discounts due to bulk purchases
- Able to establish its own retail outlet to promote its products
- Can afford to hire qualified manpower and hire machines
- Could enjoy low cost of production due to spreading of costs over large Outputs
- Able to spread risks
- Easier to raise capital

**13. 2001**

- Difficult to acquire relevant labour
- Difficult to exchange ideas
- Difficult to get raw materials
- Lack of competition lead to low quality
- Difficult to get market
- Difficult in exchanging technology.

**15. 2002**

- Government subsidy and incentive reduce
- Difficult to attract professionals.
- Security
- Government may have to raise taxes on other areas to cover the
- short fall and thus burden the public.
- Specialized service may not be land required that when firms are
- concentrated in one place.

**16. 2002 P2**

- Where the raw materials are bulky
- Handling costs of raw materials as the movement to the firm will be minimal.
- Where raw materials are highly perishable
- Where the competition of raw materials is high to ensure access
- Where the government policy requires / gives incentives that industry set up near sources of raw materials.
- Product of the market is concentrated near the source of raw materials.

**18. 2003**

- Availability of market
- Availability of water and power
- Security
- Communication
- Cost of land
- Government policy.

**19. 2003 P2**

- Improve transport system to facilitate easy movement of goods and people through industries.
- Tax reduction: industries in rural areas from paying certain taxes to reduce the cost of production, enabling them to sell more competitive prices.
- Facilitate access to cheap credit for industries in rural areas/provision of loans at low interest avail finance at affordable rates.
- Provide land for putting up industries in rural areas at reduced rates.
- Provide training/ educational facilities in rural areas for development of labour.
- Subsidizing the cost of production of the industries in the rural areas by melting point of the cost of production.
- Provide power for running the industries
- Provide communication services to enable industries
- Provide water for running the industry
- Provide social amenities of those working in the industry
- Provide security to safeguard property for investors
- Setting up service industry to serve the other industries of banks insurance etc.
- Reducing license fees thus reducing the cost of establishing.

**20. 2004**

- -Provide cheap labour
- -Provide efficient communication
- Reduce the rate of taxation
- Give subsidies

**22. 2004 P2**

- Labour: When industries are closely located, a pool of labour both skilled and unskilled is available.
- Market: The industries attract large population that offer market for the products produced in the industry.
- Infrastructure: roads, railway usually develops in the area with concentrated industries.
- Communication: by locating of industries in one area leads to development of telephone among others.
- Security: when industries are closely related, these are few security problems experienced as compared to the dispersed industries.

**23. 2004 P2**

- Large quantities
- They buy in bulk, hence they get a good quantity discount, hence reduce their purchase expenses
- Transport costs
- They buy in bulk, hence they transport their goods at once, which reduces on transport costs.
- Skilled manpower
- They are able to employ skilled personnel, who provides quality management reduce on losses, and hence maximize profits
- Use of machinery
- They are able to afford machinery which in turn reduce on labour costs, hence reducing production costs
- Research
- They are able to carry out research, hence producing quality products and with the least wastage, hence reducing on production cost.

**24. 2005**

- easy to raise capital to start the business
- The business is highly flexible
- Quick decision- making
- Requires less legal procedures during formation
- Able to keep top business secrets
- Does not have too much government control
- Exposed to fewer risks due to their small sizes
- They are not heavily taxed compared to big companies

**25. 2006 Q10 P1**

- (a) Increase level of output
- (b) Improvement of service delivery
- (c) Saving on production time
- (d) Standardization of products
- (e) Lower production of waste
- (f) Reduction of waste
- (g) Better quality goods.

**28. 2007 Q4a P2**

- (a) Participation in community programmers
- (b) Applying appropriate waste disposal management
- (c) Providing affordable products to the community
- (d) Conservation of the environment
- (e) Community development
- (f) Provision of employment
- (g) To engage family members in employment
- (h) Positive cultural practice
- (i) Encouragement from family members and friend
- (j) Availability of infrastructure
- (k) Availability of market
- (l) Hobbies interests and talents
- (m) Modern technology

**29. 2012 Q24 P1**

Factors that a firm may consider when deciding on the goods to produce include:

- (a) Expected demand –where demand is low, a firm will only produce a few goods or not produce at all
- (b) Availability of capital resources –this would help decide on the level of production
- (c) Time period-the firm must consider whether short or long term production is required
- (d) Availability of labour-labour supply of the relevant skills would be required
- (e) Cost of production-the firm must consider direct and indirect cost
- (f) Government policy-the firm must abide by the rules and regulations of the country.
- (g) Availability of raw materials/factors of production
- (h) Level of competition
- (i) Profitability
- (j) Effect of goods on the environment
- (k) Seasonality in production
- (l) Social/cultural factors
- (m) Price of the goods
- (n) Level of technology

Any 4×1= 4 marks