

Volume 30, Number 4, April 2024

Exam-style question

Majestic Johor

Mark Hage

Check your answer to the question on pp. 12–13 of the magazine. This question relates to the Edexcel specification.

Sample answer

One reason that Birmingham was chosen as the location for the Commonwealth Games is that it has a large labour market able to work in the thousands of roles GI Group were recruiting for. As seen in the context, over 1,000 roles were recruited for the event meaning that the construction and planning of the event could easily be undertaken and they did not have to look for workers from across the UK. This means that costs would be kept low, allowing for the Committee running the Birmingham games to ensure that tax payers' money was used effectively. This means that the Commonwealth Games Foundation was likely to have chosen this bid on the basis of value for money compared to other bids such as Edmonton's, meaning it was more likely to deliver the games on time and within budget. In addition, the project was more likely to be constructed on time as there were high levels of access to the construction workers needed to build the arenas and facilities such as new swimming pools.

However, as Birmingham is in a more economically developed country, wages are likely to be much higher than those in the original host country of South Africa. Consequently, wages and other costs are likely to be much higher than the original bid, leading to the need for much more funding from the UK government and Birmingham tax payers. As a result, the selection of Birmingham suffers from a negative opportunity cost in terms of the requirement for much greater funding when compared to a less economically developed country such as South Africa. With 1.3 million plus visitors, this is also a missed opportunity for the Commonwealth Games Foundation to use the games as a possible mechanism of raising the profile of a less economically developed Commonwealth country such as Nigeria. Much-needed short-term foreign investment from the event could have then led to longer-term FDI from multinationals that could have seen Nigeria's potential as a production location. This is because a country such as Nigeria would have been able to showcase the expertise of its local workers in constructing and running a successful event, watched by hundreds of millions across the world.

Another reason that Birmingham was chosen was due to its excellent infrastructure. For example, Birmingham has road networks such as the M6, rail networks and its own airport. Supplies could easily be transported to the city for the event, such as the food feeding the 1.3 million people attending the games. As a result, the event's sales revenue may have been high, with high ticket sales and lower costs for the transport of goods, people and services. As a consequence, the committee are much more likely to have seen greater profit margins on ticket and food sales from each event, ultimately resulting in lower overall expenditure on hosting the games, and perhaps even reaching break-even point for tax payers. However, disruptions to the rail lines due to over capacity on roads, such as Spaghetti junction on the M6, could lead to delays to the delivery of essential materials for building the stadiums and for people attending each event. This could have resulted in attendees

being dissatisfied with the experience of attending the events, reducing sales, brand loyalty and ultimately the success of the games, damaging the Commonwealth Games Foundation's ability to run future events.

Overall, Birmingham was chosen as it had the best location in terms of its ability to provide the arenas and significant levels of staff, including security guards. It also had much of the physical infrastructure such as roads and plane links already in place. Liverpool also has an airport but did not have such a central location and access to as readily available workers. However, the Commonwealth Games Foundation had to replace South Africa as the country to host the games at very short notice so while Birmingham may have been the best choice out of the three last-minute bids, the event missed out on the opportunity to showcase an economically developing country that may well have benefited significantly more in terms of the short- and long-term investment that a world event of this nature would bring.

Sample examiner comment

Mark: 12/12 (Level 4 — an excellent response fully focused on the question)

Excellent and detailed knowledge and understanding of the factors that led to Birmingham being chosen as a site for holding the Commonwealth Games throughout the answer. Excellent application is shown through the use of appropriate context applied to the question. Analysis is well developed, coherent and logical. Analysis is linked together giving cause and effect of the positive and negative effects of competing arguments, using context based on qualitative and quantitative data. An evaluation of why Birmingham was chosen as the venue for the Commonwealth Games, with context, is used to support a judgment.

This resource is part of BUSINESS REVIEW, a magazine written for A-level students by subject experts. To subscribe to the full magazine, go to www.hoddereducation.com/businessreview