

Location Decisions

Location of industry

- The location of a business is usually considered either when the business is first setting up or when its present location proves unsatisfactory for some reason

Factors affecting the location of a manufacturing business

1. Production methods
2. Market
3. Raw materials/components
4. External economies of scale
5. Availability of labour
6. Government influence
7. Transport and communications
8. Power and water supply
9. Climate

Factors affecting the location of service sector businesses

1. Customers
2. Personal preferences of owners
3. Technology
4. Availability of labour
5. Climate

The role of legal controls on location decisions

- Managers will want to locate their businesses in the best possible area, taking into account factors such as the cost of land, proximity to transport links and customers, availability to workers etc.

Why do governments want to influence location decisions?

1. To encourage businesses to set up and expand in areas of high unemployment
2. To discourage firms from locating in overcrowded areas or sites which are noted for their natural beauty

Two types of measures are often used by government to influence where firms locate:

- Planning regulations will legally restrict the business activities that can be undertaken in certain areas
- Many governments provide grants or subsidies to encourage them to locate in undeveloped parts of the country

6. Location in respect to other businesses
7. Rent/taxes

Factors affecting the location of a retailing business

1. Shoppers
2. Nearby shops
3. Customer parking
4. Availability of vacant premises
5. Rent/taxes
6. Access for delivery vehicles
7. Security

Factors affecting locating in a different country

1. New markets overseas
2. Cheaper/ new sources of materials
3. Rents/taxes rising
4. Difficulties with labour force and wage costs
5. Government grants and other incentives
6. Trade and tariff barriers