

Location of business

The location of a business is the place where it is situated. There are a number of factors that need to be considered in choosing a location for a business. One of the earliest decisions any entrepreneur has to make is where to locate his or her business. In order to do this, he or she has to make a careful assessment of costs. The ideal location would be one where costs are minimised. The entrepreneur would need to look at the benefits which each area had to offer as well as any government help which might be available.

The main factors affecting location are:

Market

The nearness of the market and the cost of delivering the goods are likely to be important factors.

Raw materials

If the raw materials are bulky and expensive to transport it will clearly be in the entrepreneur's interest to locate near to them.

Transport costs:

The two major influences are the pull of the market and the pull of the raw materials and these are determined by whether or not the industry is bulk-increasing or bulk-decreasing.

Land

Land costs vary considerably nationally and some firms, e.g. wholesalers, might need a large square-footage. They might, therefore, be influenced by the cheaper rents and property prices found in some areas.

Labour

The availability of labour might well attract firms to an area, particularly if that labour force has the skills they require.

Safety

Some industries have to locate their premises well away from high density population levels and their choice of location is limited.

Waste disposal

Certain industries produce considerable waste and the costs associated with the disposal of this might affect their location.

Government

Government provides special assistance to areas of high unemployment. This takes place within the UK, and is also a feature of wider European Union regional policy.

A convenient location

A number of businesses have set up close to Heathrow Airport because of its location. For example, companies engaging in importing and exporting find this a convenient location. In addition there is a range of hotels, and taxi firms who benefit from the international flow of passengers. Additionally security and aircraft maintenance firms have located there.