

CHAPTER 7: LOCATION AS AN ASPECT OF PUBLIC AND BUSINESS PLANNING AND MANAGEMENT

OBJECTIVES OF THE UNIT

1. At the end of this unit the reader must be able to;
2. Define Location; and
3. Explain Location as an aspect of Public Planning and Management,
4. Explain Location as an aspect of Business Planning and Management.

RATIONALE FOR THE UNIT

This unit is designed to improve a learners' understanding of location as an aspect of Public and Business Planning and Management. Upon completion of this unit, students should be able to explain how the aspect of location influences public and business planning, management, decision making and actions.

ASPECTS AND ISSUES

Location, location, location is a worn-out cliché, but often true in the literature (Dixit *et al*, 2019). Business site selection is a complex strategic decision that may affect a company's future in the long run. When considering location as an aspect of public and business planning, it is important to factor in different factors such as choosing the right business location as this determine the success or failure of the business. Beyond these business factors, place image factors such as sense of place as this also influence the final decisions regarding public planning and business locations.

LOCATION AS ASPECT OF PUBLIC PLANNING.

In this unit, an examination of how location influences public planning is critically examined simultaneously looking at how public planning choices influence location decisions. In this unit reference is made to location theorists such as Isard, 1956) who argued that time and space are the basic factors in location decision. This is because locating a facility say a clinic at a certain location entails that people take time to travel the distance to reach the clinic. This involves distance which needs to be travelled hence incurring transport cost. Public planners in their practice seek to put facilities in areas accessible to many people. Blair (1995) explains that access is the principal determinant of

the highest and best use in an urban environment. Location is thus an aspect of public planning because it promotes accessibility to public facilities including shopping malls, public offices, bus termini, schools, clinics, parks and gardens within built up areas. Planners and developers recognise that the higher the accessibility of a given location the higher the profit potential (Assink and Groenedijk, 2009).

Accessibility is a function of transport infrastructure, availability of public transport for commuters for instance in Harare, it is easier for people to access Parirenyatwa Group of Hospitals due to the presence of King George Street which is busy with commuter omnibuses from various locations including Malborough, Greencroft and Westgate. On the other hand, travellers using own transport can use Mazowe Street to enter into the hospital. Further taking the example of Harare's public facilities as example as to how the location aspect is related to public planning, many schools and shopping centres are situated closed to major roads. Blakiston Primary school in Milton Park is accessed through Blakiston Street. Prince Edward High School is at the corner of Prince Edward and Josiah Tongogara Avenue. The location of these public facilities is highly accessible and learners get easily get there either by own transport or public transport. In the high density suburbs of the city shopping centres, clinics and schools have been allocated through local development plans for respective areas. In the western suburbs of Kuwadzana, shopping centres for Kuwadzana were allocated along the main roads traversing the residential area. These include Kuwadzana 2 shops, Kuwadzana 3, 4 and 5. The unit thus borrows the idea from Mills and Hamilton (1994) who argues that public land uses are directed at serving the greater public through enhanced accessibility.

LOCATION AS AN ASPECT OF BUSINESS MANAGEMENT

In this section, we examine the location of business firm within a defined space. Capello (2007) pointed out that the higher the accessibility of a given location to positive amenities the higher its productivity and value. A profit oriented firm seek to locate its economic activities where there agglomeration economies, transport economies as well as availability of labour. Firms in the fast food sector tend to locate in central business districts (CBDs) of cities and towns because of the availability of market, hence their sales can sustain higher rents in these areas. In this regard, relative location is a strong factor affecting the business decision to locate in busy areas. Fast food outlets are located close

to large office apartments, for example in CBD of Harare, the location of Chicken Inn at the Construction House enjoys a large customer base from nearby offices and shops. Others are located closer to inner city bus termini, Chicken Slice is closer to Copacabana Rank. On the contrary, some have been developed along major highways. For instance Harare-Masvingo highway, there is Mutangadura Truck Inn targeting mainly truck drivers and other travellers. In Chivhu there is the Chicken Inn, Tilly Food Market, serving travellers either public transported or privately. The principle emphasised here is that the food outlets have been located close to the highway for accessing travelling customers.

Firms also locate their business in areas close to transport networks, large pools of labour and closer to auxiliary facilities such as banks. The issue of location of firms has been outlined in the works of Weber, a German economist (Shaffer, Deller and Marcouiller, 2004). Weber argued that, firms locate where profits are maximised through cost minimisation. Holding other things constant, a rationale business would seek to cut transport cost on in-bound material supplies and outbound goods meant for the market, simultaneously seeking alternative sources of labour that keep the wage bill minimised. The decision to locate a firm within certain area is based on several economic factors, chief among them transport cost of shipping raw materials for processing and ferrying finished products into the market, availability of supply firms within a locality, labour and space as defined the cost of rentals. This unit however borrows largely from the arguments of Shaffer, Deller and Marcouiller (2004) that the decision to locate in an area is not uniform to all firms because of variations in structures, technology and rent levels. For instance a technologically intensive firm might not consider labour as a significant factor because most of its processes are automated. On the contrary, an agro-processing firm might locate closer to the railway line or highway for easy of shipping products from farmlands. In some instances, it is pretty costly for firms in the logistics business to locate in central areas where rent is high (as explained in the theoretical underpinnings of Von Thunen and Alonso). Consequently such firms locate their warehouses and fleet parking in outer zones because of availability of large tracts of land and cheaper rent.

The location theory by Alfred Weber (1929) justifies the location of firms on economic grounds of cost minimisation and profit maximisation. In this view

location is an aspect that can be used to determine a firm's location by looking at the business climate. Assink and Groenejik, (2009) outlines business climate elements including cheap labour, limited regulation and lower taxes. These define the cost minimisation concept. On the other hand, firms may look for communities that offer high quality infrastructure, skilled labour, building locations and high quality of life. As an aspect of business management, location is important because firms seek to locate and operate in areas that offer comparative advantages over others.

ACTIVITIES FOR THE READER

- i. Define location as an aspect of public planning.
- ii. As a planning officer of an urban local authority, outline the factors you would consider when locating:
 - a). A school
 - b). A clinic
 - c). A shopping centre
 - d). A community centre
- i. iii). What is the importance of location in business management?
- ii. iv). Which factors determine the location of business firms?

CONCLUSION

Upon completing this unit, the student must be able to explain location as an aspect of public planning and business management. The knowledge gained from this unit is expected to improve learners' understanding of how and why economic activities and public facilities are located where they are. Furthermore after reading this unit, learners should be able to apply theoretical ideas to real life location issues as they apply in different public planning and business management contexts.

SUGGESTIONS FOR FURTHER READING

- Alonso, W. (1960). "A theory of urban land market ", Papers and Proceedings of the regional Science Association, 6.
- Assink, M., and Groenendijk, N. (2009). Spatial quality, Location Theory and Spatial Planning. Paper presented at Regional Studies Association Annual Conference. Understanding and shaping regions: Spatial, social and economic futures. Leuven, Belgium.

- Blair, J.P. (1995). *Local Economic Development-Analysis and Practice*. SAGE Publications, California.
- Capello, R. (2007). *Regional Economics*. Routledge, London.
- Dixit, A., Clause, C., and Turken, N., (2019). *Strategic Business Location Decisions: Importance of Economic Factors and Place Image*. Rutgers Business Review. Spring Publications. USA. Vol 4, No. 1. Page 73.
- Isard, W. (1956). *Location and Space Economy*. MIT, Massachusetts.
- Shaffer, R., Deller, S.C and Marcouiller, D.W. (2004). *Community Economics: Linking Theory and Practice*. Blackwell, Oxford, England.
- Mills, E.S., and Hamilton, B.W. (1994). *Urban Economics* (5th ed). Harper and Collins,