**“Factors affecting the changing location of manufacturing (TNC’s, raw material, labour, new technology, government policy)”**

The success of companies and manufacturing is largely influenced and dictated by where they are located. The location of industry has certain factors, which allow the manufacturing to benefit financially.

eg. a industry locating close to a raw material source would be able to efficiently transport goods at a desired time schedule. This would save transportation fees.

Physical factors: site of land, relief, physical factors which are attracting to the industries looking to locate elsewhere.

Human and economic factors: Factors like labour, number employed in a certain vicinity, depth of skill the working population in the area has, etc.

In the 19th century- Physical Factors were more important than human and economic factors, now in the 21st century, it is vice versa. (more priority given to human and economic factors)

**IMPORTANT TERMINOLOGY**

Rationalisation: Maximising efficiency, eg. Locating at a desirable location as to save transportation costs, OR employing a certain type of working population which demands less income.

Break of bulk: This is the specific term regarding to locating near a raw material source, to reduce and minimise the cost of transport, delivery.

Footloose Industry: Industry with the ability to locate elsewhere, to maximise profit and gain.

Transnational Companies: These are big multimillionaire companies, which originated in one area. Through buisness success and financial gain over time, they are able to set up branches in several other countries. TNC’s employ around 40 million people around the world, and is responsible for 75% of world trade.

eg. Toyota, Mcdonalds

TNC’s are the same as MNC’s. (multinational companies)

Agglomeration: Companies locating close to each other, similar industries locating around a certain location. This may be to take advantage of nearby resources, or to cooperate to be even more efficient economically, to rationalise further.

**Factors**

TNC: Transnational companies typically branch out in LEDC’s from MEDC’s. For example, Toyota is headed from Japan, but has branches in China. It is important to note that there are branches in more developed regions.

Transnational companies aim to settle in lesser developed areas because of many factors. The foreign influence and appeal of a TNC to the local population is quite high, eg. Demand of macdonalds in India. By settling in a very population dense environment, there is profit to be made.

TNC’s also locate at areas which are high in working aged unemployed population. TNC’s are thus able to attract a lot of local workers. The income that they demand is also relatively low, meaining the TNC is able to benefit by having to pay less to its workers.

TNC’s locate at areas which are relevant to their field. eg. A macdonalds chain would look to set up in a region of food stores, not a factory heavy region. This helps promote similar profit gain between companies as consumers are given a range of choices at one location. A TNC is likely to beat out local manafacturing or companies again because of appeal towards foreign (western) developments.

TNC’s also are examples of the break of bulk phenomenon, a toyota car plant aiming to develop car bodies, may locate near a metal scrapyard, or iron mining site.

**RAW MATERIALS**

This is more applicable to industries working in the secondary sector of the economical job structure. Locating close to raw materials means that companies are able to rationalise by breaking of bulk. This was most evident in the 1800′s, where industries would locate close to tin/ iron ore mines, so freight trains on railways would have less distance and thus cost, from transportation.

Important: Heavier and more fragile items cost more to transport, so break of bulk and phyiscal locations are a solution to saving and rationalising.

**LABOUR**

Companies look to locate at a location where labor is to their needs and requirements. For example, a secondary industry in a LEDC might locate at a densely populated zone, to attract maximum workers. The level of education a regional population has also is a factor regarding where a company will set up. An example would be a quaternary industry locating next to a university, to attract the most intellectual young workers to work for them.

Also, gender percentages of a population in a region can dictate the locational factor a company chooses. Certain jobs, may require more of men, or vice versa. Locating at a region more tipped to one gender can also be beneficial to how many people the industry is able to attract and employ.

Remember: Quality and quantity of the labour market dictates where a footloose industry will set up. Quality meaning the skill level and education level of the people. Quantity meaning the market size and sheer number of people available to be employed.

**New technology**

Technology refers to how much new equipment is available in an area. To elaborate, much of the equipment from quaternary industries are expensive and hard to afford. Companies thus often purchse high end technological equipment together, where they are both able to use, share the technology and apparatus.

A quaternary industry looking to start up its first branches may locate at a area full of shared equipment and cooperative technologies, to save money, rationalise financially.

A second example would be if technology is purchased by the government and is located in a certain area, many quarternary industries would locate here to use the technology, without having to spend money on purchasing sole possession of the equipment.

**GOVERNMENT POLICY**

Certain government policies restrict the setting up of certain industries in certain regions and areas. For example, a populous and residential area may forbid the set up of secondary industry (factories, pollution) in the vicinity. There are also instances where no development is allowed at all, with no human interactions on a large scale. eg. Places with endangered species, areas with natural habitats of many organisms. Land use is not for industry here, rather for leisure of the population and people.

GREEN BELTS: This is usually undeveloped, agriculture filled land which has not yet been introduced to industry developments, set ups. Green belts are government specified zones, which usually are around the city, urban areas, where development of any kind (manafacturing, structures, residential buildings) is forbidden.