

LOCATION FACTORS AND THEIR IMPORTANCE IN LOCATION DECISION MAKING OF ENTERPRISES (IN CONDITIONS OF SLOVAK REPUBLIC) CASE STUDY

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Abstract:

Successfulness of enterprises is strongly linked to making the right location decisions. The aim of this article was focused on a presentation whether chosen location categories or location factors are important in location decision of enterprises or not. Data was obtained from 275 enterprises in 2015, based on a questionnaire survey. The survey was conducted in condition of the Slovak Republic. Enterprises were from three sectors of the national economy - primary, secondary and tertiary. Surveyed enterprises evaluated importance of various location factors belonging to six main location categories by using scale from 0 to 4: 0 – not important, 1 – less important, 2 – mediumly important, 3 – very important, 4 – extremely important. We analysed 67 location factors belonging to six location categories: (1) Labour, (2) Market, (3) Land and natural resources, (4) Infrastructure, (5) Environment and (6) Law and socio-economic conditions.

Results show that the most important location categories are (2) Market and (1) Labour. From the (2) Market category, these are the most important: Intensity of competition in the sector, Knowledge of the local business environment and Purchasing power of households. From category (1) Labour, these are significant: Qualified workforce supply and Flexibility of the workforce. On the other hand, the category of (3) Land and natural resources was identified as the most irrelevant in location decision making.

Key words: allocation of the enterprise, location factor, localization process

JEL: D70, R30, O52

1 Introduction

Localization in the corporate setting is the extent to which expatriate managers are replaced by local employees originally held by expatriate managers. Also, company support and top management's commitment as two sets of factors that predicted localization success (Law, Song, Wong and Chen, 2009). A major operational decision is a location strategy, which is the process of determining where an organisation should put its facility and how the organisation should determine this decision. Such a decision has typically long-term implications and is very difficult to reverse. In general, although there are similarities among the various organisations when choosing a location, each company chooses a locale for reasons specific to their industry (Maier, Tödtling, 1997 and Smith, Clinton, 2009). Cantwell (2009) states, that in the early development of the international business field, the focus of attention moved from the country level to the firm level, and the interest in location issues declined. More

recently, firm-based research itself has become increasingly concerned with the study of firm-location interactions.

The basic objective of location of the businesses is to determine the placement of the entities in the concrete area. Then, the company has to decide what will be its field of entrepreneurship and after that may be classified to a specific business sector production. Parmer (2002) claims, that the location of the economic activity means the activities related to production, exchange and consumption of goods, services and information on the rotating earth and universe. The location where these activities take place is called the location of economic activity. Cambers, Currie (2002) state that the factors influencing the location of economic activities vary. The enterprises or business companies often weigh up the advantages and disadvantages of a number of locations before deciding where to build.

Maier, Tödttling (1997) define localization factors as certain forces that influence the process of localization of the enterprises in the area. Localization factor means an advantage, which is obtained if the enterprise locates at the certain place and not at another. Economically, this advantage means cost savings. Establishment of a location with the best location factors promises the most favourable conditions for their activities. These conditions represent a summary of the economic, social, legislative, technical, natural and many other attributes specific to the territory. Finding acceptable locations is based primarily on identifying important location factors.

The term "location" is defined as placing a business, facility or group of facilities of a specific size and type in an area (Budner, 2004). A location of an enterprise emerges as a significant source of competitive advantage. The theory of location may be considered both in microeconomic and macroeconomic terms. In microeconomic terms, the location theory applies to an enterprise which, in consideration of its costs and benefits, is searching for the best location for its business. The theory of location in macroeconomic terms forms a part of broadly understood spatial economy. The theory is based on the assumption that production costs and income of an enterprise are dependent on its location (Szymańska, Płaziak, 2014). At the beginning of 20th century, German economist A. Weber in his work first dealt with factors influencing the location of the enterprise. He introduced the concept of localization factor into economic theory. He distinguished three location factors: a Transport factor, a Labour factor and an Agglomeration factor (Weber, 1929).

A choice of location for the enterprise is one of the key decisions in terms of strategic planning. Such a decision is not made often. It is made particularly in the establishment of the enterprise, in case the enterprise has increasing demand for products or services, in expanding into new markets (Výrostová, 2010). When making a strategic decision with respect to the risk and uncertainty it is possible to use various methods and tools, whereas every one of these methodology elements has some advantages and disadvantages. Their implementation in practice must correspond to the environment in which the enterprise operates, to the character of industry, selected strategy and type of management. In present time, it is very difficult for the enterprises to achieve their primary goal, that is a profit and other partial goals since the market environment in which the enterprises operate is constantly changing. The enterprise has to respect the socio-economic conditions of the state, e.g. political, legal, tax and social norms (Dočkalíková, Klozíková, 2016).

According to Buček, Reháč, Tvrdoň (2010), localization is an important factor for the enterprise if it has an impact on costs and benefits of the enterprise and also if availability, quality or price factor is spatially differentiated. The importance of location factors depends on the type of product and the type of technology. Furthermore, the localization factor importance depends on the level of localization and from its mobility. Resources differ with regard to their ability to be transferred and to create value in foreign contexts (Cuervo-Cazurra et al., 2007). Some resources (soil, raw materials) are more location bound and are only transferable and deployable in specific locations providing necessary host country characteristics such as sufficient property right protection systems or complementary production assets (Fang et al., 2007 and Rugman, Verbeke, 2001). Other resources (energy, financial capital) are less or non-location bound, and thus can easily be transferred and deployed internationally (Rugman, Verbeke, 2001). We therefore argue that, based on their value creation and value transfer potential (Cuervo-

Cazurra et al., 2007), resources may produce different effects in different contexts (e.g., a resource may generate value in one location but not in another location). Fitness of a location for specific purposes is dependent on characteristics of the area, i.e. internal conditions, as well as on its surrounding (external conditions) (Budner, 2004).

There are five main groups of decisions/strategies premises, concerning production transfer, or startup in a new location (Czaplinski & Stawarska, 2010; Dorocki, 2010; Merkisz-Guranowska & Merkisz, 2007): market (related to the need to maintain existing markets, exploring new, attractive, and absorbent markets, and diversification of consumer needs in different locations); cost (related to differences in the availability, quality and costs of resources, including human resources and minimization of transport costs); innovations and implementation possibility (proximity or separation of R&D from the production); process (increase in production process flexibility, localization in proximity of suppliers and subcontractors); political and institutional (risk due to political, financial, currency related to a given localization, possibility of an elimination of barriers in import, rules of enterprises taxation, investment allowances, environment protection standards, government support, infrastructure, and institutional frameworks).

In the spatial and regional economy, the localization factors are divided as follows (Maier, Tödting 1997 and Belajová, Fáziková, 2005): Land, Natural resources, Capital, Labour, Technological progress/innovation. According to Maier, Tödting (1997) and Hoover, Giarratana (1999), another important criterion for the classification of location factors is the relationship of the enterprise with the socio-economic surrounding. Majtán et al. (2012) states that the reason for the location of the enterprise is the lack of natural and economic homogeneity of area. Different distribution of supplies, raw materials, differences between legal norms, different taxes, lack of mobility of production factors, transport costs etc., affect the location of enterprise. Neumann et. al. (2012) divided location factors into general, and special, depending on whether the factors operate in all sectors of the economy, or only in some. The first cause dispersion of economic activity into the area, and the other leads to the concentration of activities in places with already agglomerated activity. Maier, Tödting (1997) and Buček, Rehák, Tvrdoň (2010) distinguish location factors at different spatial levels: national, regional and local.

According to Blažek, Uhlíř (2002) the most important location factors for the allocation of foreign investors in particular are macroeconomics factors and political stability in price levels, market potential, quality of infrastructure and the price of land and labour. Buček, Rehák, Tvrdoň (2010) state that foreign investors follow several factors while choosing new location. The first factor is monitoring the differences at national level. It assesses the country according to the specificities of the business, particularly with regard to the political system, business support, business environment and prices of input factors. The second step identifies regional specificities. Among the best known regional specificities are: attractivity of region, proximity of inputs and quality of transport services. Therefore, location factors motivate, respectively do not motivate investors to decide to invest abroad.

Lin (2010) found that market seeking SMEs prefer to invest in developing countries providing attractive, rapidly growing markets and a large market potential for firms. In contrast, Svetličič, Jaklič, Burger (2007) report that SMEs prefer to invest in developed countries when seeking for new markets, as developing countries typically provide a lower GDP per capita and are less reliable with respect to forecasts and prognoses (Pascal Huett, 2014).

An enterprise localization analysis constitutes not only an element of strategic management of enterprises, but it should also be a subject of activity of regions willing to look for investors in an active manner. On the one side, business entities search for locations that meet their needs. On the other side, regions offer investment areas to accelerate regional development. Local authorities do not decide on an enterprise localizations, but they can create operating conditions to a certain extent (e.g. equipment with technical infrastructure or labour force for entrepreneur and investor's needs). Therefore, there is a need for application of new solutions or at least modification of localization management methods (Godlewska-Majkowska and Komor, 2013).

Based on the pilot study conducted with the cooperation of the Polish Chamber of Automotive Industry, we can point that two factors, i.e., an excessive production capacity as well as economic and financial crisis, constitute currently, together with the danger of euro zone destabilization, an equally important limitation for market development in Europe. Other dangers for the market development in the European scale and allocated firms in the Europe include the reduction in population purchasing power, unprofitable demographic tendencies, fluctuating market conditions, migration of large companies from Europe in order to achieve higher financial profits, reduced production forecasts, investments postponed (Godlewska-Majkowska and Komor, 2013). Therefore, there is a need to provide the tool allowing to evaluate the investment attractiveness, competitive position, and their changes in various considered or already existing localizations.

2 Methods

The aim of the study was to review the importance of selected location factors in the enterprises localization decision making, so we focused on examination diverse enterprises within the study. The purpose of such selection was to avoid unilateral distortion of the obtained results, if all or most of the enterprises belonged to the same sector of economy. In determining the representation of individual sectors within the national economy, we used the data reported by the Statistical Office of the Slovak Republic about employees by economic activity collected through workplace method in 2015. This approach makes possible to determine the average registered number of employees in the individual sectors of the national economy, which we subsequently used for our study. They were assigned to three basic sectors: primary, secondary and tertiary sector. We considered to be more beneficial and with better reporting ability to identify the share of individual sectors based on the number of employed people, than if it only be based on number of economic activities. In our approach to enterprise structure, we tried to maintain approximately the same sectoral representation as in the whole national economy of the Slovak Republic.

Data analysed in our article were obtained by questionnaire in 2015. The questioning took place during the months from September to December, 2015. The survey was performed for the whole country - Slovakia. There was no targeted selection of companies, they were chosen randomly. The total number of surveyed enterprises was 275, and we visited them personally. Return rate was 100%. The questionnaire was paper-based.

Surveyed enterprises evaluated importance of various location factors belonging to six main location categories by using scale from 0 to 4: 0 – not important, 1 – less important, 2 – mediumly important, 3 – very important, 4 – extremely important. The aim of this article was focused on a presentation whether chosen location categories or location factors are important in location decision of enterprises or not. For this purpose, our results show two absolutely opposite degrees of importance. First degree of importance is made by counting of response set as “0 – not relevant” or “1 – less important”. This first degree identifies factors with zero or less importance in location decision making of enterprises. On the other hand second presented degree of importance is made by counting of response “3 – very important” and “4 – extremely important. These location factors could be considered as essential in the successful location decision making process of enterprises. We analysed also importance of location categories as a whole. All results are presented in percentage to ensure better comparability of results. By questionnaire we also obtained information characterizing enterprises.

3 Paper results

Research paper is focused on presentation of importance of main location categories and location factors in location decision making of enterprises. Based on the results of questionnaire survey, we could identify the most relevant location categories and those with less importance or irrelevant. Importance of categories or factors was rated by 275 surveyed enterprises by using scale from 0 to 4.

As the six main localization categories of (1) Labour, (2) Market, (3) Land and natural resources, (4) Infrastructure, (5) Environment and (6) Law and socio-economic conditions were examined, it was necessary to ensure that the results obtained were sufficiently objective. In research, we have therefore focused on enterprises operating in various sectors of the national economy to eliminate the favouritism of some factors or localization categories. Representation of individual sectors is presented in Table 1.

Table 1 – Analysed enterprises according to sector of national economy

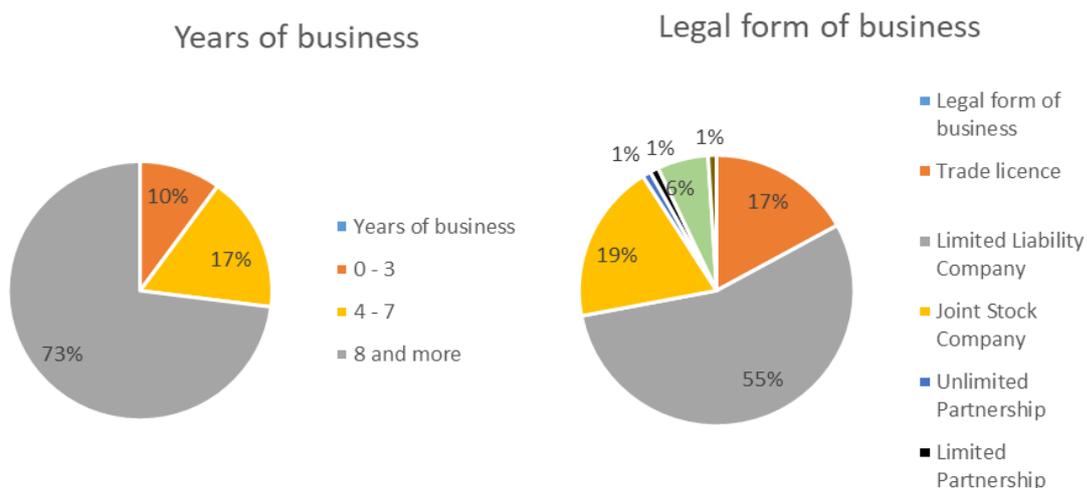
SECTOR	OUR RESEARCH		SLOVAKIA	
	frequency	percentage share	frequency	percentage share
Primary	26	9.42%	138,726	8.01%
Secondary	123	44.93%	619,096	35.73%
Tertiary	126	45.65%	974,891	56.26%
Total	275	100.00%	1,732,713	100.00%

Source: own research, 2015; Statistical Office of Slovak Republic, 2015

As it can be seen from the representation of individual sectors in the national economy of the Slovak Republic, the most important sector in terms of employment is the tertiary sector and the primary sector is the least represented in this respect. We also used a similar enterprises structure in our study, but the representation of tertiary sector enterprises was slightly corrected so as to avoid the aforementioned distortion of results due to over-representation of enterprises in the same sector.

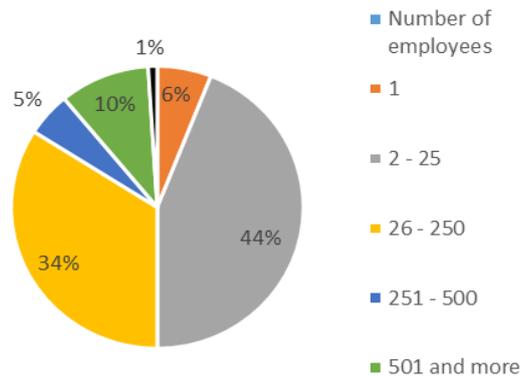
The questionnaire survey also revealed other characteristics of the enterprises surveyed. Analysed enterprises could be characterized by legal form of business, number of employees and number years of business (Picture 1). The most common legal form of business was Limited Liability Company (55%). Considering the number of employees, the enterprises with 2 – 25 employees (44%) and 26 – 250 employees (34%) had the highest share. Almost three quarters of all enterprises (73%) perform their business more than 8 years.

Picture 1 Characteristic of selected enterprises



Source: own research, 2015

Number of employees



By diversity of examined enterprises we wanted to get the most objective assessments of the importance of location factors. The research of the same enterprises could have led to distorted results - overestimation or underestimation of the factors' importance. Collecting opinions from different enterprises should eliminate this problem.

The following parts of the article are devoted to low or high importance of the "67" location factors which are divided into six main location categories. Compared to other examined categories, the location factors from category 'Labour' were clearly defined as the factors with low or high importance in location deciding of the enterprises. The differences of the importance were the most remarkable here. We can define three decisive factors within the category 'Labour' (Table 2): "Qualified workforce supply", "Flexibility of the workforce" and "Labour costs" which were evaluated as very or extremely important by 76.36%, 66.18% and 61.45% of enterprises, respectively. "Supply of workforce with disabilities" and "Seasonal workforce supply" are evaluated as not or less important.

Table 2: (1) Labour

LOCATION FACTORS	DEGREES OF IMPORTANCE	
	Not or less important	Very or extremely important
Qualified workforce supply	15.64%	76.36%
Non-qualified workforce supply	61.46%	16.73%
Temporary workforce supply	58.91%	21.09%
Seasonal workforce supply	70.91%	16.37%
Supply of workforce with disabilities	80.37%	7.63%
Flexibility of the workforce	16.73%	66.18%
Labour costs	16.73%	61.46%
Lack of other job opportunities	65.45%	17.45%

Source: own research, 2015

Localization factors in a 'Market' category (Table 3) were more frequently evaluated as more or extremely important, however, the difference between the positive and negative factor evaluation is very small (for example: "Existence of business opportunities (holes in the market)" or "Existence of support services"). "Intensity of competition in the sector" and "Knowledge of the local business environment" are evaluated with very high importance - (66.55% and 63.64% responses were set as "very or extremely important, respectively). These two factors can be really considered as essential ones to successful business. As a result, a factor "Existence of enterprises producing complementary products" was evaluated by 55.64% of enterprises as not or less important.

Table 3: (2) Market

LOCATION FACTORS	DEGREES OF IMPORTANCE	
	Not or less important	Very or extremely important
Proximity of suppliers	33.81%	44.72%
Proximity of purchasers	24.36%	57.81%
Existence of support services	37.82%	38.91%
Organization of distribution network	36.00%	40.72%
Intensity of competition in the sector	20.00%	66.55%
Existence of business opportunities (holes in the market)	37.45%	40.72%
Existence of firms producing complementary products	55.64%	26.18%
Knowledge of the local business environment	17.45%	63.64%
Size of local market	22.55%	53.45%
Purchasing power of households	25.45%	60.73%
Costs and difficulty of storage	34.55%	45.82%
Cost of transporting materials	38.55%	40.36%

Source: own research, 2015

Selecting a suitable place can greatly reduce not only the beginning costs but also overall operation of the company. Based on availability of the natural resources a decision about location of running business can be made. The character and type of business activity is determined also by natural surroundings of the region. No business activity is considered in region without necessary natural resources.

When determining the importance of location factors included in the "Land and natural resources" category, it is necessary to distinguish between the levels of importance of these factors in relation to the subject of the entrepreneurial activity. If only enterprises whose activities are strongly linked to Land and natural resources are examined, the importance of individual factors increases. However, if the entrepreneurial activity is not directly related to natural resources, the importance of these factors is decreasing. As research objects were from different sectors of the national economy, the importance of the various factors relating to natural resources was reduced.

Therefore, location factors connected to the natural resources (Table 4) were evaluated as not or less important ones. As the difference between positive and negative evaluations is small, the importance of land factors should be considered in relation to particular activity, however, such a narrow view was not the subject of this study.

Table 4: (3) Land and natural resources

LOCATION FACTORS	DEGREES OF IMPORTANCE	
	Not or less important	Very or extremely important
Price of land	53.82%	33.46%
Rental price of land	49.09%	40.37%
Availability of land	45.09%	37.82%
Size of land	43.28%	42.18%
Soil quality	82.55%	13.09%
Use of land for agricultural purposes	89.45%	8.73%
Use of land for non-agricultural purposes	74.54%	14.54%
Property rights to land	63.27%	28.00%
The proximity of water source	66.18%	26.91%
Price of service water	68.72%	13.82%
Price of potable water	68.00%	13.82%
Quality of water	59.63%	25.45%
Resources and price of the minerals	81.45%	11.27%
Possibility of mining and quarrying	94.19%	3.64%
Costs of mining and quarrying	93.09%	5.10%

Source: own research, 2015

Our examined enterprise structure also determined the importance of factors included in the Infrastructure localization category (4) Infrastructure (Table 5). Some factors were clearly defined as not or less important. For example “Complexity and costs of water transport” (95.27%) or “Complexity and costs of air transport” (92.36%). The reason is the territorial scope of most of the enterprises which are focused either on local markets or on running business within Slovakia where developed water and air transport is not relevant. On the other hand, as road transport is the most used one in Slovakia, a factor “Complexity and costs of road transport” was evaluated as very or extremely important (66.19%) for allocation of enterprises. Also factor “The possibility of using its own facilities for business” can possibly be considered as another important location factor.

Table 5: (4) Infrastructure

LOCATION FACTORS	DEGREES OF IMPORTANCE	
	Not or less important	Very or extremely important
Complexity and costs of road transport	21.45%	66.19%
Complexity and costs of rail transport	82.18%	9.82%
Complexity and costs of water transport	95.27%	2.91%
Complexity and costs of air transport	92.36%	4.37%
Availability of storage space	36.73%	46.54%
Existence of pipelines (gas and oil)	77.45%	11.28%
Price and level of the financial services	41.10%	26.91%
The level of law and socio-economic conditions in the region	46.55%	21.82%
Possibilities of the advertising, advertising agencies, exhibition	28.73%	50.18%
Level of the institutions and services supporting regional development	62.91%	12.72%
Possibilities of social needs satisfaction (cinemas, ...)	58.54%	17.09%
The level of health care	48.73%	25.82%
Availability of recreational facilities and sports	73.45%	11.27%
Variety of the information channels (TV, inf. Networks, etc.)	48.00%	31.27%
Possibilities of the accommodation for workers	74.55%	13.09%
Proximity of the administrative and public-administrative facilities	48.72%	21.09%
The possibility of using its own facilities for business	32.36%	56.36%

Source: own research, 2015

From the same reasons, location factors belonging to location category (5) Environment' and (3) Land and natural resources' were evaluated as not or less important. The entrepreneurs will not focus their business on location not responding their needs and their selection will be based on region characteristics.

Table 6: (5) Environment

LOCATION FACTORS	DEGREES OF IMPORTANCE	
	Not or less important	Very or extremely important
Possibilities of storage, disposal, recycling	33.09%	46.55%
Local standards for discharged dangerous substances	66.55%	19.64%
Natural environment (hilliness, river network, forestation)	72.36%	17.45%
Climatic conditions	66.18%	22.18%
The attractiveness of the region	57.82%	21.45%
Effect of protective associations	81.46%	7.27%

Source: own research, 2015

As seen in both location categories, in category (3) Land and natural resources and in category (5) Environment, location factors which are not possible to change or modify in relevant range are not important in location decision making of analysed enterprises. (6) Law and socio-economic conditions are the same or very similar in whole Slovak republic. Therefore, they could not be relevant in location decision process (Table 7).

Table 7: (6) Law and socio-economic conditions

LOCATION FACTORS	DEGREES OF IMPORTANCE	
	Not or less important	Very or extremely important
Legislative tools to promote regional development	59.27%	17.45%
Financial support for the region (subsidies, tax breaks, ...)	53.46%	32.36%
Local tools to support regional development	64.72%	15.27%
Economic and political stability of the region	34.91%	39.27%
Local legislative restrictions on business	55.28%	23.64%
Level of crime	61.09%	20.00%
National and ethnic structure of population	86.55%	4.73%
Production and consumption habits of population	44.00%	31.27%
Proximity of industrial parks and business incubators	67.63%	15.64%

Source: own research, 2015

At the end of our study, the results obtained from evaluating the importance of individual localization factors were used as input for the evaluating of the importance of individual localization categories as a whole. Calculation of the importance of location categories was based on the importance of relevant location factors. If most of location factors belonging to corresponding location category were usually evaluated as not important or less important, then whole location category was defined as not important or less important. In spite of high percentage of answers defining individual localizing categories as not important, the results show that 'Market' plays an important role in location decision making of enterprises. The market was evaluated as very or extremely important by almost 50% of surveyed enterprises. (1) Labour is the second decisive locating category. Morvay (2016) in his study declare that the long-term unemployment (lasting more than one year) is one of the most serious and the most persistent problems of the Slovak labour market. Enterprises can train their employees but they are not able to create large and strong market with high purchasing power of households.

Table 8: Importance of location categories

LOCATION CATEGORIES	DEGREES OF IMPORTANCE	
	Not or less important	Very or extremely important
(1) Labour	48.27%	35.41%
(2) Market	31.97%	48.31%
(3) Land and natural resources	68.82%	21.21%
(4) Infrastructure	57.01%	25.21%
(5) Environment	62.91%	22.42%
(6) Law and socio-economic conditions	58.54%	22.19%

Source: own research, 2015

4 Discussion and conclusions

Location decision making is one of the key process in the strategic planning of the enterprise. Identification, evaluation and rating of specific location factors is a valuable tool in this decision making process.

The evaluation of the questionnaire results shows that the location factors within the category (1) Labour are the most important factors, namely it is Qualified workforce supply and Flexibility of the workforce. Within the questionnaire survey the respondents stated that Quality labour force has an effect on the production process: by experience, efficiency and versatility of employees. Flexible workforce is not only prepared to respond to changes in the performed work, but also accept such changes. At the present, performance or time flexibility are essential requirements for high-quality workforce. We can state that domestic enterprises prefer quality and flexibility of the labour force to labour cost factor. On the contrary, foreign investors, in choosing locations for their operations, prefer cheap labour and financial benefits such as tax breaks or subsidies, as Buček, Rehák, Tvrdoň (2010) indicated in their publication. As an example, a number of multinational companies have allocated their operations (electronics manufacturers Sony, Samsung and enterprises for the production of Kia cars, Peugeot or Jaguar - Range Rover) in the Slovak Republic mainly because of cheaper labour force and financial support. According to Rasciute, Downward (2017), an empirical approach is applied to a new data set which contains over 15,000 individual FDI location decisions in 25 European countries over a 17-year period and combines country-, industry- and firm-level factors. The empirical results show that the responsiveness of FDI location choices to country-level factors is heterogeneous both across sectors and across firms of different characteristics as well as unobserved factors. For example, the results show that the importance of market size increases with investing firm's size and skill intensity, while proximity between countries, as well as cultural and linguistic ties are more important for smaller firms (Rasciute, Downward, 2017).

Within the category (2) Market, Intensity of competition in the sector and Knowledge of the local business environment were referred to as the most common factors of respondent enterprises. It is understandable that enterprises are trying to maintain a stable position in the market among enterprises producing substitution products and competition moves them forward. Enterprises seek to get the best position in a competitive environment. The Knowledge of the local business environment has great importance for companies because the knowledge of the market leads to greater efficiency in communication with other market operators, and to the knowledge of opportunities and production planning as reported in a previous research Gubáňová, Hanáčková (2014). Domestic enterprises established at regional or local markets usually prefer market factors such as lower Intensity of competition, Proximity of suppliers and customers, Purchasing power (Buček, Rehák, Tvrdoň, 2010).

In locating of enterprises are also important (4) Infrastructural factors, especially Complexity and costs of road transport. The quality of the business environment increases significantly with the availability of motorways and first-class roads, mainly due to the efficient transport of inputs and outputs,

resulting in a reduction of transport costs. In their publication Belajová, Fáziková (2005) highlighted the development and quality of transport infrastructure as a development factor immediately conditioning the location of enterprises, their performance and effects.

Based on this research location factors within the categories of (5) Environment and (3) Land & Natural Resources considered demand factors less important than the other categories. We concluded that the most important location factors in the allocation of observed enterprise are factors from category (2) Market and (1) Labour. In the paper "Localization of factors in decision making of location of selected enterprises" author also emphasizes Market factors and Labour factors as the most important factors that companies consider when deciding their allocation (Cifranič, 2016).

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