University of Illinois at Urbana-Champaign
Fall 2015 GEOG/BADM 205
Business Location Decisions

Instructor: Esteban Lopez (lopezoch@illinois.edu)

Lectures: Monday, 14:00 to 16:50 [329 Gregory Hall]

Office hours: Tuesdays, 14:00-15:00 [318 Davenport Hall] or by appointment

Webpage: Illinois Compass at https://compass2g.illinois.edu/webapps/login/


Brief Course Description:
This is a course devoted to the analysis of location decision-making resulting from economic activities. The course starts with fundamental concepts that will help you understand the different forces driving location decisions. Then it builds up in deeper concepts that not only help understanding location decisions at the individual or firm level, but also at the level of regional and global economies. Additionally the course will focus on the identification of important institutional factors and their changing roles over time. More specifically, the class is concerned with how firms respond to economic disruptions, problems of structural change, roles of multinationals and policy changes. At the end of the course, a ‘dedicated’ student should be able to remember and understand concepts and forces driving location choices, apply those concepts to problem solving situations, evaluate different real-life scenarios, and create plans that provide guidance of current or new location decisions.

Course Organization:
The course is primarily based on weekly lectures. Because the class is regularly small, discussion and participation are encouraged and evaluated and different activities and participation methods will be used to this end. Students are expected to read the book chapters before class, as well any other material made available. Students are expected to be able to embrace location choice active thinking in their day-to-day activities. Without active thinking, midterms, reports, papers, etc. will be much challenging.

Readings & Podcasts:
Students are expected to submit a weekly Briefing Paper at the beginning of each class that summarizes the readings for that class, a podcast, and at least two other sources of news from some of the following: Wall Street Journal, Business Week, Fortune, New York Times, Economist, Crain’s
Chicago Business. Podcasts are posted in each week in the schedule below. See the guideline for this assignment for further details.

**Projects:**
An on-going project will be developed by each student. The project will focus on either an industry or a large multi-plant/multi-product firm. See the guideline for further details.

**Evaluation:**
- Two Midterm exam: 15% each (total 30%)
- Final written exam: 35%
- Final project and presentation: 20%
- Weekly Briefing Papers: 10%
- Class participation: 5%

**Instructor’s Bio:**
Esteban Lopez is a doctoral candidate in the department of Urban and Regional Planning. Prior to coming to Illinois, he earned his M.S. in Regional Science in 2010 at the University Catholic of the North (Chile), where he additionally worked teaching and researching at the school of Business and Economics. His work has focused on the analysis of housing markets, specifically on tracking housing prices behavior over time and space, exploring the role of housing attributes on the demand for housing, identifying mobility and location choices of individuals, and estimating the impact of school choices in housing prices. He also has collaborated doing research with the Lincoln Institute of Land Policy and the Jönköping International Business School at Jönköping University in Sweden.

**Course Policies:**
**Disability Services**: This course will accommodate students with documented disabilities. Please refer to the Disability Resource Guide (http://www.disability.uiuc.edu/resourceguide) for more information and inform the instructor of any requests at the beginning of the semester.

**Academic Integrity**: The UIUC Student Code (http://www.admin.uiuc.edu/policy/code) requires all students to support academic integrity and abide by its provisions, which prohibit cheating, fabrication, plagiarism, and facilitation of these and related infractions.
Course Outline:

Symbology: ♠ = Readings, ♦ = Podcast, ♣ = Briefing Report, ♥ = Midterm

August 24: Introduction ♠♠
Definitions of space and its relation to economics and geography;
The friction of Distance; and
Readings: Anderson, Ch. 1, 2
Podcast: Planet Money – Episode 562: A Mall divided
http://www.npr.org/sections/money/2014/08/22/342232976/episode-562-a-mall-divided

August 31: Fundamental Concepts I ♠♠♠
Agglomeration
Spatial Interaction
Readings: Anderson, Ch. 3, 5
Podcast: Planet Money – Episode 128: Friend or Foe?
http://www.npr.org/sections/money/2012/11/06/164435445/episode-128-friend-or-foe

September 7: Labor Day (no class)

September 14: Fundamental Concepts II ♠♠♠
Markets and Spatial Markets
The production technology
Readings: Anderson, Ch. 4, 7
Podcast: TBA

September 21: Business Location Theory I ♠♠♠
Transportation & Location
Scale economies and input substitution
Readings: Anderson, Ch. 13, 14.
Podcast: TBA

September 28: Business Location Theory II ♠♠♥
Labor, rent, taxes and subsidies
Interrelated location choices
Readings: Anderson, Ch. 15, 16.
Podcast: TBA

Mid-Term 1

October 5: The multiregional Economy ♠♠♠
Specialization and Trade
Off-shoring, on-shoring, changing competitiveness
Automobile industry and its impact on Midwest economy
Interregional movements of labor and capital
Readings: Anderson, Ch. 8, 9
Podcast: This American Life – Episode 561: NUMNI

October 12: Locational and Sectorial Interdependence ♠♠♠
Links between activities—locational and industrial interdependence
How an economy works—regional growth model
The input-output system and measures of interdependence—multipliers and ripple effects

**Readings:** Anderson, Ch. 10, 11

**Podcast:** TBA

**October 19:** Location decision-Making and Policy ♠ ♦ ♣

**Readings:** Armstrong & Taylor – Chapter 9. (See Compass 2g)

**Podcast:** TBA

**October 26:** Markets for Space ♠ ♦ ♣

Agricultural Land Use
Urban Land Use and Urban Sprawl

**Readings:** Anderson, Ch. 17-19.

**Podcast:** TBA

**November 2:** Summary to Date ♥

Mid-Term 2

**November 9:** Systems of Cities ♠ ♦ ♣

Urbanization and Urban hierarchies
Central Place Theory

**Readings:** Anderson Ch. 20-22.

**Podcast:** TBA

**November 16:** Globalization and the Knowledge Economy ♠ ♦ ♣

International trade and investment
International Migration – Global production systems

**Readings:** Anderson, Ch. 24-25

**Podcast:** TBA

**November 23:** Thanksgiving Break (no class)

**November 30:** Project Presentations

**December 7:** Review

**Dec. 11-20:** Final Exam (date to be determined)

**Key Dates:**

- **August 31st:** First briefing paper due in class
- **September 28:** Mid-term 1
- **October 5:** A typed/printed one-page (maximum) outline of your project
- **November 2:** Mid-term 2.

**Week of October 12 & 19:** Schedule a brief meeting with the instructor to discuss your project progress during the office hours

**November 30:** Each student should make a 10 minutes project presentation in class. Failure to make an oral presentation will result in the assignment of 0% to the project

**December 12:** Final reports Due. Reports received after this date will be discounted at the rate of 1 percentage point per day (i.e., a report submitted two days late will only be assigned a maximum of 18%)
Briefing Papers

Starting the second week of class (August 31st), each student should bring to class a typed/printed briefing paper in the format shown below. Each student should submit 9 briefing papers in total. The document should be based on reading and interpreting the class readings, the podcast, and one or more news events of the previous week. Each class will start with a review of the week’s events and these documents will provide the bases for the discussions. The document should be no more than one page long. BPs are based on the materials of the following class.

Format:

**Your UIN:** No name

**Source of Information:**

List newspaper or other media from which you obtained the information

**Issue of relevance:**

Briefly describe the event or series of events; if possible, place it in context of some regional, national or global trends.

**Relationship to location analysis:**

Describe how you think the event(s) have been influenced by location decision-making or potentially might affect current or future locations. Be creative; be willing to take some risks in your interpretation since, in many cases, none of us will be able to point to a correct interpretation. The objective here is to move from being a mere “reporter” to an “interpreter” or “analyst.” There are skills that will be of value in that an ability of “read the economy” will be critical to maintaining a company’s competitiveness.
Project Guidelines

The ability to undertake research, prepare a written report and deliver a summary oral presentation has become a major advantage in the development of an individual’s personal portfolio.

Objectives:

1. Understand some of the complexities of modern industrial structure
2. Become familiar with data sources
3. Attempt to understand and explain the location patterns of firms within a major industry
4. Prepare a written and oral report

Procedure:

The final product will consist of three parts.

1. A general description of the organization/industry which you have chosen to study including a summary of recent activities (e.g. mergers, acquisitions, new product developments)
2. A map showing the current location of major establishments or components of the firm/organization together with information about recent changes in location
3. An analysis of the factors that you believe influenced the current location of establishments within the organization that you are studying.

Implementation:

Choose an industry, firm or organization that you would like to study; do not have to restrict yourself to manufacturing. You may examine high tech firms, sports franchises, retail operations, agricultural services, logistics, e-businesses, etc., as well as traditional manufacturing firms. For those of you venturing into the job market, consider studying one of the organization for which you would like to work.

Your major source of material will be the Internet and the library. Check to see whether either source has information on the organization: Moody’s often provides useful summary data. However, you may find that you will need to approach the firm/organization directly, requesting Annual Reports and other information. In addition, check some of the census data (Manufacturers, Agriculture, Wholesale, Retail, Government, Construction) or County Business Patterns for information on location, employment levels and other relevant data. Consider the event that one business opened up a new branch firm in a new location, why did they choose this location? Or why did a business close at a location? Small-scale analysis can be very useful as well.

Evaluation:

Your report will be graded on the basis of (i) clarity of presentation, (ii) imaginativeness with which the presentation was made, (iii) use material and supplemental readings to enhance your analysis, (iv) creativity in explaining location patterns and changes, and (v) your adherence to the timetable.