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**Acronyms**

**NBE** – National Bank of Ethiopia

**CSA**- Central Statistics Authority

**LMSMI**- Low and Medium Scale Manufacturing Industries

**EFC**- Ethiopian Food Corporation

**MO**I- Ministry of Industry

**EMA**- Ethiopian Millers Association

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**ABSTRACT**

The main purpose of the study is to identify the underling factors in location decision of industrial wheat flour milling of Ethiopia and to measure the relative importance of different location factors in three sites selected for the study. Data were collected from 40 firms from three locations and analyzed. The survey findings indicate that flour milling location choices are mainly driven by Proximity to Raw Material source, Proximity to consumer market, and Cost of raw material transportation. It is also found that non- economic factors tend to outweigh economic factors as important location decision variables for this industry.Among the non-economic factors personal factors of management or owners was found to be the most important factor. Labor is rated as the least important factor in the decision of respondents.

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**ABSTRACT**

The main purpose of the study is to identify the underling factors in location decision ofindustrial wheatflour mills in Ethiopia and to measure the relative importance of different location factors in three sites selected for study. Data were collected from 40 firms from the three locations and analyzed.

The survey findings indicate that flour milling location choices are mainly driven by Proximity to raw material source, proximity to consumer market, and cost of raw material transportation which were rated as first, second and third most important factors in the location decision of respondents. It was also found that non- economic factors tend to outweigh economic factors as important location decision variables for this industry.Among the non-economic factors personal factors of management or owners was found to be the most important factor. Labor is rated as the least important factor in the decision of respondents.

The findings of the study indicate that almost 50 % of the firms did not make any location analysis in their former location decisions. Again about 50 % of the respondents indicated that they would not consider location analysis in their future location decision.Further research work is recommended to investigate the reason behind these views which contradict the theory of location selection