

# Firm Migration in The Netherlands

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# Contents of the original book chapter\*

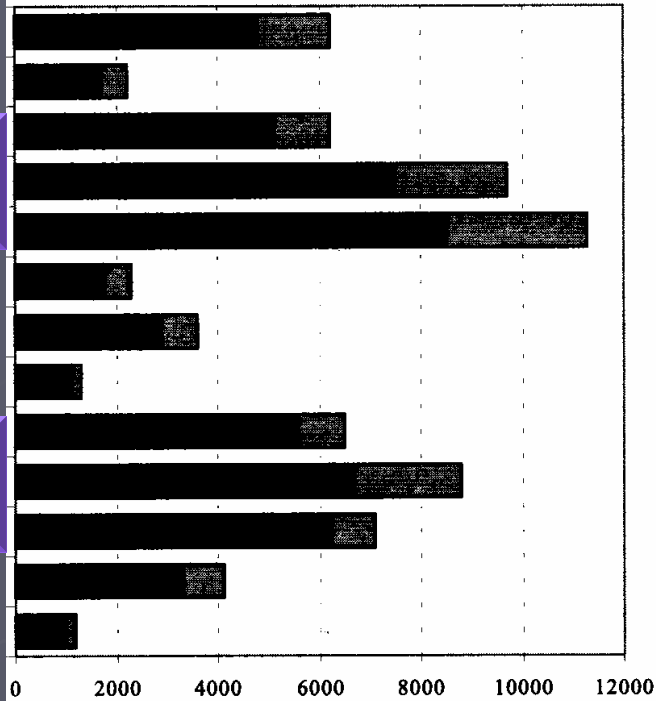
- ▶ History of firm migration research
- ▶ Data problems
- ▶ Actual firm migration in the Netherlands
- ▶ Spatial patterns of firm migration
- ▶ Firm migration in manufacturing industry
- ▶ Motives for firm migration
- ▶ Role of labour market & government policy
- ▶ Phases in the decision making process
- ▶ Conclusions

\* Piet Pellenbarg, Paul van Steen and Leo van Wissen (2005)  
RUIIMTELIJKE ASPECTEN VAN DE BEDRIJVENDYNAMIEK IN  
NEDERLAND. Assen: Van Gorcum

# To be treated in this presentation

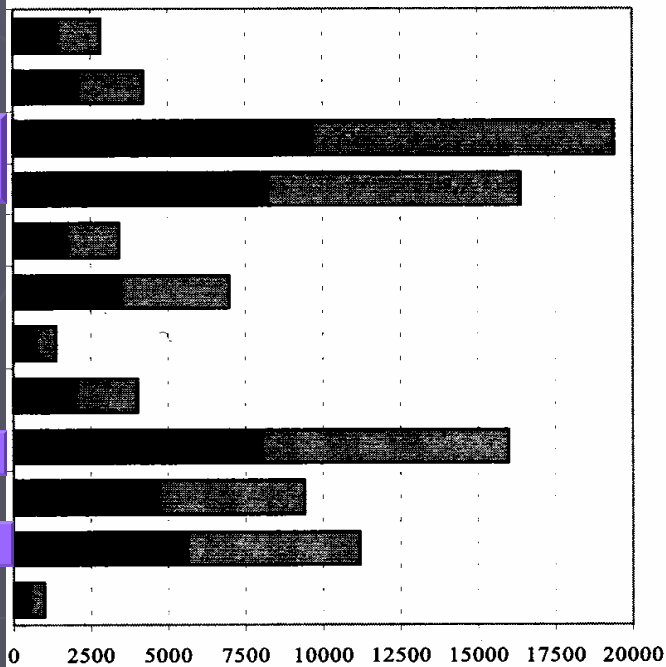
- ▶ History of firm migration research
- ▶ Data problems
- ▶ **Actual firm migration in the Netherlands**
- ▶ **Spatial patterns of firm migration**
- ▶ Firm migration in manufacturing industry
- ▶ **Motives for firm migration**
- ▶ Role of labour market & government policy
- ▶ **Phases in the decision making process**
- ▶ Conclusion
- ▶ **And: Movement and satisfaction**

**Business management**  
**General services**  
**Personal services** ▶  
**Facility services**  
**Advice services**  
**Financial services**  
**Transport services**  
**Hotels, café's, restaur.**  
**Retail services**  
**Wholesale services** ▶  
**Building**  
**Manufacturing**  
**Agriculture and fisher.**



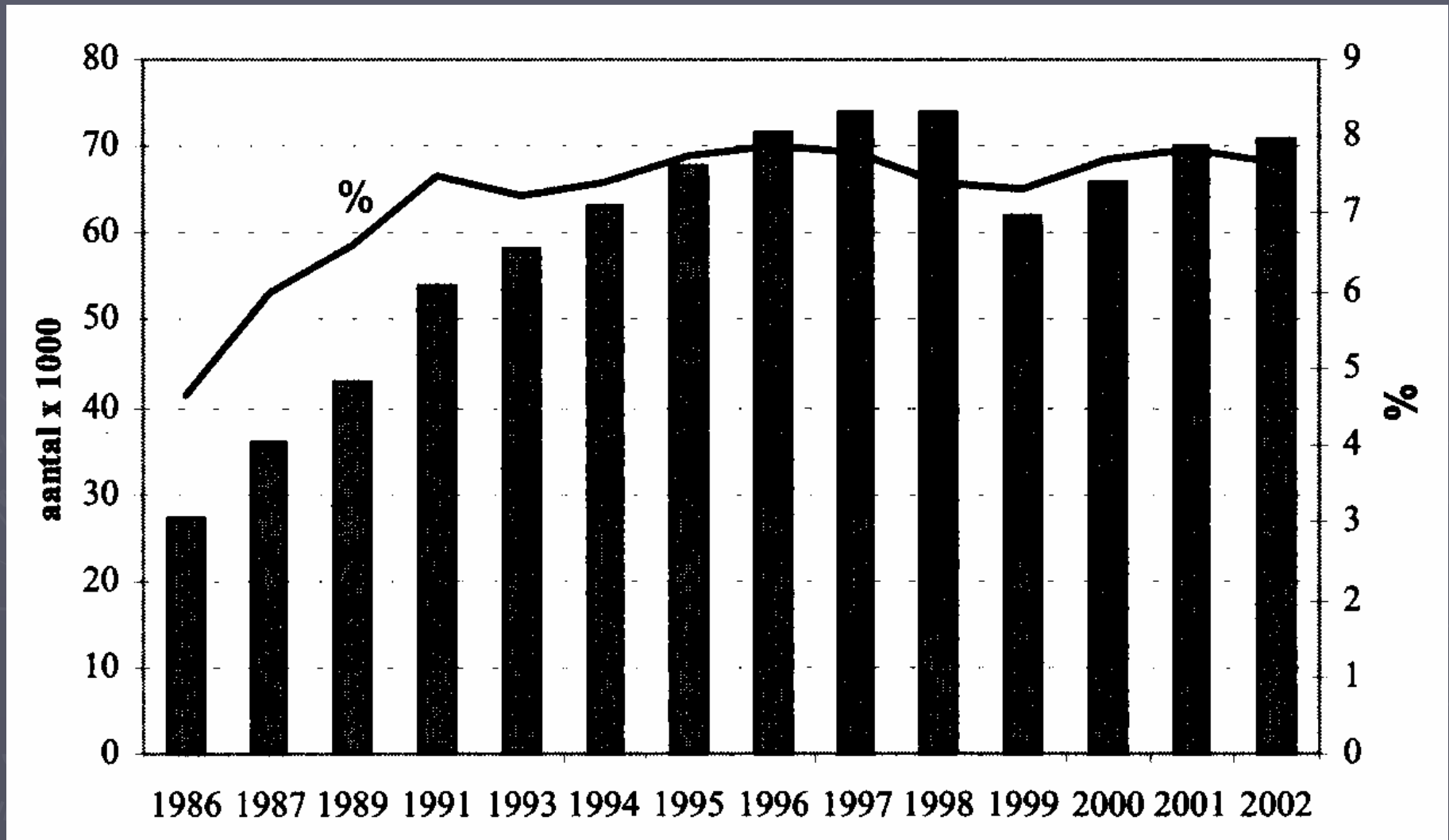
**Number of  
 relocated firms  
 (average 2001/2002)**

**Business management**  
**General services**  
**Personal services** ▶  
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**Number of  
 relocated jobs  
 (average 2001/2002)**

# Number of relocated firms 1986-2002

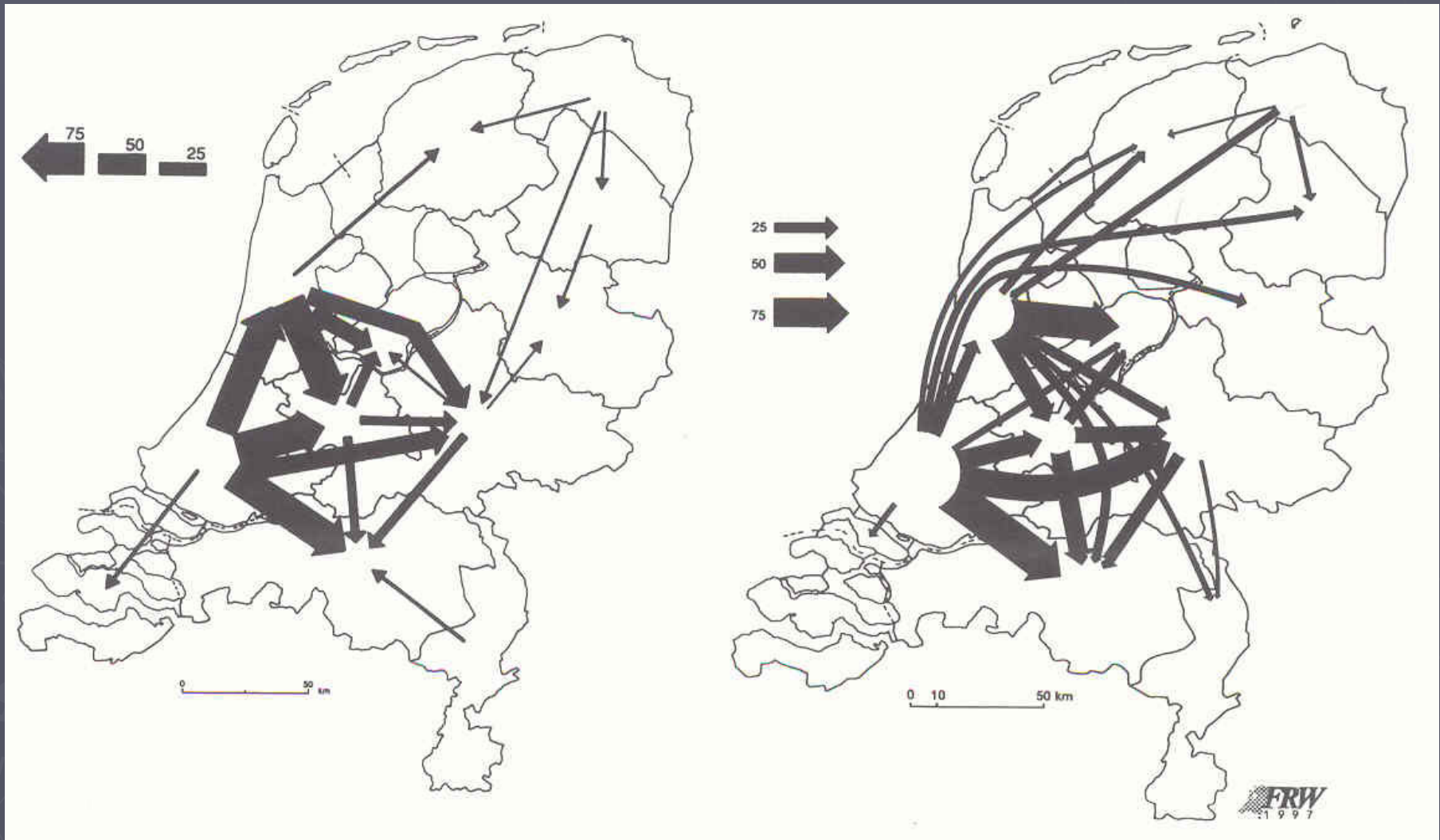


# Firm migration as a part of the total firm mutation balance

(average numbers over 2001/2003; Source: VVK 2003)

	Number of <b>new firms</b>	Number of <b>firm closures</b>	Result: natural growth	Number <b>relocated firms</b>	Of which over long distance
Establishments	<b>91,300</b>	<b>55,000</b>	36,300	<b>64,300</b>	12,900
Employees	<b>125,500</b>	<b>120,800</b>	4,700	<b>231,000</b>	48,100

# Inter-provincial firm migrations in 1990/1991 and 1994/1995

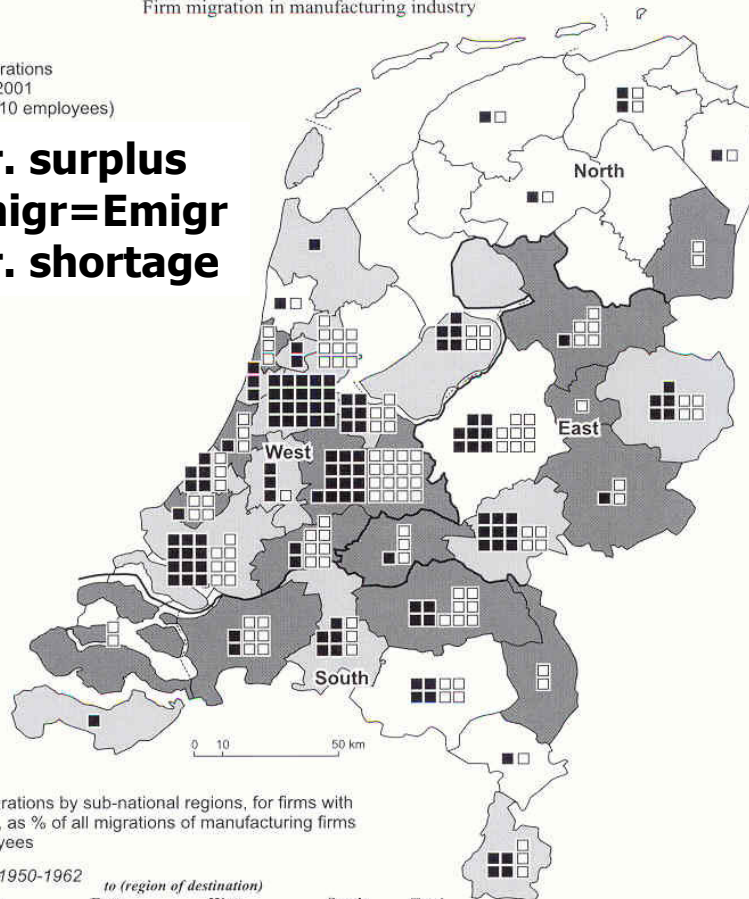


THE NETHERLANDS IN MAPS  
Demography of firms (part 3)  
Firm migration in manufacturing industry

Manufacturing firm migrations  
per COROP-region in 2001  
(firm establishments > 10 employees)

■ Migr. surplus  
□ Immigr=Emigr  
□ Migr. shortage

□ firm immigration  
■ firm emigration



Manufacturing firm migrations by sub-national regions, for firms with 10 or more employees, as % of all migrations of manufacturing firms with 10 or more employees

A. Annual average in 1950-1962

		to (region of destination)				Total
		North	East	West	South	
from (region of origin)	N					4
	E					11
	W					80
	S					6
	Tot	31	40	2	27	100

B. 2001

		to (region of destination)				Total
		North	East	West	South	
from (region of origin)	N					5
	E					33
	W					44
	S					18
	Tot	12	32	23	33	100

Source: Chamber of Commerce, CBS  
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Faculty of Spatial Sciences  
University of Groningen  
*Tijdschrift voor Econ. en Soc. Geografie*  
94 (2003)3

# Interregional firm migrations (2001) in Manufacturing industry (>10 empl.)

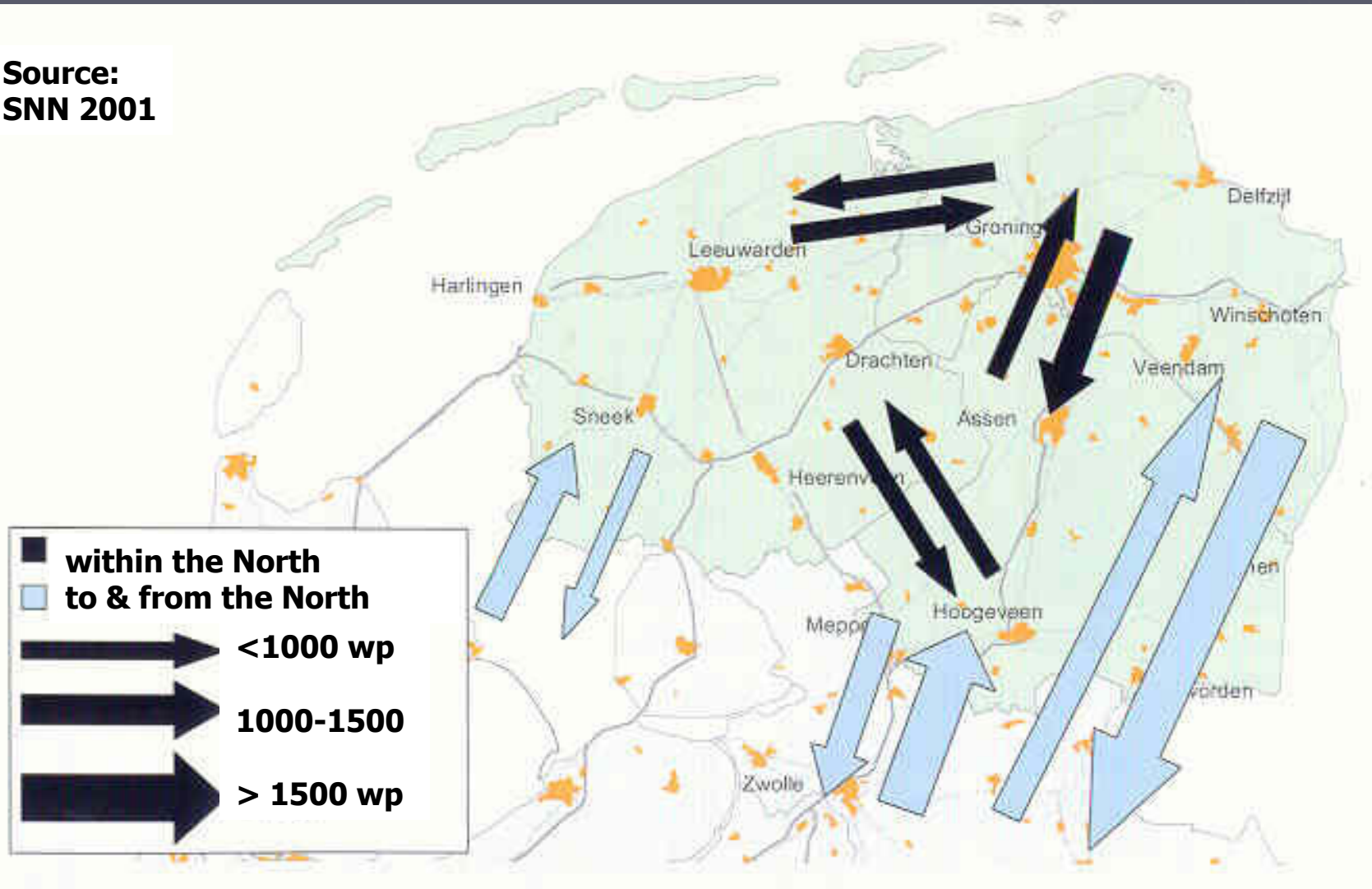
Source:  
Pellenberg&vSteen 2003



# Firm migrations in, to and from the Northern Netherlands 1995-1999


(wp: number of employees)

Source:  
SNN 2001




# Motives for firm migration: most important PUSH FACTORS

1977	1988	1999
<b>Lack of space for growth</b>	<b>Lack of space for growth</b>	<b>Lack of space for growth</b>
Organizational considerations	Organizational considerations	<b>Not a representative building</b>
Presence of housing	Difficult local traffic situation	Bad state of firm housing
Expropriation/rent termination	Optimistic perspectives	Organizational considerations
<b>Not a representative area</b>	Bad state of firm housing	Bad accessibility



# Motives for firm migration: most important PULL FACTORS

1977	1988	1999
<b>Possible expansion</b>	Beneficial transport location	<b>Representative housing</b>
Organisational considerations	<b>Possible expansion</b>	Accessibility of suppliers/customers
Presence of housing	Beneficial local traffic situation	<b>Possible expansion</b>
Beneficial transport location	Price of new location/premises	Beneficial transport location
Beneficial local traffic situation	<b>Representative housing</b>	Presence of housing



# Phases in the relocation decision process (1)

- ▶ Not all location factors appear at the same time in the process; some factors influence earlier stages, other factors dominate later stages

## Phases in the relocation decision process (2)

- ▶ Townroe (1972, 1973) : *stimulus - problem definition – search – comparison of alternatives – choice and action*
- ▶ Louw (1996) : *orientation – selection - negotiation*

	Phase (% of all mentioned factors, per phase)			
<i>Factor type</i>	Orientation	Selection	Negotiation	Total
Engineering	15.2	12.3	7.1	11.9
Functional	19.4	18.4	7.1	16.1
Technical	3.1	4.2	2.0	3.4
Financial	12.2	14.2	<b>52.5</b>	22.5
Location	<b>43.9</b>	<b>36.0</b>	12.1	32.3
Other	6.1	14.6	19.2	13.8
Total	100.0	100.0	100.0	100.0

# Phases in the relocation decision process: results by Pen (2002)

- ▶ Literature survey: authors distinguish between more and more phases
- ▶ Most mentioned: problem recognition/ definition, development of alternatives, evaluation/choice, implementation
- ▶ Results by Pen (based on a data set of 1,000 firms with various location change strategies):
  - \* ***average duration of relocation process 27 months***
  - \* ***decision process minimum 3, maximum 7 phases***
  - \* ***larger firms: more actors, longer process***

## Phases in the relocation decision process: more results by Pen (2002)

- ▶ factor influences change during the process
- ▶ smaller firms: more private factors
- ▶ not much difference between sectors
- ▶ usually the number of alternatives is 4 or 5
- ▶ quality of premises is most important in the choice process
- ▶ relocation has a positive influence on the performance of the firm!

# Relocation and satisfaction (1)

► *General rule:*

two years after relocation, *one out of three* decision makers says he would make a different choice now



# Relocation and satisfaction (2)

- ▶ Among the 2001 manufacturing industry relocations 'regretters' amounted *one to four*
- ▶ Interestingly, the *regret % was higher* among those who *searched more seriously*

Satisfied on new location (%)		Considered alternative locations? (%)		
		YES	NO	Total
YES	73	88	82	
NO	27	13	18	
Total	100	100	100	

Source:  
Schuilenburg 2004

# Relocation and satisfaction (3)

- ▶ *In theory:*  
more intensive search > better choice result > more satisfaction
- ▶ *In practice:*  
more intensive search > higher expectations > sooner disappointed
- ▶ Results confirm recent insights from decision theorists: *more thinking and arguing leads to dissatisfied deciders*
- ▶ Is expert location advice to relocating firms potentially harmful???

# Relocation and satisfaction (4)

a more elaborate assessment of decision making and satisfaction among 18 relocation cases (Adema 2003)

## Decision making:

- ▶ External advice yes/no
- ▶ More phases yes/no
- ▶ Use of standardized procedures yes/no
- ▶ Many/few alternatives
- ▶ More/less weight to objective factors

----- +

- ▶ Total score max. 8 pts

## Satisfaction:

- ▶ Generally satisfied yes/no
- ▶ All demands met yes/no
- ▶ Specific disappointments yes/no
- ▶ New location better/worse
- ▶ Would choose this location again yes/no


----- +

- ▶ Total score max. 5 pts

(18 firms, 3-360 empl; av. 57)

**MORE RATIONAL**

**LESS RATIONAL**



<i><b>Satisfaction</b></i>		<i><b>Rationality</b></i>	
<b>BERNARD ELETRONIC WHOLESale</b>	5	<b>JOHNSON POLYMER</b>	8
<b>SCHILDERSWACHT PAINTERS</b>	5	<b>EFKA ADDITIVES</b>	6
<b>VAN DE LEUR</b>	4	<b>DECORETTE</b>	6
<b>ESBE AUTOMOBILES</b>	4	<b>ICARE</b>	6
<b>NOORD NEGENTIG</b>	4	<b>TEEWES PRINTERS</b>	2
<b>DECORETTE</b>	4	<b>VAN DE LEUR</b>	2
<b>NORIT NEDERLAND</b>	2	<b>NORIT NEDERLAND</b>	1
<b>JOHNSON POLYMER</b>	2	<b>ESBE AUTOMOBILES</b>	0
<b>BOSSERS AND CNOSEN</b>	1	<b>BERNARD ELETRONIC WHOLESale</b>	0
<b>VIADATA AUTOMATISERING</b>	1	<b>SCHILDERSWACHT PAINTERS</b>	- 1
<b>EFKA ADDITIVES</b>	0	<b>BOSSERS AND CNOSEN</b>	- 2
<b>ICARE</b>	0	<b>NOORD NEGENTIG</b>	- 3
<b>HANS DE HAAN CALCUL. SYSTEMS</b>	0	<b>REMMERS SAFE BV</b>	- 3
<b>EFFICIENT CLEANING COMPANY</b>	0	<b>DE BOER CAR DAMAGE</b>	- 3
<b>REMMERS SAFE BV</b>	0	<b>EFFICIENT CLEANING COMPANY</b>	- 4
<b>TEEWES PRINTERS</b>	- 1	<b>CSS COMPUTER SOLUTIONS</b>	- 4
<b>DE BOER CAR DAMAGE</b>	- 2	<b>VIADATA AUTOMATISERING</b>	- 5
<b>CSS COMPUTER SOLUTIONS</b>	- 3	<b>HANS de HAAN CALCUL. SYSTEMS</b>	- 6

# Relocation and satisfaction (6)

> Most of the satisfied deciders made rational location decisions; but

> Half of the irrational deciders were rather or even quite happy with their locations

MORE RATIONAL		LESS RATIONAL	
<b>SATISFACTION</b>		<b>RATIONALITY</b>	
BERNARD ELETRONIC WHOLESAL	5	JOHNSON POLYMER	8
SCHILDERSWACHT PAINTERS	5	EFKA ADDITIVES	6
VAN DE LEUR	4	DECORETTE	6
ESBE AUTOMOBILES	4	ICARE	6
NOORD NEGENTIG	4	TEEWES PRINTERS	2
DECORETTE	4	VAN DE LEUR	2
NORIT NEDERLAND	2	NORIT NEDERLAND	1
JOHNSON POLYMER	2	ESBE AUTOMOBILES	0
BOSSERS AND CNOSEN	1	BERNARD ELETRONIC WHOLESAL	0
VIADATA AUTOMATISERING	1	SCHILDERSWACHT PAINTERS	- 1
EFKA ADDITIVES	0	BOSSERS AND CNOSEN	- 2
ICARE	0	NOORD NEGENTIG	- 3
HANS DE HAAN CALCUL. SYSTEMS	0	REMMERS SAFE BV	- 3
EFFICIENT CLEANING COMPANY	0	DE BOER CAR DAMAGE	- 3
REMMERS SAFE BV	0	EFFICIENT CLEANING COMPANY	- 4
TEEWES PRINTERS	- 1	CSS COMPUTER SOLUTIONS	- 4
DE BOER CAR DAMAGE	- 2	VIADATA AUTOMATISERING	- 5
CSS COMPUTER SOLUTIONS	- 3	HANS de HAAN CALCUL. SYSTEMS	- 6

> *No perfect match between rationality and satisfaction*

# Conclusions (1)

- ▶ We know rather little about the actual *spatial patterns* of firm relocation
- ▶ We know rather much about the push and pull *factors that explain* the relocations
- ▶ New relocation studies should focus less on the external location factors that dominate the orientation and selection phases, and more on factors of the negotiating phase: *premises, and government incentives* (Pen)

## Conclusions (2)

- ▶ Location studies that don't differentiate between phases *oversimplify* the process
- ▶ The variety of phases in the decision making process *prevents easy modeling*
- ▶ Modelling should be as basis for a *better match* between firms and their locations
- ▶ But: there is no perfect match between rationality of the decision making process and the *location satisfaction* afterwards

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*Thank you for your attention!*

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