

# REGIONAL DEVELOPMENT PATTERNS IN THE NETHERLANDS A DEMOGRAPHY OF FIRMS APPROACH

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## COMPONENTS OF CHANGE

- **NEW FIRMS**
- **FIRM CLOSURES**
- (SURVIVAL OF FIRMS?)
- **FIRM MIGRATIONS**
- **GROWTH AND DECLINE OF FIRMS**
- (MARRIAGE AND DIVORCE?)
- **OLD FIRMS**



## BIRTH AND DEATH OF FIRMS IN THE NETHERLANDS, 2001

STARTUPS *	58,900
OTHER NEW FIRMS **	35,200
TOTAL NEW FIRMS	94,100
CLOSURES	54,900
GROSS GROWTH	39,200
ADMIN. CORRECTIONS	- 10,700
NET GROWTH	28,500
TOTAL NUMBER, 31/12 2001	923,500

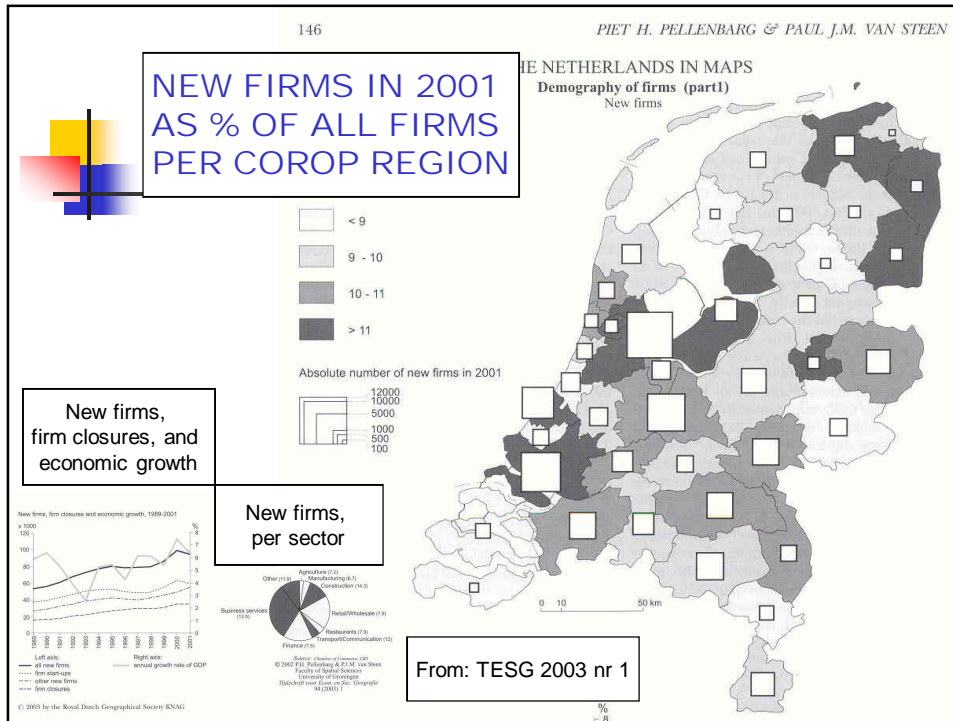
\*Firms started by persons not yet active as entrepreneurs

\*\*New branches and subsidiaries of existing firms



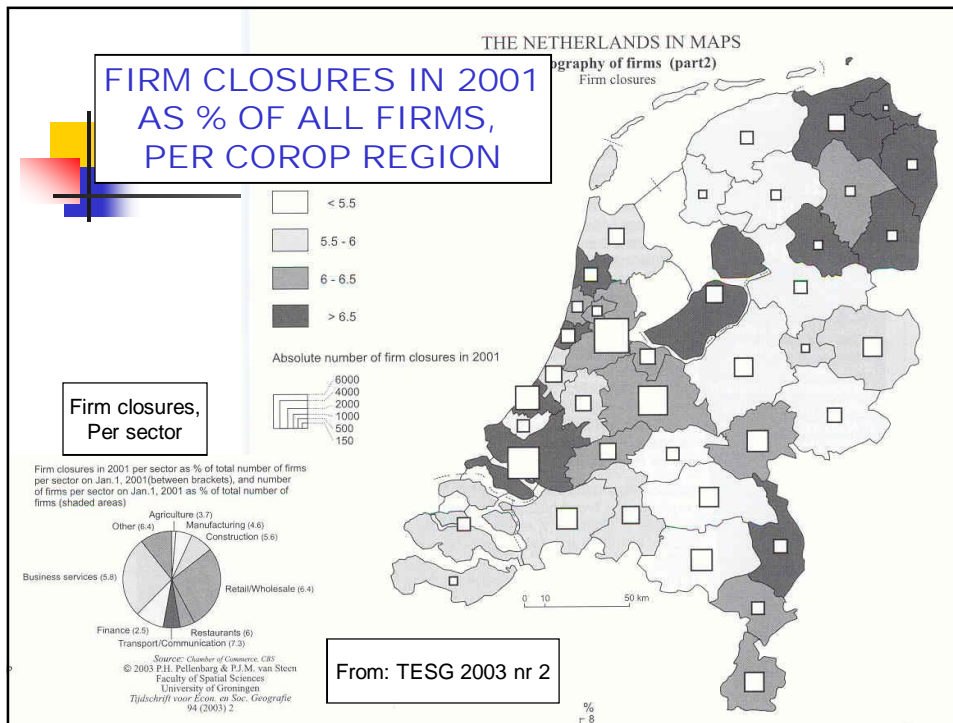
## ENTREPRENEURSHIP IN DIFFERENT COUNTRIES

- The Netherlands: 10,2 %  
(equal to the national annual firm birth rate)
- European average: 11,6 %
- USA 11,2%
- Denmark 7,1 %
- Germany 7,5 %
- South Europ. Countr. 14-18 %



## REGIONAL VARIATIONS IN FIRM BIRTH

- Generally high new firm formation rates in the urban (core) areas
- But we have many exceptions! High rates in some rural areas, low rates in some urban areas
- Regional variations in location conditions offer *insufficient explanation* for regional variations in firm birth rates
- Maybe we should look for differences in regional life styles?!



## REGIONAL VARIATIONS IN FIRM DEATH

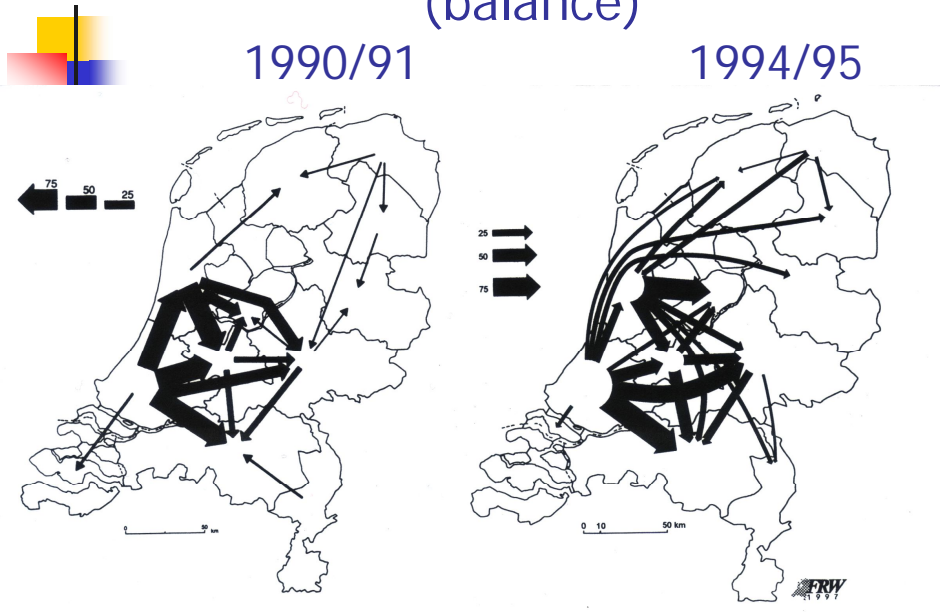
- Many closures in the core region reflect massive death of many of the new firms
- Low closure rates in the Intermediate zone maybe reflect high survival rates of succesful firms that migrated from the core region
- High closure rates in the periphery because of bad location conditions? Seems unacceptable
- As in the birth rate map, there are several regions that don't fit the general rule



## FIRM MIGRATION: should be studied more intensively!

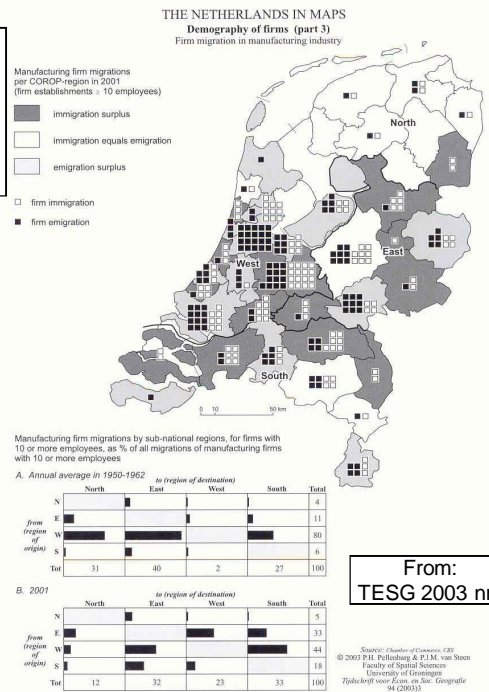
- Most relocations are local, and have little influence on regional economic patters, **BUT:**
- Relocation occurs more *frequently* than often assumed (Neth: ca. 8% annually)
- Relocating firms are *growing* firms!
- Almost all newly developed business sites are taken by firms that *relocated* from elsewhere!

### Interprovincial firm migration (balance)



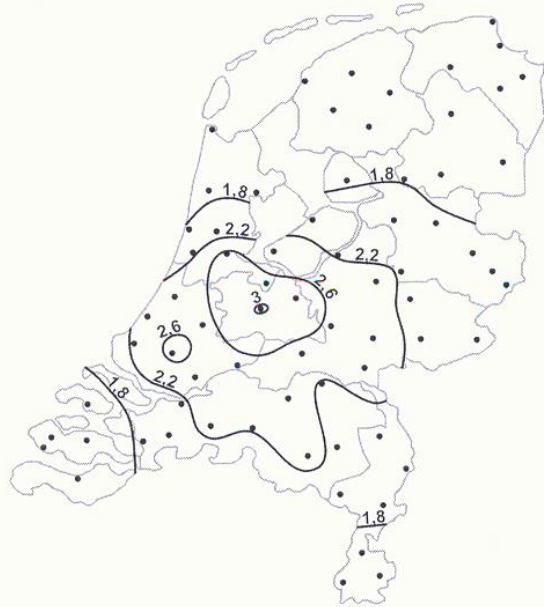
## FIRM MIGRATION MANUFACTURING INDUSTRY, 2001 (firms > 10 empl.)

Migration of Manufacturing  
Firms > 10 employees  
by macro-region,  
Compared for the 1950's  
and in 2001 →



## REGIONAL VARIATIONS IN FIRM MIGRATION

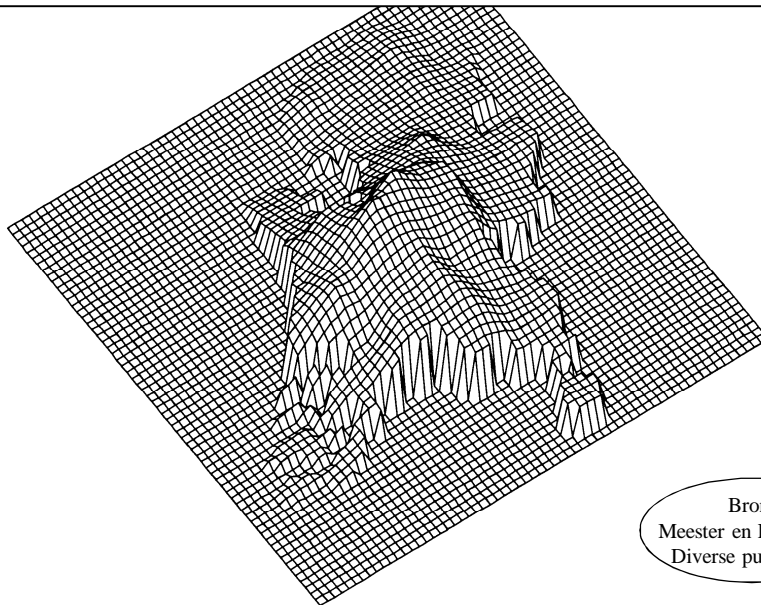
- For manufacturing industry: diminishing
- For other sectors: unknown
- Big question: will deconcentration from the core region increase or not?
- Stated preference studies indicate a decrease of appreciation of the core
- The general tendency is, that firm mobility continues to grow



Stated  
preference by  
entrepreneurs  
for 70 selected  
locations in the  
Netherlands,  
2003

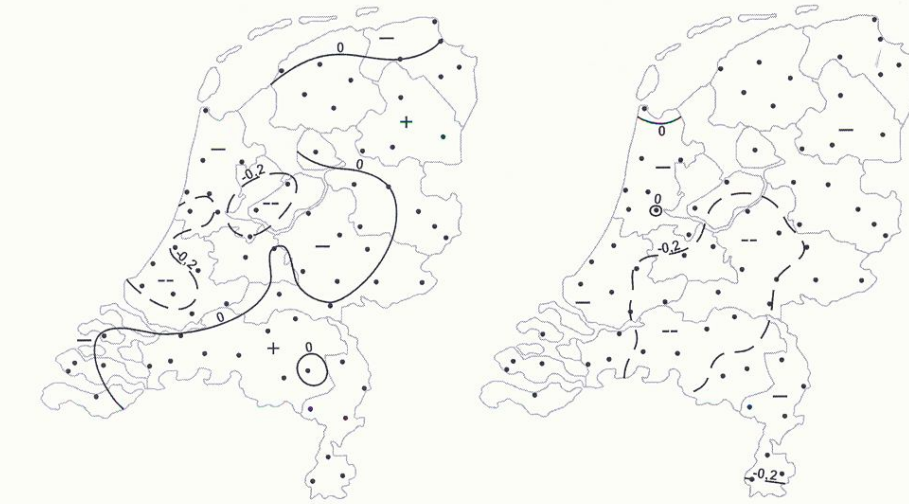
Source: Meester and  
Pellenburg 2004

## A 3-DIMENSIONAL PLOT



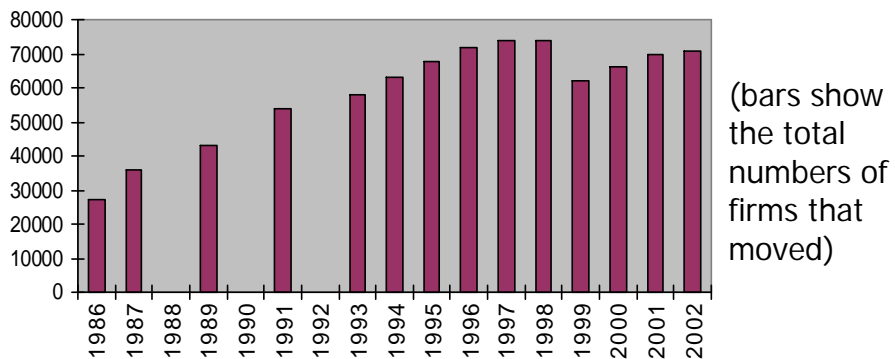
Bron:  
Meester en Pellenburg  
Diverse publicaties

## Change in locational preference 1983-1993      1993-2003



## FIRM MIGRATIONS IN THE NETHERLANDS 1987 - 2002

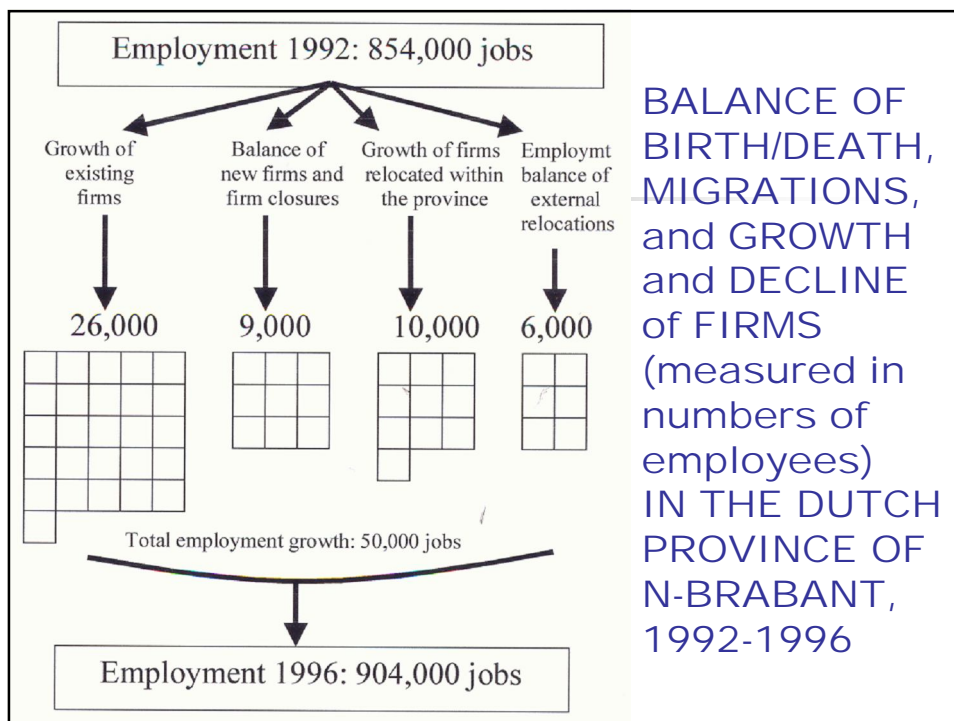
1986-1999 insufficient screening of basic data  
1999-2002 more intensive screening of basic data  
*Source: Pellenburg 2004 and VVK 2003*



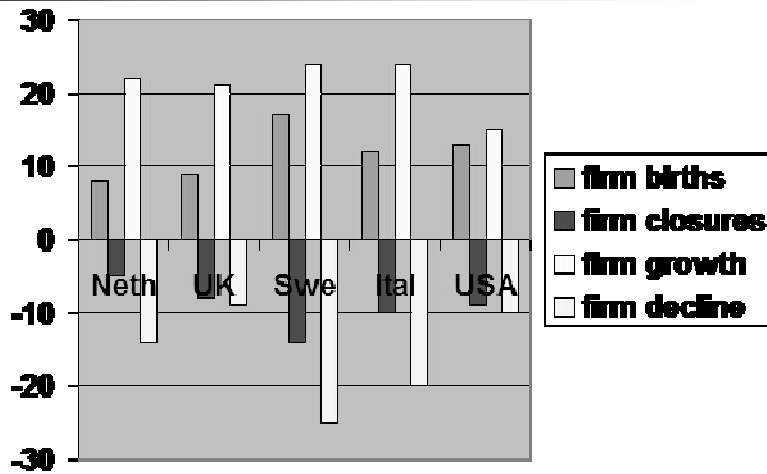


## GROWTH AND DECLINE OF FIRMS IN THE NETHERLANDS

- The balance of growth and decline is usually 50% or more of the total employment shift
- Empirical studies to prove this are relatively scarce
- In some countries the balance of birth and death is much closer to the balance of growth and decline than in others
- Mapping regional variations is tricky: the magnitude of firm growth can be measured in more than one way.



## THE BALANCE OF BIRTH/DEATH versus GROWTH/DECLINE of FIRMS: a COMPARISON BETWEEN COUNTRIES



### THE NETHERLANDS IN MAPS Demography of firms (part 5) Growing and declining firms

% OF FIRMS WITNESSING  
EMPL. GROWTH  
OR DECLINE  
IN 2001

% FIRMS WITH  
EMPLOYMENT  
GROWTH

Percentage of firms with employment growth in 2001, per Chamber of Commerce district, compared to national average (national average = 20.5%)

- high % of firms with employment growth
- average % of firms with employment growth
- low % of firms with employment growth

Percentage of firms with employment decline in 2001, per Chamber of Commerce district, compared to national average (national average = 11%)

- low % of firms with employment decline
- average % of firms with employment decline
- high % of firms with employment decline

% FIRMS WITH  
EMPLOYMENT  
DECLINE

From:  
TESG 2003 nr 5

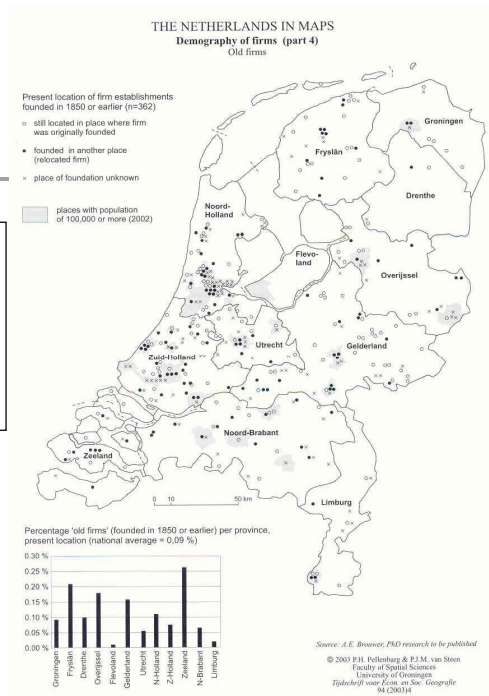
Source: Chamber of Commerce, 2001  
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Faculty of Spatial Sciences  
University of Groningen  
Tijdschrift voor Econ. en Soc. Geografie  
94 (2003)

# GROWTH AND DECLINE OF FIRMS IN THE NETHERLANDS

- Both high growth and low decline regions show a scattered pattern
- These patterns do NOT coincide very well: some regions have much growth AND much decline, or vice versa
- Low decline regions are concentrated in the periphery, not in the core
- Maybe we should use other data, but these are not available

## OLD FIRMS: PRESENT LOCATION OF FIRMS ESTABLISHED 1850 OR EARLIER

From: TESG 2003 nr 4





## SPATIAL PATTERN OF OLD FIRMS IN THE NETHERLANDS

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- One firm per thousand in the Netherlands is older than 150 years
- The 'oldies' show an absolute concentration in the core area, and a relative concentration in some parts of the periphery
- The very old firms have moved less than average
- 'Butterflies don't leave'? (Stam 2003) For growth, you have to stay embedded in your regional networks



## CONCLUSIONS

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- Both firm birth and firm death tend to concentrate in the most dynamic urban areas, viz. the 'Randstad'
- Firm migration patterns suggest that the growth of successful (young) firms 'boils over' to the 'Intermediate Zone'
- The precise relationship between firm birth, growth, and migration is still unclear, witness the imperfect relationship between maps showing the regional variations in birth, growth and migration of firms, and the spatial pattern of long term survivors.