Stated and revealed locational preferences of firms: a national scale perspective

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1 Introduction

Firm location has been a widely discussed topic within regional economics and economic geography debate. The characteristics and the determinants of firms' locational preferences have been broadly investigated not only within the neoclassical framework (Lloyd and Dicken 1992; Hayter 1997; Krugman 1995; Fujita et al. 1999), but also in the context of the behavioural (Simon 1955; Cyert and March 1963; Pred 1967; Pellenbarg and Meester 1984; Meester 2004; Meester and Pellenbarg 2006), institutional (Granovetter 1985; Pellenbarg et al. 2002) and evolutionary approach (Maskell and Malmberg 1999; Storper 1992; Boschma and Franken 2006).

Many studies were focused on globalisation and the location of foreign direct investments (FDIs), as since the fall of the Berlin Wall, and the development of important countries like China, new huge markets opened and grew for direct investment flows at the international scale. As such, it makes the focus in academic studies on the international scale of these phenomena predominant in the literature. More recent papers on the international firm migration level have indicated that the determinants for international relocation have shifted focus due to the aftermath of the 2007 economic crisis. As Kapitsinis (2017) finds, the level of international

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demand becomes of increasing importance and the access of external capital is a factor which was earlier never this important for inducing firm relocation. This latter finding was a confirmation of the issues raised on the importance of firms' finances on their location discussed in a US study by Arena and Dewally (2012). However, these studies also argue that these issues should also be investigated at different spatial scale levels. Most studies on firm relocation are carried out from a theoretical point of view or using aggregated data; much less attention has been paid to empirical studies on relocation at micro-level and intra-national level. More studies on the intra-national level are available, and all recommend that more attention should be paid to the micro-level and intra-national level (Van Dijk and Pellenbarg 2000; Brouwer et al. 2004; Holl 2004; Arauzo-Carod 2005; Mariotti 2005; Sleuwaegen and Pennings 2006; Targa et al. 2006; Manjón-Antolín and Arauzo-Carod 2011; Bodenmann and Axhausen 2012; Kronenberg 2013; Nguyen et al. 2013; Foreman-Peck and Nicholls 2015; Holl and Mariotti 2017). The difficulty in collecting complete individual data on intra-national firm migration is hindering more studies at those lower spatial scale levels. The studies that have been done at lower spatial scale levels, however, are mostly focussing on traditional location decisions (see, for example, Nguyen et al. 2013, or Che'man and Timmerman 2016).

Nevertheless, the location and relocation of production activities at the national scale is still a relevant phenomenon, both for large- and small- and medium-sized enterprises (SMEs), and for manufacturing and services. However, the attention might need to shift from more traditional determinants, to a wider range of explanatory variables to capture the changing economic circumstances firms are confronted with now, such as increasingly unbalanced financial markets, transitions in energy and digitalisation as well as a stronger focus on well-being and sustainability. The analysis of locational preferences run at national and sub-national (regional, local, etc.) scales has the potential to go more in depth about a range of explanatory location factors and the spatial patterns (urban–rural; centre–periphery; north–south; east–west; etc.) that might be useful to understand the logics and the characteristics of the firm location choices (Mariotti 2005; McCann 2010; Musolino 2018a). In fact, working at such scale allows entrepreneurs to express their locational preferences at a more informed and detailed level, as they have potentially a much better knowledge of the places and the localities (Dahl and Sorenson 2009). Moreover, this kind of analysis is very informative about the country' social and economic environment, institutional framework, entrepreneurial attitude, culture, history, etc., since firms are not driven by the same location determinants everywhere, and so this can offer interesting comparative findings, and cast light on new hidden explanatory elements (McCann 2010; Dahl and Sorenson 2009; Musolino 2018b). Finally, relocation at the intra-national level provides at the same time the best showcase of entrepreneurial decision-making regarding location choice, and the ideal context to inspire goals for regional development policy (Van Dijk and Pellenbarg 2000).

This special issue aims to present and discuss works that are at the forefront of the international academic debate on the firms' locational preferences trying to be open to a wide variety of theoretical and methodological approaches. The objective is therefore to make the point of the scientific debate on this issue, hosting contributions by scholars analysing different countries and dealing with different

conceptualisations (for example, stated or revealed locational preferences), different methodologies (mostly quantitative, but also qualitative), different theoretical and analytical perspectives from which the firms' locational preferences have been recently explored, studied and explained,¹ balancing more traditional studies on this subject with new emerging approaches.

Several remarks can be conducted after the contributions to this special issue. All papers at the end strongly focus on the explanation of (stated or revealed) firms' locational preferences at the national scale, in particular on the location factors affecting their preferences. Interestingly, analyses highlight that the nature of the relevant explanatory location factors cannot be taken for granted at all. On the one hand, the role of "traditional" factors, like agglomeration economies, clearly emerges even here, but, on the other hand, analyses conducted by these authors show the role of other less investigated, less known factors like, for example, cultural factors (entrepreneurial culture), historical and institutional factors (the presence of organised crime, the Mafia) in determining spatial patterns of locational preferences at the national scale. This indicates that the subject of studying firm locations is still dynamic, complex and "rich" and still contributes to the academic debate.

The multiple and varied geographical levels of the analyses conducted in these papers are another value added. Although papers mostly focus on a single or few countries, analyses concern different types of territorial units: regions, provinces, municipalities, metropolitan areas, cities, neighbourhoods. Some papers even use the exact firms' address to conduct these analyses. Therefore, readers can see examples of how location choices work at different scales. This aspect underlines the relevance of the role of some location factors that have an effect at all scales.

Moreover, another remark concerns the affiliates of multinational enterprises (FDIs), which are the most productive and competitive of the national entrepreneurial system. They demonstrate that these firms follow specific location patterns within countries, explained by specific location factors (i.e. high-skilled workers are found to be an important location factor at the local scale, more important for FDIs than for domestic firms). In this respect, this special issue does not keep out FDIs when studying locational preferences at the national scale: it emerges that, in the age of globalisation, locational preferences at the national level result to be part of the location decision process taken at the international level.

Lastly, some of these contributions focus on the sectoral breakdown. They do not consider only aggregate traditional sectors, but they pay attention to the location patterns of emerging sectors (for example, software and videogames, sustainable entrepreneurship), trying then to investigate whether and how entrepreneurs in new economic activities present specific, "anomalous", spatial preferences. These papers

¹ The idea of this issue emerged at the special session titled: "National and International Locational Preferences of Firms", held at the 57th ERSA Congress (29 August–1 September 1 2017, Groningen, The Netherlands), organised by the Guest Editors. Besides, the three guest editors explored the issues of firm demography (new firms, old firms and relocated firms) during their PhD period at the Faculty of Spatial Sciences-University of Groningen, devoting attention to firm location and relocation, and being inspired by the firm demography research group of the Department of Economic Geography and specifically by the seminal work of Prof. Dr. Piet Pellenbarg.

show that social capital, culture and shared values of entrepreneurs are significant in firm locations or emergence patterns of new firms.

In the following paragraphs, we briefly discuss each paper and its specific contribution to the field. The opening paper by Musolino and Mariotti focuses on Italian mental maps of entrepreneurs and how mental maps can affect appreciation of location factors. This study is in line with a tradition of research on mental maps and firm location, which was initiated by Piet Pellenbarg and Wim Meester (Meester 2004; Meester and Pellenbarg 2006; Spilkova 2007; Pellenbarg 2012). Italy is the last of a long line of countries investigating their entrepreneurial mental maps. Interestingly, the results indicate “traditional location factors” to be of importance, such as value added, employment, availability and skills, sector specialisations, etc. However, the paper also finds strong emphasis on more “soft location factors”, such as a sense of security (due to the presence of the Mafia in Italy), social conditions and quality of life, indicating that new determinants of firm location are playing more and more an important role in this line of research.

The second paper by Mariotti, Barzotto, Corò and Saloriani aims at exploring the location behaviour of manufacturing firms, according to their ownership: domestic firms and inward FDIs, in an Italian industrial district region—Veneto in the North-east—specialised in the Made in Italy sectors. Geo-referenced mapping and econometric analysis (counterfactual) underline that inward FDIs privilege areas close to the main urban centres, such as the metropolitan area of Padua, to exploit the advantages of complex environments and higher connectivity. However, foreign investments are attracted by district areas more often than their domestic counterfactual, suggesting the objective of acquiring a system of specialised productive knowledge and skills developed within a district ecosystem, and hardly reproducible in other contexts.

The third paper of this issue is focused on Poland. This contribution by Brodzicki, Nazarczuk and Umiński investigates the location determinants of exporters by ownership (foreign vs. domestic). Most results indicate the importance of more traditional determinants such as a proximity to larger urban areas, easy access to infrastructure and the average wage of the local labour market. Interesting is that this study clearly indicates that there are differences between foreign-owned enterprises and domestic enterprises on how important they find each of the factors. This could be an example of how newcomers have a freer choice of location compared to embedded long established national firms and that cultural factors do affect location decisions.

Enthoven and Brouwer wrote the fourth contribution, performing a locational study on a new emerging group of entrepreneurs: sustainable entrepreneurs. They investigate the spatial concentration based on all individual locations of sustainable restaurants with an average nearest-neighbour analysis. Followed by the analysis of spatial autocorrelation with the use of the Moran's I statistic. Finally, they map the clustering of sustainable restaurants with a Getis-Ord G_i^* analysis. As such, they also add some new factors to a traditional cluster study of a specific sector. The article investigates whether sharing similar values with local entrepreneurs will lead to more adaptation of these values and hence lead to a spatial concentration of entrepreneurs with shared values. Enthoven and Brouwer find that indeed similar values

lead to spatial concentration in the sector of sustainable restaurants. This article is again evidenced that more traditional determinants go hand in hand with newer determinants in investigation of locational patterns of firms.

In the fifth paper, Musolino, Meester and Pellenbarg conduct a comparative, descriptive and explanatory analysis of the stated locational preferences (mental maps) of entrepreneurs from three different European countries: Germany, Italy and the Netherlands. Following a mixed approach, the authors find out the common characteristics, patterns and explanatory factors of mental maps of entrepreneurs in these countries. They discover, for example, that the centre–periphery dichotomy is the common pattern in any country, and accessibility is the key common explanatory factor, while other patterns, like the north–south divide, are country specific in the case of Italy.

Rossie and Dej focus again on Poland, in the sixth paper, on the re-locational preferences in the metropolitan areas. Applying a nested logit model, they first demonstrated that relocation usually occurs within small distances (although Poland is a large country). Secondly, they observe that urbanisation economies are a relevant factor, underlying the role of metropolitan areas as a catalyst for people and investments, together with the availability of high-skilled workers and amenities.

The last contribution to the special issue is focused on a new emerging sector: software and videogames industry, and refers to the cases of Barcelona, Lyon and Hamburg. This article by Méndez-Ortega and Arauzo-Carod investigates whether locational preferences are sector specific for this industry or more dependent on individual context. They find that software and videogames industry behave as most hi-tech sectors, located in the urban core in search of agglomeration advantages, skilled labour and a wide range of spillover effects. However, the comparative study about the three cities confirms that, in general terms, there is not a single agglomeration strategy to be followed by creative industries, which also implies that different policies may be provided according to specificities of each metropolitan area.

Concluding over the special issue, it is clear that firm locational studies did not die, but rather, there are still new and exciting avenues to take in this field. Traditional frameworks on firm locational references can be extended by the findings from this special issue, taking into consideration that the present dynamic environment represents a unique opportunity for research into new and emerging relocation processes (Capik and Dej 2019). New emerging sectors, soft pull factors that might have more explanatory power in this new era of transition (Koster and Pellenbarg 2019), and political events like Brexit, that is pushing out both manufacturing and financial sectors, should be explored with the aim to review and advance the theory underpinning the practice.

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