Old firms in the Netherlands

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8 SUMMARY AND CONCLUSIONS

The only aspects we can see are those that our research tools allow us to capture (Waluszewski and Håkansson, 2002), is definitely an appropriate comment for this study. Although this investigation has tried to be as complete as possible, some early assumptions, the 'spatial' field of departure, and the lack of comprehensive data means that this research provides just one view of old firms in the Netherlands. But, in spite of the shortcomings, it can be argued, that interesting results have been found. In this final chapter some closing comments will be made about these results. The findings will also be related to a more general agenda on geographical studies, and some ideas for future research areas will also be presented.

The outline for this chapter is that, it begins with a review of the questions posed in the introduction, followed by Sections 8.2, 8.3 and 8.4 that summarize the most important results from the research. In view of these results, some points for discussion are elaborated upon Section 8.5, and the conclusions are drawn in Section 8.6. In Section 8.7 this study is compared to contemporary findings in the field of firm demography. The chapter ends with some research implications.

8.1 Introduction: the research set-up

The central feature of this study has been the confrontation of the development of old firms with time. The aim of this investigation was to study the regional differences in the age-composition of the population of firms in the Netherlands, with special attention to the occurrence of older firms. Furthermore, the aim was to investigate the relationship between the existence of old firms and the spatial conditions in which these firms operate, and to gain more insight into the spatial aspects of the long-term existence of firms in terms of their specific characteristics.

From this, the following questions were a starting point for this investigation. What is an old firm? What share do old firms (age in years) have in the total firm population and what are the differences in shares between regions and sectors? How is the population of old firms distributed over the Netherlands - are old firms notably concentrated in specific areas or regions? Can these differences be explained from the economic history of the Netherlands? What are the characteristics of old firms, in terms of size, location type, relocation behaviour, products, sector; and do old firms differ from younger firms in terms of these characteristics? How do old firms 'perceive' their corporate identity and corporate image, and does a sense-of-place play a role in these? Are old firms embedded in their local environment? The study never pretended to answer these questions fully, but attempted to contribute to the understanding of the long-term survival of firms in a regional context from a firm demographic context.

We started our research project with the construction of a practical definition of old firms, and by creating a database of old firms in the Netherlands that met this definition in Chapter 2. A total of 362 old firms were found, and these were the basis for the later empirical chapters. Then, in Chapter 3, the historical development of trade and industry in the Netherlands was described, together with an analysis of historical databases on firm activities in order to gain an insight into the economic history of the Netherlands. In Chapter 4, the theories of organizational ecology and industrial organizations were discussed from an evolutionary viewpoint, which suggested many ideas about the different characteristics of old firms that might have an influence on their long-term survival.

Theoretically, the age and size of a firm have an influence on its survival chances, and it is to be expected that the surviving firms are generally larger than the 'average' firm. Furthermore, theory also claims that firms with greater structural inertia have higher chances of survival. This inertia can be seen in fewer changes in product or activity or, from a spatial view, in less changes in location than in 'average' firms. From such assumptions, concerning the variables discussed in Section 4.4.1, the following hypotheses were proposed at the end of Chapter 4:

1. Old firms have different characteristics than younger firms
2. With increased age, firms develop inertia concerning locational behaviour.
3. With increased size, firms develop inertia concerning locational behaviour.
4. Firms founded in adverse environments have less relocation history
5. Locational behaviour of old firms is first-degree path dependent
6. Old firms are positively locked-in to their location, product and identity
7. Old firms experienced adaptation at early times in their lives concerning growth and location, product and market.
8. Old firms' identities are a result of path-dependence
9. Old firms' generally inert behaviour is linked to the preservation of their identity, in order to maintain high levels of accountability and reliability.

In Chapters 5, 6 and 7, these hypotheses guided an empirical investigation of the population of old firms in the Netherlands. In Chapter 5, the population of old firms was investigated, using the results from a telephone survey of the entire population of old firms, supplemented with some spatial firm histories based on the outcomes of 37 written questionnaires completed by old firms and complementary secondary data. In Chapter 6, the old firms were contrasted with a group of 144 younger firms, to investigate whether or not they are really different. Also in this chapter, the influence of increasing firm age on locational inertia was tested. In Chapter 7, the corporate identity and image of old firms has been researched in more depth, concentrating on its meaning in terms of long-term survival. In all the empirical chapters, attention has been given to the historical context: the past of the old firms has been taken into consideration, and how the past has influenced the present state.

8.2 Old firms in the Netherlands: a recapitulation

It was necessary to construct a practical definition of old firms in such a way that the theoretical and research considerations were both met, and that a sufficient number of researchable objects remained. Even though, in the theory, much discourse exists about how to define a firm, a few common characteristics are seen as being be present in all firms. These are: firms have a goal of profit or survival, firms are based around one or more production processes, and firms have some legal form. In practice, studies are forced to take a more pragmatic approach and adjust their questions to the available data. The definition chosen in this research is that a firm remains the same firm provided the product stays the same, or is differentiated in the same product-line, and the name of the firm has not been altered. Age is defined as years since founding, an old firm is one that was founded before 1851 and still exists today.

In the Netherlands, 362 firms met this definition. Investigating this group, it was found that the population of old firms is not evenly distributed over the Netherlands and that a sectoral bias exists within this population, both over the Netherlands as a whole, and also within the provinces. Compared to the total firm population in the Netherlands, regional differences were found. The age distribution of firms varies slightly over the provinces. In general, a greater absolute and relative share of old firms is found in the less dynamic areas such as the provinces of Fryslân, Overijssel, Gelderland and Zeeland. Old firms make up 0.1% of all Dutch firms and by province this share ranges from 0.26% in Zeeland and 0.21% in Fryslân to 0.01% in Flevoland and 0.02% in Limburg. In terms of sectoral distribution, the old firms also differ to the total firm population. Old firms are mainly represented in the so-called old-fashioned sectors within construction and industry. Even though the old firms make up such a small percentage of the total Dutch firm population, they generate more than 4% of all employment.

In the period that these old firms have existed, the Dutch economy has gone through two major transitions. The Netherlands has gone from a crafts and trade based economy, with a strong agricultural basis, at the beginning of the 19th century to a service-oriented economy at the beginning of the 21st century, having witnessed two industrial revolutions. The first period of transition started around 1850 and lasted until the beginning of the First World War, and can be characterized as the mechanization of production and mass production. The second transition period started around 1945 with the introduction of microelectronics and plastics. The production of goods has been 'delocalised' to cheap-labour countries, and turned the Dutch economy towards a more service oriented focus.

Linking the development of the Dutch economy to the group of survivors, generally the survival of oldies in manufacturing is very easy to understand in their present location. The development of industry, as discussed in Section 3.3, explains this. Currently, among old firms, the most important manufacturing groups in the Netherlands are 'construction', 'foodstuffs & beverages' and 'book printing'. Of the old firms, in absolute numbers, most fall within one of these categories. It is concluded from the historical investigation, in Chapter 3, that the surviving oldies come from manufacturing groups that were much larger at the firms' time of founding. By linking this with the density dependence model, as described in Chapter 2, this seems to be plausible. The old firms mostly produce 'traditional goods' and are the survivors of groups of firms that were (and are) producing daily necessities. Over the course of time, these have either become less needed and only used for specific purposes, or through economies of scale or replacement by similar goods from cheaper countries, and so the number of firms in the group has declined. The survivors were either in a better position regarding competition, or adapted their production processes to recent standards. The survivors created a niche for themselves in a market for traditional products, sometimes even just for the sake of memories and nostalgia.

This link with the past, through which historic, momentary conditions become important for the present outcome, can be theoretically explained by the concept of path dependency. Events at and during the firm's initial location and development, created durable commitments and have determined the present outcome. With the progress of time, the development and past decisions of a firm become increasingly important as determinants of future choices. It does not really matter whether the current state of the firm is an outcome of deliberate choice or an outcome of a series of accidental events, it is clear that the created inertia due to past choices has consequences for the present state of the firm. In this study it is observed that the its present state and condition of an old firm, in interaction with its environment, is caused by historical circumstances, past and current entrepreneurial achievements and locational advantages.

In Chapter 4 it was concluded that from theory, firms survive by two mechanisms. Firstly *adaptation:* process innovation or locational adaptation, and secondly; *inertia:* which creates increased levels of reliability and accountability. Several factors influence this fragile balance between adaptation and inertia in old firms; such as history, legitimation and competition. These factors influence the levels of reliability and accountability, and are reflected in the firm's identity. Tradition and path dependency create inert behaviour in old firms concerning their location, product and culture, and this keeps levels of trustworthiness high. Also the region where the firm resides is important. Tradition and identity create a sense-of-belonging of a firm in a specific location. For old firms these factors add up to the following: old firms are inert because these firms cannot change very much without affecting their level of trustworthiness but, at the same time, a firm needs to adapt in order to keep up. Adaptation in old firms will therefore be less 'visible' to the outside world and, in this way, will less affect the firm's identity and recognizability. An old firm's localisation in terms of time and place has made the firm what it is today. Due to path-dependent structures, an old firm is currently less free in its behaviour. The firm's identity is positively locked-in, created by choices made in the past. This, in turn, is reflected in the firm's inert behaviour in terms of most factors and only modest adaptation in others. The firm is bounded by this lock-in, and major changes in the firm will create a greater likelihood of exit by resetting the clock.

8.3 Spatial behaviour of old firms

In Chapters 5 and 6, the age-dependency of several characteristics for old firms was proven. Evidence was found to underline the fact that old firms show more inert locational behaviour. Spatial inertia for old firms is a consequence of rent displacement. The sunk costs in location, plant, equipment, personnel and network relationships have created this locational inertia. The findings indicate that firm age is an important factor in explaining this spatial inert behaviour. Size of the firm and its market are less delineating in the firms locational behaviour. Using an historical inductive approach, in the form of spatial firm histories, it was found that the embeddedness of old firms in their location originates mostly from their history. With the passing of time these old firms get entangled in their local environment. The firms' reliability is increased by a known and unchanged location, together with tradition and recognizability stimulating locational inertia. The longer a firm exists, the stronger these inertial forces become. It is interesting that no evidence is found that the regional environment, in terms of adversity, influences the survival chances. Also, no cluster-type activities were found in the spatial behaviour of old firms.

The population of old firms was confronted with a randomly but statistically selected group of younger firms (founded after 1850), with the following results. Old firms relocate less and there is a difference in the location type of the two, as well as a slight difference in their appreciation of their current location. It can be concluded that the inert behaviour of oldies concerning their location is due to spatial lock-in and embeddedness acquired time, rather than originating from a specific 'contentment' to their location. The findings do not support the view that other firm characteristics, such as size, market, and network connection are directly related to the age of a firm. When these characteristics were tested without considering age, it was found that for all the tested firms (old and younger), that firms with a local network, firms that were more innovative and firms that are not

located in the West of the Netherlands have increased locational inertia, or a lower chance of having relocated. Furthermore, firms that own their premises and firms that have already invested in adaptating their current site are also less likely to relocate.
This again underlines the fact that, indeed, old firms do have more locational inertia. It seems that when firms have been located longer at a specific location that they get more entangled with their local environment. For old firms with a long history, this is even more the case. A known and unchanged location increases the firm's perceived reliability and accountability over time. Together with a sense of tradition and belonging, the firm's size and recognizability to the customers encourages spatial inertia.

8.4 Old firm's identities

In this study, significant emphasis was given to the identity of old firms. It was assumed, and later found, that the identity of old firms remained the same provided certain characteristics of the old firms did not considerably change during the life of the firms. When an old firm was asked to identify itself, the identity remained stable provided the product or activity did not change, when the name of the firm was unaltered and when the location remained the same. Furthermore, continuous family involvement and tradition were seen as important for the old firm's identities. In comparison, the old firms would consider their identities changed when the firm's structure, market and size had changed. Thus, the old firms' identities are strongly related to other firm variables remaining stable over time.
When the identities of old firms and younger firms were compared, the results underlined this sense of stability for old firms. Old and young firms use different identifying elements in describing their own identity. Younger firms put more emphasis on their personnel and the services they offer. Furthermore, it was clearly shown that old firms put much more emphasis on their location and traditions as identifying elements. This indicates that old firms are more embedded in their location, and for this reason their location or sense of place is an identifying element. Old firms may have been located at the same place for long that the street is named after the firm and not the other way round. A firm may have known several generations of clients and employees, or the firms produce a regional product. Old firms have been so long in one place that the name and place are mentioned in one breath: relocating out of the region would harm the firm's image. Old firms get locked-in by their reputation, the legitimation of their product, and identity; and over generations this becomes a self-reinforcing process within the firm.
From a content analysis of their websites, it appears that old firms use the same elements in creating an image as they indicated as being important for their internal identity. Recognizability of the firm by its 'product or activity', 'name', 'tradition,

culture & age' and be being at a specific location are important in creating an image. When the findings were controlled for changed or unchanged identity, the results were almost identical. It seems that old firms that recognize that they have experienced several changes in firm characteristics, avoid emphasising these changes on their websites. All the old firms underlined those elements that reflect accountability and reliability: creating a continuous and stable image. This points towards the idea that a continuous identity, together with an image that shows this continuity, is important for old firms and an imperative for their survival. A stable identity increases the level of trustworthiness.

8.5 Discussion

The empirical evidence discussed above supports all the hypotheses except one. For hypothesis 4, firms founded in adverse environments have less relocation history, no evidence was found, and therefore it is rejected. The other hypotheses are supported, although for some the evidence is more plentiful than for others. However, the conclusions should be treated with caution, since this study takes only one viewpoint: the spatial. We have ignored firm internal data such as export shares and sales, FDI, specialisation effects, to name but a few. These could be incorporated in future research. Unfortunately, with the focus on structural inertia in locational behaviour, no insights into other forms of structural inertia concerning firm internal factors are gained. Also the memory gap should be considered further. The period studied in this research for these firms is so long that it is impossible for the current entrepreneurs to remember everything, especially those occurrences that happened before they were born and that they only know through stories of preceding entrepreneurs. Although it was attempted to fill the memory gap as far as possible using secondary data, there is every chance that the results are coloured by the memory gap. A final critical note on the data gathering is that although we tried to be as complete and objective as possible, the results would have been enhanced if, for all firms, more in-depth research had taken place. However, such a research program would have taken much longer, and by adopting telephone interviews it was possible to interact with the total population in a relatively short period. Furthermore, the decision to define old firms as those founded before 1851 was based on data considerations. Cut-off dates of 1900 of 1950 could as easily have been chosen, and this could have led to different results with a larger sample size.

The issues of learning organizations and structural inertia are not as mutually exclusive as it might seem at first sight. For both theories, sufficient contemporary evidence is found in the literature. The empirical evidence found in this investigation also indicates that indeed all firms' behaviours include aspects of adaptation *and* inertia. However, the evidence does underline that most emphasis is placed by old firms on remaining stable, creating forces for structural inertia in

firm characteristics. Nevertheless, it must be stated that all firms, including old ones, do change over time, and that this is inevitable.
The research by De Geus (1997) found four common indicators in multinational firms that are long-lived: 1) these firms are sensitive to their environment and timely adapt to the changing circumstances. 2) The firms were coherent and had a strong sense of identity, a strong bonding between the personnel was necessary to survive turbulent times, 3) long lived firms are tolerant, and 4) the firms are financially conservative. Furthermore, he found that long survival was not influenced by financial status, specific sector, or type of production or country. The results from his study, based on a sample of 30 international multinationals, were never published in academic journals. Our study of old firms had a different focus group, because most old firms are not multinationals, and also in that only Dutch firms were investigated (362 long-lived firms). The results from De Geus and this thesis do have some communalities, but differences are also found. The most interesting common findings are that long-lived firms are very much determined by their identity, and that identity plays an important role in long-term survival. We also agree that there is no influence from sector or type of production on this long-term survival. Furthermore, De Geus did not find country differences in his firms' in survival. Although, in this study, only firms in the Netherlands are investigated, it has been found that long-lived firms define themselves not so much on the national level but more on the local level; and this could been an explantion for De Geus' results as well.

8.6 Conclusions

Theoretical and empirical analysis has revealed evidence that underlines the importance of embeddedness in a certain location and a continuous identity in the survival of old firms. It can be concluded that these are key-elements in long-term survival. This study has implications for the concept of the firm in terms of economic geography. Old firms are more embedded in the regional economy, and with higher levels of employment than newer, and mostly smaller, firms.
This study has contributed to a better understanding of the long-term survival of firms from a spatial context. It has been illustrated and proven that both history and space matter, and thus that firms should always be considered in the wider context of their location and past, and should not be researched as a timeless and space less object of investigation. Rather, the path-dependent nature of development and spatial lock-in can create creative solutions for future firm development.
Modern literature states that firms mostly relocate when they are young, possibly in the first years of their existence. When the population of old firms studied was young, transportation was not so good as today and relative distances were larger. Mobility was less common in those days, and this can explain the low relocation figures for old firms. Having been located at a specific site for so long, the forces

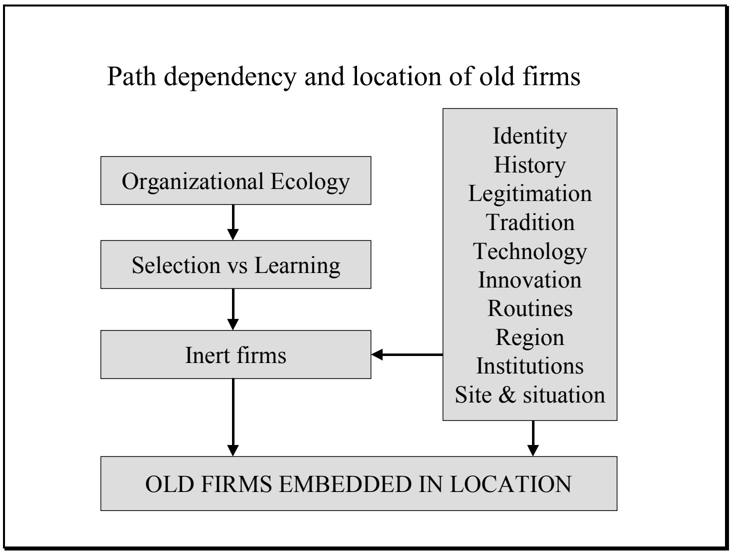
of path dependency and embeddedness increase and so these firms do not relocate, even if it is desirable in periods of growth. Old firms will try to find other solutions to satisfy their need for space, by adapting the current site or by opening a branch. Thus, old firms do differ from younger firms in several characteristics, and also in their economic impact. Location matters, old firms are more locked-in to their location and have more emotional attachment. Old firms very much identify themselves with the location in which they are situated. De Geus (1997) concludes in his research that "the priorities of long-living firms are not explicitly expressed in economic terms" (pp.222) and "a decrease in the death rates of firms seems to be beneficial for all parties: the members, suppliers, customers, the community and the share holders" (pp. 223). This can be said to hold true for old firms in the Netherlands as well.

In Figure 8.1, a schematic view is given of the influence of path dependence on the spatial behaviour of old firms. From organizational ecology, we learned that firms survive to an extent by adapting. For instance, through process innovation or locational adaptation. On the other hand they also survive by inertia: creating increased levels of reliability and accountability. Several factors influence this delicate equilibrium between levels of adaptability and of inertia within old firms; which are listed in the right-hand column. History matters, since this is the core of path-dependence. Legitimation is important for old firms, in earlier life for creating a market and, nowadays, for maintaining their market. Levels of competition influence this legitimation. Levels of reliability and accountability are reflected in the identity of the firm. This creates inert behaviour in firms in terms of location, product, and innovation. Also tradition is important for identity and tradition is in itself a stimulus for the inert behaviour of firms, in a so-called positive lock in. Technology and routines result from this positive lock-in and, conversely the choice of a particular technology and/or routine in the past, created this tradition, and from this the identity. All this has a direct influence on the levels of inertia within old firms. A firm cannot be studied without paying attention to the region and its institutions: these interact with the firm and can create a sense of belonging for a firm. This sense of belonging reflects ,in turn, on the firm's site and situation, and so, over time, it becomes more difficult for firms to leave their current locations.

All these factors influence the inert behaviour of firms. For old firms this encourages inert behaviour in one sense, because the firm cannot 'afford' changes since this will affect its levels of trustworthiness. On the other hand, firms need to adapt in order to react to changing environments. Adaptation in old firms is therefore less 'visible' on the outside. The changes will be for example on-site spatial adaptation, process-innovation, or market extension. Whichever, the changes will not affect the firm's identity and recognizability for its customers. The old firm has become what, and where, it is nowadays by its localisation in time and place: path-dependency, in interaction with competition and regional development.

Due to this, the old firm is constrained in its behaviour if it wants to continue its 'long-life' or 'success.'

Figure 8.1: Path dependency and the location of old firms



8.7 Demography of firms; contemporary findings

In recently published special issues of the journals 'Small Business Economics' and 'Annals of Regional Science', much attention has been given to firm demographic subjects. These special issues do involve any of the relationships between a firm's age, size, location, and growth. All are investigating the impact of firms (and their entrepreneurs) and their specific characteristics on the regional economy. For example, Hoogstra and Van Dijk (2004), explain firm employment growth by location. From their empirical findings, they conclude that the performance of a firm is influenced by location characteristics. A high population density, general employment growth and spatial clustering of similar firms all are found to have a positive effect on the employment growth in firms. Furthermore, Hoogstra and Van Dijk find that firms that have recently relocated show greater increases in employment numbers, which indicates that these firms want to grow and have already adapted by means of a location strategy that allows growth. Other interesting findings from their research are that when many new firms enter a market the employment growth of the existing firms is hampered (increase in density and competition) and that alongside to spatial clustering a great diversity of economic activities also enhances employment growth. As for business activity, they find, not surprisingly, that manufacturing is less footloose in terms of location than services because of the greater investments in buildings and equipment. Other research supports these findings. Beugelsdijk and Noorderhaven (2004) find that there are regional differences in entrepreneurial activities. Regions with a higher economic growth have more firm start-ups. Wagner and Sternberg (2004) also find evidence for regional differences in entry-rates. Furthermore, they argue that the performance and indirectly the survival chances are related not just to the characteristics of the firm itself and the entrepreneur, but also the environmental factors as features of the regional environment. In line with this, Huisman and Van Wissen (2004) find a tendency for spatial concentration in new firms more than for existing firms. In terms of the survival of firms, they conclude that existing firms in clusters have lower survival rates because the effects of local competition are stronger for older firms than the positive effects of localization economies. They find that firms who start in clusters have a tendency to relocate at later stages of their life to more distant locations. The logit model by Brouwer et al. (2004, see also Section 6.2) also indicated that the relocation of firms is mostly triggered by firm growth, either external growth through acquisition or mergers, and to a less extent by takeovers, or by internal growth in the number of employees. Together with firm age and size, this also has an influence on relocation behaviour. Van Wissen (2004) also finds that space matters in terms of economic growth, in firms, and between industries. He finds that "as industries develop, the geographical pattern that emerged in the earlier stages may have a lasting impact upon the geographical distribution of further growth. This may be labelled as spatial lock-in or path dependency" (pp.261).

It seems from my particular investigation, together with the contemporary findings as indicated in this section, that there is a triangular relationship between firm growth, age and (re) location. When firms grow they have greater survival chances, and as they grow they have higher relocation likelihoods. By relocating, the firm gets even greater opportunities for growth and by this growth the firm improves its likelihood of long-term survival. With the increased chances of firms growing and surviving, employment rates will go up in specific region. So, from this perspective, long-term survival is clearly a positive thing, because older firms will be larger with more employees. Evidence of this is found in this particular research: even though the old firms are only 0.1% of the total firm population, these old firms generate over 4% of the employment in the Netherlands. Old firms in this study had low relocation figures it is argued because, when these firms were young and were growing, mobility was less common and they found alternative solutions to their need for space.

So, thus old firms do differ from younger firms in several characteristics, and also in their economic impact. Location matters, old firms are more locked-in to their location and attribute more emotional value to it. Old firms identify themselves with the location where they are situated. From a firm demographic perspective, it means that one should not overlook the older part of the firm population in explaning the structure and impact of the firm population on the regional economy.

Further research on the economic significance of the 'middle-aged and mature' firms in firm demography would complement this study's findings on the older part of the firm population.

8.8 Research implications

One question leads to another, and this is true for this study. Spatial studies have paid too little attention to older firms and the ways they have successfully survived, and how the regional circumstances may perhaps have favoured them. This study has shed some light on this issue, but much research is still needed in this fascinating field that combines economic and historical geography. Other types of research on the same theme could complement the present study. At least five directions can be considered:

First, an investigation of a firm's path in time and space by means of cohort analysis. Given the data requirements, such an investigation needs to be on a shorter time frame than the current study. An investigation of the firm's path over a shorter period would reveal the moment of lock-in. With younger firms, there may be more sectoral differences to be found. In this, the importance of the historical approach needs to be underlined in order to explain the differences between firms and industries. Also the development of technology over time needs to be incorporated, the process of technological innovation; within the firm, but also in its regional context. Levels of technology in firms and in their context (e.g. improved infrastructure) play an important role in firm- and industry development.

Second, investigating 'dead' firms, using a negative case study approach, would shed more light on non-survival. This approach might provide more insight into the specific survival qualities of firms than is achieved by only analysing the survivors for common characteristics. A confrontation between the characteristics of survivors and non-survivors would better answer the survival question.

Third, a better understanding of the long-term development through implementing entrepreneurial stimuli, would be obtained by in-depth research into family firms, since these might have information about generations of entrepreneurs. Especially if these firms have always remained in the same region, then the longer-term implications for the region could be revealed.

Fourth, some interesting findings in this study concerned the role of corporate identity, and the role of location in this, and deserve further attention in future research. A few interesting topics are whether corporate identities differ internationally, and whether multinationals also identify themselves on a local level? This could add to the current debate on the global firm, the role of transnational corporations and their role in corporate social responsibility.

Fifth, the validity of these findings is limited by the fact that they refer mainly to past developments. Thus, there is a need for some prospective analyses as well. Such analyses may address the way particular events in firms' lives could be linked

with developments in urban and regional policies. This could, for example, reveal the nature and magnitude of the possible outplacement needs of these older firms.
Future investigations could also reveal the national condition of the old firm, since we have concentrated on only one specific country: the Netherlands. Our study has shown that the history of firms in various places does matter for the development in time and space. It can be concluded that old firms have a spatial impact, that they are embedded in their location and region and that their spatial organization is inert and carefully preserved through the firm's identity and image. This study, however, represents but a minor part of the research that still needs to be undertaken within this research area.