The Location of Large Advanced Service Firms in the Network City Region: Evidence from the Randstad-Holland

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Despite “time-space compression” and the new “space of flows” made possible by the expansion of global networks and the revolution in ICT, there is a primacy of spatial structures in the organisation of flows and nodes in the urban territory. In other words, physical urban technical networks are still crucial for the location of economic activity. Flows are organised by agents located in space, making use of specific spatial structures in order to perform their tasks. In city-regions operating under conditions of accentuated economic internationalisation, the organisation of functional networks and the location of economic activity nodes obey a new logic where increased connectivity, accessibility and visibility are vital elements for the development of new corporate hubs (the urban landscapes or urban micro-milieux where advanced producer services and TNCs headquarters choose to locate their main offices). However, these are not the only factors for location.

The emergence of an increasingly complex polycentric city-region in the Western part of the Netherlands, commonly known as the Randstad, offers us the opportunity to analyse the spatial distribution of advanced producer services in an emerging complex urban network. In this paper, therefore, we analyse the location trends of a large sample of large advanced service companies in an emerging spatial structure characterised by intense flows running through a multiplicity of urban nodes organised in a scattered and complex regional urban network. The analysis was based on the location of headquarters and main offices of the largest Dutch and transnational corporations operating in the following sectors: Advertising, Accountancy, Insurance, Finance, Law and Business Management. We also analysed the location of: 1. all 17 largest Dutch TNCs listed by FORBES (2004) among the largest in the world, 2. All bank headquarters with more than 50 employees, 3. All insurance firms with more than 50 employees, 4. All headquarters of firms of all sectors employing more than 1000 persons in situ.

One of the most powerful notions in regional economics and economic geography is the notion of “agglomeration economies” (Moulaert and Gallouj, 1993:91). Agglomeration economies are basically economies that are dependent on the spatial proximity of economic activity (Parr, 2002:153). In former times, the agglomeration of advanced services could be clearly identified with the “centre” of cities. In the new network city-region this is not the case.

Kloosterman and Musterd (2001:624) point out that the monocentric model is no longer suitable to explain the spatial patterns unfolding in developed countries in Western Europe, North America and Japan, where various modalities of urban polycentrism can be found. Modern cities are essentially polycentric and are increasingly inserted in complex polycentric inter-urban compositions (city-regions). In the Post-Fordist city, urban technical networks do not delimitate or configure clearly apprehensible “urban units”. The expansion of flows and the extension of
In open polycentric urban systems where the nodes are connected (such as the main cities of the Randstad connected by the Randstad Ring), the nodes with more connections get an advantage point, because they present the easiest accessibility from any other node in the system. This model represents quite faithfully the arrangement of business hub in the Randstad, following the logic created by the suburbanisation of technical urban networks and the constitution of a regional ring.

Inter-urban technical infrastructures has created disperse urban environments, where centrality and unity are not the dominating features. Instead, polycentricity and discontinuity are the prevalent formal features. The main conclusions refer to the emergence of an open urban system related to a multiplicity of nodes increasingly connected through urban technical networks, resulting in a scattered networked city region. The scattered urban landscape characterising the Randstad relies on increasing investment in large transportation infrastructures to ensure the functioning of the region as a coherent city region or a “metropolis in the making”.

The main trend concerning the location of large advanced producer services concerns the location of offices in areas adjacent to the large Randstad “internal ring”. The Randstad Ring, as we call it in this paper, is composed by a large ring of highways connecting the main cities composing the Randstad: Amsterdam, Leiden, The Hague, Rotterdam and Utrecht. Business hubs function as “dynamos” being fed by flows running along the main connectivity infrastructure (in terms of numbers of users). Just like dynamos, these business hubs work as amplifiers and distributors of economical, financial and management flows. However, consistent with descriptions of the knowledge society and the emergence of a powerful creative class, it becomes evident that proximity to the Randstad Ring is not enough.

Connectivity to the old cores of cities, where rich economies of urbanisation take place (Jacobs, 1969), is a main factor for location. This connection is also desirable because firms wish to associate their image to the image of certain cities. Following this, Amsterdam functions as a powerful attractor for large transnational corporations because of its rich economy of urbanisation, where innovation and creativity can thrive, but also because of the image of nonconformity and innovation the city projects to the world. The former is a result of its historical path as a financial and business hub, but also a result of newly acquired spatial structural advantages over other places in the Randstad. The latter is probably a by-product of this process. In other words, the city projects an image of openness and innovation precisely because it has been an important entrepot port city and a financial centre for centuries, and thrives on this image.

We have verified a slight divergence between large urban projects supported by the national Dutch government around main train stations (the sleutelprojecten or key-projects) and the inclination of main advanced producer services to be as close to the Randstad Ring as possible, attesting to the primacy of the automobile as the referential mode of transportation.