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Municipality influence on the business relocation process of SMEs

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Abstract

Background: This paper focuses on firm relocation for SMEs. A process that due to changing requirements for businesses as well as changing customer needs is a very contemporary issue. Municipalities in both Sweden and the Netherlands have seen that businesses are moving away to the larger regions, mainly due to favourable business location factors in these areas. Over 20% of businesses have considered relocating in the near future. Current literature mainly focuses on business perspectives and specific industries. Research on this topic from the municipality perspective will provide new insights on the topic of relocations.

Purpose: The purpose of this study is to explore how and where municipalities can increase their influence in the relocation process in order to increase the relocation of more small and medium sized businesses to their regions.

Method: This thesis makes use of a multiple case study approach, while conducting semi-structured interviews with a wide variety of SMEs from different industries that have moved in the past five years. A qualitative study will be used to research the topic, and to create a theory that can be used be municipalities on how to influence relocating SMEs. The gathered data was researched using a thematic content analysis.

Conclusion: Results show that municipalities are able to increase their influence on the relocation process in several ways. Firstly, by being proactive when it comes to location drivers, ensuring that their current businesses do not leave. Proactive information provision through several channels to the SMEs that are considering relocation can positively influence relocation. Lastly municipality politics has a clear influence on relocations as it can help keep businesses embedded in their current regions. Or stimulate businesses from outside a region to relocate due to creating favourable regional characteristics.

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Sincerely,

Garmy Busweiler & David van Bergen

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List of Abbreviations

BLF	Business Location Factors
QOL	Quality of Life
SME	Small and Medium Enterprises
Municipality Politics	The strategy, policies, and politics related towards attraction of new companies to the municipality.

1. Introduction

Here we introduce the trend of business relocating, the current state of literature and why this study is of relevance for municipalities.

1.1 Background

In today's fast paced world economy businesses are increasingly required to respond to changing customer needs, globalisation, new standards, sustainability requirements and rapidly changing business environments. In order for businesses to cope with these changes and to be able to sustain growth, this may lead them to relocate (Kronenberg, 2013; Snieska et al., 2019).

Two countries where this trend is visible are the Netherlands and Sweden (CBS, 2016; S. Rydell, 2020). Both are countries that have similar knowledge driven economies which have seen similar economic growth (CBS, 2016; S. Rydell, 2020). One explanation for their countries' growth is the development of business parks. In the Netherlands, a phenomenon can be seen where business parks have grown over 30% in size over the last 16 years (CBS, 2016). Sweden has seen a similar trend where the business parks have also grown significantly in past years, partly due businesses relocating from other municipalities (S. Rydell, 2020). These new business parks allow new businesses to be established, to relocate or expand into new unserved locations (Laamanen et al., 2012; Tate et al., 2014). This creates new jobs and generates investments into the local economies (Shelley M. Kimelberg & Williams, 2013; Shelley McDonough Kimelberg & Nicoll, 2012).

An example of a relocation is Esbro, a manufacturing business that relocated to a new business park in Doetinchem, the Netherlands (Eskes, 2011)**.** DSV in Jönköping, Sweden, is another example where a newly developed business park enabled the business to relocate (Nilsen Palm, 2018)**.**

However, the situation often arises that when municipalities are trying to get a business to either relocate to or stay within their region, that the business ends up choosing a larger municipality (S. Rydell, 2020). A recent example of this is FrieslandCampina in Doetinchem, the Netherlands. There the business and municipality were about the sign the final papers when the business decided last minute to relocate themselves elsewhere (van der Vegt,

2013). It is therefore important for municipalities to know why these businesses choose to relocate to a specific region, and know how this relocation decision is actually taken, in order to potentially influence this decision through municipality politics (S. Rydell, 2020).

Charlotta Mellander (2008) suggests a possible answer for this. She makes a clear distinction between two different types of municipalities/regions, based on a theory from Forslund and Johansson (1994). She categorises them into a leader and follower region. Where a leader region is a highly urbanised region such as Stockholm, Amsterdam and Utrecht that can attract businesses based on its location factors such as market conditions. Follower regions are the smaller regions such as Jönköping and Doetinchem with often less favourable location factors such as infrastructure and current market conditions. These less favorable location factors in these regions make it harder for them to compete with the leader regions for businesses that are further in their life-cycle, and thus require a location with certain infrastructure and access to market (Mellander, 2008).

These location factors are also known as Business Location Factors (BLF) which are factors such as infrastructure and quality of life (QOL) that businesses use to decide (Shelley McDonough Kimelberg & Nicoll, 2012; Vlachou & Iakovidou, 2015). However due to the complexity of the topic researchers do not agree on a single truth for these factors, which can be seen back by the amount of research that has been conducted by leading researchers (McCann, 2002; van Praag & Versloot, 2007; Sunjka, 2019) and governmental agencies (CBS, 2016; European Commission, 2019; Svenskt Näringsliv, 2019).

Research shows that 20% of businesses have considered relocating their current facilities and offices in the near future (CBS, 2013; Svenskt Näringsliv, 2019). Businesses operating in the service and transport industries are most likely to relocate while manufacturing businesses have the lowest probability (Brouwer et al., 2004; EU Parliament, 2013; CBS, 2014).

Current research focuses mostly on businesses that are leader region based, or is industry specific and does not cover how municipalities can influence the process. It suggests that there is a need for more research on the topic of business relocation factors. Furthermore, we want to add a new perspective on BLFs by researching the topic from a municipality viewpoint and through this increase municipality knowledge on how business relocation decisions can be influenced.

1.2 Problem and purpose

In our background we have shown that municipalities are struggling with the concept of relocation (van der Vegt, 2013; S. Rydell, 2020) and that the limited amount of research on the topic from a municipality view (Vlachou & Iakovidou, 2015) which especially effects the follower regions.

There is therefore a demand from the follower municipalities for research on the topic that helps them create a better understanding on how the relocation decision-making process is structured, and how this could be influenced by the municipalities to in the end attract more businesses towards their regions.

Our aim is to begin to fill this research gap and generate a better understanding on how municipalities can tackle this topic. Rydell (Jönköping) and Schierboom (Twello) both mentioned that the businesses that affect their regions the most are small and medium sized businesses, with both regions not attracting a large organization in the last eight years. Research findings can confirm this which have shown that smaller businesses (less than 50 employees) and medium sized businesses (up to 250 employees) are more likely to relocate than larger firms (Brouwer et al., 2004; Pellenbarg et al., 2002).

Therefore, this study will focus on SMEs. By including leader regions in our research, we want to see if there is a difference between the follower region on how they attract and influence the relocation process and if this can be implemented in the follower regions.

Putting all these factors together we have developed the following purpose and research questions:

The purpose of our study is:

> *To explore how municipalities can increase their influence on the relocation process in order to increase the relocation of more SMEs to their region.*

We aim to investigate this by researching the following research questions:

1. How do BLFs affect relocation drivers for SMEs in their relocation process?

2. How is a business relocation decision made?

3. Who is involved in and responsible for the relocation decision?

4. How do SMEs gather and assess information about potential relocation areas?

5. Which BLF influences the relocation decision the most?

6. How can municipalities potentially influence the business relocation decision?

2. Frame of Reference

Within this frame of reference, the process of a relocation will be discussed. Explaining what relocation is, why businesses relocate, and which factors are taken into consideration.

2.1 Business relocation

Business relocation itself is a simple concept, it involves a business moving its location from one place to another (DBEIS, 2018). For this research it means businesses will be interviewed that have relocated to a new location in the same country. In today's world however, businesses usually have multiple sites for different departments, and so even moving a certain part of a business to one of these sites can be considered a relocation. Brouwer et al. (2004) make a distinction between firm relocations, where there is complete and partial relocation. A partial relocation can be anything from a business opening up a new office in another region or city, or even moving a part of the production facility to another country in order to benefit from cheaper labour. Where a complete relocation involves a business moving in its entirety. Relocation itself can also be seen as the readjustment of where the business distributes its people and resources (Pellenbarg et al., 2002).

In addition to the definition of relocation in terms of the complete and partial relocation, there are other types of categories that are also important to consider for relocations. Firstly the distance of a relocation is important to consider, this as relocations over a short distance tend to have very different characteristics and drivers than the relocations that take place over longer distances (Weterings & Knoben, 2013). These drivers will be further elaborated upon in section 2.2. Same goes for the fact that in today's world, businesses can choose to relocate different types of their assets. Where in the past it was mainly people and machinery being relocated, it is now also possible to relocate intangible assets (Jain et al., 2013) and through this benefit the operations of the business and thus its profitability. These types of intangible assets are for example know-how, reputation and certain patents and licenses, which are also able to transfer between certain location and countries.

Another important aspect is the difference between location theories, and relocation theories. Pellenbarg et al. (2002) points out in his article that firm relocation differs vastly from firm location, as for firm relocation there is an explicit action of one location being substituted for another. In this article it is also pointed out that the firm relocation process

can be looked upon as a two-step process. With the first step being the decision to relocate, and the second step being that a decision must be made to relocate to a specific different area. This makes it a totally different process than the location decision, as there it is also about finding the perfect location for the business.

Considering the different aspects between business location and business relocation, the focus for this research is on physical relocation. Through that it is possible to research in which specific part of the relocation decision the municipalities can influence the businesses to move to their location.

2.2 Business relocation drivers

In this section the potential drivers for firm relocation will be elaborated upon. When it comes to the drivers of business location the research has put forward that there are usually internal and external factors driving a firm relocation (Brouwer et al., 2004; DBEIS, 2018). Brouwer et al. (2004) has identified three groups of factors that cover most of the commonly found firm relocation drivers:

1. Firm internal characteristics
2. Site characteristics
3. Regional characteristics

Other research suggests a different type of classification, these have classified the above mentioned key drivers into two main categories, being the *push* factors and the *pull* factors (Balbontin & Hensher, 2019; Pellenbarg et al., 2002). Pellenbarg et al. (2002) describes the two as the following: push factors are related to the current situation a firm is in, and consequently motivate a business to relocate; the pull factors refer to the factors of another region, which might be attractive for a business to move towards. When considering the push and pull factors, the firm internal characteristics identified before can be deemed as push factor, where the site characteristics and regional characteristics can be deemed both push and pull factors.

When considering the most important firm characteristics pushing businesses towards relocation, it was identified in different types of literature that these are the firm size and age (Brouwer et al., 2004; van Dijk & Pellenbarg, 2000; Weterings & Knoben, 2013). Where the

firm size is the most important driver of firms potentially relocating to another region due to limitations at their current location in terms of growth, and age being a driver of the businesses staying at their current location as they are embedded here. In the article written by Balbontin & Hensher (2019) increasing presence of the business is named as another push factor to relocate to a different location, as well as being located in a region with other businesses from the same cluster. The presence of the business, for example in a region with a cluster of businesses can potentially benefit businesses as they are able to collaborate with one another, and thus work more efficiently (Balbontin & Hensher, 2019). When considering the site and regional characteristics pulling businesses towards a specific area, it can be seen that these relocation characteristics are far more diverse (Balbontin & Hensher, 2019). These characteristics range from location tension, to levels of innovation, levels of education, access to labour market, access to infrastructure, and most recently also QOL at the new location (An et al., 2014a; van Dijk & Pellenbarg, 2000). QOL has become an increasingly interesting pull factor for businesses to relocate to a specific area, and thus can be deemed as one of the main drivers of business relocation. (Decker & Crompton, 1993; Love & Crompton, 1999; Vlachou & Iakovidou, 2015).

The drivers for firm relocation tend to differ between firms in different industries and between high-tech/knowledge-intensive and low-tech/less knowledge intensive firms (Kronenberg, 2013). Kronenberg (2013) points out that for example for low-tech-manufacturing firms and less knowledge-intensive firms that are in high salary markets, would benefit when relocating to a lower salary region. Whereas the relocation for a more high-tech manufacturing and knowledge intensive firm, would be less feasible, as they need knowledge workers that typically tend to earn more money.

2.3 Relocation theory

In order to provide a clear insight into firm relocation and all the related processes, it is crucial to be introduced to the three main types of relocation theories (Machlup, 1967). When considering the three theories at hand, the neo-classical, the behavioural, and the institutional approach, they all provide their own explanation as to why a firm relocates to a specific location (Hayter, 1997). Relocation theory involves firstly the decision that a business will move from a specific area, and then secondly also the decision that will be made to move to a different area (Pellenbarg et al., 2002).

In this subchapter the different types of relocation theories will be described and distinguished from each other by both the assumptions related to relocations that are made within the theoretical approaches, and also with the drivers that tend to stimulate the relocations.

2.3.1 The neo-classical approach

This approach is based on the classical economic theory and is mainly related towards the way of thinking that business aim is to maximise profit when choosing their optimal location. The decision-making process is being led by the decision maker that is considered to be fully informed, can use this information most efficiently, and can maximize profits by making the perfect relocation decision (Hayter, 1997). In this approach there is no place for human characteristics or emotions within the decision-making of the relocation. It is solely based on the cost reduction that is driving the relocation in order to maximize profits (Hayter, 1997). According to Pellenbarg et al. (2002) this also involves a firm moving when they no longer see the opportunity to make profits in their current area (push factor) but do see the opportunity to start making profits in their new business location (pull factor).

Within the neo-classical theory the assumptions are that the business wants to achieve maximal profits, by making completely rational decisions that are also made while having the complete information about these given decisions. When considering the neo-classical theory, the main drivers for the relocation within this theory are trying to minimize costs by being near to their inputs and outputs and a region that can sustain firm growth, and thus maximize profits (Hayter, 1997).

2.3.2 The behavioural approach

Within the behavioural approach the business decision-makers are in possession of limited information, and can also not very efficiently interpret this information. Which thus in the end will lead to them settling for a relocation choice that is not close to maximum profits and thus is not the optimal choice (Simon, 1955). Simon (1959) can be seen as the main initiator of this theory, he stated that the decision-maker is never able to collect all of the necessary information for the decision. As well as not capable to fully properly digest all the information that he has acquired. This approach is more related to the bounded rationality, where the decision-making of the individuals is being limited by the information they have. In general

within the behavioural theory it is argued that that firms only tend to consider a very limited number of relocation choices, and tend to choose the very first location that tends to meet their firm needs (Hayter, 1997).

When considering the behavioural approach, it can be seen that assumptions are related towards a rather limited rationality, as well as working with limited information, and taking the actual relocation decision as soon as a specific location fits the criteria. When looking at the drivers for relocation within the behavioural theory, it can be seen that the individual preferences of the decision-maker tend to play quite a role as well as other emotional factors that might have an influence on the decision-maker when considering new locations (Simon, 1955).

2.3.3 The institutional approach

The neoclassical and behavioural theories can be deemed as the basis for relocation theories, however these two types of relocation theories have received criticism from different researchers, as within these theories the firms that are taking the relocating decision are always active in a static environment (Brouwer et al., 2004; Pellenbarg et al., 2002). When considering the institutional approach this is different. Where the firms can be seen as an integrated part of other institutions. Within this theory not only the behaviour of the firm is taken into consideration when relocating, but also its cultural context is considered.(Pellenbarg et al., 2002). Hayter (1997) describes this theory as being more suitable for larger firms that have leverage to negotiate, through which these firms can potentially influence the environment in their advantage.

Within this approach assumptions are made that it involves a lot of negotiations with the more important institutions, and also that the firms actually tend to be embedded in their current locations (Hayter, 1997). When considering the drivers for relocation within the institutional theory, larger firms usually tend to have more negotiating power due to their economic impact and are thus more likely to relocate to another location. On the other side, the theory also mentions that when a firm has been at a location for a long period of time, they are less likely to relocate, as they have become embedded there (Brouwer et al., 2004)

2.4 Business relocating decision-making

After a firm has been pushed to relocate and chosen its relocation goals, one of the most important aspects of business relocation arises: what does the decision-making process look like. When considering the literature on the business relocating decision-making process it is rather limited. The relevant literature will be summarized in the following paragraphs. Decker and Crompton (1993) identified three different decision-making approaches:

Table 1 Relocation decision-making approach by Crompton (1993)

Type of approach	Description of approach
1. Autocratic approach	Senior executives take the decisions mainly on their personal preferences.
2. Democratic approach	The decision is mainly based on the input of employees that will be impacted by the relocation.
3. Scientific approach	A systematic process where criteria important to the firm are identified and consequently a location will be put through a fit analysis.

When considering the above-mentioned types of business relocation strategies, Balbontin and Hensher (2019) identified the most frequently used approach is the scientific approach. Which is on average used around 70% of the times in the decision-making. The second most used approach is the autocratic approach; however, this is mainly used in specific relocations like for example that of service firms or of headquarters. When considering the democratic approach, this is almost not used within businesses, and only has a minority share within the research and development relocations (Decker & Crompton, 1993). The autocratic approach comes back more often in the literature, as it is often mentioned that smaller firms are more likely to relocate based on the decision-maker's personal preferences (DBEIS, 2018; Figueiredo et al., 2002). Figueiredo et al. (2002) also shortly mentions that larger sized organizations are more likely to make use of decision-making that is more systematic in its nature, while taking objective choices, something that relates back to the scientific approach of Decker and Crompton.

When considering the actual relocating decision-making process, Murray and Dowel (1999) describe it as a dynamic three step process where several factors will be used to rule out the

least favourable locations, so that in the end you are left with the one most favourable location.

The site selection process described by Murray and Dowel consists of three steps. The first step is the initial screening, this is where a location is screened for several factors, for example its infrastructure, income levels, and other factors that the business deems structurally important. The second step of the relocation decision-making process is the community selection, here the operating costs will be taken into account, just like the QOL at the given location, and lastly also the potential availability of a new labour force at the new location. The third and last step will be mainly focused on comparing three up to five different locations. Within this step an extensive analysis will be given for all the different location factors that a business deems important, after which the most fitting location will be chosen (Murray, & Dowell, 1999).

A more elaborate process is described by MacCarthy and Atthirawong (2003) in their study on location decisions in international operations. In their study they provide a summary of steps that are used in international location decisions. The first step of their process is to make a clear purpose for the overall business, secondly it is important to investigate the different countries, regional factors, geographical factors, and properly analyse your markets to see if the location fits. The third step of their location decision process is to identify both international as well as local factors which must be considered, this should be done for each location. Fourthly all the present alternatives must be evaluated against the different international and local factors, here different models can be used to analyse all the different types of factors. The last step is simply to choose the alternative that fits best with all the necessary business factors, and subsequently implement the relocation.

Even though one was designed for international relocation, and the other for domestic relocation it can be identified that both decision-making processes (MacCarthy & Atthirawong, 2003; Murray, & Dowell, 1999) have quite a lot in common and can be used to see how businesses structure their relocation decision-making as can be seen in table 2.

Table 2 Decision-making steps

Step	Murray and Dowell	Maccarthy and Atthirawong
1.	Initial screening of location	Clear purpose + identify factors
2.	Community selection: selecting important factors	Identify international + local factors for each location
3.	Evaluating locations	Evaluating locations and choose the alternative that fits best

As can be seen above, both articles start with an initial screening of possible location that would fit with their purpose of relocating. Then the second step is selecting the most important factors for the specific firms. Lastly each of the theories are evaluating the locations according to the earlier mentioned factors, and then choosing the one that is the best fit.

2.5 Business relocation factors

When considering the literature on BLF it can be seen it has been researched from different viewpoints. Firstly there is research that is written on the influence of specific factors on firm location decisions (An et al., 2014b), secondly there are studies explaining the decision process for specific industries or for a business with a rather specific set of characteristics (Shelley McDonough Kimelberg & Nicoll, 2012). Lastly it can also be seen that there are studies focusing on certain countries to see what specific factors occur in specific regions (Polyzos et al., 2015).

To keep this literature structured have the location factors been grouped together in specific sub chapters, as the amount of literature on locations factors is rather extensive. Firstly, the difference between industries, locations, and type of businesses, that comes forward will be discussed, where afterwards the specific factors will be elaborated upon.

2.5.1 Difference between industries, businesses, and specific regions

When considering research on BLFs, it can be seen that clear distinctions are made. One of the distinctions is that off the manufacturing and the service industries and how these two industries have different location factors that are of importance (An et al., 2014b; Kronenberg, 2013). Within these industries it can be seen that manufacturing firms have a

tendency to move to places where industry conditions and labour costs are lower, whereas the service firms tend to move to more towards city centres where living conditions are considered better. Kronenberg (2013) goes even further in the distinction between different types of firms, she distinguishes also high-tech/knowledge-intensive and low-tech/less knowledge-intensive firms. In her research it is shown that for these high/low-tech firms, roughly the same distinction goes as for manufacturing and service firms, where the low-tech businesses tend to relocate in less urban areas than the high-tech firms.

Secondly, in different papers a distinction is made on BLFs and how they are different in a specific location (Figueiredo et al., 2002; Shelley McDonough Kimelberg & Nicoll, 2012; Kronenberg, 2013; Polyzos et al., 2015). Here it comes forward that in certain regions certain location factors are adhered to, as specific industries tend to have a very specific set of requirements for the next location (Shelley McDonough Kimelberg & Nicoll, 2012; Polyzos et al., 2015). In terms of firm location, a paper written by Charlotta Mellander (2008) introduces the distinction between leaders and follower regions and specifically type of businesses these regions attract. The leader and follower regions were identified by Forslund and Johansson (1994) and created into a dynamic model. As part of this model it could be seen that new technologies were introduced more frequently in leader regions, than in follower regions. Something that coincides with the previous research that stated that service firms were most likely to relocate to developed urban areas. This relocating to urban areas can then be related towards the BLF of having the necessary customer base for your service or product. Here it shows that certain industries do tend to relocate to certain locations based on the BLFs they deem important.

2.5.2 Transportation

Transportation can be regarded as one of the traditional location factors that belongs to the classical location theory (Vlachou & Iakovidou, 2015). The importance of transportation as a BLF comes forward in a vast amount of studies (Karakaya & Canel, 1998; Burdina, 2004; Lindelöf & Löfsten, 2003; DBEIS, 2018). A British governmental study (2018) the transportation location factors was described as the most important factor in a survey for 32 businesses, and was measured through: staff being able to get to and from work easily and without delay. In addition to that it was also considered important for moving manufactured products to customers, something that is also discussed in the article written by Burdrina

(2004). She mentions the importance for some businesses to locate near their major customers to minimize delays. Transportation is also one of the major factors that mainly plays a role once a decision has been made to relocate, in research it is considered more a relocation factor than a driver of relocation, even though it can be both. (Button et al., 1995; DBEIS, 2018).

2.5.3 Infrastructure

For infrastructure the same goes as for transportation, it has been part of the traditional location factors for quite some time (Vlachou & Iakovidou, 2015). However, a change can be seen within the infrastructure, where in the past infrastructure would mean the conditions of the roads, and this was deemed most important. Now for high-knowledge firms the state of, for example, internet infrastructure is of much higher importance than the roads (DBEIS, 2018; Wheeler & Mody, 1992). Other survey research shows that infrastructure is still one of the structural relocation factors that are used by different businesses, from being used in relocating international operations (MacCarthy & Atthirawong, 2003), to being used in relocating decisions for manufacturing facilities (Burdina, 2004; Shelley M. Kimelberg & Williams, 2013).

2.5.4 Labour

The next location factor that comes forward as being an important factor to consider, is labour. Labour can be divided into several different aspects, with different researchers doing it in different ways (Cifranič, 2016; Shelley M. Kimelberg & Williams, 2013; Love & Crompton, 1999; Murray, & Dowell, 1999). MacCarthy and Atthirawong (2003) divided it into the following, which provides an overview of all labour related factors:

- Access to low cost labour skills
- Quality of labour force
- Availability of labour force
- Motivation of the workforce

It goes to show that when looking at the labour characteristics when relocating to a new region, businesses have the opportunity to look at it from many different perspectives, and thus every different business has a different way of using the relocation factor in their decision-making process. Vlachou and Iakovidou (2015) mention that the labour

characteristics are of major importance for both less knowledge intensive firms, as high knowledge intensive firms, the difference is just what aspects they analyze and consider.

2.5.5 Market Conditions

Market conditions are also considered an important location factors, coming forward in a large body of research. When considering the meaning of market conditions, this is different per study. However, in different articles the definition was very closely related towards the access to the market for your product in that specific area (Lindelöf & Löfsten, 2003; MacCarthy & Atthirawong, 2003; Murray, & Dowell, 1999). Bhatnagar and Sohal (2005) also mention access to the market as part of the location factor, but also add in several aspects such as the size and the stability of the market in question, which is also of major importance to businesses. MacCarthy & Atthirawong (2003) in their article write about economic factors that also correspond with these market conditions. There findings are however more internationally focused as it includes for example taxes, financial incentives, and GDP growth.

2.5.6 Quality of Life

While in the past, costs related factors were considered as the main argument for taking a relocation decision, nowadays, the softer factors that are related to Quality of Life (QOL) are becoming increasingly important (Shelley McDonough Kimelberg & Nicoll, 2012; Love & Crompton, 1999; MacCarthy & Atthirawong, 2003). The factors within the QOL range from recreational opportunities in the area, climate, commuting time, quality of education, to the proximity of the area and the ambiance it has (Love & Crompton, 1999; MacCarthy & Atthirawong, 2003). Even though QOL is becoming generally more important, there is one specific group that attaches most value to the QOL when making a relocation decision. Kimelberg and Williams (2013) mention that high-knowledge workers tended to put more importance to BLFs that were related towards QOL than their comparable low-knowledge workers. This also shows when businesses that are in a more high-knowledge industry are relocating to a new area, these tend to put more emphasis on the QOL factors when considering a new location (Shelley McDonough Kimelberg & Nicoll, 2012). This as these businesses need to attract those high-knowledge workers that value these location factors.

2.5.7 Costs

Even though costs are a factor that is being considered less over the last years (Shelley McDonough Kimelberg & Nicoll, 2012). The costs are still a factor that is being taken into consideration by the different businesses relocating their operations, this as it is their main goal to minimize costs and maximize profits (MacCarthy & Atthirawong, 2003). When considering the different type of costs that firms take into consideration and that have a significant impact:

- Land costs
- Labor costs
- Cost of relocating
- Cost of new office or manufacturing plant

These are all factors that are part of the BLF costs, there are several more but the one's mentioned above were the main factors coming back in several articles (Shelley M. Kimelberg & Williams, 2013; Love & Crompton, 1999; MacCarthy & Atthirawong, 2003).

2.6 Summary

2.6.1 Main Findings

The previous paragraphs showed that there are many different factors related towards a business relocation. To create a clear overview has a table that summarize the main findings and theories be made.

Table 3 Summary of the theory

Topic	Main Findings	References
Business Relocation	1. Complete and Partial 2. International and Domestic 3. Firm relocation and firm location	Brouwer DBEIS Pellenbarg
Location Theory	Different theories: 1. Neo-classical approach 2. Behavioural approach 3. Institutional approach	Hayter Machlup Simon Pellenbarg
Business Relocation Drivers	What drives companies from their current location: 1. Firm-internal characteristics 2. Site characteristics 3. Regional characteristics Also the definition of Push and Pull factors: 1. Push factors – drive companies from their current	Brouwer DBEIS Balbontin & Hensher Weterings & Knoben

	location 2. Pull factors – Attract companies towards new areas	
Business Relocation Decision Making	Different approaches used: 1. Autocratic approach 2. Democratic approach 3. Scientific approach Stepwise selection process: 1. Screening locations & factors 2. Identify important factors 3. Evaluating locations	Decker and Crompton Figueiredo Murray and Dowel Maccarthy and Atthirawong
Business Relocation Factors – differences industries, companies, and specific regions	Differences between: 1. Service and manufacturing 2. High-tech and low-tech firms 3. Knowledge intensive and less knowledge intensive firms 4. Leaders and follower regions	Kronenberg Kimelberg and Nicoli Forslund and Johansson
Business relocation factors	Main factors: 1. Transportation 2. Infrastructure 3. Labour 4. Market conditions 5. Quality of Life 6. Costs	DBEIS Kimelberg and Williams Kimelberg and Nicoli Love and Crompton Maccarthy and Atthirawong Vlachou & Iakovidou

2.6.2 Theoretical model

Based on the most important factors and stages of the business relocation decision has a model been made. At the end of the research shall the model be re-evaluated if the described process can be seen or if the differ. In addition to that it will be important to see in which parts of the relocation process the municipalities will be able to influence the SMEs relocation process.

The whole process according to the literature starts with business relocation drivers, these can be firm internal characteristics, site characteristics and regional characteristics driving away the businesses from their current locations. These can then again be divided into push and pull factors. Push factors pushing the business away from their current location. This can for example be that the business is growing too big for their current location. A business can also be driven to a new location by certain pull factors from the new location. This can

for example be a cluster of businesses in a specific region or a potential new market that could stimulate the business sales.

In literature three different relocation theories are named. The neo-classical approach where the move is related to maximizing profits, the behavioural approach where a move is made with limited information and bounded rationality, and the institutional approach where relocations are made with negotiations with many different parties. It is important to see what type of businesses are using which specific theories, to note how the decision-making of different types of businesses can be influenced.

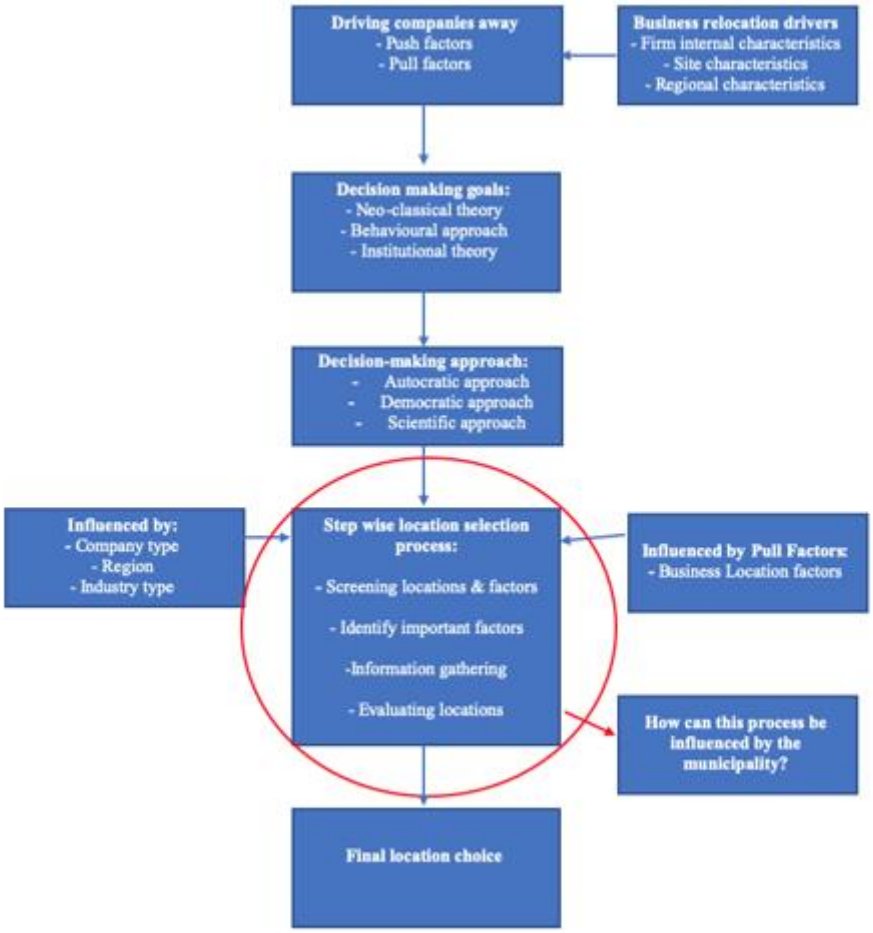
When considering the three different decision-making approaches, it is important to see the differences between the approaches, and what influence this has on the actual selection process of factors and locations. This as each of the approaches incorporates different key-decision-makers and therefore a different structure to the process. Which is important to know when potentially influencing these businesses. Within these different decision-making approaches, also mixed approaches are a possibility, something that is also important to consider.

After the decision-making approach has been selected a step wise selection process will start. When considering the theory on the stepwise location selection process, several theories go into the same direction with several steps. It starts off with screening location and factors that align with the purpose of the relocation. After that the most important characteristics and factors that the new location and facility will have to possess will be decided upon. This brings the businesses to the stage where these different factors and characteristics of the locations will be researched. Information will be gathered by the decision-making team and put together into an evaluation of the different locations. This process is influenced by many different factors, for example the business type, the region the businesses are in, and the industry they are active in. In addition, pull factors from certain locations, which were also present in the beginning of this model can be identified as influences. These BLFs will be considered by businesses when selecting their new location, when they for example need a bigger facility, need specific labour conditions, or want to move to an area with higher QOL, all of which will have an influence on their eventual business relocation decision. This also leads us to the last step, after having evaluated the

different locations based on the different BLFs, a final choice will be made, depending on the decision-making style, by either one key decision-maker or a team of such.

Within this whole process of screening locations, BLFs, information gathering and evaluating different locations, it will be important to discover how municipalities can influence this specific process. This as there is no existing research on this specific matter, and it could benefit the municipalities in their efforts to attract more businesses.

Figure 1 Relocation process model



3. Methodology

In this chapter the reasoning for choosing a social constructivism view will be explained. Furthermore, will be explained how a qualitative multiple case study allowed us to conduct gather data. The content analysis that will be used when analyzing the relocation data will also be elaborated upon.

3.1 Research Philosophy

The first step of designing a research is deciding on the research philosophy, which consists of the ontology and epistemology (Easterby-Smith et al., 2018). The purpose of the study was to explore how municipalities can increase their influence on the relocation process to increase the number of SMEs relocating to their region. When comparing this to possible ontologies the relativism approach has the best fit. This as firstly, the literature on business relocation has shown that the decision-making process is one of a complex nature for which there are multiple truths, but with many accessible facts (Vlachou & Iakovidou, 2015). As finding facts is depended on the observer (interviewer). This means that the result of our research will depend on how we as researchers interpreted researched data and thus subsequently effecting how knowledge is created within our research. Therefore, a relativism view is the most suitable for our study.

When looking at epistemology, both Saunders (2019) and Easterby-Smith (2018) mention that a relativism study usually leans towards a (social) constructivism view. This as constructivism is a good method for increasing the general understanding of a situation. Therefore, when looking at both the ontology and purpose, social constructivism would have the best fit to generate a better understanding on business relocation and develop a new theory on how municipalities can influence business relocations. Another reason for social constructivism is that for our research we were interested in interpreting what our interviewees were saying and thinking, but also meaning in terms of their body language.

By applying a relativism and social constructionism viewpoint we have a greater advantage to gather rich data that is needed to generate a better understanding on how SMEs relocate, and which possible influences municipalities have on it. This is needed to be able to create a theory on how municipalities can influence SMEs in their relocation process.

3.2 Research approach

To remain in-line with our epistemology and purpose a qualitative explorative was chosen. This as Easterby-Smith (2018) mentions that a social constructive design often requires a qualitative design and that a qualitative design is beneficial when trying to create a deep understanding of a specific organization or event. Therefore, with the help of a qualitative study we were able to explore what possible influences the municipalities can perform on the location decision-making process. By exploring this, we wanted to discover any apparent patterns and theorise these. This by gathering rich data from a small amount of cases that can be thoroughly analysed.

In addition, for the study an inductive approach was chosen. This mainly as the aim of the research was to use the gathered data to develop a theory on how municipalities can influence business relocation decisions. These theories are currently lacking in our specific research field and thus must still be designed according to new research. (Easterby-Smith et al., 2018).

Furthermore, the study made use of a case study. Case study has, according to Easterby-Smith (2018), a good fit with a relativism ontology and a social constructionist epistemology design. Also Easterby-Smith (2018) mentions that with a case study you can conduct in-depth interviews that help with understanding complicated matters in specific contexts. She furthermore mentions that a case study can be used for why and how research questions and can be used to dig deeper into understanding why firms act in a certain way. Eisenhardt (1989) also points out that case study research has certain advantages like for example novelty, testability, and also empirical validity. It is also described how well case studies fit in new research areas to build a new theory, as it tends to be rather independent from prior literature (Eisenhardt, 1989).

Research showed that the relocation decision-making process is a complex process affected by diverse factors and decision-making methods (van Praag & Versloot, 2007; Weterings & Knoben, 2013; Kronenberg, 2013). Therefore, by making use of a case study we could thoroughly research how and why SMEs make decisions in the relocation process. Where generating a clear understanding of this process was crucial in developing a theory on how

municipalities can influence the relocation process. Furthermore, by making use of a case study we wanted to increase the replicability of the study to enable future research.

3.3 Theoretical sampling

The case study that was used in this research was a multiple case study. A multiple case study is a case study that makes use of multiple cases to identify patterns and differences between cases. Saunders (2019) also mentions that when building a theory, a multiple case study is the preferred method over a single case study as it increases the representatives and validity of the study.

A multiple case study was therefore chosen as it allowed data to be gathered from SMEs located in both the leader and follower regions from both the Netherlands and Sweden. The reason to include both leader and follower regions in this study was to research if there were differences in the decision-making process and municipality influence between the regions. The choice for including cases from both Sweden and the Netherlands was, as mentioned in the background, due to their similar economies and trends. Therefore, allowing to study if the finding could be generalized for other countries and to increase the reliability and the validity of the research.

The study made use of a non-probability sampling method to ensure that only representative cases were sampled for the multiple case study. This as Easterby-Smith (2018) mentions that non-probability sampling does not make use of random selection and ensures that the chosen cases represent the criteria to increase the reliability of the research.

The research made use of purposive and snowball sampling. The first method, Snowball sampling, is a method where your first case helps you towards the next case. This method was used to gather cases through asking municipalities which SMEs had recently relocated to the region.

For the cases that could not be gathered through the snowball sampling method, the purposive sampling method was used. This is when you sample to certain criteria. This is done to ensure the that the researched cases fit the correct research profile and to create a representative population for the creation of the theory. The research profile for the study was SMEs from the Service, Manufacturing and Transport industry that had relocated or

expanded to a new location within the last five years. Located in either a leader or follower region in the Netherlands or Sweden. A note to this is that retail, hospitality, and restaurants were not included in the research, as these businesses tend to have very firm specific decision-making style and criteria (DBEIS, 2018).

3.4 Research method and data collection

The research made use of both interviews and secondary data. Interviews were chosen due to the qualitative design of the study. This as interviews allow researchers to gather specific data by being able to ask more detailed questions and follow up questions allowing more information to be gathered (Easterby-Smith et al., 2018). The secondary data consisted out of firm information that helped to prepare for the interviews and to be able to ask more in-depth follow up questions.

The interviews that were held made use of a semi-structured design. This as a semi-structured interviews allowed for more open how-and-why questions and more open conversations (Easterby-Smith et al., 2018). This allowed us to get a better insight from the interviewee's perspective, have more control during the interview flow and get more detailed answers than when we would have made use of an open method. To ensure that an interview did not end up being too open an interview guide was developed, this can be found in Appendix 1.

During the interview, the guide was used to give structure and ensure that the necessary questions were asked. These topics were also sent to the interviewee with the GDPR consent document before the interview to allow the interviewee to be prepared. Before the interviews were started permission was asked to record the interviews so that they could be transcribed, coded and analyzed after they had taken place. For questions that came forward after the interview a follow-up phone call was held to gather any remaining data.

The interviews were held with either the CEOs or managing directors who were involved in the decision-making process during the relocation or expansion. Initially the interviews were going to be held face-to-face. However due to the COVID-19 crisis it was decided to conduct the interviews online with Microsoft Teams, with two exceptions that were held in person. A total of sixty cases were approached, from which 18 interviews were conducted. These interviews had a length between 21 and 58 minutes as can be seen in figure 2, these time

variations can be traced back to differences in complexity for the decision-making, as well as with differences in the municipality influence for the cases.

Table 4 Interviewed cases

Case	Country	Industry	Follower/Leader	Size	Time
A	Netherlands	Service	Leader	Small	39:51
B	Netherlands	Service	Follower	Medium	51:46
C	Netherlands	Manufacturing	Follower	Medium	41:12
D	Netherlands	Manufacturing	Follower	Small	40:00
E	Netherlands	Manufacturing	Follower	Medium	45:45
F	Netherlands	Service	Leader	Medium	40:42
G	Netherlands	Manufacturing	Follower	Medium	33:15
H	Netherlands	Service	Leader	Medium	26:09
I	Sweden	Service	Follower	Medium	31:43
J	Sweden	Service	Follower	Medium	28:50
K	Sweden	Manufacturing	Follower	Medium	39:45
L	Netherlands	Manufacturing	Follower	Small	24:33
M	Sweden	Service	Follower	Small	21:14
N	Netherlands	Service	Leader	Medium	58:22
O	Netherlands	Manufacturing	Follower	Small	24:34
P	Netherlands	Transport	Leader	Medium	36:54
Q	Netherlands	Manufacturing	Follower	Medium	34:25
R	Sweden	Service	Follower	Medium	31:24
					10:52

3.5 Data analysis

While conducting a multiple case study it was important to understand each case, and to identify ways to interpret the data towards the situation (Schlesselman & Stolley, 1982; Eisenhardt, 1989). The 18 interviews altogether totalled 11 hours of interview time and generated over 250 pages of transcript.

A thematic content analysis was therefore chosen as the analytical method. This as a thematic content analysis is a method that can be used in an inductive qualitative study, where the analysis is done by identifying common themes and patterns across the data (Ellet, 2007). A limitation of this method is that it is harder to measure the validity of the analysis, as we as researchers are subjective in identifying these themes (Eisenhardt, 1989; Ellet, 2007). Despite this, the simplicity of the analysis makes the replicability of the study high and convenient for large amount of transcripts and therefore outweighs the disadvantages (Ellet, 2007).

The analysis was conducted in four steps. Where the first two steps were conducted individually. This to allow room for deeper analysis and reducing the researcher bias. The first step was to go in-depth through the transcripts of each individual interview, taking notes of the first impressions and identifying themes. Themes such as for example, relocation reason. These were compared with each other and common themes were created. These themes were helpful for the second phase of the analysis where we interpreted and conceptualized the found themes into codes. Both individual codings were compared with each other and re-categorized. This allowed us to get a good overview of the data and only keep the necessary data excluding the invaluable information. The third phase was to segment and analyze the data. Here we compared the data with each other to see if there were connections or differences between the data. Set in line with the literature and to define overlaps between certain industries and regions. After which the fourth phase of the analysis was started where the results were used to generate a new theory and create an updated model.

3.6 Research ethics

During the research process ethical issues may arise, therefore it was important to consider the possible ethical issues and adhere to the key principles in research ethics throughout the research process (Easterby-Smith et al., 2018).

Table 5 – Key principles in Research Ethics - Adapted from Mark Easterby-Smith

Nr.	Description
1.	Ensuring that **no harm** comes to participants.
2.	Respecting the **dignity** of research participants.
3.	Ensuring a fully **informed** consent of research participants.
4.	Protecting the **privacy** of research participants

5.	Ensuring the **confidentiality** of research data
6.	Protecting the **anonymity** of individuals or organizations
7.	**Avoiding** deception about the nature or aims of the research
8.	Declaration of affiliations, funding sources and **conflicts** of interests
9.	Honesty and **transparency** in communicating about the research
10.	Avoidance of **misleading** or false reporting of research findings

These subjects are also part of the key principles in research ethics, these were designed by Bell and Bryman (2007) and adapted by Easterby-Smith et al (2018).

Therefore, a code of conduct was developed that outlined a set of rules on how the researchers should behave. The code of conduct mentions that no plagiarism will take place and that in-text referencing will be used when any statements or citations are made. The chosen reference method for the research is APA-6TH edition.

The code of conduct also includes that an informed consent was given to the participants. The JIBS GDPR consent form, that was signed by the participants before any interviews took place ensured the protection of the participants, ensured that no harm came to them and that their dignity will be respected. It also includes the anonymity of the interviewee and that the collected data is handled with discretion, using locked and secured folders.

The last ethical principle is avoiding misleading or false reporting in the research. This was guaranteed by transcribing the interviews, so that no alteration of the research results was possible, these will be accessible for review for the required amount of time.

3.7 Trustworthiness

The aim of this study was not only to start to fill the research gaps, but also to ensure a trustworthy research. To ensure the trustworthiness of research, the theory by Lincoln and Guba (1985) was used. They introduced the credibility, transferability, dependability and conformability method, in order to ensure the trustworthiness of the research. Each of these will be discussed and attended to.

When considering the credibility, this comes down to the research and especially our findings being credible and believable in the eyes of our interviewees. In order to enhance the

credibility of our research Lincoln and Guba (1985) have pointed out several ways in which to do so. For example, they point out that through prolonged engagement and persistent observation, the credibility of our research can be improved, this is not a possibility though due to time constraints which limits us from observing or interviewing our interviewees for a longer period of time. We also make use of triangulation to ensure the credibility of our research, this through analysing our data from the interviews together with secondary data found before the interviews. This will mainly be newspaper articles and firm website documents that provide information on as to why and how the SME relocated to another region. Through this ensuring that the results acquired can be deemed credible.

For the transferability of our research, we aim to give a through description of our context, to enable others to in the end possibly transfer the results to a different situation or location (Guba & Lincoln, 2014). To ensure a thick description of our context, a purposive sampling method is used where clear boundaries are set to exclude and include certain businesses.

According to Guba (1981) dependability is concerned with the stability of data that is collected during the research. In order to ensure the dependability of the data, Guba and Lincoln (Guba & Lincoln, 2014) suggest using different techniques which are, overlap methods, the stepwise replication, and the inquiry audit. In this research we have chosen to use the overlap methods and stepwise replication to ensure our dependability. The overlap methods are used by making use of the existing documents in combination with our interviews. In addition to that also a clear description of our research and the corresponding steps has been provided, ensuring that the research can be replicated.

The last part to ensure the trustworthiness of the research is ensuring its confirmability. Guba (1981) has identified two ways for this, triangulation of the data and practicing reflexivity of the research. As mentioned before, triangulation is something that is already being made use of, by using empirical material from the interviews as well as secondary data resources. During the research, the aim is to also practice the reflexivity, especially while designing and describing our research methodology.

4. Empirical findings

In this chapter we present the findings of why, who and which factors are involved in the relocation process.

After formulating the methodology, interviews were conducted with the different SMEs These interviews were conducted either in person, or through Microsoft teams. In the following chapter the results are provided. This will be done based on the different industries the SMEs operated in, to give proper insight in how businesses in different industries have specific ways of approaching a relocation. The results are divided into three main themes, that were based both upon the purpose of the research and the information that was gathered during the interviews.

4.1 Cases

The interviewed cases were active in the service, manufacturing, and transport industries. In accordance with our methodology, the focus of the research was on SMEs that relocated both in The Netherlands and in Sweden. In table 6 the overview of SMEs that were interviewed from each industry, and their size can be seen.

Table 6 Overview interviewed SMEs

	Service		Manufacturing		Transport		Total
Country	**NL**	**SE**	**NL**	**SE**	**NL**	**SE**	
Small	1	1	3	0	0	0	5
Medium	4	3	4	1	1	0	13
Total	5	4	7	1	1	0	18

Besides the interviews we also received 12 replies from businesses by email. Eight emails were from manufacturing firms and four were from transport firms. These were SMEs that were approached to be interviewed about their relocation. They mentioned that their relocation was due to needing a larger location and that due time issues related to the Covid-19 crisis could not participate in an interview. An overview of all businesses, with their respective size, industry and location can be viewed in Appendix 3. The cases are named according to the Nato alphabet (Nato, 2020) to increase the readability of the document.

4.2 Service industry

For the service industry a mixed range of businesses were interviewed. These cases were operating in various fields, like for example the fields of mergers and acquisitions (Alfa), real estate (Bravo), IT (Foxtrot), energy (Hotel), coworking spaces (Juliett) and consultancy (cases India, Mike, November and Romeo). These businesses employed between the 15 and 180 employees. The interviewees were executives and CEOs who had been involved in the relocation process as key decision-makers. Case November was the only case were a non-executive manager was interviewed, she was however involved in the key decisions of the process.

4.2 1 Decision-making process

When looking at the decision-making process it came forward that for the service industry the duration of the decision-making process can vary. Cases Alfa and Bravo mentioned that the total process from beginning to final decision took them around two months. This as the business was expanding to a new area, therefore a new office was sought in a specific region, limiting the decision-making process time. The cases Romeo and Juliett, which also both expanded into another area, had a relatively short decision-making process compared to the other SMEs, with 4 months. This as the CEO of Juliett mentioned:

"Potential clients were asking when we would open an office in Zulu. That is when things starting to go fast, we found a good space, and the city aligned with our strategy. That's why it came rather quick."

For cases Mike and Foxtrot the decision-making process took considerably longer, with over half a year. For case Mike this was merely a result of finding a suitable location and the right people for the office, as the business was experiencing recruitment issues. For case Foxtrot the decision-making process mainly consisted of looking at suitable locations on websites, as well as having meetings with municipalities. When looking at the businesses where the decision-making process took over a year, for case Hotel this was a result of different departments doing different parts of research on the relocation. Which was a time-intensive activity. For case November the whole relocation decision-making process took the longest, over 1,5 years. This was mainly because of designing and building a new office building. Resulting in numerous meetings with the business departments, external consultants, the municipality and with the construction business.

The involvement of personnel in the relocation decision-making process also differed per business. In cases Alpha, Bravo and Romeo the decision was taken by the executives in accordance with the shareholders involved in the relocation, with no other employees or external consultant involved. For case Foxtrot this was rather similar, however also his wife was involved in the decision, he was quoted:

"It was actually just me involved in the decision-making process. Looking on Funda and finding the office, which I really liked. That's when I discussed it with my wife, just to get clear if it was the wise thing to do."

For cases India, Juliett and Mike, the decision-making process was, without considering the time of the process, quite similar. In these cases the board of directors was primarily involved in the strategic decision-making process, drawing out the relocation, and during the process introducing it to the management board so that they could provide their view on the move and contribute to it. Where with case India the personal preferences of the executives also played a role in the decision-making.

Then at last, cases Hotel and November both involved different businesses within their collective decision-making processes. In case Hotel this was to ensure that the employees would be content with the move to a new office. The business wanted to ensure that the employees were on board with the move. For case November the reason for including different business units in the decision-making was different and more extensive. Case November is part of a group of five daughter companies, and two representatives of each of these businesses were selected to be part of the relocation decision-making process. In addition to that the two owner-shareholders, the employees and several consulting firms were involved in the process. This varied from ecologists, renewable energy experts, construction contractors to acoustics and air conditioning experts. All to construct a newly built office that would meet all their requirements.

Table 7 Service cases decision-making

Case	Country	Decision-makers	Size	Decision Time	Region
Alfa	NL	Executives	Small	2 months	Leader
Bravo	NL	Executives	Medium	2 months	Follower
Foxtrot	NL	CEO + wife	Medium	6 months	Leader
Hotel	NL	Different business units	Medium	12 months	Leader
India	SE	CTO + management team	Small	3 months	Follower
Juliett	SE	Board + management team	Medium	4 months	Follower
Mike	SE	Board + management team	Small	6 months	Follower
November	NL	Different business units	Medium	18 months	Leader
Romeo	SE	Executives	Medium	4 months	Follower

4.2.2 Location Factors

When looking at the BLFs that influenced the service businesses the most, first the drivers to relocate will be discussed before the used relocation factors for the new location will be discussed. The factors can be seen in the following table:

Table 8 Service cases business location factors

Case	Relocation driver	Main BLF	Secondary BLFs
Alfa	Access to markets	• Proximity to customers	• Transport • State of office
Bravo	Access to markets	• Proximity to customers	• Location office • Personal choice
Foxtrot	Old office and too small office	• State of office • Proximity to customer	• Proximity highway • Proximity hotels • Size • Costs
Hotel	Size of office	• Size • Infrastructure	• Sustainability • Costs
India	Access to markets	• Labour conditions • State of the facility	• Marketing possibilities • Costs
Juliet	Access to markets	• State of the office	• State of office • Transport
Mike	Access to markets	• Personal Preference	• State of office • Proximity customers
November	Size of the office	• Size • Transport • A1 Location	• Location office • State of Office • Sustainability • Costs
Romeo	Access to markets	• Proximity to customers • Infrastructure	• Size • Costs

For cases Alfa, Bravo, India, Juliett, Mike and Romeo the reason to relocate was that they wanted an office or location in a specific region. This to reach the potential clients in these areas and through that expand their businesses. For the other service SMEs, cases Foxtrot, Hotel, and November, the main reason to move from their current location was to be able to expand in the future, as their current location was too small for them. In addition to that case Foxtrot and November both mentioned that the office they were currently in, was rather old and did not meet their requirements anymore.

When considering the BLFs that were used to select the new location they varied. Cases Alfa, Bravo, India, Juliet, Mike and Romeo all mentioned that the BLF they were most considering was that it was a location where a lot of potential clients were active. Alfa mentioned that they expanded into municipality Xray because:

''It is a region with lots of coworking spaces which means we have a high client potential in the area''.

Bravo also mentioned,

''We initially moved from municipality Xray to municipality Yankee as the region in the beginning of the 2000s put a lot of effort to attract businesses. They created a small business Mecca. This meant that our clients moved there, and we followed them. However now you see that municipality Xray has invested a lot into their own new business Mecca park. Has put a good marketing team on it and clients are moving to Municipality Xray. Therefore, we have moved to their as well''.

In addition to this quote, case Bravo also made clear that the choice for *Municipality Xray* was not completely based on the development of city Xray's business parks. His personal preference also had a slight influence, he mentioned:

"the shareholders were just unlucky that I am a local in city Xray, so that was my choice, its easier to have an office around the corner."

The same goes for Mike, who was quoted:

"*As we are located in a Science Park, we are able to interact with others and network. This might lead to new assignments. That is the interesting about coworking spaces, you're in contact with so many businesses, different knowledge and contacts."*

For these cases above it was of major important to go to a specific region and open an office in a specific area.

Case Hotel was on its own, searching for a location that was bigger to sustain their growth, but that at the same time also had good accessibility and potential to develop sustainable facilities. For case Foxtrot the most important factor was that the business would remain in the North of the country, this as most of their clients are present there. In addition to that it would benefit the business when they were near a highway and would have a prime location looking out on the highway. This was also the main BLF for case November, who wanted to build a high tech, high quality office building on a prime location that would be closer to the big city in the region. It was important that it would be more easily reachable by public transport.

The QOL BLF also has an important role in the decision-making process, where cases Alfa, Foxtrot and November mentioned that they do not want their employees to travel over an hour to work in traffic. Which is why all these businesses chose for a facility that was located on a business park. For cases Alfa, India, and November the labour conditions were another aspect to consider. For cases Alfa and India it was important to be in a specific city to recruit students from the local University. For case November this was different, they wanted to be closer to the big city to get a more International feel to their business, that would increase their recruitment chances with experienced employees.

Most of the cases (Alfa, Bravo, Foxtrot, India, November) mentioned that when doing research into a new region one of the first steps they do is to check the different municipalities' websites to gather information. Bravo mentioned

''the municipality website is a first indicator if a region wants your business. It should function as an advertisement for the region''.

They mentioned that they wanted to check if the region ticked of the location factors that they had set. Case Juliett additionally made use of a realtors in the area to see what kind of

property they had to offer that would potentially meet their criteria. For case November the external consultants were used to research the BLFs and adjust their plans accordingly.

4.2.3 Municipality influence

Except for case November none of the cases were approached by their previous municipality during the relocation decision-making process. Case November was approached by the municipality to try to convince them to stay in their region. However, it had no effect as the municipality did not put in enough effort. The other cases were asked if they would have stayed if the municipality had tried to convince them to stay. All unanimously replied that this would have not been the case. It was either too late to reconsider moving, or just generally no option for them to stay in the region.

When asked how the municipalities could affect their decision-making process the cases responded with similar answers. They mentioned that a high-quality website would be a good start. Cases Alfa, Bravo, Foxtrott, India and Hotel mentioned that a municipality website with high quality data provision can influence them in their decision-making process. They all mentioned that in their research process it was difficult to gather information and that an informative website would be a welcoming outcome. Cases Alfa and Bravo mentioned that they would like to see which networking clubs there are in a region, while cases Bravo, Foxtrot, Hotel, and Juliett mentioned they would like to see a webpage or information sheet that describes the QOL in the region.

Cases Alfa, Bravo, and Hotel mention that they would like to see municipalities organising (more) networking events and that such events increase the attractiveness of a region massively for them. Case Alfa even mentions that within the near future they will relocate from Municipality Xray to Municipality Yankee, as they see this location as a different league, in terms of its international exposure.

During the interviews it also came forward that municipalities can have a positive influence through being in contact with the businesses. During the interviews, the word ‘pride’ came forward multiple times. Foxtrot however quoted:

‘’*that municipalities couldn’t care less if we stayed or left their region*’’.

After contacting one municipality to see what was possible in their region, they simply told him to leave as he was too small. This same region was also the region that case November had a negative experience with. November also mentioned:

"It is important to have a good contact person, that stands right beside you during the process, treats you like you treat your clients. And not that I have to call to the general municipality phone number to speak to someone."

And when a business moved to a new region none besides one region welcomed this business to their new location. Case Foxtrot was the only region to be welcomed to region by the mayor when they moved. Because of this they felt immediately welcomed to the region, and that despite their size of only 50 employees, that they were seen as an important addition to the municipalities. When asked if this could influence a future relocation process, the manager mentioned that being valued by the municipality would influence the process.

4.3 Manufacturing industry

For the manufacturing industry a mixed range of businesses was interviewed. These businesses were producing or manufacturing products such as, sorting equipment (Charlie), products assembly (Delta), high tech assembly and sorting machinery (cases Echo and Lima), construction solutions and chemicals (Golf), high-tech laboratory machinery (Kilo), agricultural equipment and machinery (Oscar), and the construction of mobile homes (Quebec). The businesses employed between 18 and 250 employees. The interviewees were Executives and CEOs who had been involved in the relocation process as key decision-makers. Only for case Golf and case Kilo the interviewees were non-executive managers, they were however fully involved in the key decision of the relocation process.

4.3.1 Decision-making process

When looking at the decision-making it was in general a smooth process. For cases Charlie, Delta and Lima the whole decision-making process took around 6 months, whereas for case Golf it took a bit longer with 7 months. Within case Echo the decision-making process had a different build up, the decision-making process for one location took over one year. This process took the owner too long, and that is when he decided on relocating elsewhere within four days. The CEO of Echo did mention however that this was not a rash decision, he was quoted:

"This was not such a rash decision, this as there had been months of preparation and decision-making for the move, so the eventual decision could be made rather quickly."

For case Oscar the decision-making process took even longer, the business started thinking and planning the move from 2016 onwards. The CEO of Oscar mentioned:

"From around 2016 we were looking around in our area for a piece of land where we could build our new facility and started planning the move. However, it took 2 years before one of the municipalities around us finally decided to build a new business park. That is when we straight away bought the land, and built our building, even though that whole process took 4 years."

One of the reasons for this time-intensive process was that not all executives saw the necessity to move. They saw it as too costly, however the CEO did manage to convince them after all, through focusing on sustaining growth. For case Quebec the process also took over a year, with many family meetings to consider the plans for the move and for the newly built building, as this involved a large investment for the business.

For the different cases when looking at who was involved and responsible for the relocating decision, it was for all a collective decision-making process. With the exception of cases Delta, Kilo, Lima and Quebec where the decision-making process was made by the owners. In case Delta it was the two owners, as well as an internal advisor from the management, together with another business which was also present at their current location and moving together with them. For case Kilo it was 90% the responsibility of the location manager and 10% of the owners at the headquarters. For case Quebec the decision was made by the owners as well, which in this case happened to be husband and wife. In all four cases the employees were not included in the decision-making process.

For cases Echo and Golf the decision making process was different, different groups within the business were included. In both cases there was a strategic management team and a middle management team involved in the decision-making process. In both cases the middle management was also responsible for several actions within the process and was more involved with the actual physical relocation.

Both cases Echo and Charlie also clearly involved the employees in the decision-making process, in different ways and with different outcomes. Case Echo did this through involving the staff association of the business in the entire decision. This as the CEO of Echo said:

"We involved the staff from the beginning in the decision-making for the relocation. We told them we will move to a new facility where the journey time during the day will only be 20 minutes extra compared to now. They have been informed early in the process. Because when you plan a whole decision, and then decide to bring across the decision to move, everyone will be against it. When you involve the people in the decision, they will be more enthusiastic and involved."

When looking at case Charlie, the employees were against it. Here the employees were informed about the decision to move to a new location during the decision-making process. According to the CEO this happened too early, as due to this at least 15 employees decided to leave the business as they did not want to move to a new location. He was quoted:

"When looking back, I might have informed the employees too early, but I guess I expected some loyalty from my employees, something that I will think about twice in the future."

After the decision to inform the employees about the move to a new location, they were also involved to find a solution on how they could keep working for the business, if they did not want to move. For case Charlie a strategic management team, together with later an operational management team was involved in the decision-making process. Where the operational management team was more involved in the actions that were related to the physical move.

For case Golf, the decision-making process looked different than for the other businesses. This as here not only strategic management team was involved in the decision-making, but also the main shareholders from the parent company in Germany. The main research and decision-making were done in the Netherlands together with a small consulting firm. This is where relocation proposals were made and locations were identified, these were then sent over to Germany where they would be reviewed and where the ultimate decision was made. The research was gathered through Google, different location websites and through talks with business associations in certain areas. Also, here the employees were involved rather

quickly into the decision-making process, to know what the employees valued, and find a location accordingly. Here the same happened as with case Charlie, some employees did not want to move to a new location, and for them a reasonable solution was found to terminate their contract.

For case Oscar, this was all done differently. From the start all the decisions related towards the relocation were talked about with the employees, from location, to plans for the construction. In the end it was the family that decided upon the actual location and building, but the employees were very much involved in the decision-making process.

Table 9 Manufacturing cases decision-making

Case	Country	Decision-makers	Size	Decision Time	Region
Charlie	NL	Board + management team	Medium	6 months	Follower
Delta	NL	Owners + internal advisor	Small	6 months	Follower
Echo	NL	Different business units + employees	Medium	12 months	Follower
Golf	NL	Shareholders parent company + executives + management team	Medium	7 months	Follower
Kilo	SE	Board + management team	Medium	3 months	Follower
Lima	NL	Owner + executives	Small	6 months	Follower
Oscar	NL	Owners + employees	Small	48 months	Follower
Quebec	NL	Owner + wife	Medium	12 months	Follower

4.3.2 Location Factors

Considering the factors driving the different manufacturing businesses to move to a different location, it can be seen that for all cases except case Kilo, that one of the major factors was that the business was growing out of their current location, and their location would not enable them to grow in the future. In the following table an overview of the drivers and considered BLFs can be found:

Table 10 Manufacturing Location factors

Case	Relocation driver	Main BLF	Secondary BLFs
Charlie	Current facility too small and cutting costs	• Costs • Location • State of facility	• Labour expertise • Proximity to customers
Delta	Current facility too small	• Size • Proximity to customers	• Infrastructure
Echo	Current facility too small and too old	• Size • Proximity old location	• Costs • Marketing possibilities
Golf	Current facility too small and too old	• Size • Proximity to customers	• State of facility • Costs • Infrastructure
Kilo	Access to markets	• Proximity to customers	• Costs • Infrastructure
Lima	Current facility too small	• Size • Proximity to customers	• Costs • Labour expertise
Oscar	Current facility too small	• Location facility • Infrastructure	• State of facility • Costs • Size
Quebec	Access to markets and current facility too small	• Size • Location facility	• Prime location • Infrastructure

For case Golf another relocation factor was that they wanted to move to a location that would be closer to their customers, this being both a push and pull factor. Case Charlie moved partly as the business had to cut costs. Before the move they had several locations, and now the different business locations would all be integrated into one location. Something that according to the CEO has already saved the business from possible bankruptcy in the current corona times. For case Kilo it was important to gain regional presence, and specifically in the centre of the country near a highway that connects several of the bigger cities.

Several overlaps can also be seen when looking at the BLFs used in the location decision-making. For cases Charlie, Delta, Golf, Kilo, and Lima it was very important to be located near their customers. For cases Delta and Lima this meant that they did not have to move too far, however for cases Charlie and Golf this meant moving more than one hour from their current location. Something that had its impact on the willingness of employees to move. Golf mentioned:

"In the past most of our clients came from the North, where we are located, however in the last 10 years this has shifted to the Middle of the country, and we see more and more companies that are not willing to visit us, as we are too far up North, hence the move is necessary."

Even though that the business and most of its employees were from their current region, most employees and the shareholders saw the need to move towards the customers.

As mentioned before, for most of the cases the size of the new office was of importance. For cases Echo, Golf and Lima this was especially important, as their current location limited their growth and possibility to invite clients to their offices. For these cases it was important that the new location would fit their business, would enable them to expand and create the business they had in mind. For case Echo the state of the new location was important, as they wanted to have the possibility to do more marketing activities with signs and drones than on their previous offices.

Another BLF that was considered for cases Delta, Echo, Kilo, and Oscar was the QOL of their employees. For these businesses it was important that their employees would be happy with the location and did not have to travel several hours a day to get there. Oscar mentioned:

"Many of our employees have been able to come to work cycling for years now, we would only consider moving more than 20km when we get an unbelievable opportunity elsewhere, in terms of size and monetary advantages."

Costs was also an important BLF that was considered by cases Charlie, Golf, Kilo, Lima and Oscar. For case Charlie this was more about cutting costs with the relocation, for the other businesses the costs were an issue they considered when moving to their new location, something that also had an influence on the final decision. Golf mentioned:

"The executives and I would have rather built a new factory somewhere, but we also understood that this was too expensive in the current times, and that is why the focus went more towards purchasing and remodelling an existing facility."

For cases Delta, Golf, Oscar, and Quebec the location factor of transportation also played an important role, they wanted to be located on an industry park. This as they need to receive

trucks, and this cannot happen in residential areas. For case Golf the additional location factor of transportation related towards its proximity to the head office in Germany was of importance, as they needed to receive shipments from there almost every day, that is why the business was looking for a new location in specific areas.

When considering the ways research related towards the business location decision was executed, case Golf mentioned research was gathered through Google, different location websites and through talks with business associations in different regions. Case Charlie, Echo and Oscar mentioned that the research was mainly done through Google, and by picking up the phone and calling the municipalities to ask about their plans for certain business parks.

4.3.3 Municipalities influence

Except for case Golf, none of the cases were approached by their current municipality during the relocation decision-making process. Case Golf was approached by their municipality when they got wind that the business was leaving. The municipality visited the business and asked what they could do to keep it in their region, this as they had been there for almost 50 years. These efforts did not have any effect. Golf mentioned:

"In the end the municipality did all they could do, they apologized, offered us certain benefits, it did not matter however, as we had to move to the Centre of the country to get closer to our customers".

All other cases received no word from their municipality when they decided to leave. Also, cases Charlie and Echo did not respond too positive about the municipalities, as they had rarely heard from them and when they did, things would be too bureaucratic. The CEO from Charlie mentioned:

" I never heard from the previous or current municipality, even though we are one of the largest companies in terms of workforce. This is a pity, but I guess they are too busy with more important things."

Case Echo was also the only case that would have stayed in their current municipality if their municipality would have put in an effort.

The influence of the municipalities during the decision-making process was present within several relocations. Case Kilo for example, approached multiple municipalities about their

intent to relocate to their region. One region was proactive to the request and reacted within 30 minutes by providing information about the region. After further contact back and forth, the municipality showed six vacant locations that fit the business' profile. In addition to that after the relocation had taken place, the municipality contact person came to visit the business to see how they were settling in and if the municipality could be of assistance for anything. Kilo mentioned:

"the municipality's proactiveness did not lead to the definitive decision, but their proactiveness did however have a great influence on the decision that was made in the end".

When asking the respondents about how the municipalities could affect their decision-making process, there was not a clear line in the answers. Cases Charlie and Echo both mentioned that one thing the municipality could do is provide a clear plan for a certain area with clarity on what the businesses can expect. For case Charlie another municipality contacted them when they were looking to expand a few years ago. He mentioned that this municipality was more active with attracting relocating businesses to their region, he did however not relocate as he did not have the resources. For cases Charlie, Golf and Oscar, were the respondents mentioned that one thing the municipalities could do to influence their decision-making, is ensuring that there are networking events within the municipalities. Case Golf mentioned that this should not be regular network events, but more related towards certain clusters or industries that were related to one another. Golf also mentioned:

"If municipalities put a bit more effort into their information guides for business parks, into their websites, they could have potentially influenced us much earlier to go for a certain region."

Cases Charlie and Oscar also mentioned that if another region had contacted them during their decision-making process with a good proposal and good plan, they might have considered this region.

4.4 Transport industry

For the manufacturing industry one business was interviewed. This was a logistics firm operating in the field of transhipments of goods (case Papa). The business employed 200

employees. The interviewee was the CEO of the business, who was the key decision maker during the relocation process.

4.4.1 Decision-making process

The decision-making process for the logistics business was a very smooth and fast process. It took case Papa only 6 months to decide upon relocating to their new location. Even though it was a relocation that was rather big, several locations were closed to open the new location, it was however a fast relocation decision-making process. The CEO from Papa said:

"We are a no-nonsense firm that likes deciding fast, after researching the different areas and contacting several municipalities, we decided to build in ……."

When looking at case Papa and their decision-making process was made use of a collective decision-making process. The CEO was involved with his strategic management team, and together with them and the owners of the business they decided upon the relocation. During the process, the decision-makers were in contact with several municipalities, to ask about different possibilities in specific areas.

4.4.2 Location factors

Case Papa decided to relocate as they needed a location that would sustain their growth. In addition to that the old locations were getting to a point where investments had to be made to keep up with fire security standards, and to become fully sustainable.

When looking at the BLFs that were used to select the new location, the main BLF was having a location in the South of the country, this as that is where a lot of potential clients are located. The second consideration that was made was the price of the land the business was purchasing, this as that would influence the prices that they would have to charge their customers in the future. CEO of Papa said:

"Considering that we are building a facility of over 50,000 square meters, the price per square meter is very important to consider, as that will influence our price in the next years, and with that our attractiveness for the potential customers."

The CEO and the strategic management team were involved in collecting the data, and solely relied on calling with municipalities to gather his information. For the municipality that was

eventually chosen however, also their prospect with information on the business park and location was deemed as a valuable and convincing source of information by the CEO.

4.4.3 Municipality influences

The CEO of Papa had a lot of contact with municipalities during the whole process. First off there was contact with the municipalities of the facilities that were potentially going to close, in order for these municipalities to come forward with a proposal to build a new warehouse on their grounds.

"It is important for us to always be in good contact with local governments, that is why I called with the municipalities to see what they could do. It turned out they could not be of much help, as due to EU regulations no new business parks could be constructed."

That is when talks started with different municipalities in the region, to see what they could do for the business. Straight away, the municipality that the business is now located in came forward, and provided a good price, and a clear plan and prospect for the firm. This convinced the CEO to go for this location.

4.5 Results summary

Underneath in the table a summary of the results can be found, divided per industry and country to a clear overview of the general thoughts.

Table 11 Summary of findings

	Service		Manufacturing		Transport
	Netherlands	**Sweden**	**Netherlands**	**Sweden**	**Netherlands**
Relocation Drivers	Access to markets and size	Access to markets	Size and state of the facility	Access to markets	Size and state of facility
Decision Making	Executives and different business units	Executive board and management team	Executives, board and different business units	Board + management team	CEO and strategic management team
Relocation Factors	Proximity to customers, size, and QOL	State of the office and proximity to customers	Location of facility, size, infrastructure, and proximity to customers	Proximity to customers and costs	Proximity to customers and costs
Municipality Influence	Limited contact with municipalities	No contact with the municipalities	Limited contact with municipalities	Contact with several municipalities	Extensive contact with several municipalities

5. Analysis

This chapter compares the empirical findings to the theory and will focus on how the empirical findings shows a difference between the service and manufacturing industry *to the current theory.*

In the following chapter the results will be analysed according to the earlier presented literature, and through a structure that is based on the Research Questions and theory of this study. By using the earlier identified model and coding, the first aspect will be to see what has driven the businesses from their current location, then the most important used theory will be discussed together with the decision-making styles used. Lastly the relocation factors used in the process and the possible municipality influence will be analysed. This will help to identify in which ways municipalities can influence the relocation decision-making process. In this chapter also the differences within industries and between countries will be discussed.

5.1 Reasons for relocating

The relocation process starts with the relocation reasons. This as businesses always relocate because of certain reasons. This either due to a situation at their current location, which is known as the push factor, or due to a pull factor, where a different location is attracting these businesses due to the location's characteristics (van Dijk & Pellenbarg, 2000). Therefore, there might be a possibility for the municipality to influence these push and pull factors once they are known.

The most mentioned push factor for both the Dutch and Swedish service, transport and manufacturing firms were the internal firm characteristics. According to literature the most important firm characteristics influencing businesses towards relocation are the age and size of the firm. Where the size stimulates a business to relocate but the higher age influences it to stay (Brouwer et al., 2004; Weterings & Knoben, 2013). The results from this study show a similar trend, where most of the firms had reached their location size limits, and thus required to relocate. When considering the age of the firm, here no relocation reason trend could be identified, with a wide range of firm ages in the results, from 3 until 80 years old that relocated.

The size of the firm can also be related towards the site characteristics, this is when the facilities of the business are getting too small and are limiting the growth (Brouwer et al., 2004). In addition to this, five cases also mentioned that their facilities were dated, both in terms of presenting themselves to their clients, as well as in terms of safety standards. The solution for these businesses was to move to a bigger location, rebuild or build a new location. These factors are related towards the real estate aspect, something that municipalities cannot influence on its own. However, a municipality could stimulate the development of business parks, thus providing businesses room to expand or build new facilities, and thus making this a pull factor for the municipality. In the cases of Echo, November and Papa an example of this can be found. For case Echo the development of the business park took too long for the firm, this was mainly due to a slow municipality process, which required the firm to move elsewhere. For case November the same happened with one municipality, that put too many limitations on the developmental plans for their relocation. Another municipality did however stand right beside the business when developing the plans for their new location on a business park and allowed flexibility with their plans and gave guidelines. Which for case November was a reason to move towards that specific municipality. For case Papa this can also be seen, here the municipality was proactive and very involved with the business and together developing their plans. Leading to the construction of the new facility in that municipality.

Another push factor that came forward during the research was the access to markets, a factor which according to Balbontin & Hensher (2019) enables businesses to work more efficiently and collaborate with one another. This factor was named by five different service cases as well as by two different manufacturing cases. All interviewed cases from Sweden were driven to relocate to get access to the new market. This fact can be of importance when looking at how municipalities target businesses in Sweden. For these businesses it was of the upmost importance to be located closer to their clients and in several cases near a cluster of businesses, this as their current situation being away from their clients, was limiting their growth. Even though cases Bravo and Foxtrot both mentioned that being physically present at locations is getting less important in today's world of distance-working, it was important for them to have a location close to their clients, so that they could invite them to go over projects and thus build a relationship with them. In accordance with data and literature being located near your customers is important for both manufacturing and service businesses

(DBEIS, 2018), our research shows however that for manufacturing businesses locating near customers is becoming a bit less important as these businesses sell their products all over the world through different channels.

Identifying that a business is not located close to its customers can be deemed as a push factor, however wanting to be located closer to your customers is pulling you towards a different region. These are considered the different site and regional characteristics, pull factors attracting businesses, which range from levels of innovation, access to infrastructure to the QOL in a specific area (Balbontin & Hensher, 2019). These pull factors can also be related to the earlier mentioned business parks that were developed, and the influence of the municipality in that process. This as that is a clear example of influencing the regional characteristics through developing business parks, and with the right account manager also attracting businesses to these specific regions. November mentioned:

"With the municipality we moved to, we just had the best contact person, he was very involved with the region, and you got the feeling he really wanted to make the business park a success"

Through having the contact person working proactively with businesses the municipality influenced its pull factors. This was also seen within cases Kilo and Papa, here also the municipalities were proactive with providing information about their areas' advantages to businesses, and thus influenced its regions attractiveness and characteristics, serving as a pull factor.

The municipality politics also influences the regional characteristics in other ways. It was seen that infrastructural investments improved the regional characteristics and made the area more attractive pulling businesses towards the area. This was mainly seen for leader regions. For manufacturing case Oscar this was an important reason to relocate, as they could be located right beside an important highway. But also, for a service business such as was mentioned by Bravo:

''the infrastructural announcements by municipality Xray was enough to attracts us to this location. As once work is done, we will be in one of the best locations of the Netherlands''

The infrastructural improvements led to a decrees of traffic jams and improved the accessibility for transport to and from the businesses. Consequently leading to an increase of

QOL, which according to literature is an increasingly important pull factor (Vlachou & Iakovidou, 2015). During this research however the QOL was more influential during the choice of a new location, and not as much as a driver for relocation. For Case November it was important as now employees were not enabled to cycle to work, and for Case Echo the infrastructural situation of their current location was problematic. Echo mentioned,

''Standing in traffic jams causes stress and makes potential employees less motivated to work for us. Therefore, we decided to relocate to a more infrastructural favourable location''

This shows the importance of infrastructure as a regional characteristic potentially pushing businesses away from their current area.

Another aspect municipalities can consider to increase their regional characteristics is investing in networking clubs. These can create a more positive business environment for businesses to settle in. Cases Alfa, Bravo, Delta, Hotel, November all mentioned for their business it is important to be near businesses and be part of a network. From the interviews it came forward that a positive way to influence this is to hold business mingles and networking events, as Alfa mentioned:

'' Networking is important for a business such as us. The way municipality Yankee invests in networking clubs is impressive. So much that within the next few years we will relocate from municipality Lima to municipality Yankee just because of the benefits we would get from it''

This shows that the municipalities activities and politics can influence business relocation reasoning. Which is why municipalities should understand both their pull and push influence on businesses. From all businesses only two had been asked by municipalities why the cases were moving to a new region. The other cases mentioned that they had a feeling that municipalities do not care about keeping or attracting their business. By not asking why a business moves away, municipalities miss an opportunity to get free and important data about their region. Which could be used to make investments and to try have a positive influence on the process, ensuring that businesses are not pushed away from the area, but more so that businesses will be pulled towards it.

5.2 Relocation theory and goals

It is important for a municipality to know what the theory behind a relocation of a business is. So why does a certain business move, and what approach is used to decide upon this new relocation (Pellenbarg et al., 2002). This to be able to fully understand the needs of specific organizations. When considering the types of relocation theories mentioned earlier in the literature review, only the behavioural and institutional approach came forward from the cases. The neo-classical approach was not identified at any of the cases, as no one put forward choosing their location solely for profit purposes. In table 12 underneath the overview of approaches used by the businesses is shown.

Table 12 Overview used relocation theory

Cases		Behavioural	Institutional
Dutch Cases	Service	4	1
	Manufacturing	6	1
	Logistics	0	1
Swedish cases	Service	4	0
	Manufacturing	1	0
Total		15	3

The behavioural approach was used by a majority of the cases in their relocation. All Swedish SMEs made use of this approach, and all but three Dutch SMEs as well. With most of the businesses decision-making process being limited by the amount of information that was being received from the municipalities. Cases Charlie and Foxtrot only received information from one single municipality, which led to them choosing for this specific municipality. In case Kilo it was different, this case had contact with two municipalities. But as soon as the third was contacted, the municipality straight away started providing all necessary information and work with the business, resulting in the case relocating to their region. The other municipalities that they considered did not have adequate information on their websites or in their prospects. Furthermore, it became apparent that most cases did not consider more then three regions in their decision process. This is something that fits with what Hayter (1997) mentions in his theory about the behavioural approach, firms only tend to consider a limited number of location choices. Also, with this approach, when businesses do find a region that meets their requirements, they tend to choose it without considering alternatives

(Hayter, 1997). This could also be seen within the research, where the cases that used the behavioural approach mostly chose the first location that fit all their requirements. An illustration of considering only limited possible choices for relocation, was seen within case Oscar, the following was said by the CEO of the business:

"It was always clear to us that we would move to either municipality Tango or a municipality that surrounded it, mainly due to the fact that all of the employees live here and me and my family always lived here".

Due to these preferences of the CEO and the employees, only several regions were considered. Which was something that also came forward in the cases Bravo, Echo, Foxtrot, and Golf. Within these cases the CEO and the employees already had certain regions in mind to move to not move too far away from their old location. This also links up with the behavioural approach, where personal preferences are factors that are considered, first to decide on the move and then also to decide where to move (Simon, 1955).

The remaining businesses made use of the institutional approach for their relocating decision-making. These were Dutch businesses with 60-200 employees, in comparison to the other SMEs that were interviewed these on the larger size. In accordance with the literature, as Hayter (1997) describes that larger businesses make use of this, to leverage the impact they will have on their new location. These businesses were more involved with not only their own firm's behaviour, but also with the context surrounding the relocation. Both case November and Papa were very involved with negotiating with the respective municipalities, and through mutual agreements create a plan that would benefit both parties. Key decision maker of November said the following:

"When considering the amount of work and negotiation we put into the decision together with the local municipality and all involved parties, both us and the municipality can say that we are very happy with the results."

This led to a benefit for the businesses as they got the location they wanted for a good price, and for a benefit for the municipalities as the businesses brought their knowledge, products services, as well as jobs into the region. In both cases different institutions were involved in the decision-making process to come to a final decision that would benefit the business. Case

Golf also made use of the institutional approach, here also the context surrounding the relocation was important. It involved negotiating with the municipality, the owners of the business and even the employees that did not want to move to the new location. It eventually led to a new location in a totally different area than they were in, that the business and owners are content with.

The fact that a majority of the businesses that made use of the behavioural approach mention that the information flow from municipalities is limited shows that there is still room for improvement for municipalities to possibly influence SMEs that consider relocating. This as it all starts with the information that is supplied by the municipalities. Cases Papa, Echo, Golf, and Kilo all mentioned that if a municipality had provided them with clear and good information about their location from the start, that the process of relocating could have been executed in a much more efficient and pleasant manner.

The popularity of the behavioural approach should motivate municipalities to have their contact person and information supply well arranged. This as the supply of information is of importance for businesses with the behavioural approach as the businesses only select a small amount of potential locations, so the information provided must convince the business to select the municipality. For the SMEs using the institutional approach it is important to ensure that the municipality makes the shortlist and gets contacted, that is when the contact person gets to step in to start negotiations with the business.

5.3 Decision-making

To really understand how a municipality can increase their influence in the relocation process to attract more businesses, it is important to know how SMEs decision-making process is structured. Therefore, it is important to know how long the process takes, what process is used within the business, and who is involved in finding the new location for the business.

When considering the average time, the decision-making process took, and comparing this to the existing literature on, it differs only gradually. DBEIS (2018) showed in their research an average of 5 Months. In our research the average time for this process was 7 months. This differed per country however, as the average time for Swedish SMEs was around 4 months, where the Dutch SMEs was over 8 months on average. This could be explained by the larger amount of expansions among the Swedish cases. With the goal to get access to a certain

market, which took away the choice for a certain region. It could also be seen that the medium-sized business like November and Papa with around 200 employees tended to take more time than the businesses that were more small scale.

Following up on that considering the type of decision-making approach the cases used, results coincide with the literature. In table 13 the results of the different approaches that were used by the SMEs from different industry can be viewed upon. The results show that most firms in general have made use of a scientific systematic process, where criteria are identified and accordingly a location was put through a fit analysis (Decker & Crompton, 1993).

Table 13 Decision-making overview

	Service		Manufacturing		Transport	
	Small	Medium	Small	Medium	Small	Medium
Autocratic approach	3	2	2	1	0	0
Democratic approach	0	1	1	1	0	0
Scientific approach	0	3	0	3	0	1
Total	3	6	3	5	0	1

When looking at the businesses that made use of the scientific approach, these are mostly the medium-sized businesses. Both the Swedish and Dutch medium-sized businesses, active in all the different industries. These businesses all showed a clear process where they identified factors, and accordingly looked at several locations that would potentially fit their business. Case November was an example that was making use of a scientific approach, while also incorporating certain parts from the democratic approach through involving employees. During the scientific approach SMEs tend to acquire lots of information from different institutions and municipalities in order for them to research all of their criteria, this enables municipalities with a well-designed information flow to potentially influence these businesses making use of the scientific approach.

Something that was also identified is that the manufacturing SMEs tended to make use of the scientific approach more often than the service SMEs. This can be explained by the fact that these manufacturing businesses are more reliant on the transport and infrastructure surrounding their location (Karakaya & Canel, 1998), and thus have a need to systematically

assess the decision. Case Golf for example mentioned the importance of their business being located on an industrial park, as well as having a large location in a specific area of the country with proximity to the national border with Germany. With these certain factors in mind, several locations were considered before choosing the location that eventually adhered to these location factors best. When considering the SMEs that used the scientific approach, all of them made use of a collective decision-making process. In all but two cases the strategic management team and operational management team were the teams involved in the decision-making, dividing the tasks between the teams as Charlie mentioned:

"The strategic management team was responsible for the outline and major decisions, but the operational management team carried out most the work with actually setting up the move to the new location."

Only for cases Golf and November the decision-making units looked different. Case Golf was involved with the parent company, that also was judging the research that had been carried out and that ultimately decided upon the location of the business. For case November a rather extensive team of decision-makers was active, this consisted of 11 employees from different positions within a company-group, with the assistance of over eight different external consultants. To ensure that all factors were researched properly before deciding to build their new office.

The second most used decision-making approach among the SMEs that were interviewed, was the autocratic approach. The autocratic approach is the approach where the senior executives take the relocation decision mainly based on their personal preferences (DBEIS, 2018). The results here once again coincide with existing literature, showing that this is mostly used within service firms, and after the scientific approach is the most used decision-making approach (Balbontin & Hensher, 2019). The results show that for service firms the autocratic approach is the most popular approach. We identified that within the service SMEs using the autocratic approach, it in all cases involved shareholders of the business, and the relocation was already directed towards a certain region or location even before the decision-making process would start. Case Bravo and Mike for example already knew to what region they wanted to move before relocating, almost solely based on the personal preferences of one of the executives of the businesses. Within these autocratic decisions the senior executives

tended to use their own personal preferences when deciding to move. This is what was identified in cases Bravo and Delta, where the decision was mainly based on the personal preferences of the executives. However, in the cases Alfa and Foxtrot the senior executives also took, next to their own preferences, their employees wishes into consideration by asking what the employees wanted, and ultimately not moving to the different side of the country. Foxtrot mentioned:

"I ultimately decide the move, however I also asked around with my employees, to see what their points of view were, even though I am stubborn enough to just do it anyway".

This shows parts of the democratic approach, the approach that is least used, also in the literature (Decker & Crompton, 1993). In Table 13, it shows that the democratic approach was only used as the primary decision-making approach within two manufacturing firms and one service firm. These two manufacturing businesses both had existed over 60 years, the oldest businesses that were interviewed, and where employees had worked for the businesses for several generation. The fact that these old businesses have decided to leave their old location, contradicts the theory stating that older businesses are more embedded in their locations and thus are less likely to move (Brouwer et al., 2004). In both these cases the businesses also did not move too far from their current area, as the employees were embedded, which does coincide with previously mentioned literature. For these two cases the employees were involved in the decision-making through meetings with the personnel association and the management teams. When considering the democratic approach though, it should be noted that even within the autocratic and the scientific approach businesses consult with their employees.

When looking more at how SMEs structure their decision-making when deciding to relocate, a clear process was found when looking at all the different cases that were interviewed. This can be divided into a 4-step process and differs in some ways from the existing research. Step one is identifying the relocation purpose and setting up a decision-making team. The second part of the process consists of also conveying this purpose into a clear set of factors that must be considered for the new location. Step three is to find potential locations that will fit to these criteria, this is where the SMEs are researching online, or contacting the municipalities

or the real estate owners to research which potential locations they can consider. Step four is to assess the different locations according to the earlier set criteria and then choosing one.

When considering the models brought forward in the literature, the findings differ only gradually with Maccarthy and Atthirawong (2003) model. For example, the fact that locations are examined first before the BLF are selected, is a clear difference from the results. The addition of setting up a clear decision-making team, as well differentiating between defining the factors and then later evaluating the different locations based on these factors shows a difference in the results. When looking at the model created by Murray and Dowell, this is similar but firstly involves screening certain locations, before the factors are even decided. Lastly the different locations will all be compared before a choice is made, which is something that was not the case with these businesses as most stuck with the behaviouristic thought of choosing the first location that met their requirements.

5.4 Location factors

In addition to the drivers of the relocation, the people who decide upon the new location for the businesses s and the whole process towards it, it is equally important to know what BLFs businesses take into account when deciding upon their new location. The main BLFs of each industries will be shortly discussed to provide an overview. The factors will later be discussed in specific sub chapters to see how businesses used the different BLFs, and how they researched them. When looking at the results of the location factors, no clear difference between the Dutch and Swedish businesses was found, neither for certain trends for businesses from one specific country.

The focus will firstly be on the different service firms that were interviewed. An overview of the service firms and the main and secondary factors that they used can be seen in Table 14.

Table 14 Relocation factors service

Case	Main factors	Secondary factors
Alfa	Proximity to customers	Infrastructure and transport + state of the office
Beta	Proximity to customers	Location office + personal preference
Foxtrot	State of the office + proximity to customers	Proximity highway + proximity to hotels + size + costs

Hotel	Size + infrastructure	Sustainability + costs
India	Labour conditions and state of the facility	Marketing possibilities and costs
Juliett	State of the office	Proximity to customers + transport
Mike	Proximity to customers	State of the office + personal preferences
November	Size + accessibility + A1 location	Location office + state of the office + sustainability + costs
Romeo	Proximity to customers + infrastructure	Size + costs

In the table above it shows that the service firms have a diverse set of BLFs that they took into consideration when choosing their new location. Proximity to their customers is one of the main factors that has been considered by five out of seven service businesses. For service businesses the importance of being able to easily invite their customers at the office was an important aspect to build trust. In addition to that it can also be seen, that in line with the literature on QOL (Shelley McDonough Kimelberg & Nicoll, 2012), it can be seen that the State of the office was of major importance to two businesses, and also for three other businesses was considered as a BLF. These were all businesses that were active in industries requiring high-knowledge workers, which according to Kimelberg & Nicoli (2012) are the employees putting more emphasis on the QOL factors. In accordance with literature also the size of the available offices and factories was taken into consideration, mainly as different businesses were moving due to lack of space at their old location.

Now an overview of the different BLFs the manufacturing firms used in their decision making will be provided, to show and distinguish the main and secondary factors used.

Table 15 Relocation factors manufacturing

Case	Main factors	Secondary factors
Charlie	Costs + location and state of facility	Labour expertise + proximity to customers
Delta	Size + proximity to customers	Infrastructure + transport
Echo	Size + proximity to old location	Costs + marketing possibilities

Golf	Size + proximity to customers	State of the facility + costs + infrastructure + transport
Kilo	Proximity to customers	Costs + transport
Lima	Size and proximity to customers	Costs and labour expertise
Oscar	Location of the facility + infrastructure	State of facility + costs + size
Quebec	Proximity to customers + size	State of facility + costs + size

As can be seen in table 15, the manufacturing firms also used a diverse set of BLFs in their decision-making process. One of the main factors that comes forward was the size of the facility. It was the main factor for three out of six businesses, and also taken into account by two others. It was important that the new facility would facilitate the businesses in their future growth. It was also identified that in line with the theory, the infrastructure was an important aspect for the manufacturing businesses (Burdina, 2004; Shelley M. Kimelberg & Williams, 2013). This was especially important for Case Oscar as they are selling extremely large equipment and had to be located on the edge of a business park near a large road. Other businesses also saw the need for being on a business park, due to the many truck movements necessary. Also, one of the main factors that was considered by the different manufacturing firms when selecting their location, was the location where the facility should be located, this differed per business as to why it was important and how they named it. For some it was important to stay near certain region for the employees, other wanted to be closer to their potential customers.

Proximity customers

The amount of cases that mentioned the proximity to their customer as a main BLF to consider makes this as one of the majorly important BLFs identified during this research. For the majority this was considered their main BLF to consider during the decision-making process. As Foxtrot mentioned:

"It was key for us to be located in the North of Netherlands, as most of our customers are from here, when considering that being located on the A6 near location Lima is a perfect location".

The proximity to the customers can be related towards the market conditions that were identified in the literature review. According to Maccarthy and Atthirawong (2003) this is

closely related towards the potential access to the market for the product of service, which in this case also was mentioned by the SMEs. Case Alfa, Bravo, Kilo, Juliett and Mike all moved to their new locations to potentially gain access the potential markets in these areas. The research into this specific factor was executed in different ways for the different businesses. Both cases Juliett and Mike got into contact with potential customers while networking in their current cities, this is when the relocation decision-making got started. After that both cases started researching the market in their potential cities through contacting both local contacts and real estate agents. For case Alfa and case Bravo things were different, these businesses were already active in the markets, and thus knew of the potential customers in the area. Thus, not too much research into the markets had to be done for these Service businesses. It was merely opening an office and being able to invite their local customers to their office. For case Kilo it was also important to be closer to their customers, this as the business was first located in a small town, for them it was important to be located near the E4 so that they could be easily reached by their customers.

Size

When considering the size aspect as a BLF, this mainly relates towards the size of the newly sought-after offices or facilities. When discussing this BLF, a distinction will be made between the service and manufacturing industries as they have different reasons to include the size factor in their decision-making. For the manufacturing businesses, cases Delta, Echo, Golf and Oscar it was a true necessity to grow for them to increase their production capacity. Oscar for example:

"We were based on a location surrounded by buildings, that is why for us it was necessary to find a piece of land that was at least 3x as big, to be able to sustain future growth".

The research into this factor, was mainly done through contacting real estate agents in the respective areas to see what was available. Providing a potential channel for municipalities to identify businesses that are considering a move. For both cases Echo and Oscar contact with several municipalities was set up, as they were interested in attracting the business to these regions, this in both cases proved to be successful. Echo mentioned:

"After having a negative experience with one municipality, we quickly got into contact with our current municipality, which had a clear construction plan for a specific area which provided good possibilities for us to grow in the future."

This example shows the importance of being proactive as a municipality, and not waiting around and being unclear with a business.

Alternatively, when looking at the different service firms that used size as their main location factor when looking for their new location, this was more related towards creating a better work atmosphere within the business. the following was mentioned by November:

"One of the main factors for us to consider is to build an office that is big enough to facilitate all of our 180 employees, even though right now we have over 100 spots which are rarely filled. It is important for us to at any moment be able to receive all our employees at the office and create a cohesive work environment."

For case November the necessity for the bigger size was not limiting their growth, as with the manufacturing businesses This was the same for cases Foxtrot and Hotel, the consideration was mainly made to improve the work environment, and in case Foxtrot also to be able to sustain possible growth in the future. When considering the size factor within the service firms, it can be closely related to improving the QOL of its employees through designing a pleasant workspace (Vischer & Wifi, 2017). In terms of researching the size factor, case November did this through contacting different municipalities to see what was possible, whereas the other cases did this through contacting real estate agents in their respective regions, once again showing the potential contacts with real estate agents could have for a municipality.

The size BLF shows however a different goal for the same factor, which is important to consider for a municipality when receiving an information request from a business that considers relocating. Therefore it is important to know what type of relocation the business is going through to be able to act proactively.

State of facility

The state of the facility or office that the different cases wanted to move into, was also on the list of several businesses. This is related towards the working environment of the office or

facility, and the condition and state this building is in. Here once again for different reasons. For case Charlie the factor State of the facility was the main factor he considered when comparing one location to another, as the one was new and owned by him, and the other was owned by his family and needed large investments. For cases Foxtrot and Delta, both service businesses, the line of thinking was different, for both businesses it was important to receive customers at their locations, therefor an office with a high quality and warm atmosphere was important. For both cases, the research was done through a real estate agent in the respective region they wanted to locate in, providing them with the option they are currently located in.

For cases Golf and Oscar, both manufacturing businesses the state of their facility was important as they are working with specific techniques and equipment, and this requires a facility with a lot of space and higher ceilings. Whereas for cases Alfa, Mike, and November, the reasoning was different. In all of these cases the interviewees mentioned that they wanted to create a pleasant work environment for their employees, which can once again be related towards an increasing importance of QOL within the service firms (Shelley McDonough Kimelberg & Nicoll, 2012). To research the state of the facilities case Alfa decided to take matter into his own hands, and look on real estate websites, whereas case Mike found a suitable space through someone in his network. For case November the state of the facilities were researched through several consultants, as the business was planning to construct a new office:

"In order to design a building that would meet all of our wishes, and would really motivate everyone to move to this office, we hired the expertise of several consultants"

This business has shown how important it is for them to create a work atmosphere that will positively influence its employees' QOL. Case November also attached a lot of importance to the state of the facility as it was their aim to be located on a prime location.

Infrastructure

For the businesses that mentioned the infrastructure as a driver, it is clear why this was chosen as a factor and it also corresponded with the traditional meaning of infrastructure mentioned in the frame of reference (Vlachou & Iakovidou, 2015). For all cases, the infrastructure near their location has to facilitate the use of large trucks and should allow

movements at different times at nights. For cases Delta, Echo, Hotel, Kilo and Quebec the products and service that they provide requires the use or larger trucks. In addition to that, it was mentioned that it is important that their location itself also provides the proper infrastructure to be able to load and unload the trucks. For all the different cases, both the manufacturing and the service organization this was researched within the business by researching online on real estate website, providing a potential channel for municipalities to contact businesses. In case Echo this process also led to contact with municipalities, that brought up a certain location for them. Once again showing what the proactiveness of a municipality can do, within a relocation.

Quality of life

The last major BLF that was considered by a wide range of SMEs, which was not specifically mentioned but was implied by the interviewees was QOL. For Cases Alfa and Echo the QOL reasoning was similar in their way of addressing it, they mentioned:

"No employee wants to sit in a traffic jam for half an hour every morning to get to work".

It was important for both cases, one manufacturing and one service business, that they would be located on a business park outside the larger cities with proper transport facilities enabling to positively influence employees QOL.

For the cases Juliett and November the QOL factor was important in terms of the access to public transport lines in the region and being able to cycle to work. This was researched by case November through the municipality and within the business itself on Google Maps, to see if there was a good connection. Case Juliett researched this factor through the real estate agent contacts in their region. In addition to that QOL of life also came forward within the size and state of facility BLFs for over half the businesses, both related to having newer offices providing a high-quality work environment for their employees.

5.5 Municipality influence

Looking at the empirical evidence that became evident from the previous paragraphs we can now dig deeper into the municipality influence. When further analysing all previous paragraphs and putting them into perspective we can see that the municipality can influence the decision making during three stages. The municipality can influence the business

relocation drivers, mostly in terms of its site and regional characteristics. Secondly the municipality can influence the selection process by proper politics, ensuring that their flow of information is arranged well, so that SMEs will come across the municipality when identifying their purpose and are starting to gather information. Lastly the municipality can seek to use its influence by being proactive throughout the selection process of the SMEs, especially in the process of evaluating the location.

Cases Echo and Papa and the examples from the background have shown that the municipality can indirectly influence relocation. This also comes forward in chapter 5.1 Where the municipalities can have a positive indirect influence on the decision-making process before it starts. The municipality politics can set a strong basis for SMEs to relocate to or remain in the region. However, from the empirical data it came forward that this is not enough to convince businesses. A negative example is that of case Echo. Here the municipality initially influenced the relocation process positively before it started. The region had developed a new business park where businesses such as case Echo had decided to relocate to. With this the municipality had indirectly prevented the business from relocating elsewhere. As Echo mentioned,

''Because of the new business park in the region we did not think of relocating elsewhere as we could build a new location just right here''

The municipality had indirectly positively influenced the business through their politics before the business relocation process had started. The possibility of relocating to a new business park meant that the business did not research any other possible regions as there was no need. However following quote will show it was not enough.

'' Initially we were going to stay. We had put more than a year's effort into constructing a new building on the newly developed business park. The architect had designed the building and the builders had been selected. However, the municipality were slow with the paperwork, kept changing the requirements, slow to respond to our inquiries*. We reached a stage where the laying of the first brick did not look like something of the near future. That is when we looked further. Within four days we signed the contract for this location. The municipality lost sixty jobs and the local builders lost a building contract''*

Because of lack of proactiveness from the municipality they directly influenced the process negatively. Leading to the business relocating elsewhere rather than staying in the region. The proactiveness was a theme that almost every case with municipality influence mentioned. Mentioning how they were surprised that the municipalities were not proactive. It was giving the businesses the feeling that their business was not wanted, or even worse, as case Echo mentioned:

''Municipalities just do not care"

However not all cases were negative. The four cases Golf, Kilo, November, and Papa mentioned that they had experienced a proactive municipality. For case Kilo this led to relocating to a different region than anticipated. Just like case Kilo, cases November and Papa were also positively influenced by the municipality proactiveness. When looking at these cases, in all of them an active contact person from the municipality was found. Showed that they cared about the business and this led to an eventual relocation to this specific municipality. This shows that when a municipality reacts proactive and is willing to invest time into a case it can positively have a direct influence on the case relocating. Being proactive does however not guarantee success as case Golf showed. Despite being proactive which had a positive effect on the business attitude to the municipality it was not enough due to the unfavourable location factors, the business required to be closer to the customers something the municipality could do nothing about.

Another type of influence that can be carried out by the municipalities is their politics which influence their regional characteristics and pull factors. When considering different cases, like for example cases Bravo, Foxtrot, November, Oscar, and Papa all these businesses moved to an area with a newly developed business park after getting into contact with the different municipalities. It is important for businesses to see municipalities with a clear plan for business parks. This clarity comes back more often, as businesses are active in area that are sometimes unsure or that can be volatile, it is important that they can rely on a municipality that has clear plans and ideas. This was mentioned as an important factor by case Charlie, Echo, Oscar, Papa and November, which are all except for case Charlie, cases that decided to build a new location. For these businesses, the politics that they are involved in with the municipality is far more intensive, leading to a higher dependency on the municipality. These

businesses are intensively involved with the municipalities, and all its processes and politics. Leading to a higher dependency on the municipality.

The proactiveness of municipalities during the selection process can also be seen as an important way how municipalities can potentially influence businesses. In cases Alfa, Delta, Foxtrot, Golf, Hotel, and Juliett, the way they researched went in different ways through real estate agents and websites. When being proactive as a municipality, it could provide them with certain opportunities to have communicating lines with the local real estate agents. To know what is going on in the area, and see which businesses are considering relocation. If that is known, municipalities can be proactive and jump in on the selection process, trying to positively influence it through having a clear process and idea for the business in mind.

In addition to that, this can also be influenced by the municipalities through building up a website with the municipalities' BLFs. Cases Bravo, Foxtrot, Golf, and November all mentioned that the whole decision-making process could have been a lot easier if the website of the different municipalities would have provided them with relevant information on the municipality. Golf mentioned:

"What are the developmental plans in the areas, what business are active in the municipality, what networking clubs are present, how is the QOL in the area."

These were all aspects that the other businesses also named as important factors to consider for a municipality when building up their website, as these were now usually too general and not made for potential businesses. The websites are built to show what municipalities can do, but not what they can do or provide for new potential businesses. This is an aspect that businesses tended to miss with the municipalities, and considering the amount of research done through Google, by at least 30% of the respondents. The need for a municipality website with information presented to the businesses in a way that would attract and convince businesses could be beneficial for the municipalities to influence the selection process.

After the relocation, the municipality is still able to positive influence. Even though the business has already relocated, the municipality can now start influencing the fact that businesses should stay in their area. So that it does not develop push factors to leave the region. The word ''proactive'' can play a first part in here. Foxtrot mentioned:

''When moving to municipality Whiskey the Mayor came and visited us for a quick cup of coffee. It was not much. But cost him no more than an hour and made us feel much appreciate here''

Making the business feel welcomed is a first part of building a fruitful relationship between both parties. Another way to positively influence the region is by organising business mingles or networking events. Cases Alfa, Bravo, Charlie, Golf and Oscar mentioned that business mingles, and networking is important for them as a business. This as it offers opportunities to get to know new business opportunities. And as a result, damper the need to relocate to find new potential customers. These mingles are a way for a municipality to ensure that businesses feel welcomed to the area and become part of a cluster group of businesses making them more embedded to the region.

When looking at the municipality influence and at how leader and follower regions do this differently, it was identified that within this research the leader municipalities had a greater impact on the relocation decision-making process. This was both a result of the businesses that were more inclined to contact the municipalities, as they were more on the medium-size side, as well as of the fact that the municipalities saw the importance of attracting new businesses to their areas. The follower municipalities did not seem to have such a need to attract new businesses to their areas, even though it would benefit their areas.

6. Discussion

The chapter here discusses how the municipality can influence the decision-making process through an updated model. It also discusses how the coronavirus was a limitation for the study and what this means for future research.

6.1. Theoretical contributions and newly developed model

The purpose of our study was to explore how municipalities can increase their influence on the relocation process to increase the relocation of more SMEs to their region.

BLF influence on driving a business relocation decision

When looking at how BLFs affect SMEs in their decision-making, it shows that a majority of SMEs relocate because of their internal characteristics. The main internal characteristic being the size of the firm, where growth at their current facility is impossible. This was the main driver to move for most of the firms from the Netherlands. When looking at the service firms, in accordance with literature, it was shown that for them it was important to move closer to their customer base. This was both for Dutch and Swedish service firms, and thus already directed their relocation towards a certain area.

For the cases where the site characteristics were push factors, it was either because there was no suitable new location in their current area, or due to a bad infrastructure and transport situation in the area. This was especially for the manufacturing and transport cases. While for regional characteristics it was the surrounding infrastructure and QOL having a major influence. Which meant that some cases relocated despite having the intention to remain in their region.

Both factors can indirectly be influenced by municipality politics. The empirical data showed that through developing investment projects such as new business parks and infrastructure projects, this can prevent push factors developing.

Relocation decision-making

Once a business has been pushed away it enters the relocation process. The analysis identified that a majority of the cases uses the behavioural approach in their relocation process. Knowing that within the behavioural approach only a small selection of locations is considered, municipalities should be motivated to be one of these considered locations. The

other three cases made use of the institutional approach and showed, in correlation with the theory, that these larger medium sized businesses are more likely to use their size as leverage in negotiations. Furthermore, as identified in literature and in this study, cases that use the behavioural approach were making decisions with a lack of information, a potential issue that can be solved by municipalities.

Moreover, if we look at the decision-making approach, here also a distinction can be made in the size of the SMEs. Where a majority of medium sized businesses, both Swedish and Dutch, use the scientific approach. While small businesses are more inclined to use the autocratic approach. This is important to consider for municipalities, when contacting businesses that are relocating. Especially knowing that within the larger organizations, more than one opinion will be taken into consideration, and the process will be more thorough and scientific. It should be noted that the results also showed, that even though the autocratic approach was used often, the executives next to their own preference also tended to take the opinion of their employees into account. Showing that the democratic approach is still being considered within SMEs.

BLF information gathering and influence

The study identified that decision-makers make use of four channels to gather information within the relocation process. Most cases use three channels being Google, the municipality websites or a contact person in their own network. While some medium sized businesses also made use of external advisors such as consultants and real estate agents. All potential channels through which a municipality can exert its influence. When considering the BLF that influences the relocation decisions the most, this differs for different types of SMEs and different regions. Both Dutch and Swedish service firms had a tendency to put the proximity to the customers as one of the main BLF factors to consider. Along with different BLFs that could be related towards the QOL of their employees, being the transport situation at the new location and the state of the facility, as this had to enable a good working environment. For manufacturing firms, the infrastructure was an important aspect to consider, as their activities included truck movements and specific activities requiring space. This also shows the importance of the size BLF, which was both mentioned for transportation, manufacturing and service firms in both countries. For the service firms this was to enable a better working

environment, thus quality of life, as well as an opportunity to grow. For manufacturing firms it was more related to sustaining growth, as well as being able to find a building to fit the production requirements. All factors that municipalities have to take into account when setting up their municipality politics, in order to attract a specific group of SMEs for example.

Municipality influence

From the study it appears that the municipalities tend to underestimate their influence on the decision-making process. In this section the several ways the municipality can influence SMEs will be explained. This will also be shown in our newly designed model in figure 2. Showing the relocation process along with the types of municipality influence. The study shows that even before the relocation process has started, municipalities are already influencing the process. The municipalities can negatively influence the process unwillingly by driving businesses out of their regions through their politics. Their politics affect both the site and regional characteristics as mentioned in the and cause both the push and pull factors.

Some municipalities which do not organise networking events and do not have an account manager present for attracting and communicating with businesses, can potentially harm the regions business climate. This leads to businesses being driven away and pulled towards a municipality where these factors are taken into account.

In order for a municipality to be proactive and reach SMEs that are considering relocations, different channels can be used. First of the results showed that many cases made use of researching through real estate agents, having short communication lines with these real estate agents can be beneficial for the municipalities. When the municipalities' account managers get information from the real estate agents about certain businesses considering a move, they can in that case either try to prevent the move or attract the business to his specific region. Considering that cases also mentioned doing research through Google and municipality websites, it shows the importance for being active with this. Working with Google AdWords could benefit municipalities when their website would appear on certain search results related towards business relocation. In addition to that the importance of a website with clear information for businesses, as to why the municipality would be a good candidate to relocate to is important. Through providing visitors of the website with information on existing businesses, initiatives from municipalities related to networking,

developmental plans of infrastructure and business parks. Moreover, on why the location would benefit the organization in terms of its QOL, would increase chances of being selected on SMEs shortlists. As due to the behaviouristic nature of the decisions made, the first location that meets a business' requirements, tends to be the location that is chosen by the SMEs.

When considering the relocation decisions made, it is important for municipalities to consider that these are mainly made by business executives, however usually in collective teams. This is important when building trust between the two parties, it will not just be the opinion of one person that has to be influenced, the different key decision-makers will have to be considered. This once again shows the importance of having a website and prospect providing information that is extensive and covers the different factors that SMEs can consider. For these business executives it was also seen that they value being appreciated by the municipality, when a business relocates, it can therefor benefit them when sending by the mayor or other high-ranking civil servant that welcomes the business to the region. Through that making the firm more imbedded into the region.

Thus, it can be seen that the municipality can influence the relocation process of SMEs in different ways, from first of all preventing business drivers from happening in their current regions. To increasing influence with SMEs that are looking to relocate through having proper municipal politics, to being active with their website and connections with real estate agencies identifying SMEs that are researching relocations. While always taking into account the specific business decision-making team and goal of the relocation, as in the end every SME relocation has a different aim and different specifics. Important to consider as one of our cases said:

"It is all about trust and pride, from both our side and the municipalities side, when we both have this trust and pride feeling after a relocation, you know things will be well."

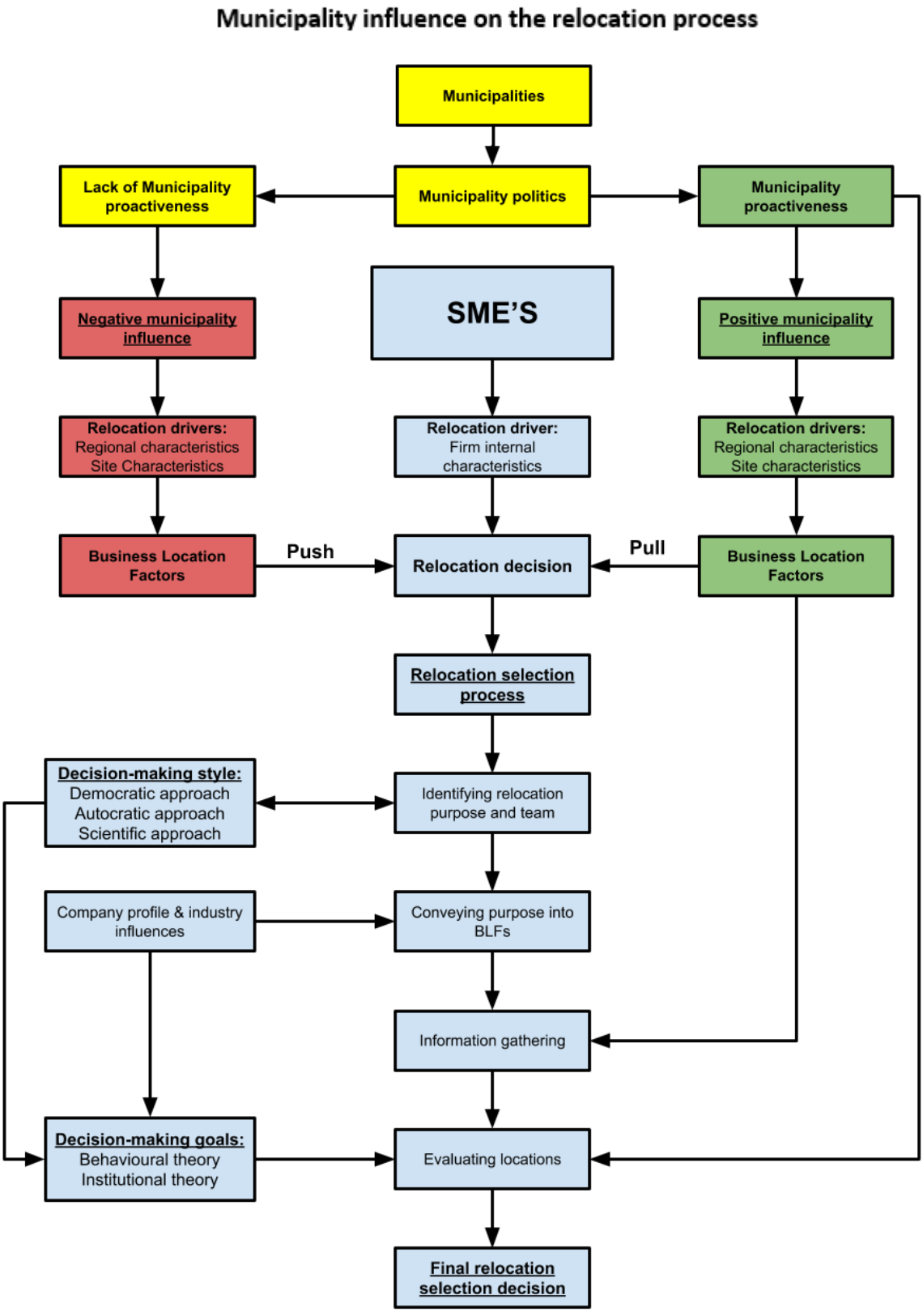


Figure 2 Model including municipality influence on relocation process

6.2 Practical implications

Based on the empirical findings and analysis we have developed the following practical implications for municipalities to attract more small and medium sized businesses to their region.

1. Municipality politics through several channels

The first recommendation is to have information about the region readily available. Businesses want to know as much possible about a municipality to make the best relocation decision possible. A first step is to have a dedicated contact person that can function as an account manager for businesses wanting to get more information. As well as assist them during the relocation process to or within the region. Important to consider is also having contacts within the different real estate agencies, knowing what businesses are considering relocation. Enabling a proactive attitude from the municipality side.

A dedicated website for businesses researching the region would as well be of a beneficial order. This was mentioned during the interviews multiple times, as this was the first step taken during the research phase, and also where most of the regions fail. Such a website should include details on business climate, business networks and mingles, current and future business-related projects and promotional videos of the region. Through this enabling the researcher of the businesses to convince his fellow (executive) key decision-makers of the region. In case of the website it would benefit employees to increase website traffic through Google AdWords, increasing visits to the website from potential businesses.

2. Proactivity during the process

A second recommendation is to be proactive. Besides having a contact person as mentioned in the first recommendation a municipality needs to be proactive. The famous saying ‘’Time is Money” is more than ever true for businesses, unneeded time wasting on relocation processes should be tried to be avoided at all costs. It is important to be proactive as a municipality when developing plans for their infrastructure and potential industry and business parks developments. Showing businesses what the region wants to develop, increasing its attractiveness. This enables the businesses to use this information in their eventual evaluation of locations, showing the importance of the information being both attractive and convincing.

Providing this clarity towards the SMEs was hugely valued, also in terms of going through the relocation process with permits and other administrative concerns. When these were handled efficiently it was highly valued by businesses.

3. Keep businesses embedded

A third recommendation is to ensure SMEs stay embedded in their current regions, in order for business location drivers not to be able to develop at the currently present businesses in the region. This can be done in several ways, first of all by ensuring that the businesses in the region feel valued by the municipality. This can be done by sending them a message every once in a while, to know what is on their mind, and in some cases visit them, to build the earlier mentioned trust and pride. Also organizing business mingles and networking events can benefit the municipalities, as this stimulates businesses interacting and sharing knowledge, possibly leading to new clients for businesses as well. These events would then take away certain drivers from businesses, like for example the need to be located closer to their customers. Both the manufacturing and the service industry mentioned that these events are important to them, bringing added value and increase the region's attractiveness, for both staying in a region, or moving to another region. The earlier mentioned development of business parks also has a positive influence on keeping businesses embedded in the municipalities as it provides opportunities to grow.

6.3 Limitations

The current corona-crisis has had a major impact on our study and has posed several limitations. With the first limitation being the limited amount of cases. Due to the coronavirus we found difficulties to gather cases to be interviewed. A large amount of cases responded that they did not have the time due to coronavirus crisis. Therefore, a limited amount of cases was interviewed. This affected the amount of transport and leader region cases being interviewed.

In correlation with this, due to the crisis most interviews were conducted via Microsoft Teams rather than face-to-face. Had the study made use of face-to-face interviews it might have led to a better understanding of the relocation phenomena. Face-to-face makes use of a different interview setting, which allow for a better flowing discussion than when three people must communicate through telecommunications.

Another limitation was that the existing research on the field of municipalities influencing a decision-making was limited. Through this the direction that was chosen for the study was mainly influenced by own ideas and existing research on relocation in general. This however also enabled us to provide a model that covers new fields of research and provides a new point of view.

Also, as the retail, hospitality and restaurant businesses were not included within the research, it poses a limitation on the transferability of our research on these types of businesses.

A final limitation of our study is that the study disregarded the larger sized businesses and it is therefore unknown of the study findings are representative for the larger sized businesses as well.

6.4 Future research

Our research provides a good starting ground for future researchers wanting to explore how municipalities can influence SMEs in their relocation process. Firstly, there could be a research on a larger scale to ensure that our research findings are also representative for other regions than Sweden and the Netherlands. This could be done by conducting a study on the same type of businesses from different regions. Another option would be to focus on a specific type of business, like for example scaleups to see how these can be influenced by municipalities, as these have their own type of decision-making and process for choosing their location.

Additionally, our research focused on small and medium sized corporations, it would be interesting to see if and how larger corporations can be influenced by municipalities in their relocation process. A study with the focus on larger corporations could potentially show how these businesses are either similar to or different from the SMEs in terms of potential influence.

Further research could also focus on different locations than the Swedish and Dutch business market, to see if within other countries the relocations are made in similar ways, and thus can be influenced in the ways we provided for the Dutch and Swedish municipalities. This research could be executed with similar focus on industry types and types of municipalities, to see how the results would compare.

Lastly, within our study due to time and Covid-19 limitations there was no time to interview any municipalities on the matter. Our research would also be able to serve as foundation fora single case study within a municipality. It would be interesting to see how municipalities perceive their influence on businesses, and what could be improved from their point of view. This could make the research even more tangible for other municipalities

7. Conclusion

The purpose of this study was to explore how municipalities can increase their influence on the relocation process to increase the relocation of more SMEs to their region. Based on a qualitative case study it is concluded that the municipalities underestimate how their behaviour influences the relocation process and how they can use this as an advantage.

The study identified two main push factors that led to SMEs relocating. Site characteristics, such as not being able to expand or build a new facility on the current location was a push factor for the manufacturing and transport businesses. While regional characteristics, such as QOL and proximity to other businesses were push factors for the service industry. The study furthermore shows that both characteristics can be influenced by the municipality's politics.

Through analysing the decision-making process, the study identified that a majority of SMEs makes use of the behavioural method. With cases mentioning that their decision was made with a lack of information. While access to more information would have influenced their decision-making positively. A difference between follower and leader regions SMEs was noticed, where leader region-based SMEs had a more collective and extensive decision-making process, involving many different decision-making units.

Furthermore, the study identified differences in the BLF research methods between smaller and larger businesses. Where medium-sized businesses are more likely to make use of external consultants and contact the municipalities directly for information. Other information sources used by SMEs are the municipality websites, Google, personal contacts and real estate agents. Real estate agents were a source of information that was used by both service and manufacturing firms to find potential locations. Here it became apparent that the websites of the municipalities, as well as not proactively responding to information requests negatively influenced the process and led to the relocation decision being made with a lack of information.

The BLFs the SMEs used to determine their new location were diverse and firm specific. The size aspect was important, not just as a relocation reason, but also as a main BLF for the new location for over half of the interviewed SMEs. In addition to that also the proximity to the customers and the QOL were key BLFs used by over half the service and manufacturing firms. For manufacturing and transportation businesses the infrastructure was also an important

BLF to consider, in order to be able to operate efficiently. These BLFs can be related back to the regional characteristics and site characteristics, and can be positively influenced by municipality politics, and then serve as a pull factor for new businesses rather than a push factor.

Therefore, the study concludes that municipalities can indeed have an influence on the relocation process. Firstly, municipalities can increase their BLFs performance through politics. To increase their influence on the process it is recommended to firstly allow for redevelopment of current business parks, as well as to develop new business parks, which is especially beneficial to attract manufacturing and transport firms. Secondly, it is recommended to have a municipality website and a proactive contact person for the businesses, through which relevant municipality information will be provided. Proactiveness is the third recommendation, which should be applied during the earlier mentioned information gathering process, but also when analysing their site and regional characteristics. The two characteristics heavily influence the push and pull factors and therefore require proactive municipality politics. Publishing clear developmental plans could already positively influence the relocation process for both businesses moving into and moving from a region.

The study made use of Dutch and Swedish cases due to the similarities between the economies and markets. It is therefore recommended to conduct future research on countries with non-similar economies to see if the results are implacable there. Furthermore, the study excluded larger sized firms. Future research inducing larger firms could have a beneficial value to the study.

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Appendices.

Appendix 1. Interview guide - English

Interview Guide

Name Interviewer: ……

Name Interviewee: ……

Date: ……

Background

- What does the ownership structure of the company look like?
- How many employees were the during the opening of the new location, and how many are there now?

Relocation – General

- When did the relocation from …. to ….. take place?
- Why did you move to this specific location?
- How long did the relocation decision making process take?
- Who were involved in the relocation decision making process? And Why?
- Are you expecting growth after the move to ….?

Relocation decision-making

- How were the tasks within the decision-making unit divided?
- Were any external consultants involved in the decision-making?
- Who took the final decision, was it collective or more individual?
- How was information gathered during this decision-making process?
- Is there anything you would have done differently in the decision-making process when looking back?

Relocation factors

- What location factors did you use to select the new location?

- Why these factors?
- How were the factors used researched within the company?

- Were there any municipalities that were trying to influence your decision? If yes, how?
- When looking back, are there any factors that you would have involved in your decision-making process?
- Was there anyone within the decision-making unit that put emphasis on a specific BLF?
- Did the local municipality assist/convince you to move to their region?
- If a certain municipality provided you with certain incentives, could this potentially influence your decision?
- Is there anything the municipality could have done differently in your opinion considering your relocation?
- When looking back, are there any factors that you would, or would not take into account in the relocation decision-making process?

Appendix 2. Interview guide – Dutch

Interview Guide - Dutch

Interviewer:

Interviewee:

Date:

Achtergrond

- Hoeveel werknemers werken er bij uw bedrijf?
- Hoe ziet de eigenaarsstructuur van het bedrijf eruit?

Verhuizingsproces - Algemeen

- Wanneer vond de verhuizing van …. Naar …. Plaats?
- Waarom bent u verhuist naar de nieuwe locatie?
- Hoe lang duurde de algehele besluitvorming van het verhuizingsproces?
- Wie waren er betrokken bij de besluitvorming binnen dit verhuisproces? En waarom?
- Draait het bedrijf goed op de huidige locatie?
- Wordt er groei verwacht na de verhuizing naar ….?

Verhuizingsproces – besluitvorming

- Hoe waren de taken verdeeld binnen de besluitvorming?
- Werden er externe consultants betrokken bij deze besluitvorming?
- Toen de uiteindelijke beslissing werd genomen, was dit een collectieve beslissing, of toch meer een individuele van de key decision maker?
- Op welke manier is informatie in gewonnen tijdens het besluitvormings proces?
- Is er iets wat u achteraf anders had gedaan tijdens het besluitvormingsproces?

Verhuizingsproces – factoren

- Wat waren de factoren waar uw nieuwe locatie aan moest voldoen?
- Waarom zijn specifiek deze factoren geselecteerd voor deze nieuwe locatie?
- Hoe zijn deze specifieke factoren onderzocht?
- Waren er regio's die uw beslissing probeerden te beïnvloeden? Indien ja, was dit succesvol.
- Was er binnen de groep die de besluitvorming uitvoerde, ook iemand die bijvoorbeeld een specifieke factor naar voren aan het schuiven was?
- Heeft u contact gehad met de gemeente op uw oude locatie over de verhuizing?
- Op welke manier heeft de gemeente u geholpen/overgehaald bij het verhuizen naar de nieuwe locatie?
- Zou u, als een bepaalde gemeente u bepaalde concessies had gedaan of bepaalde voordelen had aangeboden, deze eerder overwegen?
- Als u nu terugkijkt, zijn er dan factoren die u wel of juist niet zou laten meewegen in uw beslissing om te verhuizen naar een ander gebied?

Appendix 3. Interviewed cases

Case	Country	Industry	Follower/Leader	Size	Time
A	Netherlands	Service	Leader	Small	39:51
B	Netherlands	Service	Follower	Medium	51:46
C	Netherlands	Manufacturing	Follower	Medium	41:12
D	Netherlands	Manufacturing	Follower	Small	40:00
E	Netherlands	Manufacturing	Follower	Medium	45:45
F	Netherlands	Service	Leader	Medium	40:42
G	Netherlands	Manufacturing	Follower	Medium	33:15
H	Netherlands	Service	Leader	Medium	26:09
I	Sweden	Service	Follower	Medium	31:43
J	Sweden	Service	Follower	Medium	28:50
K	Sweden	Manufacturing	Follower	Medium	39:45
L	Netherlands	Manufacturing	Follower	Small	24:33
M	Sweden	Service	Follower	Small	21:14
N	Netherlands	Service	Leader	Medium	58:22
O	Netherlands	Manufacturing	Follower	Small	24:34
P	Netherlands	Transport	Leader	Medium	36:54
Q	Netherlands	Manufacturing	Follower	Medium	34:25
R	Sweden	Service	Follower	Medium	31:24
					10:52

Appendix 4. GDPR Consent Form

GDPR Thesis Study Consent Form

Required by European Union General Data Protection Regulation 2016/679

Please consider this information before deciding whether or not to take part in this research:

GDPR Consent for: How municipalities can influence the relocation process and decision making of small and medium sized businesses that are aiming to relocate.

Purpose of the study: The purpose of our study is to explore how and where municipalities can increase their influence in the relocation process in order to increase the relocation of more small and medium sized businesses to their region.

Your role in the study: You will be asked about your experiences regarding the relocation of your company. Your role as the key decision-maker will be examined, to see why certain choices for certain factors were made. During these interviews several questions on different topics related to business relocation will be asked, in order to ensure a proper analysis of the information gathered.

Time for the interview: We allocate 30-60 minutes for the interview

Data processing and confidentiality: All data that will be gathered during the researched will be kept confidential, as for the recording of the interview this will only be done with your consent, and this will be erased after the transcription of the interview.

Now on to the official part:

'It is entirely up to you to decide whether or not to take part. If you decide to do so, you will be given this information sheet to keep and will be asked to give your consent.' All the information that we collect about you during the course of the research will be kept strictly confidential. You will not be able to be identified in any ensuing reports or publications.'

Under GDPR you have the following rights over your personal data:

- ***The right to be informed**. You must be informed if your personal data is being used.*
- ***The right of access**. You can ask for a copy of your data by making a 'subject access request'.*
- ***The right to rectification.** You can ask for your data held to be corrected.*
- ***The right to erasure**. You can ask for your data to be deleted.*
- ***The right to restrict processing**. You can limit the way an organisation uses your personal data if you are concerned about the accuracy of the data or how it is being used.*

- ***The right to data portability***. *You have the right to get your personal data from an organisation in a way that is accessible and machine-readable. You also have the right to ask an organisation to transfer your data to another organisation.*
- ***The right to object***. *You have the right to object to the use of your personal data in some circumstances. You have an absolute right to object to an organisation using your data for direct marketing.*
- ***How your data is processed using automated decision making and profiling***. *You have the right not to be subject to a decision that is based solely on automated processing if the decision affects your legal rights or other equally important matters; to understand the reasons behind decisions made about you by automated processing and the possible*

You should also know that you may contact the data protection officer if you are unhappy about the way your data or your participation in this study are being treated at *dpo@ju.se*

Thank you for reading this information sheet and for considering whether to take part in this research study.'

Contact details for further information

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