CHAPTER 7

MANUFACTURING STRATEGY IN THE NETHERLANDS: CONTEXT AND PERSPECTIVE

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7.1. Introduction

The purpose of this chapter is to present some of the context of the Dutch manufacturing industry and to use this background to put into perspective what we think are the most salient results of the Dutch part of the IMSS. Firstly, the chapter will address the macro-economic context and the structure of the Dutch industry, and put both into an international perspective. Next, some key sociocultural dimensions will be described and illustrated with reference to the organisation and functioning of politics, religion, industrial relations and education in the Netherlands. Then, the most interesting IMSS results are presented in the light of other observations on the Netherlands and its industry, and discussed in the perspective of the macro-economic, industrial and sociocultural context introduced before. The chapter concludes with some lessons for Dutch industry.

7.2. The Netherlands

7.2.1. MACRO-ECONOMIC BACKGROUND OF DUTCH INDUSTRY¹

Population and Gross Domestic Product

With a population of some 15.3 million (CBS, 1995, 1995, p. 383), the Netherlands is among the smaller countries involved in the IMSS survey. Between 1990 and 1993, GDP grew from US $277 billion (US $18,500 per capita) to US $308 billion (US $20,000 per capita).¹

¹ Most figures mentioned in this section are based on the Statistisch Jaarboek 1995 (Statistical Yearbook 1995), a publication of the Dutch Centraal Bureau voor de Statistiek (CBS; Central Statistical Office) and Cijfers & Trends '94-'95 (Figures & Trends '94-'95) of the Rabobank. Unfortunately, many of the figures we needed were either not readily available or less unambiguous than we had hoped, so we had to calculate several figures ourselves and also to make assumptions to be able to make some of the calculations at all. However, we trust that the figures presented here are good estimates and representative of the Dutch industry and its context.
$20,100 per capita), a growth of 3.6% per year. In terms of both GDP per capita and annual growth, the Netherlands is average in the sample.

**Inflation**
Between 1990 and 1993, price inflation of consumer goods was 3.5% per year, whereas the prices of industrial goods fell by some 0.6% per year during the same period.

**International trade: import and export figures**
The perception of the Netherlands as a country of traders is correct. With some 45% of its GDP exported in 1993, the Netherlands is topped only by its neighbour Belgium. In absolute figures, imports were US $126 billion, and exports US $139 billion, resulting in a positive trade balance of US $13 billion (CBS, 1995, p. 327). The Netherlands had a positive trade balance of US $11 billion with Germany, US $14 billion with the rest of the EU, and just US $1 billion with Europe minus the EU. Trade with the US and Japan resulted in negative balances of US $5 billion and US $4 billion, respectively (CBS, 1995, p. 329).

As the above figures indicate, the Dutch economy is closely tied to the German economy. In 1993, Germany accounted for 29% of Dutch exports, and in the same year 23% of imports came from Germany. Other important trading partners are Belgium and Luxembourg, with 13% of exports and 12% of imports, followed by the US, with 4% of exports and 8% of imports. A remarkable point is that the Netherlands, in spite of its reputation of internationalism, really trades regionally rather than globally, with 83% of exports and 71% of imports going to and coming from European countries. The rest of exports and imports are divided between North America (4% and 9%) and Asia (7% and 15%). Trade with South America, Africa and Australia is negligible (CBS, 1995, p. 329).

**Government debt, financing deficit and public spending**
Total central government debt increased from 61.5% in 1985 to 63.6% in 1992. Over the same period, financing deficit fell from 4.3% to 3.7% (CBS, 1995, p. 262). In 1993, public spending reached a level of US $99 billion, that is, 32% of GDP (1992: US $98 billion = 33% of GDP) (CBS, 1995, p. 238). About 18% of this goes to social security, 17% education, 9% defence, 7% health, and 5% trade, industry and infrastructure (CBS, 1995, p. 241). Compared with other IMSS countries, expenditure on both health and education are high. Investment in infrastructure is more average.

**(Un)employment**
Between 1985 and 1992, unemployment fell from 9.7% to a low of 5.3%, and then increased again to 6.5% in 1993. With 7.4% of the working population unemployed, the figure for 1994 is even bleaker. Over the same period, the working population, those who have a job of 12 or more hours per week, increased from 5.3 million to 6.5 million

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2 Calculations based on exchange rate of 1US$ = Dfl 1.86