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### Spatial Organization of Firms and Location Choices Through the Value Chain

[Juan Alcacer](#) and Mercedes Delgado

We explore the impact of geographically bounded, intra-firm linkages (internal agglomerations) and geographically bounded, inter-firm linkages (external agglomerations) on firms' location strategies. Using data from the Census Bureau's Longitudinal Business Database, we analyze the locations of new establishments of biopharmaceutical firms in the U.S. in 1993–2005. We consider all activities in the value chain and allow location choices to vary by R&D, manufacturing, and sales. Our findings suggest that internal agglomerations have a positive impact on location. The effects of internal agglomerations vary by activity, and they arise both within an activity (e.g., among plants) and across activities (e.g., between sales and manufacturing). Our results also suggest that previous estimates of the effect of external agglomerations may be overestimated because the existing literature abstracted from internal agglomerations.

**Keywords:** [Location choices](#); [agglomeration economies](#); [value chain](#); [organization theory](#); [Geographic Location](#); [Business Strategy](#);

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