

# **Multinational Enterprises, Offshoring and the Geography of Jobs**

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This lecture will address, as a starting point, the theoretical underpinning of the relationship between geography and Multinational Enterprises (MNEs). Over time, specific (subnational) geography has become increasingly important for the growth of MNEs, and in turn MNEs have become progressively more significant for local and regional economic growth. The pivot on which this relationship turns is the creation, diffusion and management of new knowledge (e.g. Iammarino & McCann, 2013).

In this perspective, the impact of outward Foreign Direct Investments (FDI) on the economies of origin of MNEs has been a hotly debated topic and a concern for most governments in recent decades, gaining further attention due to the accelerated pace of economic globalisation and the emergence of new players. Despite such a huge popular interest, the overall empirical evidence on the impacts of MNEs at the national level is still scanty and inconclusive, whilst subnational spatial heterogeneity in terms of distribution of benefits and costs of offshoring has remained rather underexplored.

This contribution builds on the existing literature by incorporating, in both conceptual and empirical terms, a greater focus on the geographical dimension of the impact of offshoring on employment profiles in the regions of origin of MNEs: indeed, spatial heterogeneity emerges as a powerful dimension, since such an impact is far from being homogeneous across different local labour markets. Using micro-data on UK-based MNEs during the period 1999-2008, we show that regions and clusters characterised by mature industrial profiles and higher intensity of routine occupations may be disproportionately exposed and affected by the cost of jobs' relocation. Conversely, regions and local labour markets specialised in more dynamic and higher value added activities may benefit from increases in productivity, further engaging in virtuous cycles of growing sales, revenues and employment.

Relevant implications are linked to these findings as the emergence and persistence of hot spots of unemployment and social deprivation across both specific segments of the occupational scale and different regions require ad hoc and place-based interventions, challenging substantially the effectiveness of current nationwide policies. The lecture will conclude by highlighting a few of such challenges and research directions that need further exploration as a requirement to achieve the design of more effective guidance for development policies in specific geographical contexts.