**KID Summerschool 10-16 July 2016, Nice, France**

**Multinational enterprises’ impact, innovation and geography**

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**Abstract**

In the current phase of economic globalisation geography and space are increasingly important for multinational enterprises (MNEs), and in turn MNEs are progressively more important for geography: the pivot on which this relationship turns is the creation, diffusion and management of new knowledge, technology and skills.

MNEs are amongst the main ‘creators’ of new technology – see among others Cantwell (1994) and Cantwell and Iammarino (2003) – since they represent the largest source of technology generation, transfer and diffusion in the world economy (Iammarino and McCann, 2013). Countries and regions increasingly compete to attract MNEs on the ground of the potential benefits that may stem from their presence and activities in the host economies. Scholars have long debated the rationale of these policies by investigating the effects of MNE investments on the recipient economies. However, the empirical evidence on the impact of MNEs on local firms in advanced countries is still mixed and inconclusive (see, for example, the reviews in Rodrik, 1999, and Smeets, 2008). The presentation will consider recent empirical evidence on the intra-industry impact of foreign MNE presence on the innovation performance of domestic firms in the UK.

At the same time, growing public opposition to offshoring deals by MNEs has been the norm in nearly all advanced economies (compare Mankiw and Swagel, 2004 for the US; and Abramovsky et al., 2004; Hiyzen et al., 2005 for the UK). Offshoring trends, especially towards lower-wage developing and emerging countries, are usually considered to be responsible for the destruction of low-skilled jobs and the progressive deterioration in the economic fortunes of those at the bottom of the employment ladder in developed countries. The presentation will consider, with reference to Great Britain, both the spatial heterogeneity across local labour markets and variations in the intensity of outward flows of investments abroad across industries in order to provide evidence on the job and skill creation/destruction implications of offshoring.

Suggested readings:

Crescenzi R., Gagliardi L. and Iammarino S. (2015), ‘Foreign Multinationals and domestic innovation: intra-industry effects and firm heterogeneity’, *Research Policy*, 44:3, 596–609.

Dunning, J.H. (2009), ‘Location and the multinational enterprise: John Dunning’s thoughts on receiving the Journal of International Business Studies 2008 Decade Award’, *Journal of International Business Studies*, 40(1), 20‒34.

Iammarino S. and McCann P. (2013) *Multinationals and Economic Geography. Location, Technology, and Innovation,* Edwar Elgar: chapters 1 and 2.

Gagliardi L., Iammarino S., Rodriguez-Pose (2015), Outward FDI and the Geography of Jobs: Evidence from the UK, CEPR Discussion Paper, no. 10855, September 2015.