

Connectivity and the Location of MNEs Across the Value Chain. Evidence from US Metropolitan Areas

Davide Castellani, Katuscia Lavoratori, Alessandra Perri and Vittoria Giada Scalera

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Abstract

Multinational enterprises (MNEs) need to efficiently orchestrate a geographically fragmented network of cross-national operations. Among the different spatial features determining MNEs location choices, international connectivity plays a pivotal role as favors coordination and access to global networks. We unpack the broad concept of 'international connectivity' by analyzing how its different dimensions attract the location of different activities of MNEs across the value chain. Empirical findings based on a sample of 1,456 investments projects over the period 2009-2014 in US Metropolitan Statistical Areas, reveal that the knowledge-based international connections are a driving factor for R&D-related location decisions, whereas a higher level of goods connectivity attracts the location of manufacturing activities. Instead, the location of multinational headquarters is positively influenced by connectivity offered by the presence of advanced producer services.