Presentation to CRIMT partners’ forum: Can regional policy help capture gains from foreign direct investment?

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Capturing the good jobs in global production networks

Places need to try to capture high value-added components of global production networks

FDI is “good” to the extent that it creates and supports good jobs, both within the firm and in the wider regional economy, by helping the region to access global production networks.

Requires:
- strategies for attraction and retention (“investor development”)
- strategies for coordination and capacity-building in the local skills and innovation ecosystem

Evidence drawn from 200+ interviews with MNC unit managers and regional/provincial governance actors (governmental, social actors, skills institutions etc) in UK, Ireland, Spain, Canada (regions of Ontario and Quebec).
• A regional industrial or inward investment policy needs to focus on firms, sectors and technology where there is a realistic prospect of creating regional comparative advantage
  — The WHY IS THIS HERE? Or WHY SHOULD THIS BE HERE? question

• Precondition of this > regions develop a robust self-narrative about how they fit within global production networks.
Building a positive productive ecosystem

- Creating a narrative: regions doing the thinking themselves
- This requires an iterative and continual process of dialogue across ecosystem actors:
  - Region-state ‘nudges’ to dialogue; build upon existing regional/provincial/sectoral dialogue where available
  - Element of training/socialising MNC unit managers to make the regional case, and to develop unit strategies for competing for international mandates
  - Identification and encouragement of boundary-spanners between different interest groups
- Network density contributes to embedding MNCs
  - Using existing identities to build networks (geographical, industrial citizenship)
Smart levers

• Patient capital for targeted upgrading, where available, should be protected, and targeted on productive ecosystem development
• This passes a ‘good jobs test’ > virtuous circle for attraction of further high value-added investment
• Identity – geographic, industrial citizenship
• Focal actors, e.g. regional development agencies, with some autonomy from electoral politics and from the excesses of metrics/targets.
• Governance and social actors with granular understanding of economics and strategies of specific global production networks and large firms
Conclusion – the need for reflexive strategy

• There is no magic recipe: it is important for regional strategies to be robust enough to transcend individual failures (firms dislocating, etc.); stronger institutions should help anticipate and deal with failures.

• Experimentalism requires confidence-building, actors thinking outside traditional/primary roles, and a certain meso-level stability.