Abstract

Within the wider context of global competition and FDI incentives, the specific phenomenon of delocalization (international relocation) of economic activities is increasingly a cause for concern for the public and policy makers in many developed countries, including Czech Republic. The political debate on this issue is currently fuelled by the fear of growing unemployment in particular regions and sectors of the economy. Most affected are those that facing the challenge of structural changes, decreasing competitiveness and import penetration from low-cost countries. Large-scale relocations of jobs can lead to complete deindustrialization which poses a threat especially for small, open economies under foreign control like the Czech Republic.

Despite its negative effects, delocalization is an integral part of industrial dynamics as it leads to more efficient exploitation of resources, new forms of international division of labour, and cooperation. Outsourcing of peripheral activities and specialization on core functions enhances productivity and global competitiveness of corporations and regions. The right of private companies to decide where to develop activities is one of the corner-stones of an economic market system. This premise implies that public authorities cannot take direct action to prevent relocation. In order to avoid, or at least minimize negative social and economic consequences of collective layoff, it is necessary to increase the ability to predict relocations.

This diploma thesis examines international relocation determinants of Czech manufacturing companies in order to estimate the probability of potential delocalizations. The research is based on statistical evaluation of "internal keep-factors" (particular company features strengthening the location inertia of manufacturing), which are divided into three main groups – capital intensity, complexity of value chain and business sophistication. Keep-factors were examined on the company level and represented by six financial indicators. The sample covers 2052 Czech manufacturing companies with one hundred or more employees. The main goal is to identify manufacturing branches and regions with high probability of delocalization, which is caused by high-level concentration of "footloose" companies. This information can be used by political authorities in order to adjust the FDI incentive policy.

The probability of delocalization of an individual branch of industry is not significantly related to its technological intensity. High-tech industries include many "nomadic" companies (especially low-cost oriented greenfield investments) with low capital investments, prevalence of assembly operations and minimal rate of regional embeddedness. A typical example is manufacturing of office machinery and computers – a branch of industry with minimal relative value added and almost no R&D activities. The majority of jobs threatened by delocalization are concentrated in other technology intensive industries - manufacturing of parts and accessories for motor vehicles and manufacturing of electrical equipment. However, the highest degree of footlooseness is associated with labour-intensive and marketing-intensive industries such as textiles, dressing and leather products, sports goods, games, toys and motorcycles.

All these "risky" industries are geographically dispersed over Czech Republic, which is favourable for the extent of potential social tensions in affected regions and regional policy. Nomadic firms can be found in all types of regions (rural periphery, metropolis, suburban district, old industrial district). Degree of footlooseness on regional level is not statistically influenced by specific regional features - unemployment, sectoral structure of economy, and quality of human resources.