

How decisions in the corporate headquarters of a multinational company can influence employment in other countries. (2018 mock paper Q8B)

Multinational Companies (MNC's) are large corporations with offices and factories in many different countries. By having headquarters in one area, but a presence in many countries, they have become globalised institutions which have a significant impact on employment in other countries.

MNC's are among the world's largest economic organisations. They employ approximately 73 million workers which is 3% of the global workforce. They account for 10% of the GDP and are responsible for about 1/3 of global exports. This demonstrates the scale and influence of MNC's on the world's employment. The influence of individual MNC's on world employment can also be seen by their impact on national economies.

Dell is a multinational company that was established in 1984, and it has its headquarters in Round Rock, Texas, USA. It sells desktop PC's, tablets, printers, and other computer products worldwide. The global scale of its production has had a significant impact on employment in Irish and Polish economies. Dell began to assemble computers for Europe, the Middle East and Africa in Limerick in 1989. By 2009, Dell employed almost 3,000 people in Limerick alone. In total Dell employed 4,500 people in Ireland, and at the time it was Ireland's 2nd largest corporate employer, and its largest exporting company.

It is estimated that for each job Dell created, another 5 were created in other businesses locally. Overall, Dell was contributing about 5% to Ireland's GDP by 2009. In January 2009, Dell headquarters announced that it was cutting 1,900 jobs in Limerick. It transferred the entire Irish production of laptops and desktops to a new factory in Poland. There were 2 immediate reasons for the move; Labour costs in Poland were much cheaper, and the Polish Government had invested €52.7 million in providing new facilities for Dell in Poland. Work on the Polish production line pays €2.89 per hour, engineers pay €20 per hour, and supervisors can earn up to €1,500 gross per month. Similar senior managers in Ireland can earn between €3,500 and €8,000 per month. The movement of Dell from Limerick to Poland was also part of Dell's long-term global trading strategy. It was not because there were any particular problems with the Limerick factory. It

was because Dell was experiencing declining profits globally. As a consequence, the company was rearranging its business globally to ensure it was making the most profit in different parts of the world. The move from Limerick to Poland was part of the reorganization. Moving the jobs was driven by globalisation, and this had a negative impact for Ireland, but a very positive impact for Poland.