

The diversity of European manufacturing plant roles in international manufacturing networks*

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It is generally assumed that Western European (WE) plants belonging to multinational companies are more developed and have higher competence levels than their Central and Eastern European (CEE) counterparts. Nevertheless, empirical evidence on the plant level is very scarce. Thus, a sample of 291 manufacturing subsidiaries from 14 European countries is used to test this general statement. We argue that the clear distinction between the two regions is gradually changing with diverse plant roles coexisting in both European regions that reflect different development paths or strategies. Our results show that while less competent plants based on low cost factors are still more prevalent in CEE, a considerable group of highly competent plants is also emerging in the region that use their access to local skills and knowledge to become knowledge hubs within their networks. Nevertheless, highly competent WE plants still preserve a unique position within the multinational's network.

Key words: multinational company, manufacturing plant, plant role, competence, location advantage (JEL codes: F23, M11, M16)

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