Summary Chapter 3

Title: *Accessibility and the micro-geography of firm productivity*

Author*: Dalila Ribaudo*

This dissertation collects three empirical studies aiming at investigating (i) the foreign location choices made by multinational enterprises (MNEs), and (ii) the productivity of firms, most notably by looking at the quality and extension of urban transportation infrastructures, and secondarily, to the magnitude of intersectoral demand. We argue that the efficiency and the extension of transport infrastructures generate on one hand positive productivity gains for firms, and on the other hand, a change in location's attractiveness. In the third chapter of this dissertation, we explore whether the so far considered location determinants might as well affect firms' productivity at a remarkably fine spatial level, i.e., the sub-city dimension. Particularly, we evaluate the role played by location in proximity of sources of talent, where proximity is mediated by real travel times along the road network that facilitate the access to skilled human capital. The general idea is that better urban networks enhance economic productivity by (i) allowing a better matching between the firm and a specialized labour pool, (ii) and by favouring knowledge spillovers, highly localized in space. We focus on the accessibility to talents, i.e., the resident population having at least a bachelor's degree, as the accessibility dimension likely to positively impact firms' productivity the most. To test our assumptions, we develop an accessibility indicator in which we consider the volume of talents in each firm-own location and talents in other areas within London, weighted by real travel times. The novelty in our approach relies particularly on the very micro geographical level, the Super Output Areas (SOAs), i.e., sub-city areas with an average population of 300 residents, and on the set of destination weights used to build our indicators. Our analysis is based on an unbalanced panel of 4090 firms over the period 2012-2019, located in 1,051 SOAs. We provide further geographical disaggregated evidence that accessibility to pools of talents and the knowledge externalities they may spill over, are very much localized phenomena and may be very sensitive to minor differences in travel times and likely to impact firm productivity. Our findings open avenue for future insights on the determinants of firms' productivity, acknowledging that indeed it is important to account for strong spatial decay effects, and that firms may be more productive if they tap into a pool of talents, who reside in a sufficiently close area of influence. Here we argue that localising in a city with many talented workers may not be enough to generate productivity advantages if you locate where such talents cannot be effectively accessed. Poor connectivity within the city may not only increase to costs of accessing them, but also impede the ease of interaction that favours knowledge spillovers.