

# *Group Presentation Guidelines*

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# Group Presentation Guidelines



## ■ Golden Rules

- ❖ Presentation = **stories**.
- ❖ What **message** do you wish to share with the audience?
- ❖ Simple, clear, & precise.
- ❖ Originality / uniqueness / novelty.
- ❖ Explain with **your own words** (**NOT read**).
- ❖ **Contextualized & detailed** discussions.
- ❖ Make the best use of **your analytical skills**.
- ❖ Produce your **own tables, figures, & charts** etc. based on **reliable data sources**.
- ❖ Preparation, preparation, preparation.
- ❖ **6 slides** at a maximum (excluding the front page & the list of reference) → It should be **well-structured & well-organized**.
- ❖ **ONLY 12 minutes per presentation** (+3 minutes for Q&As).

# *Trading Internationally*

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Bergamo, ITALY

# Review (WEEK 3)



## ■ Key Points

**Tangible assets**

**The VRIO  
framework**

**Primary &  
support activities**

**Value chain**

**Resources &  
capabilities**

**Intangible assets**

**Tariff & non-tariff  
barriers**

**Product life cycle theory**

**Benchmarking**

**Different trade  
theories**

**Functional capabilities**

**Strategic trade  
theory**

**OEM & ODM**

**David Ricardo**

**Outsourcing vs  
offshoring**

# *UK Export Competitiveness*

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Special Topics in Internationalization

Università degli Studi di Bergamo

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UNIVERSITÀ  
DEGLI STUDI  
DI BERGAMO



## ■ Question

❖ What are effective measures for the UK to enhance its export competitiveness?



## ■ How to Improve UK Export Competitiveness

1. Support **pre-competitive manufacturing capabilities & future technology platforms.**
  - ◆ **The Technology Strategy Board** – Funding for boosting the UK economy.
2. Push firms to reach for **the high end** ! Avoid competition on low cost for the sake of jobs.
3. Strengthen **human capital** to enable **advanced manufacturing** !
  - ◆ Knowledge diffusion among universities & technology clusters.
  - ◆ Vocational training through apprenticeships.
4. Need to **remove uncertainty** by clarifying the UK's commitment to be connected with the EU.
  - ◆ **The EU** accounts for more than **50% of UK exports.**
  - ◆ **Emerging economies** collectively purchase less than **8% of UK exports.**

Source: Peng & Meyer (2011).



## ■ How to Improve UK Export Competitiveness

5. Enhance certainty by negotiating **more FTAs** !
  - ◆ The EU currently has FTAs with 28 countries.
6. Create a **tax regime** that is **competitive, stable & fair** !
  - ◆ **Corporate tax**: 28% in the UK, 10% in Ireland, 16% in Hungary etc.
7. Attract **more inward FDI** & promote **more outward FDI** !
  - ◆ **Foreign MNCs** generate approximately **half of UK manufacturing exports**.
8. Mobility of **highly qualified individuals** into & out the UK !
  - ◆ Mobility of highly qualified people enables many knowledge-based, creative industry sectors to prosper.
  - ◆ **HOWEVER**, shrinking immigration quotas, more visa application procedures, abstention from Schengen area free-travel arrangements, & increased requirements in citizenship tests.

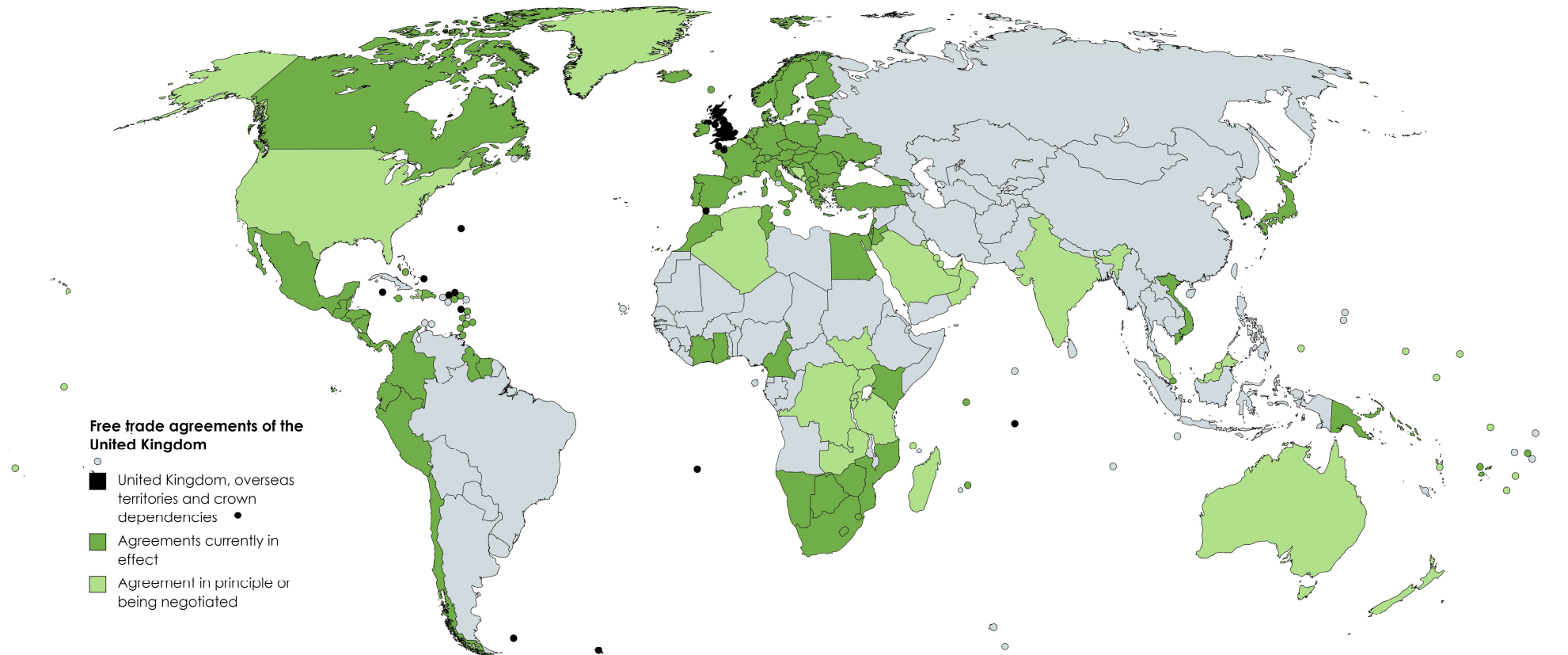
Source: Peng & Meyer (2011).



# UK Export Competitiveness



## ■ 38 Active FTAs with Nations & Trade Blocs (as of May 2023)








Created with mapchart.net

Source: <https://en.wikipedia.org/>

# UK Export Competitiveness



## ■ Sources of R&D Funding within NISs (Source: Dremus et al., 1998).

Country					
<b>% of All National R&amp;D Expenditures Funded by:</b>					
Industry	52	52	46	60	73
Government	36	32	44	37	20
Higher Education	3	1	0.4	N/A	6
Private Nonprofit	2	3	1	1	1
Foreign	7	12	9	2	0.1
<b>% of All Business R&amp;D Expenditures Funded by:</b>					
Industry	71	72	70	88	98
Government	19	12	18	9	1
Foreign	10	15	12	3	0.1

### COMMENTS

- > Countries vary **significantly** in the relative weight given to each of key sectors.
- > R&D is conducted primarily **by industry**.
- > The institutional **sources of R&D funds** vary across countries.
- > **Industry** plays a stronger funding role in **Germany & Japan**.
- > In the US, UK & France, **foreign R&D funding** is significant.






> **No information** on the character of R&D conducted within particular sectors, the depth & breadth of linkages across sectors, measurement of the quality of the R&D financed.

# UK Export Competitiveness



## ■ Technological Orientation of Industrial Research

(Source: Dremus et al., 1998).

Country (Unit: % in 1993)					
High technology industries	60	63	57	47	49
Medium technology industries	31	30	34	46	38
Low technology industries	9	7	9	7	13
Science-based industries	46	42	30	19	21
Specialized supplier industries	19	28	33	38	37
Scale-intensive industries	28	23	28	37	30

### COMMENTS

- > **US:** 2/3 of all business R&D are directed toward high-tech industries.
- > **UK & France:** A similar distribution of R&D across high & medium technology industries.
- > **National differences:** The distribution of R&D resources, & the intensity of R&D conducted in different types of technologies.



Astrazeneca



# UK Export Competitiveness

## ■ Does a Tax Regime Matter in Attracting Firms?

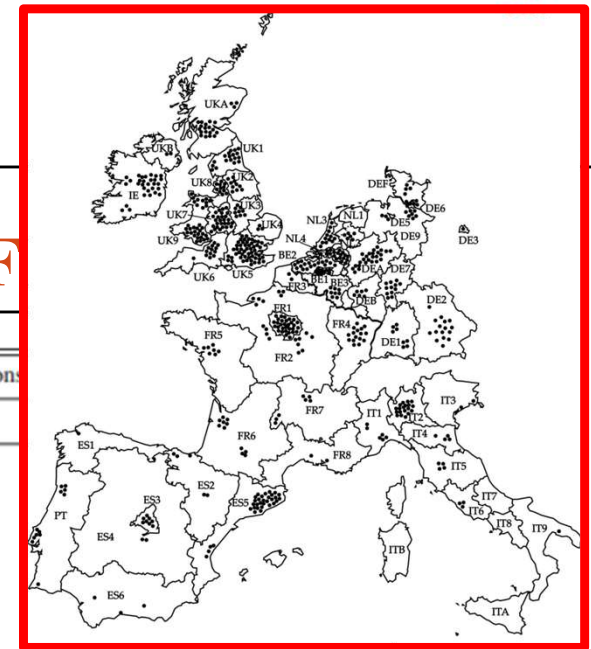


TABLE 3.—CONDITIONAL LOGIT MODEL OF REGION CHOICE

Specification	452 Firms Choosing between 57 Regions						
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
In wages	0.47 <sup>c</sup>	-0.20	-0.12	0.17			
	(0.25)	(0.26)	(0.28)	(0.25)			
Unemployment rate	-8.90 <sup>a</sup>	-4.50 <sup>a</sup>	-1.57	-3.22 <sup>c</sup>			
	(1.69)	(1.70)	(1.95)	(1.78)			
Obj. 1 eligibility	-0.25	-0.12	0.25	0.01			
	(0.21)	(0.22)	(0.22)	(0.22)			
In regional area	0.31 <sup>a</sup>	0.05	0.58 <sup>a</sup>	0.59 <sup>a</sup>			
	(0.05)	(0.06)	(0.06)	(0.06)			
Social charges rate	-2.26 <sup>a</sup>	-2.28 <sup>a</sup>	-2.25 <sup>a</sup>	-1.56 <sup>a</sup>	0.24	-0.01	
	(0.38)	(0.38)	(0.38)	(0.38)	(1.83)	(1.86)	
Corporate tax rate	-4.82 <sup>a</sup>	-4.80 <sup>a</sup>	-5.03 <sup>a</sup>	-4.96 <sup>a</sup>	-0.40	-0.34	
	(0.59)	(0.58)	(0.60)	(0.61)	(2.36)	(2.34)	
In regional GDP = ln $y_r$		0.80 <sup>a</sup>					
		(0.08)					
In Harris market potential = ln $\sum_j E_j d_{ij}$			1.88 <sup>a</sup>				
			(0.21)				
In Krugman market potential = ln $M_r$				1.11 <sup>a</sup>	1.07 <sup>a</sup>	0.34 <sup>b</sup>	
				(0.13)	(0.14)	(0.16)	
ln(1 + domestic industry count)						0.52 <sup>a</sup>	
						(0.08)	
ln(1 + Japan industry count)						0.86 <sup>a</sup>	
						(0.11)	
ln(1 + network count)						1.24 <sup>a</sup>	
						(0.22)	
National fixed effects	No	No	No	No	Yes	Yes	
Likelihood ratio index	0.054	0.079	0.077	0.073	0.079	0.126	

Standard errors in parentheses.  
<sup>a</sup> Significant at 1% level.  
<sup>b</sup> Significant at 5% level.  
<sup>c</sup> Significant at 10% level.

Source: Head & Mayer (2004).



## ■ Question

**What type of post-Brexit arrangement would you be lobbying for, & why if you are a representative of (1) a UK manufacturing business, (2) a foreign manufacturer in the UK, or (3) a trade union leader?**



# The Impact of ‘Brexit’ on Japanese MNCs



## ■ Key Quotes



*“It is **not yet clear what form Brexit negotiations will take**, but depending on proceedings, Japanese companies may **need to review or rebuild their global strategies**, particularly those for Europe”.*

– Sadayuki Sakakibara, Japan Business Federation Chairman

*“**EU membership is a big reason the companies have chosen to invest in the U.K.** A Brexit could materially affect major international businesses’ future investment decisions”.*

– Hiroaki Nakanishi, Hitachi Chairman



外務省  
MOFA Japan

*“Japanese businesses with their European headquarters in the U.K. may decide to **transfer their head-office function to continental Europe** if EU laws cease to be applicable in the U.K. after its withdrawal”.* – Foreign Ministry officials

Source: Based on <http://www.keidanren.or.jp>, <http://asia.nikkei.com> & <http://www.japantimes.co.jp>

# The Impact of 'Brexit' on Japanese MNCs



## ■ Fact

- ❖ There are **931 Japanese companies** with operations and **158 R&D centers** in Britain.
- ❖ Japanese firms employ an estimated **140,000 workers** in the UK.
- ❖ The UK's auto industry is dominated by Japanese automakers.
  - **Cars a year:** Toyota (**180,000**), Nissan (**580,000**), & Honda (**140,000**)
  - **EU exports (%)**: Toyota (**75%**), Nissan (**76%**), & Honda (**40%**)
  - **Tariffs of up to 10%???**
- ❖ Japanese pharmaceutical companies feel uncertain about future **drug regulations with any divergence with the EU.**
- ❖ Japanese banks in London are concerned about the issue of **“passporting” arrangements** for access to the EU.

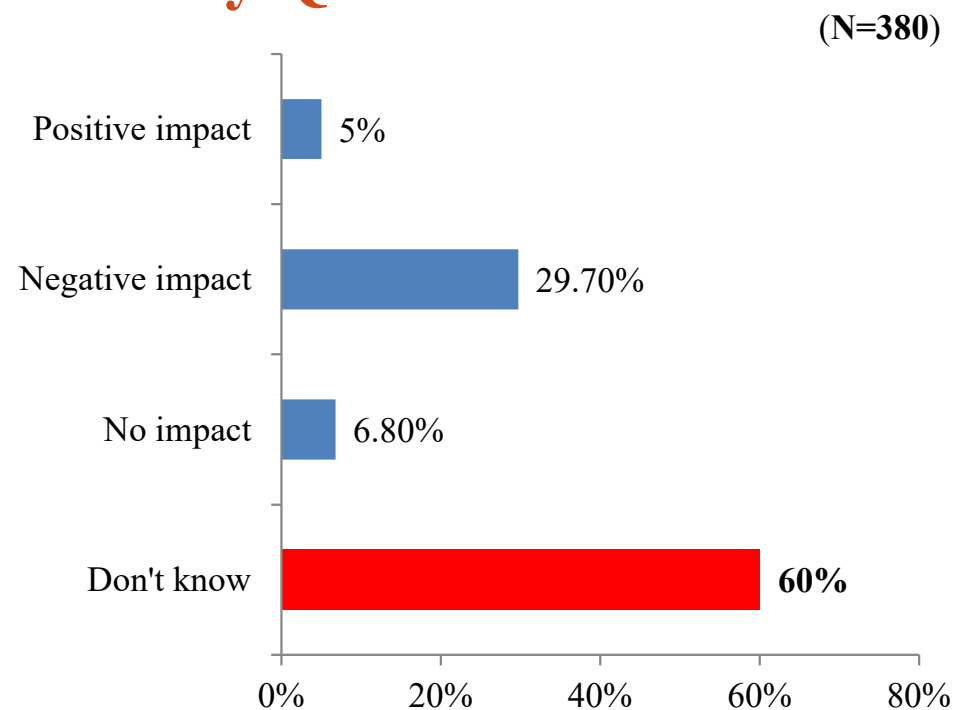
Source: Based on various media sources.

# The Impact of 'Brexit' on Japanese MNCs

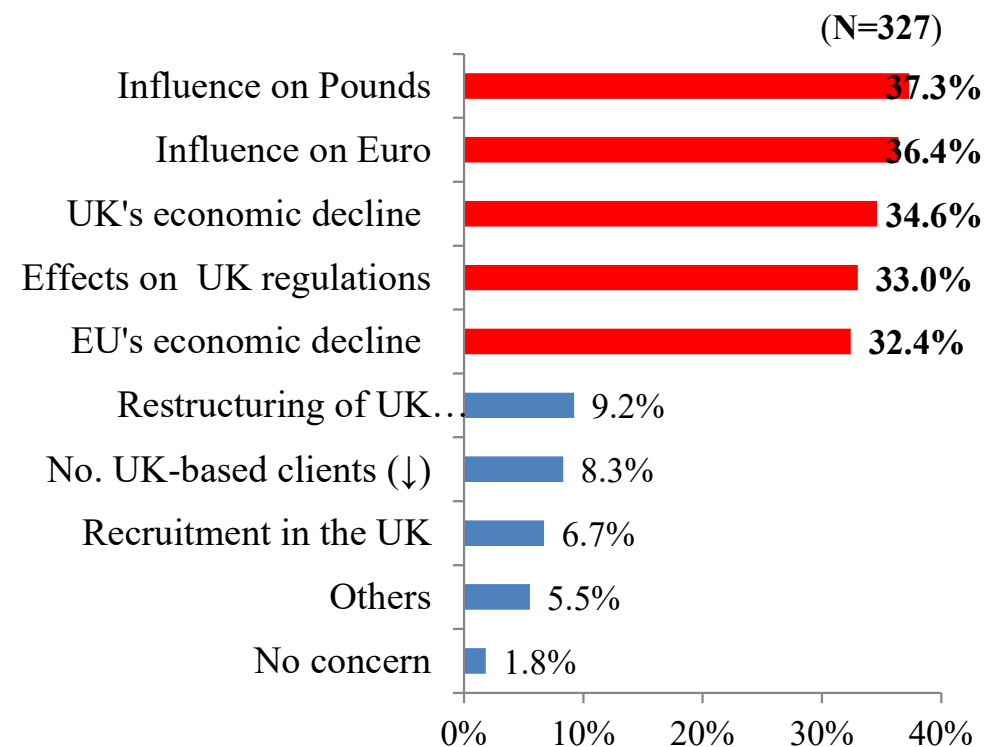


## Japanese MNCs' Concern about the Impact of 'Brexit'

### Estimated Impacts on Businesses



### The List of Brexit Concerns



❖ Many Japanese firms are concerned about exchange rate fluctuations after Brexit.

Source: JETRO (2016).



# The Impact of 'Brexit' on Japanese MNCs



## ■ Number of Japanese Manufacturing MNCs (1990)

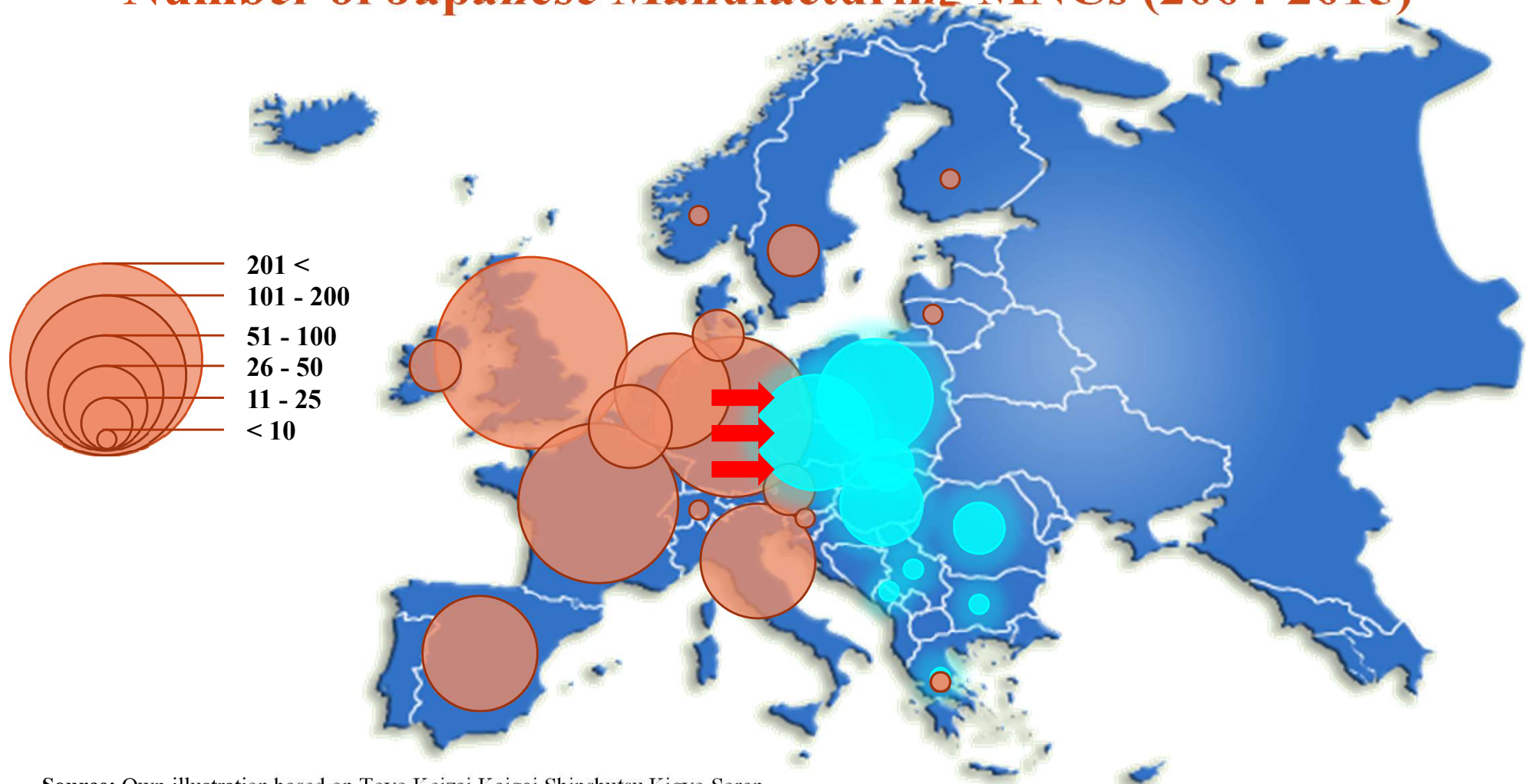


Source: Own illustration based on Toyo Keizai Kaigai Shinshutsu Kigyō Soran.

# The Impact of 'Brexit' on Japanese MNCs



## ■ Number of Japanese Manufacturing MNCs (2004-2015)



# The Impact of 'Brexit' on Japanese MNCs



## ■ Number of Japanese Manufacturing MNCs (after 'Brexit')



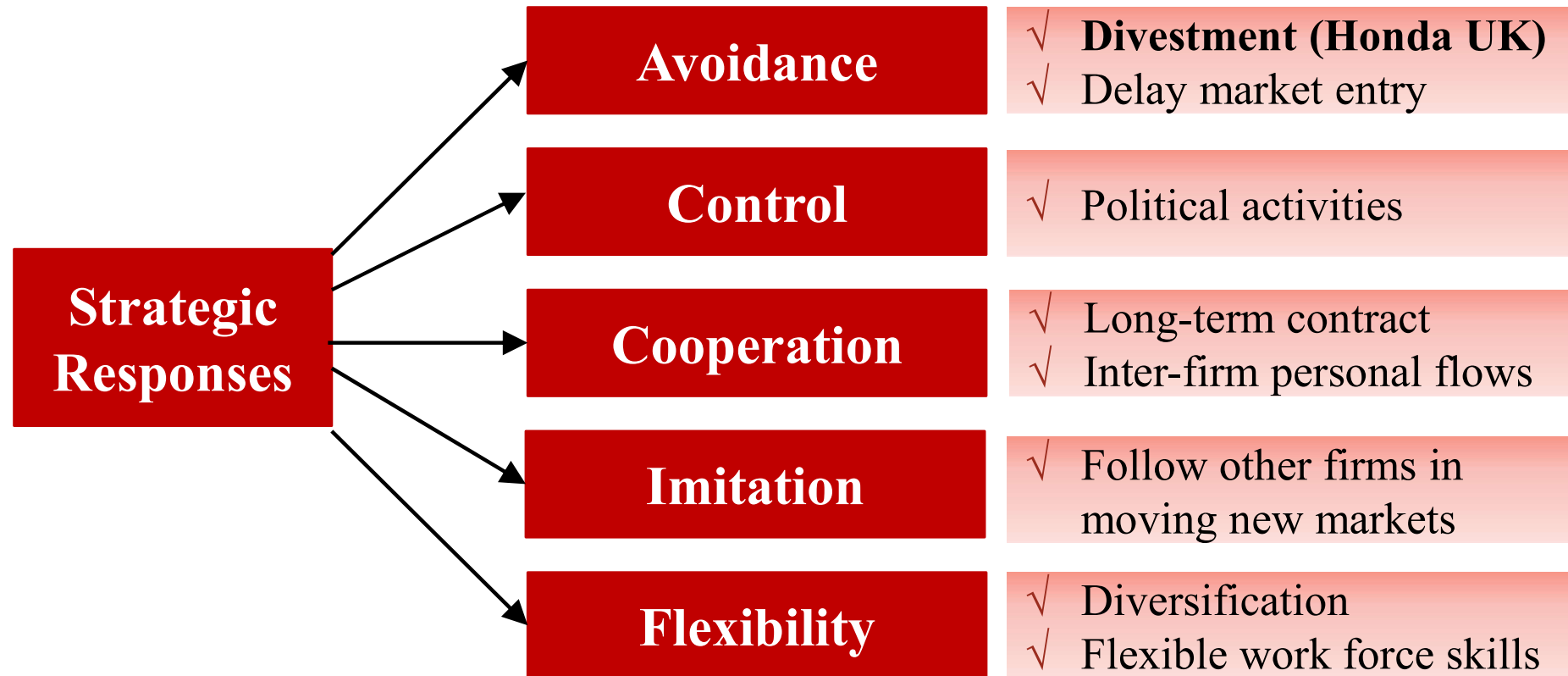
Source: Own illustration based on Toyo Keizai Kaigai Shinshutsu Kigyō Soran.



# The Impact of 'Brexit' on Japanese MNCs



## ■ Miller's Integrated Risk Management Framework in IB



Source: Own illustration on Miller (1992: 321), Journal of International Business Studies, Second Quarter 311-331.

# The Impact of 'Brexit' on Japanese MNCs



## ■ Foreign MNCs' Political Strategies in Response to Brexit

STRATEGY	TACTICS	CHARACTERISTICS
<b>Information strategy</b>	<ul style="list-style-type: none"><li>&gt; Lobbying.</li><li>&gt; Reporting research &amp; survey results.</li><li>&gt; Commissioning think-tank research projects.</li></ul>	<ul style="list-style-type: none"><li>&gt; Targets political decision makers by providing information.</li></ul>
<b>Financial incentive strategy</b>	<ul style="list-style-type: none"><li>&gt; Contributions to politicians or party.</li><li>&gt; Paid travel etc.</li><li>&gt; Honoraria for speaking.</li></ul>	<ul style="list-style-type: none"><li>&gt; Targets political decision makers directly by providing financial incentives.</li></ul>
<b>Constituency-building strategy</b>	<ul style="list-style-type: none"><li>&gt; Grassroots mobilization of voters, employees, suppliers, customers etc.</li><li>&gt; Advocacy advertising.</li><li>&gt; Public relations.</li></ul>	<ul style="list-style-type: none"><li>&gt; Targets political decision makers indirectly through constituent support.</li></ul>

**Source:** Hillmann & Hitt (1999: 835). "Corporate Political Strategy Formulation: A Model of Approach, Participation, and Strategy Decisions", *Academy of Management Review*, 24(4), 825-842.

# The Impact of 'Brexit' on Japanese MNCs



## ■ Japan Warns on Brexit 'High Stakes' - BBC



Source: : <http://www.bbc.co.uk/news/business-42994603>

# The Impact of 'Brexit' on Japanese MNCs



## ■ Questions

1. How did Brexit impact (1) the UK economy, (2) the EU economy, (3) international trade & (4) foreign direct investment?
2. How did foreign MNCs respond to the Brexit decision? Any particular examples?
3. Are there any cases that the Brexit phenomenon impacted foreign MNCs & their strategies positively rather than negatively?

# *Quiz*

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Special Topics in Internationalization

Università degli Studi di Bergamo

Dipartimento di Scienze Aziendali

Bergamo, ITALY





## ■ Yes/No Questions: Are these sentences correct or wrong?

1. Tangible assets include technical & reputational assets.
2. Resources refer to abilities to connect different stages of the value chain.
3. Offshoring is defined as shifting over an organizational activity to an outside supplier that will perform it on behalf of the focal firm.
4. Captive offshoring is defined as setting up subsidiaries abroad.
5. Appropriability refers to the ability of the firm to exploit or appropriate the values of resources & capabilities.
6. The resource-based view of the firm (RBV) attaches importance to the logic that a firm's competitive advantage lies in its external environment.



## ■ Answers

1. Intangible assets include technical & reputational assets. ✗
2. Capabilities refer to abilities to connect different stages of the value chain. ✗
3. Outsourcing is defined as shifting over an organizational activity to an outside supplier that will perform it on behalf of the focal firm. ✗
4. Captive offshoring means setting up subsidiaries abroad. ◎
5. Appropriability refers to the ability of the firm to exploit or appropriate the values of resources & capabilities. ◎
6. The resource-based view of the firm (RBV) attaches importance to the logic that a firm's competitive advantage lies in its internal organization. ✗

# Reading Assignments

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## ■ Investing Abroad Directly

❖ “*Spanish MNCs*”.

❖ “*Politics & FDI in Argentina*”.

➔ Please make sure that you understand the content of these articles & summarize your opinions.

# The End of Today's Lecture



ご清聴有難う御座いました。

**Thank you so much!**

**Vielen Dank für Ihre Aufmerksamkeit!**

**Grazie mille !**

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