

**Buckley et al. (2013). “The Spatial Redistribution of Japanese Direct Investment in the UK between 1991 & 2010”,
Business History, 55(3), 405-430.**

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■ Questions

- ❖ Discuss the major **characteristics** of **Japanese FDI** in the **UK**.
- ❖ Elaborate on **how industrial support policy** influences **investment patterns** of Japanese MNCs.
- ❖ **What** does it mean by “**agglomeration**”? What about its **positive & negative effects** in general? How does it determine Japanese MNCs’ location strategies?
- ❖ Describe Japanese firms’ location patterns at the **subnational level** from 1991 to 2010 as presented in **Figure 1** (page 418).
- ❖ What are the **crucial remarks** of this piece of work?



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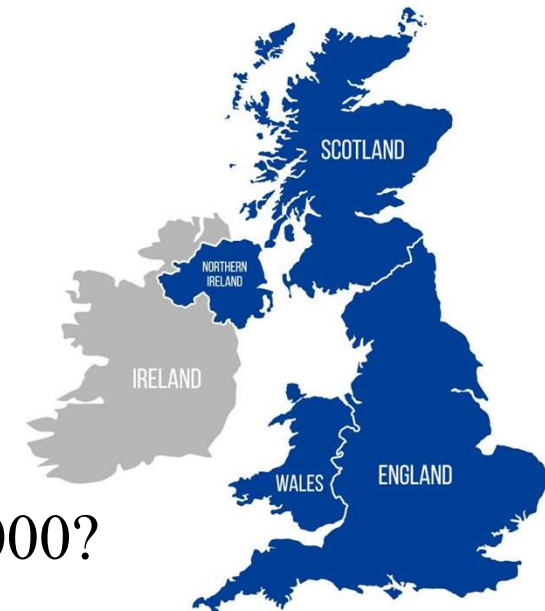
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Japanese Direct Investment in the UK



■ Characteristics

- ❖ **The UK** was the ‘**first choice**’ as an investment destination for JMNCs in Europe for many years.
- ❖ **Why the UK was attractive** in the eyes of JMNCs?
 - Government openness;
 - Language (English);
 - Market size; &
 - Access to the European market.
- ❖ **Why JFDI** was important to the **UK**?
 - Managerial superiority;
 - Technological leadership; &
 - Long-term commitment.
- ❖ **Why JFDI** in the **UK** has **dropped** since 2000?
 - The emergence of new competitors from Asia;
 - Increased FDI destination options; &
 - Non-participation of the UK in the Eurozone.



Japanese Direct Investment in the UK



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■ Understanding Industrial Support Policy

❖ Financial & non-financial incentives?

- Corporate tax deductions;
- Subsidies;
- Employment grants;
- Fast track approvals;
- ‘One-stop’ agency assistance; &
- Industrial zones or research parks.

❖ The UK’s governmental support schemes?

- ‘Regional Selective Assistance’ (RSA); &
- ‘Regional Development Assistance’ (RDA).

❖ The effectiveness of the financial incentives?

- The number of JFDI & the allocation of structural funds per NUTS 1 region are negatively correlated.
- On average, Japanese firms entering the UK during the period from 2000-2006 exit after five years.

Japanese Direct Investment in the UK



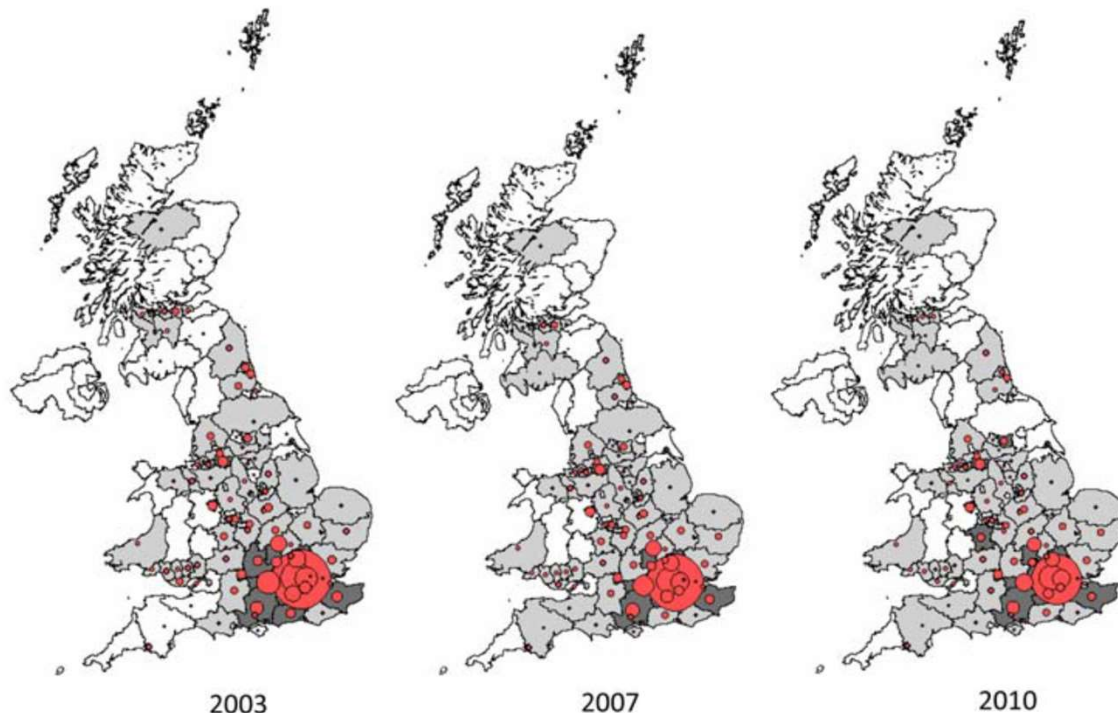
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Japanese Direct Investment in the UK



■ Agglomeration



Source: Buckley et al. (2013: 418).

KEY POINTS

- > **London & the South East** continued to maintain their importance as investment locations.
- > The configuration of geographical location of JMNCs is largely **stable between 1991 & 2010**.
- > **Scotland** seems to have **lost their relative attractiveness** as investment destinations.
- > A **further cluster of JMNCs** can be found in the **North East** where firms spread from the **Sunderland region** into bordering Tyneside, Northumberland & Durham.
- > The **consolidation of JMNCs** took place in **Wales & Central England**.

Japanese Direct Investment in the UK



■ Japanese Exit & Investment Cases by NUTS 1 Region

	Total Exits (%)	Exits since 2003 (%)	Investment Cases since 2003 (%)	Net Loss Ratio since 2003 (%)
North East	1.9	2.5	0	− 30.6
North West	2.3	1.1	3.6	0
Yorkshire and Humber	1.9	1.9	1.5	− 23.8
East Midlands	2.7	2.0	2.9	− 11.9
West Midlands	3.8	3.9	5.1	− 18.5
East of England	5.2	5.2	8.0	− 15.8
London	55.4	53.1	56.9	− 7.9
South East	16.6	19.3	16.1	− 27.8
South West	2.5	2.9	2.9	− 22.5
Wales	3.7	4.1	0.7	− 39.5
Scotland	3.8	4.3	2.2	− 45.7
Total (N)	729	441	137	− 25.7

Source: Buckley et al. (2013: 420).

Japanese Direct Investment in the UK



■ 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.

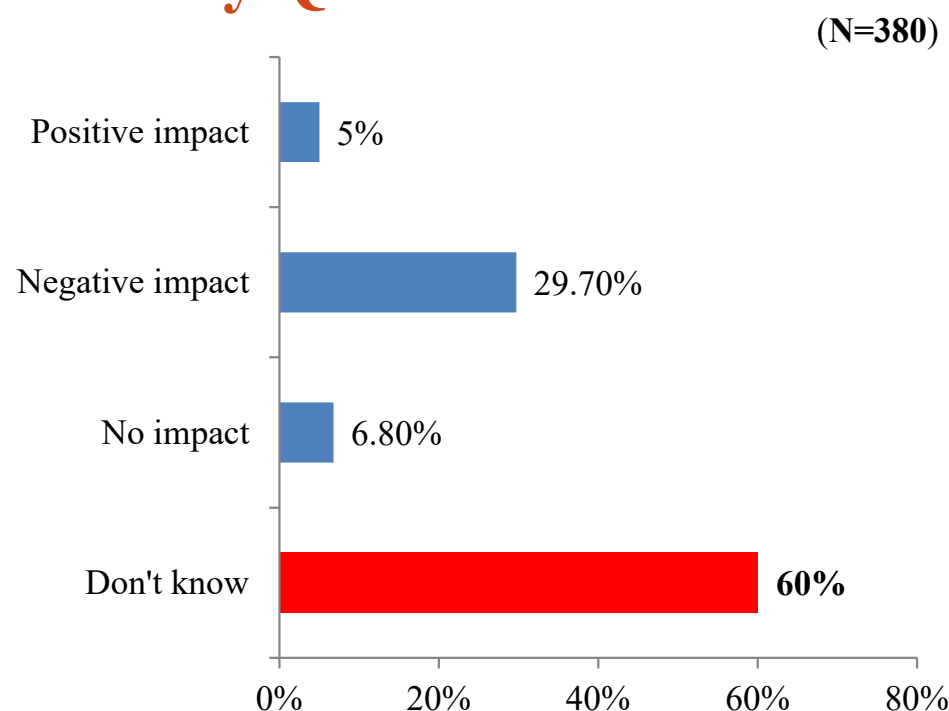
Source: Based on various media sources.

Japanese Direct Investment in the UK

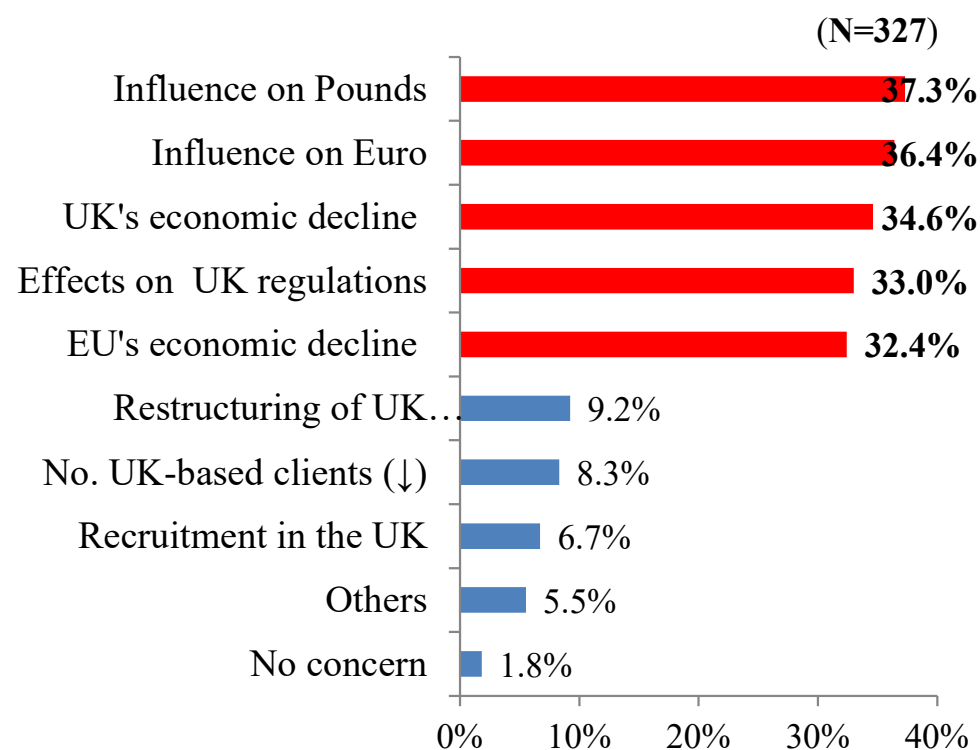


■ Japanese MNCs' Concern about the Impact of 'Brexit'

Estimated Impacts on Businesses



The List of Brexit Concerns



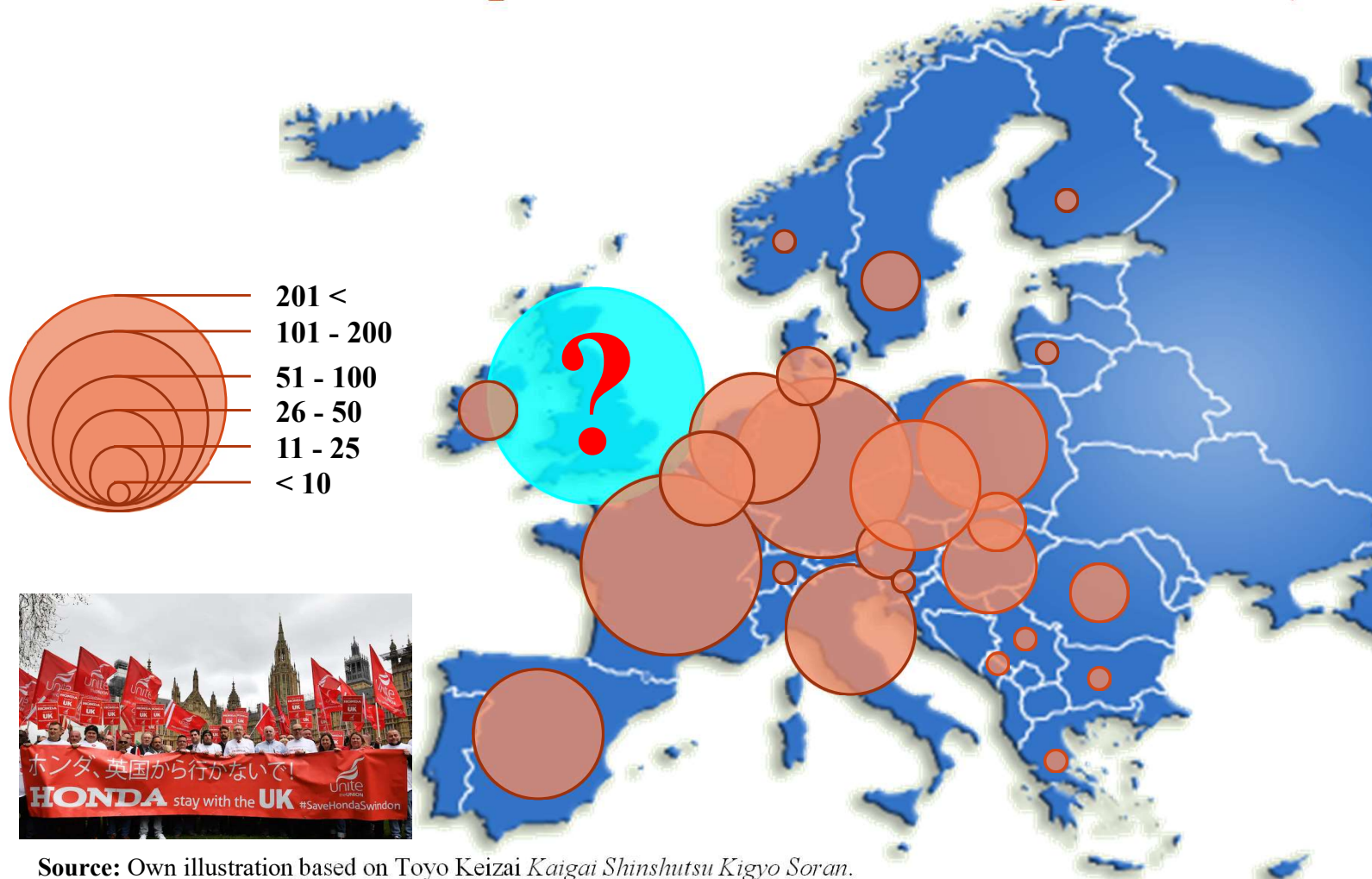
❖ Many JMNCs are much concerned about exchange rate fluctuations after Brexit.

Source: JETRO (2016).

Japanese Direct Investment in the UK



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



Japanese Direct Investment in the UK



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Schmid, D., & Morschett, D. (2023). “Retailers’ Foreign Market Exits over Time: A Strategic Management Perspective”, *International Business Review*, 32(5), 102164.

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Retailers' Foreign Market Exits over Time



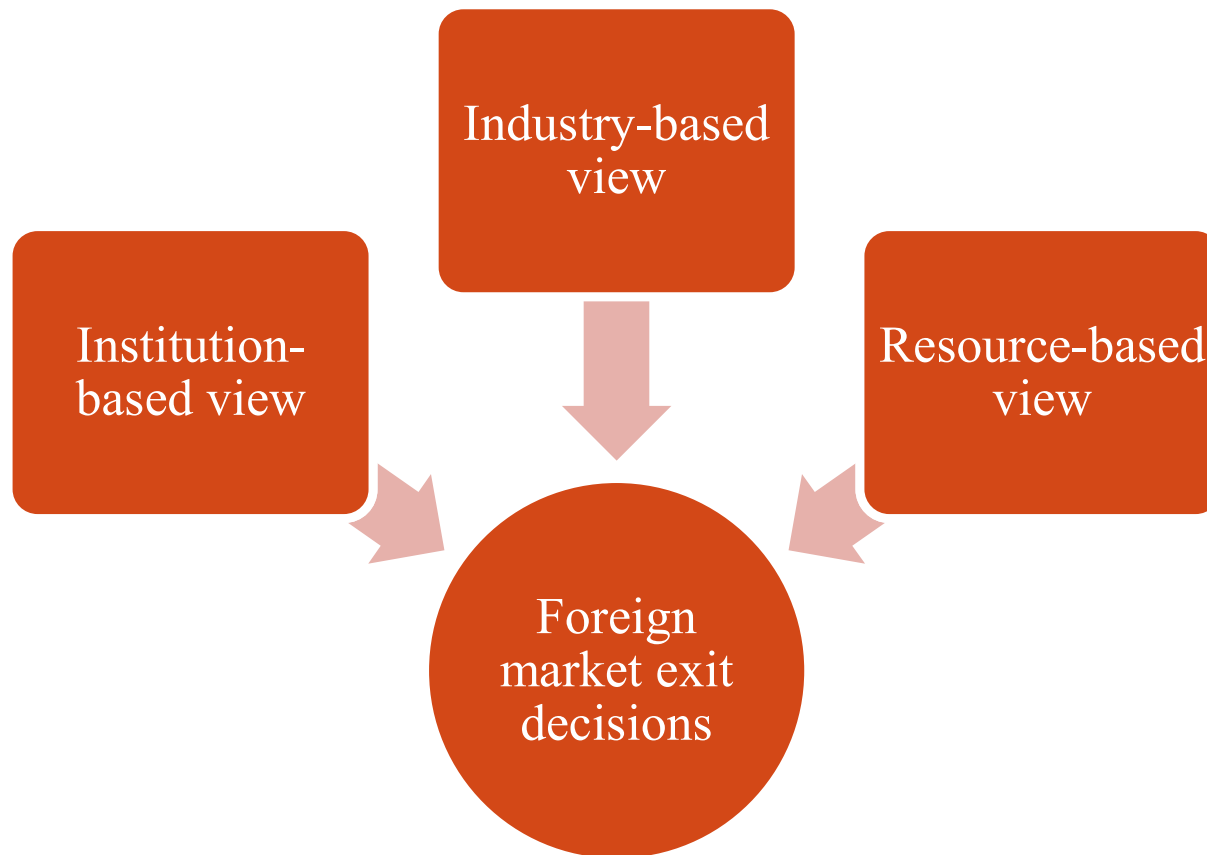
■ Questions

- ❖ What is the **core argument** of this piece of work?
- ❖ Explain the **pattern of direct investment behavior of retail companies** from a theoretical point of view.
- ❖ Articulate the **long-term divestment behavior of retailers & analyze potential factors** responsible for **retailers' market exists**. Is the nature of their **exit patterns heterogeneous or homogeneous**?
- ❖ What are the **strengths & weaknesses** of this article?
- ❖ Find **an interesting foreign firm's exit case** from other industries & investigate its **divestment motives**.

Retailers' Foreign Market Exits over Time



■ A Strategic Management View of Foreign Divestments



COMMENTS

- > **Institution-Based View**
 - The rules of the game that affect firm strategic choices.
 - Antidumping penalties.
 - Enforcement of business laws.
- > **Industry-Based View**
 - Underlying industry structures.
 - National “diamond”.
- > **Resource-Based View**
 - Firm-specific resources are a source of sustained competitive advantage.
 - VRIO framework.
 - Global learning, international experience, subsidiary capabilities.

Retailers' Foreign Market Exits over Time



■ What Makes This Study Novel & Unique?

❖ Key Points

- Consideration of the overarching, long-term divestment behavior from **3 theoretical perspectives** in the strategic context.
- **A longitudinal case study** of the **7 global retailers' exit behavior**.
- Detailed investigations of the foreign divestments at **different levels of analysis** (*i.e.*, the firm, the host market, & the industry level).
- **Different dimensions of 43 market exit behaviors** (*e.g.*, 1. temporal spatial patterns, 2. exit epochs = evolution & episodes, 3. drivers of foreign divestments) over **16 years (2005-2020)**
- **Special focus on global retailers?** (1) More thorough analysis, (2) Much great frequency in comparison with manufacturing industries, (3) seldom to re-enter (=irreversibility), (4) exits are easily identifiable, (5) limited research, & (6) pure market-seeking motives.

Retailers' Foreign Market Exits over Time



■ Are Retailers' Exit Patterns & Reasons Heterogeneous?

❖ Different Patterns

- **Heterogeneous patterns of foreign divestments** (e.g., **Costco**: no exits; **Carrefour**: repeated entries & exits; **Aldi**: exits from unimportant markets; **Walmart**: exits from key markets).
- **Similar exit drivers for the different retailers** (e.g., *“focusing on core markets”* & *“company turnaround”* at the parent level; *“poor performance”* & *“a lack of necessary scale to be competitive”* at the subsidiary level; *“increasing local competition”* & *“macroeconomic downturn”* at the host market level).

❖ Similar Patterns

- **More than 1/3** of all the 7 retailers' market exists in **East Asia**.
- **Discounters (Aldi & Lidl)**: An aggressive **low-price** strategy.
- **Carrefour & Walmart**: **optimization & a minority equity stake**.

Retailers' Foreign Market Exits over Time



■ Limitations of This Article?

- ❖ The generalizability of findings (*e.g.*, other global retailers, manufacturing vs retailing, etc.)
- ❖ The performance outcomes of foreign market exits (positive vs. negative) – *e.g.*, stock market reactions, (non-)financial success
- ❖ The learning effect of foreign market exists
- ❖ Sole reliance on secondary data – Need for integrating interview data & other data sources.
- ❖ Inter-connectedness between entries, re-entries, & exists as a key aspect of the internationalization process of MNCs.

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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