

International management



International Management Regionalism in Southeast Asia: Opportunities and Threats for the European Union By: Christopher Dent Question What is substantive question?

The article explores the impact of different manifestations of regionalism taking place in the Southeast Asian region to the EU countries in terms of economic relations and linkages. The article also assess the differences of opportunities as well as threats these trends of regionalism is posing for EU firms that are placed within the region vs., those outside. The overlapping linkages between different manifestations of regionalism such as the ASEAN & AFTA, APEC and SREZ carry different forms of threats and opportunities and are likely to marginalize EU firms placed outside the region compared to the member country firms from Pacific Rim.

Question 2

What is the key opinion/position or argument of the author?

The key opinion/position or argument of the author is that it is essential for EU to take advantage of the potential opportunities of the Southeast Asian region if they are to maintain their global trading power. Therefore EU has to strengthen its linkages with the region to counter the regionalism taking place. He argues that those firms placed within the Southeast Asian region in the form of Multinational operations, International Joint ventures and other forms of FDI, stands to gain favourably from the opportunities emerging from the regionalization process taking place in this part of the world economy. It is his opinion that by taking advantage of the simultaneous drives of these nations to attract FDI ventures that target outward bound export activities, EU firms can capitalize on these trends of regionalism.

Question 3

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What evidence does the author use to support their position/opinion or argument?

Southeast Asian region is growing at an average rate of 7.2% compared to 2.4% of EU and these growth markets offer high potential. The technological capabilities of the countries in the region have developed to match those of the EU countries. Countries such as Australia and USA are benefiting from the regionalism taking place through its linkages to the region in terms of APEC and will benefit from the overlapping member relationships of APEC and ASEAN.

Those EU firms that have achieved the "insider" status by locating themselves within the region has benefited by being able to compete effectively not only in the host country market but in export activities to all other nations in the region, compared to outsider firms in EU as well as other nations in Pacific Rim and USA.

Question 4

What are the strengths or weaknesses of the opinion/position or argument?

Strengths:

If EU firms are to take advantage of the impact of regionalism, by countering negativities and maximising opportunities, they can do so by locating themselves within the region, especially the Sub Regional Economic Zones which operate on interlinked business relationships.

Weaknesses:

Although the main recommendation of the author is to increase involvement in the region through increasing FDI inflows to the region and thereby increasing the stake in the region's economic activities and becoming a part of the regionalism taking place, the actual trends indicate a continued trend

of decline in EU's FDI inflows to the region. Even if the stake increase, there is no formalized economic relationship forum as ASEAN or APEC which the two region needs if they are to match the strengths of the existing regional alliances which the other countries have established.

International Management

Analysing the Competitive Advantage of Saudi Arabia with Porter's Model

By: Sajjad M. Jasimuddin

Question 1

What is substantive question?

The key issue discussed by the article is the relative decline of competitive advantage of Saudi Arabia in the globalized world economy. With the increasing global integration, the need for increasing the national competitiveness of Saudi Arabia by developing its various determinants of national competitiveness is addressed. The competitiveness is assessed within the framework of Porters National Competitiveness model.

Question 2

What is the key opinion/position or argument of the author?

The key opinion of the author is that Saudi Arabia's is rich with factor endowments and other determinants of competitive advantage such as demand conditions, presence of supporting industries but the firm level strategies are not geared up to required standards. It is evident that a need for social development in terms of skills and work/entrepreneurial attitudes is necessary to further the competitiveness of the country. The Saudi economy is also suffering from over dependency on oil and the need for diversifying and developing the global competitiveness of other industries such as chemical and machinery through diversion of capital funds available from oil

exports is advocated.

Question 3

What evidence does the author use to support their position/opinion or argument?

The country has the best infrastructure in the Middle East with investments over US\$ 1. 2 trillion in developing it over the past 25 years. It also boast of the most advanced of telecommunication systems. Over 26% of world oil reserves are with the nation in addition to the gas reserves. Thus, the nation is highly competitive in terms of capital and other factor endowments. Saudi Arabia has the largest population in the region and a very high population growth rate. There is a demand for quality goods from local market and demand is strong backed by high and growing GDP. Thus demand conditions also place the country at a competitive position. With its access to other GCC member countries, the demand conditions are further improved. Support industries are present with over 2500 industrial plants and other small and medium scale business. Therefore it is evident that the country is strongly placed in terms of competitiveness, except in terms of firm strategy where low levels of R&D investments, low human capital and low entrepreneurial skills are present to undermine the national competitiveness.

Question 4

What are the strengths or weaknesses of the opinion/position or argument?

Strengths:

The country should counter its national level disadvantages of knowledge and skill deficiencies as well as complacency at managerial level by expediting the privatisation programs, investing in R&D collaborations with local and foreign institutional alliances.

Weaknesses:

Over 80% of the country's work force is non Saudi's making it increasingly impractical to make national level effort to develop the skills and work and entrepreneurial attitudes of the population.