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Regional Economic Integration Processes and Policies to Encourage Foreign Direct Investment. The Case of Spain

Abstract: This study analyses the possible relationship between regional economic integration and the dynamic strategic behaviour of multi-nationals by studying the subsidiaries of foreign companies operating in Spain. The characterisation of the role of foreign subsidiaries in the strategies of their respective multi-national groups can be used to evaluate the impact of the economic integration taking place in Europe on the Spanish industrial fabric. The conclusion drawn is that recent developments in the strategic role of Spanish subsidiaries of multi-nationals are closely related to the process of European integration. Finally, the inclusion of this phenomenon in industrial policy is discussed and the grounds for a proposed policy to encourage foreign direct investment (FDI) in the context of monetary union are formulated, with a view to enhancing the creation of wealth, added value and employment in countries where the respective subsidiaries locate.

Key words: economic integration, foreign investments, direct investments, multinational companies, subsidiaries, industrial policy, Spain.

JEL Classification: F15, F21, F23, L10

CLAVER CORTES, Enrique and QUER RAMON, Diego

Strategic Management of Business Internationalisation: Proposed Theoretical Framework

Abstract: Successful business internationalisation is largely the result of an executive approach that adjusts strategic decisions to the surrounding conditions, while making the most suitable organisational arrangements for their implementation. A conceptual framework for strategic management is highly useful for this purpose, with internationalisation regarded as a process that comprises three stages: analysis of factors affecting competitiveness (country, industry and company resources and capacity), formulation of strategies (entry, competitive and functional) and implementation (organisational design and control mechanisms).

Key words: economy internationalisation, multinational companies, business strategy, business management, business organization, corporate planning, strategic planning.

JEL Classification: F23, M13

GALAN ZAZO, José Ignacio and GONZALEZ BENITO, Javier

Factors Explaining Spanish Foreign Direct Investment

Abstract: This paper presents an empirical study of 103 cases of Spanish multi-nationals that have made direct investments abroad. In the paper factors such as assets, internalisation and siting are analysed separately. The discussion on assets addresses the impact of intangible assets associated with the company. Foremost among the internalisation factors considered are the joint impact of transaction costs and knowledge transfer. Finally, with respect to siting, emphasis is placed on the importance of the host market, the availability of communications and transport infrastructures and the generation of real savings through clustering.

Key words: external sector, direct investments, foreign investments, business economics, location factors, multinational companies, Spain.

JEL Classification: F21, F23

LOPEZ MARTINEZ, Iván

Factorial Content of Spanish Foreign Trade

Abstract: The Heckscher-Ohlin theorem is contrasted in this paper by computing the factorial content for the Spanish economy in 1995. On the grounds of the foreign trade of goods, the analysis shows how production factors in the Spanish economy compare to those in developed and developing countries. The results confirm both the industrial and geographic segmentation of Spanish foreign trade as well as its partial compliance with the neo-classical theory of international trade, in view of the appearance of results that reveal the existence in certain areas of the «Leontief paradox».

Key words: international trade, Heckscher-Ohlin model, production factors, comparative advantage, Spain, 1995.

JEL Classification: F11, F14

LOZANO CHAVARRIA, Pablo and MANCEBON TORRUBIA, María Jesús

Productive Efficiency: Domestic *versus* Foreign Business

Abstract: The purpose of this article is to compare the productive efficiency in Spanish manufacturing companies and foreign multi-nationals located in our country. Specifically, the question addressed is whether the origin of the company's capital exercises any

influence on its ability to perform efficiently. The study focuses on a specific sector, namely, «manufacture of equipment, accessories and replacement parts for automobile vehicles». The data source used was the 1994 Business Strategy Survey and the methodology applied in connection with previous papers was the non-parametric procedure known as Data Envelope Analysis (DEA).

Key words: multinational companies, processing industry, business strategy, economic efficiency, motor industry, Spain.

JEL Classification: D21, F23, L62

MOLD, Andrew

The Effect of Regional Integration on Foreign Investment: The Case of the Single European Market

Abstract: The present study analyses the impact of the Single Market Programme on the factors that determine U.S. foreign direct investment (FDI) in the manufacturing industry. The econometric model covers the period 1978-95, a crucial period for Single Market development. The results of the analysis suggest that, contrary to certain forecasts, demand-side variables (market size and GDP growth) continue to be the most important of such factors. The geographic distance to central markets does not appear to have a significant effect on location decisions, a finding that may be related to Community investments in infrastructures and the liberalisation of the transport industry. This is encouraging from the standpoint of the ability of peripheral countries (Spain, Greece, Ireland, Portugal) to attract FDI in the future.

Key words: European integration, international investments, multinational companies, manufactured products, US, European Single Market, 1978-1995.

JEL Classification: F14, F21, F23

MUÑOZ GUARASA, Marta

Foreign Direct Investment in Spanish Service Businesses

Abstract: The main recipient, world-wide, of foreign direct investment (FDI) flows has been the service sector, in particular in the context of the «new economy». Our country has not been unaffected by these developments, with the sector accounting for over 60 per cent of total inflows from abroad. The purpose of this paper is to ascertain which tertiary businesses have played the most relevant role in FDI flows in recent years (1997-1999) and whether the results concur with international patterns.

Key words: service industries, direct investments, foreign investments, developed countries, Spain, 1997-1999.

JEL Classification: F15, F21, F23, L80

RAMOS LOBO, Raúl; CLAR LOPEZ, Miquel and SURIÑACH CARALT, Jordi

Trade and Exchange Rate Variability: Evidence for European Union Countries

Abstract: One of the main issues in the debate over the advantages and drawbacks of Economic and Monetary Union, and one on which no consensus has been reached in the literature, is whether exchange rate variability has adverse effects on trade. The purpose of this paper is not only to analyse whether the two variables were negatively related in European countries in the period running from 1973 to 1998, but also, on the grounds of the instability of the relationship over time, to try to explain the wide differences observed in the findings of previous studies.

Key words: international trade, exchange rate, panel model, EU, 1973-1998.

JEL Classification: C33, F15, F31, F33

SANCHEZ PEINADO, Esther

Internationalisation of Spanish Banking: Patterns and Results in the Nineties

Abstract: Economic globalisation has been one of the driving factors in the internationalisation, first of manufacturing and then of service sector companies. The special features of the latter, as well as the dynamism of the financial system, have led to financial institutions being regarded as representative of the internationalisation process taking place in the late twentieth century. The purpose of the present review is to analyse the origin and later development of the internationalisation process under way in service companies in one specific industry: banking. The study focuses its analysis of international strategy on the major Spanish banks, in terms of turnover and coverage of foreign markets, namely: Banco Santander, BBV, BCH, Argentaria and Banco Popular. The entry tactics used and the main targets for Spanish investment are analysed, along with the relationship between the degree of internationalisation and the return on assets. Finally, the paper highlights certain trends observed in the international strategy of the cases studies presented, in light of merger announcements made in Spain in 1999.

Key words: economy internationalisation, banking system, profitability, mergers and acquisitions, Spanish banking abroad, Spain.

JEL Classification: F15, F21, G21, G23, G34

SUAREZ-ZULOAGA Y GALDIZ, Ignacio

Spanish Executives of Multi-nationals: At Home and As Expatriates

Abstract: Spanish executives of multi-national companies have rarely been the object of study to date, due, very likely, to the fact that internationalisation is a recent phenomenon in our companies. This article is based on interviews with human resources managers in 23 Spanish multi-nationals in different industries and of varying size. The profile and features of these executives are reviewed, along with different aspects of their expatriation process; wherever possible, the results are contrasted with the findings published for other countries.

Key words: multinational companies, managerial staff, human resources, occupational qualification, management culture, Spain.

JEL Classification: F23, J60, M12

TOMAS FERNANDEZ DEL HOYO, Juan José

Economic Globalisation and Social Welfare: Some Considerations

Abstract: The purpose of the present article is to discuss the main driving factors behind economic globalisation, a development whose scope needs to be re-evaluated to some extent, since international trade and investment flows continue to be relatively modest compared to world-wide production and tend to primarily involve a small number of developed countries. However, the accumulation process and the dynamics of technological change are signs that economic integration will gather further impetus in the years to come, although its impact on present trade patterns and the world-wide distribution of employment is difficult to foresee. In this regard, some thoughts are put forward on the present relations between the economic integration process, the comparative standards of living in the participating countries and the deregulation processes undertaken by policy-makers.

Key words: economy internationalisation, economic integration, international trade, welfare.

JEL Classification: F15, F21, F23, I31