The Growing Influence of Multinational Corporations: four case studies
Celia Chambers, Dhyan Das, Wang Tianxin, Rino Kojima
Foxconn - profile

- Terry Gou - Chairman
- Founded 1974
- Electronics Manufacturing Services (EMS)
- Headquarters in New Taipei, Taiwan
- Factories in countries all over the world, including China, Brazil, Europe, and Mexico
- Contracted by other MNC's such as Apple, Google, Amazon, Nintendo and Sony
- Over a million employees worldwide
LCD Factory in Racine, Wisconsin (USA)

**THE FOXCONN DEAL AT A GLANCE**

- Total Capital Investment: $10 Billion
- Estimated Size of Corporate Campus: 20 Million sq. ft.
- Total Jobs Created: 13,000
- Total Incentives Package: $3 Billion
- Project Location: Southeast Wisconsin near Racine & Kenosha

- Deal announced Summer 2017
- Projected date of completion 2020
- Estimated 10,200 direct construction jobs, 6,000 indirect construction jobs
Impact on Local Economy

- Environmental - Lake Michigan
- Political - 3 billion tax incentives package
- Economic - 13000 jobs
References


https://www.nrdc.org/stories/impact-wisconsin-lcd-plant-may-have-great-lakes-not-crystal-clear

Multinational company: Toyota
Toyota value chain analysis

Inbound logistics

1. transports parts from local suppliers to the local plants
2. a separate operation, global inbound logistics, to transport parts from Japan to the North American and European plants
Localization

non-domestic sales were produced outside of Japan

2012: 75.4 %
2013: 76.3 %

Just-In-Time (JIT) system
Operations

1. The Lexus International

2. Toyota No.1: North America, Europe, and Japan

3. Toyota No.2: China, Asia & the Middle East, East Asia & Oceania; Africa, Latin America & the Caribbean

4. Unit Cellar: deals with unit-related technological development, manufacturing technology development and production
spirit of monozukuri
Outbound logistics

- approximately 170 distributors and 8,900 dealers outside of Japan

1. Distribution practices used in US
   - Distribution of vehicles produced in North America
   - Distribution of vehicles produced overseas
   - Scion model of distribution

2. European distribution pattern of Toyota vehicles

3. Distribution of vehicles in Japan
References

https://research-methodology.net/toyota-value-chain-analysis/


https://newsroom.toyota.co.jp/jp/detail/4063440
Multinational company: ExxonMobil
ExxonMobil

The largest publicly traded international oil and gas company, uses technology and innovation to help meet the world’s growing energy needs. It holds an industry-leading inventory of resources and is one of the world’s largest integrated refiners, marketers of petroleum products and chemical manufacturers.

Approximately 71,100 employees worldwide.
ExxonMobil’s value chain

Upstream businesses produce oil and natural gas in the Permian and other basins.

Volumes are transported via midstream assets to refineries and chemical complexes along the U.S. Gulf Coast and in the Midwest.

There are upgraded to higher-value fuels, products, and feedstocks through the fuels, lubricants, and chemical value chains.
Why invest abroad?

- resource & raw material
  - decline of production
  - high costs
  - strict environmental law
  - invest foreign country (especially developing countries)
- close to the main consumer market
  - more than 60% of refineries are concentrated in Mexico, west Europe, Japan and Southeast Asia area.
Local economic growth and development

- employing and training a local workforce
  - training programs include the provision of information on ethical business conduct, health and safety, management skills and fundamentals of the oil and gas industry, as well as relevant technical and vocational skills.

- supporting local suppliers
  - provide them with advice and guidance on how to become better positioned for future opportunities with ExxonMobil or other companies.

- improving livelihoods of community members through local community investments.
  - provide local investments tailored to address community-specific needs.
Recent News

- ExxonMobil breaks with tradition in wooing China's oil market
  - Exxon's team wined and dined prospective customers and traders at a dinner attended by around 200 guests, according to multiple people who attended. Goodie bags at the party contained flasks for travel use. The marketing blitz is a departure from Exxon’s traditional methods of peddling their crude such as one-on-one meetings.
  - policy: U.S. energy sales were crucial to offsetting the $335 billion trade deficit the U.S. has with China
  - market potential (New rules from the International Maritime Organization requiring ships to use low-sulphur fuel starting in 2020 will also likely boost China’s need for U.S. sweet, or low-sulphur, crude)
References


https://wenku.baidu.com/view/629c061425c52cc58ad6be5a.html

https://en.trend.az/business/energy/2910876.html


Apple

- ICT (Information & Communication Technology) GVC -> Divided in Core (High Cost Components) and Non-Core (Low Cost Components) Suppliers.

- Outsourcing & Offshoring - Manufacturing, Assembly and Testing.

- Manufacturing primarily based in China (Non Core Components)
GVC Statistics

2015

- 198 companies (major global technology companies) + 759 subsidiaries (47% Core Component Suppliers / 38.4% Non-core Component Suppliers / 14.6% Assembly Category)
- 336 subsidiaries - located in China / 115 - Taiwan / 84 - in Europe or in the United States.

China

336 subsidiaries (44.2%)

- 79.3% - Taiwanese / 26.5% Japanese / 32.8% United States Companies in China.
- 14 Chinese Companies & 29 Chinese Subsidiaries.
- Only eight (2.2%) of the core component subsidiaries are Chinese.
Origin-location network of core component supplier subsidiaries.

Origin-location network of non-core component supplier subsidiaries.
Apple 2018

- Unfair Trade with China (Trump - "we're gonna get Apple to start building their damn computers and things in this country, instead of in other countries.")
- Tariff on Steel (25%) Aluminium (10%)
- Apple affected - If China were to set it own tariffs. (Possible Trade War)
- Break into other market - India.