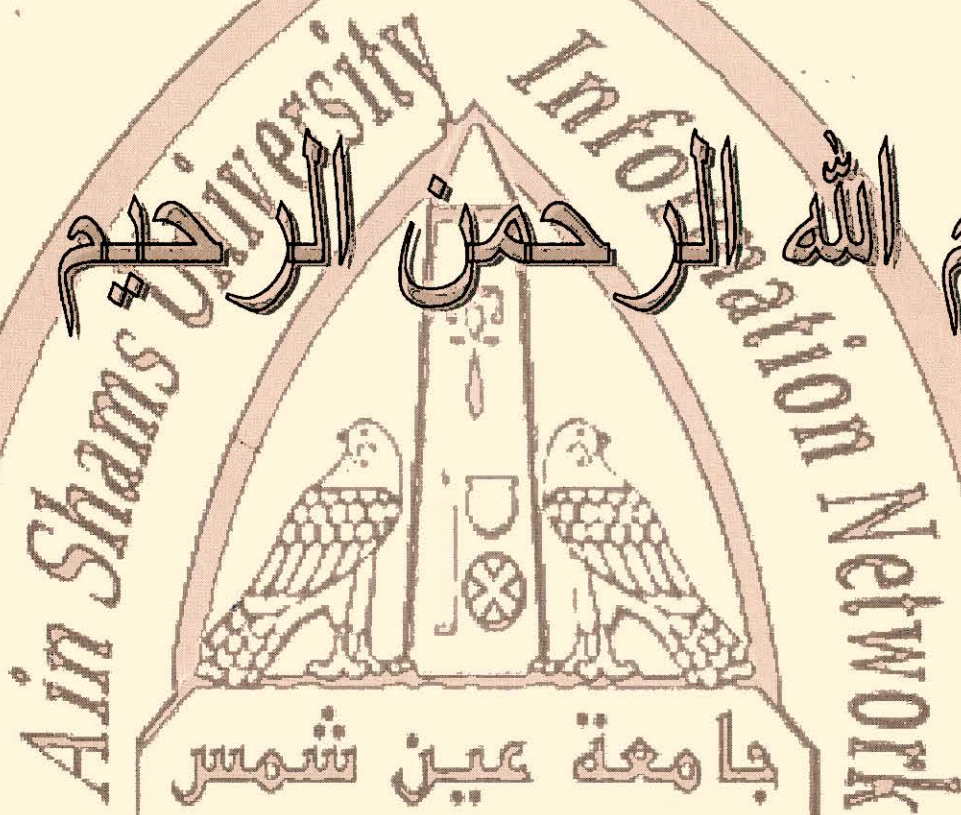




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GLOBAL OUTSOURCING STRATEGIES

**RELATIONSHIP BETWEEN OUTSOURCING, CAPITAL MOBILITY, TRADE AND
LABOR MOVEMENT**

CASE STUDY OF FOUR MENA COUNTRIES DURING THE PERIOD 1997/1998 – 2006/2007

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A handwritten signature in black ink, appearing to be "F. Ghoneim".

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Gp

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BETWEEN OUTSOURCING, CAPITAL MOBILITY, TRADE AND LABOR
MOVEMENT

Summary:

The main objective of this study is to examine international outsourcing as a different mechanism implemented by major transnational corporations (TNCs) towards expansion in developing countries. First the study will shed light on the origins of TNCs and how economists have tried to analyze the rise and growth of TNCs. Moreover, the study will define the current phase of the global economy and the novel aspects of modern world trade that did not have counterparts in the previous age of the global economy (1880 – 1929) and that have recently enabled a truly revolutionary role of TNCs. These novel aspects such as the expansion of intra-industry trade in parts and components, the ability to slice-up the value chain and the emergence of new business frameworks of global value chains and global production networks, will be discussed in the first chapter of the study.

Second, the study will analyze TNCs organizational choices. A body of research discussed the two mechanisms by which TNCs can serve foreign markets. It could be either through international trade (exporting) or FDI.

Chapter three firstly will portray this controversy over international outsourcing and the various claims arguing whether international outsourcing is a threat or an opportunity by illustrating the debate in the US, the EU, and in developing countries. Then, a case study on the four countries who signed Agadir Agreement (Agadir countries) will be implemented to examine the potential of engaging these countries in EU outsourcing strategies within the framework of the Union for the Mediterranean.

Finally, chapter four, will investigate the competitiveness of Agadir countries, will shed light on the prerequisites of a competitive low cost country and will conclude with some policy recommendations on how Agadir countries can position themselves in EU outsourcing strategies.

SUPERVISOR


Dr. Ahmed Farouk Ghoneim

ABSTRACT:

This study tries to examine international outsourcing as a different mechanism implemented by major Transnational Corporations (TNCs) towards expansion in developing countries.

In addition of being a different mechanism towards expansion in developing countries, international outsourcing is considered as a different mode of production that requires a different organizational structure of TNCs. The study investigates how TNCs decides about the mode of production and discusses the trade-off between FDI and international outsourcing.

Recently, arguments with regards to the threats and the opportunities of international outsourcing have gained great momentum in the United States, the European Union (EU) and in developing countries. Therefore, it was necessary that the study make room to discuss these various arguments.

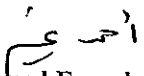
In light of the argument that international outsourcing is an opportunity for developing countries, a case study is implemented on the four countries of Agadir to examine whether these countries should seek to position themselves into EU outsourcing strategies. The case study uses an analysis of the dynamics of international outsourcing to assess whether the four countries of Agadir have the potential to be an attractive destination for EU outsourcing.

The study concludes with recommendations on how countries like Agadir countries can fully benefit from participating in international outsourcing strategies and how to benefit from best practices of other countries that succeeded to be a competitive destination of international outsourcing.

KEY WORDS:

European Union
Foreign Direct Investment
Global Production Network
Global Value Chain
Information and Communication Technology
International Outsourcing Strategies
Mergers and Acquisitions
Standard International Classification System
Transnational Corporations

SUPERVISOR


Dr. Ahmed Farouk Ghoneim

DEDICATION

To the people who pushed and accompanied me on the way. To the people who believe that knowledge is the only road to the future.

The soul of my grandfather, Honorable Sheikh Mohamed El-Sadek Argoun. He used to have scrutiny in research and dedication to his work rising from a deep desire to find the truth and to get the contentment of Allah, his merciful messenger and believers. This has always astonished and inspired me.

To my parents, for having always stayed behind me; I hope my mother would see in this research a continuity of her research that she started but never finished in order to fulfill her duties in a much bigger accomplishment: to raise her children up. I hope my father would consider this research of value as compared to the huge amount of books and articles he provided me with relevant topics.

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LIST OF ABBREVIATIONS

BPO	Business Process Outsourcing
BSO	Business Services Outsourcing
CEEC	Central Eastern European Countries
CSA	Country specific advantage
EU	European Union
FDI	Foreign Direct Investment
FSA	Firm specific advantage
GATS	General Agreement on Trade in Services
GCI	Global Competitiveness Index
GDP	Gross Domestic Product
GPN	Global Production Network
GVC	Global Value Chain
IA	Internalization advantages
ICT	Information and Communication Technology
IOS	International Outsourcing Strategies
M&A	Mergers and Acquisitions
MENA	Middle East and North Africa
NGO	Non-Governmental Organization
OLI	Ownership – Location - Internalization
R&D	Research and Development
SITC	Standard International Classification System
SMC	South Mediterranean Countries
SME	Small and Medium Size Enterprises
TNC	Transnational Corporations
UNCTAD	United Nations Conference on Trade and Development
UK	United Kingdom
US	United States
WTO	World Trade Organisation