

HEC MONTRÉAL

Towards a MNC Challenges View of Global Value Chains

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Glass Half Full...



Innovation opportunities related to GVCs

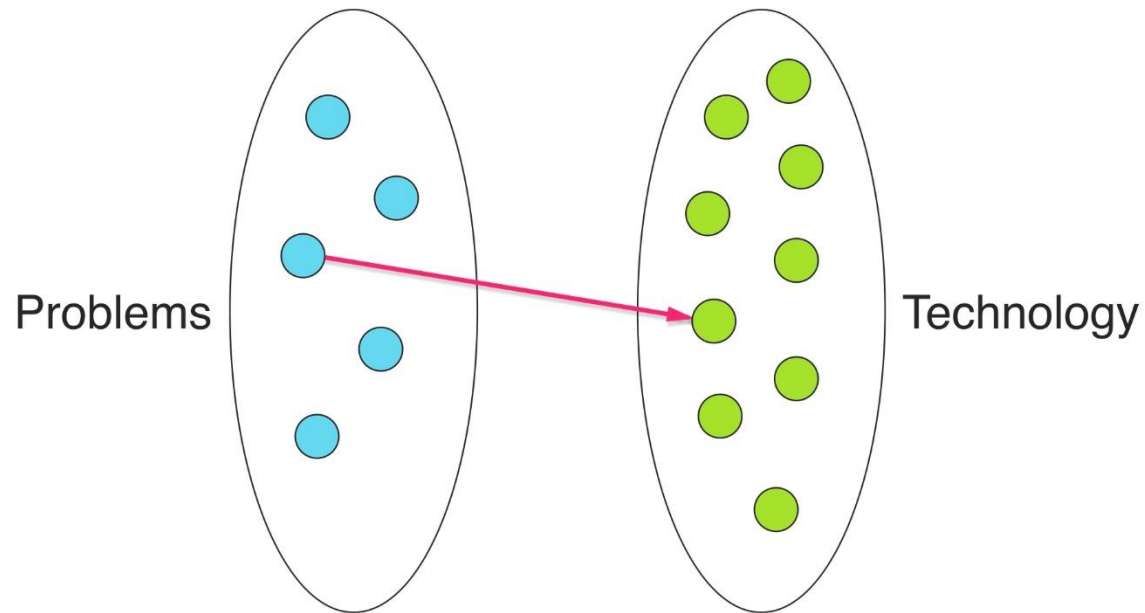
- Offshoring manufacturing frees resources that MNCs can invest in R&D at home (Bardhan & Jaffe 2005; Farrell 2005);
- Offshoring R&D allows MNEs to tap into new foreign knowledge pockets that can spawn innovation (Cantwell, 1989; Zander 1999; Chung & Alcácer 2002; Alcácer 2006; Alcácer & Chung 2007; Berry, 2014; Berry & Kaul, 2015).
- International knowledge connectedness positively affects both the scale and scope of firm innovations at home (Scalera et al. 2018; Turkina & Van Assche 2018).

Fallacy of fixed technology



Pisano and Shih (2012)

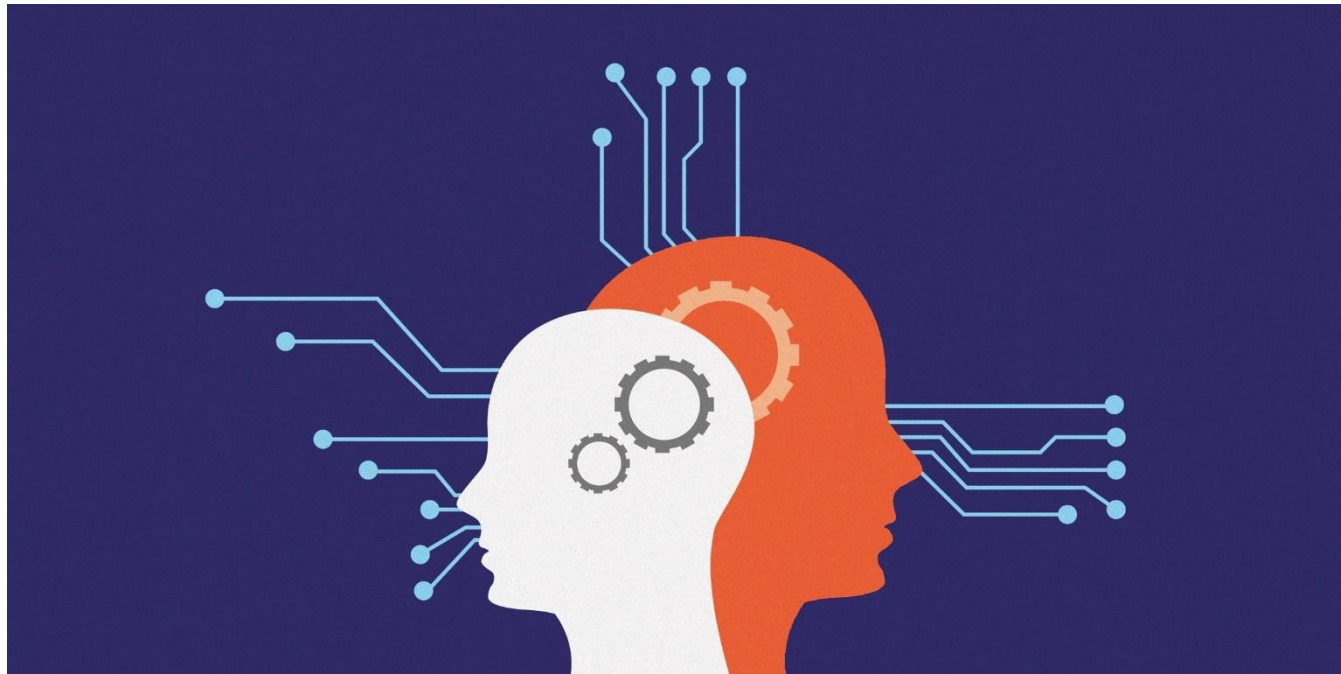
Bringing in Technology Choice



Development opportunities related to GVCs

- Global value chain participation can put suppliers on dynamic learning paths that facilitate economic and social upgrading (Barrientos et al., 2011; Gereffi et al. 2005);
- Global lead firms have the corporate power to define the terms and conditions of supply chain membership, affecting dynamic learning opportunities;
- “When manufacturing suppliers try and fail to enter into a high value-added activity, **then we blame the discouragement and obstacles put up by the powerful buyers**, and when they succeed, then we simply conclude that they must somehow have exploited the fragility of the power relationships despite the discouragement imposed by these relationships” (Tokatli 2012).

Incentive Misalignment and Orchestration Capabilities



MNE Lens on GVCs

