

Griffiths and Hughes : International Development Opportunities
International Operations Module

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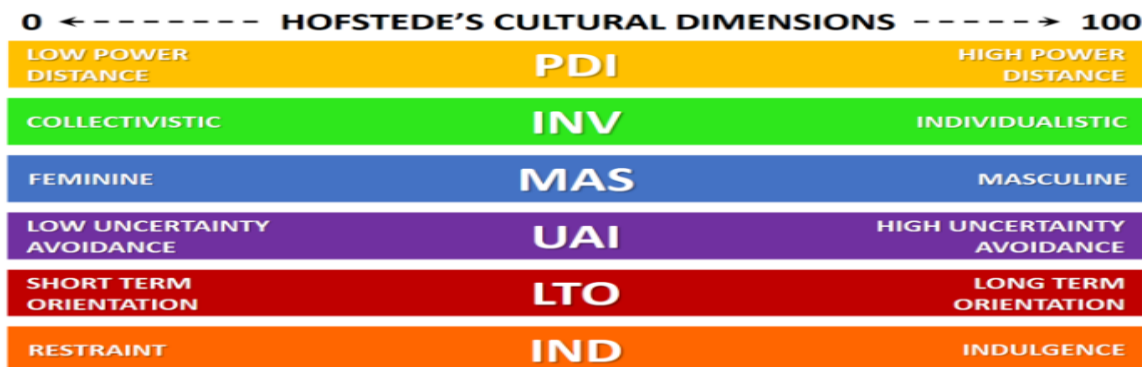
The report will set out a Critical Analysis of international development opportunities within South America , Middle East and East Asia to develop a key understanding of opportunities and challenges. Through a detailed analysis using a `prism` view of each county area using a developed model from key academic and business sources.

The report will then consider a Critical Analysis of key locations within each regional area (South America , Middle East and East Asia) to develop a key understanding of opportunities , challenges and business critical operations within each country area.

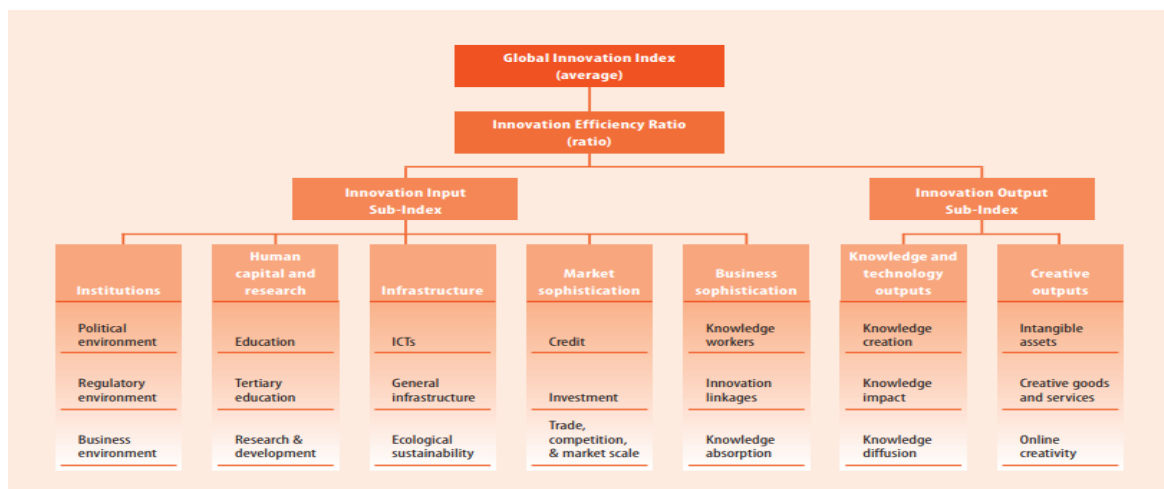
The report will also consider how management standards such as ISO56000 may benefit the global development within the considered options and aid the leadership of the business to develop additional options on the leadership and management of the international business areas.

Development of Model of `Competitive Innovation Advantage`

Critical analysis of current literature and international data sources demonstrates multiple sources of information and models of analysis that geoglobal countries and city areas can be measured against .The analysis within the report has been considered as a `prism` view of detailed focus using the following models to develop a core and consistent reporting structure so that clear comparisons of core data can be considered as evidence to develop potential pathways to new investment.



Hofstedes cultural dimensions framework



The Framework of the Global Innovation Index (2022) scores 132 countries against 7 pillars to capture the multi-dimensional facets of innovation.

World Bank Group country classifications ,Global innovation index and Global innovation tracker (World Bank 2023) encompassing 189 member countries , is a unique global partnership that considers global impact and investment .

OECD Economic Survey Models (OECD 2020-23) The OECD consider key economic metrics within countries and key industrial areas

Critical analysis of the International models demonstrate key measures of success that are required when considering international investment which allows for a standardised measurement tool to be developed with critical measures against core data sources and provide a risk based approach to investment .

Competitive Innovation Advantage Model (Martin , A . 2023)

<u>Critical Measures</u>	<u>Data and model sources</u>
Political and Economic	Hofstedes , World Bank , Framework of Global Innovation ,
Institutions	OCED , Framework of Global Innovation , World Bank
Human Capital and research	Hofstede's, World Bank ,Framework of Global Innovation ,
Market Sophistication	Hofstede's, World Bank ,Framework of Global Innovation ,
Business Sophistication	Hofstede's, World Bank , OCED Framework of Global Innovation ,
Knowledge and technology	OCED , Framework of Global Innovation , World Bank ,
Infrastructure	OCED , Framework of Global Innovation , World Bank
Environmental	OCED , Framework of Global Innovation , World Bank

Geoglobal Continents

South America

Summary

The overall picture of South American countries is that they have significant challenges within their economic base, however there are clear business opportunities due to the nature of the internal market. The global investors such as the World Bank are aiding growth and development. Future forecasts are confident that the Geo regional areas will grow in areas such as manufacturing with a wide population base and a lower cost base for overall business development in a regional area. There are clearly challenges in areas such as education and labour, however those areas could be addressed by a proactive development approach linking local institutions to develop a key manufacturing centre.

Political and Economic

Relatively resilient in the face of rising debt stress, inflation, and uncertainty arising from the Russian war in Ukraine. Income and employment have largely recovered from the pandemic, and markets remain cautiously optimistic about the near future.

Institutions

In terms of education, students have lost significantly education opportunities and the sector is under real pressure to develop new solutions to stop longer term impact on earnings

Human Capital and research

In relation to poverty, the area has increased poverty levels from 24 percent to 26.5 percent between 2019 and 2021 with lower than global spending on research.

Market Sophistication

The market is growing with new markets in developing environmental measures and new technologies in response to environmental changes.

Business Sophistication

Growth forecasts for 2023 have been steadily downgraded over the past six months to 1.4 percent. For 2024, the figure is 2.4 percent, which is expected to remain in 2025.

Knowledge and technology

Other opportunities emerge in long-term policies such as reducing systemic risks, boosting investment in traditional and digital infrastructure, and improving human capital.

Infrastructure

Currently, the region has the largest migration crisis in history and that challenges the basic infrastructure requirements and building and investment capital.

Environmental

The complex situation is exacerbated by increasingly severe effects of climate change, which have already caused significant economic losses.

Middle East

The overall picture is complex post covid, where public debt and political instability through a lack of international investment into some critical infrastructure is causing concerns . Recent investments in innovation demonstrate a decline , which has impacted again on GDP . International institutions are developing new investment strategies to resolve environmental concerns and to drive forward new jobs in green technology , with IT being a key export . With greater investment into a higher skilled workforce being developed, there are significant internal market opportunities , and to drive faster environmental development areas that would be in line with the geo regional aim in relation to net zero goals.

Political and Economic

Post COVID-19 pandemic, economic recovery in the Middle East is tenuous and uneven. The pandemic recedes mask individual country differences. Public debt is critical .

Institutions

The development of strengthening human capital: Modern education, health, and social protection systems is seen as a key task within the regional area .

Human Capital and Research

The Governments through partnership with World Bank is working on restoring trust: Transparency, tech-enabled service delivery, and debt management

Market Sophistication

The market with the population is rated as very high , with large scale IT exports and a significant internal market to buy local products and services .

Business Sophistication

The performance of each of the region's 20 economies depends on its individual exposure to oil-price fluctuations Thus, forecasts for an average regional GDP growth rate of 2.8% in 2021 and a forecast 4.2% in 2022 /23.

Knowledge and technology

Gross expenditure has reduced over the past 4 years by 2% against GDP , which is demonstrating an under investment in Innovation areas

Infrastructure

Overall the investment within infrastructure projects is declining and external investment has slowed overall

Environmental

The environmental challenges are significant , with all data showing no impact or drive towards environmental solutions . The trend has continued to drive down towards a position of significant impact on global net zero aspirations

East Asia

The spectacular growth of many economies in East Asia over the past 30 years has amazed economics and world institutions. However due to covid the plans of growth have been derailed and the growth agenda for the region has been affected .

Rapid urbanisation and business demands are feeding a massive need for investment in infrastructure across the region, broadband access, adequate sanitation. If global conditions worsen, growth is now projected at 5% in 2022, which is a downward trend and growth could slow to 4%.

Meeting growing electricity needs at a reasonable price and without massively increasing the greenhouse gas is a major challenge.

Political and Economic

The regional overall has major economic benefits however close consideration of geopolitical factors are required in relation to international and local market opportunities.

Institutions

The emergence of a regional architecture — a coherent network of institutions that work together for prosperity and stability , which includes the removal of trade barriers is a clear strength.

Human Capital and research

They are investing in human capital so as to ensure long-term sustainable growth and reducing poverty through significant intervention programmes.

Market Sophistication

The internal market of the Dragon Economies is significant on a scale that the market could generate significant new revenues , however it must be noted that the geo political regional tensions may limit that development.

Business Sophistication

Most East Asian countries that experience phenomenal growth rates also enjoy impressive rates of investment and are successful exporters.

Knowledge and technology

The success of the East Asian countries emphasises the role of technology in their high growth rates and focuses on the fast technological catch-up in these economies

Infrastructure

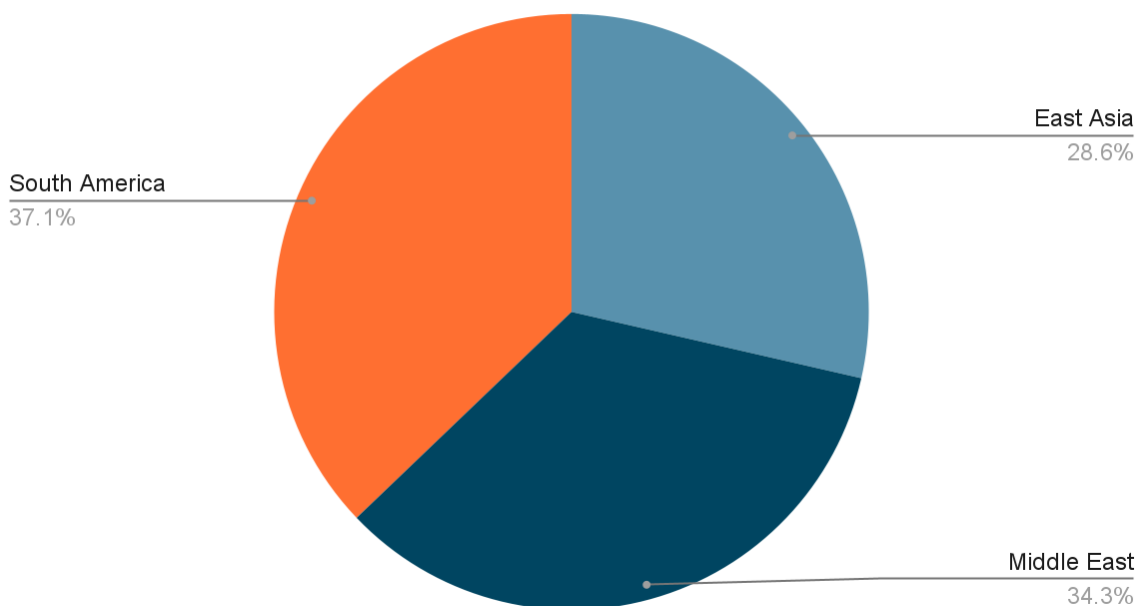
The countries have all continued to increase spending in business and social community areas with significant investment in city infrastructure and technology infrastructure .

Environmental

Climate change poses major challenges to environmental stability, economic growth and human development in the East Asia and Pacific region. The region includes 13 of the 30 countries most vulnerable to the impacts of climate change.

Investment Risk %

High % = Higher Risk



City Considerations

Porto Alegre (Brazil)

Is a Brazilian municipality and the capital of the southernmost state of Brazil. The city faces many challenges, including the fact that part of the population lives in sub-housing conditions, high cost of living, high incidence of obesity and smoking, serious pollution deficiencies, degradation of original ecosystems, high crime rates and growing traffic problems.

The city was highlighted in 2010 by the UN as *Metropolis No. 1 in Brazil's quality of life* three times; as having one of the 40 best models of democratic public management by its Participatory Budget and by having the best Human Development Index (HDI)

Porto Alegre is one of the most educated and literate cities in the country, is a regional centre for attracting migrants in search of better living, working and study conditions and has an infrastructure in several aspects superior to that of the other Brazilian capital cities

It is reported by several key Investors and Banks as the greatest potential for attracting investments in the world, and is on the PricewaterhouseCoopers list among the hundred richest cities in the world. Porto Alegre received the classification of a self-sufficient city by *Globalization and World Cities Study Group & Network* (GaWC).

Montevideo (Uruguay)

Montevideo has the only port in the country and is the hub of the city's international transport. Four railroads converge on the city, and roads lead to other principal cities. Higher education in Uruguay is available only in the capital. Uruguay is a model of professionalism, transparency and egalitarianism in South America. It is small, both in terms of geography and population, it plays a vital role as a business centre and a trading port, between the two giants of Brazil and Argentina. It is important to point out that MERCOSUR offers companies installed and starting up activities in Uruguay access to a market of 400 million people, with a GDP of US\$ 5.3 trillion, equivalent to the fourth largest economy in the world.

Montevideo is rated as the city with the best quality of life in Latin America and is part of a regional open landscape ensuring pleasant living experiences

Overseas trading is bureaucratic and costly. Uruguay was ranked 150th of 190 countries for trading across borders, due to the high costs associated with international trade. Uruguay's population of around 3.5 million, with more than half residing in Montevideo, makes it a limited market on its own.

Buenos Aires (Argentina)

The importance of Buenos Aires, the country's chief port and the largest in South America, to the national economy is related to Argentina's overwhelming dependence on the production and export of agricultural commodities.

Buenos Aires has a population of around 13.8 million. The quality of life in Buenos Aires was ranked 91st in the world in 2018 .The city has been part of a cycle of boom and bust and overall significant investments have continued on a downward trend . The Geopolitical position in regards to trade with the UK and Europe continues to provide a difficult position for international investments , and provides a degree of risk in future investments .

Risk Based Analysis of City locations in South America

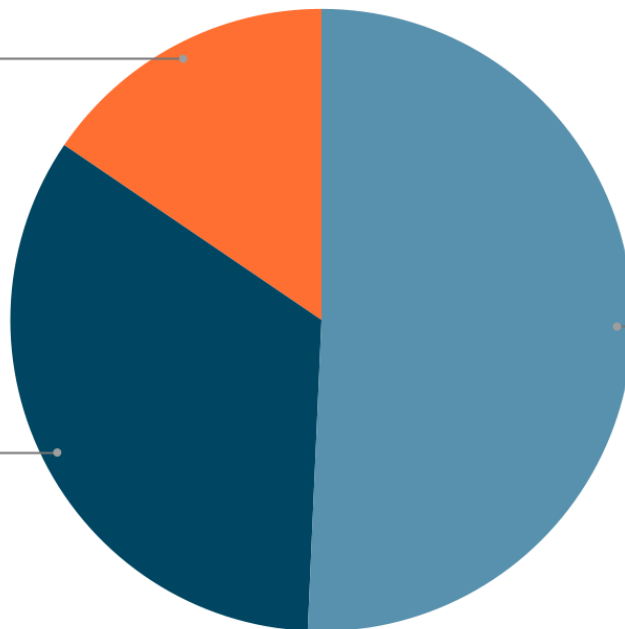
Investment risk as %:

Higher % = Higher Risk

Porto Alegre
15.5%

Buenos Aires
33.8%

montivago
50.7%



Middle East

Lahore (Pakistan)

Lahore, has a population of 11 million people, and recently replaced New Delhi as the world's most polluted city. Lahore is often referred to as the 'city of colleges' due to the vast variety and number of higher educational institutions in the city. The city has close links to the UK University sector and has direct links with Wales (University of South Wales). Investment within the country from international sources remains low .

The global forecast for the overall growth in GDP within the city area is at best static and is showing future downward trending . Innovation is seen as a key driver within the city region against less popular investment areas .

Mumbai (India)

Mumbai is one the largest cities in India; it has the largest population and the highest GDP. It accounts for 70% of the country's capital transactions.

The Alpha World City is headquarters to some of the leading franchise brands. The city is home to some important financial institutions like the Reserve Bank of India, the Bombay Stock Exchange and the National Stock Exchange. Mumbai is ranked as the fastest growing cities in India for business expansion. Most of India's foreign trade passes through Mumbai, and with the ongoing liberalisation policies, integration of global markets tends to encourage the ongoing financial growth of the Mumbai Metropolitan Region, supporting India's business growth and dynamics.

The infrastructure of the city regional area continues to raise concerns , with fast growth but poor infrastructure planning could inhibit growth in future developments.

The scale of the domestic market is a key advantage for development of business opportunities , however that can be offset by environmental and development of educational institutions .

Dubai (UAE)

The United Arab Emirates ranks 31st among the 132 economies featured in the GII 2022. Dubai performs above the high-income group average in five pillars, namely: Institutions; Human capital and research; Infrastructure; Market sophistication; and, Business sophistication.

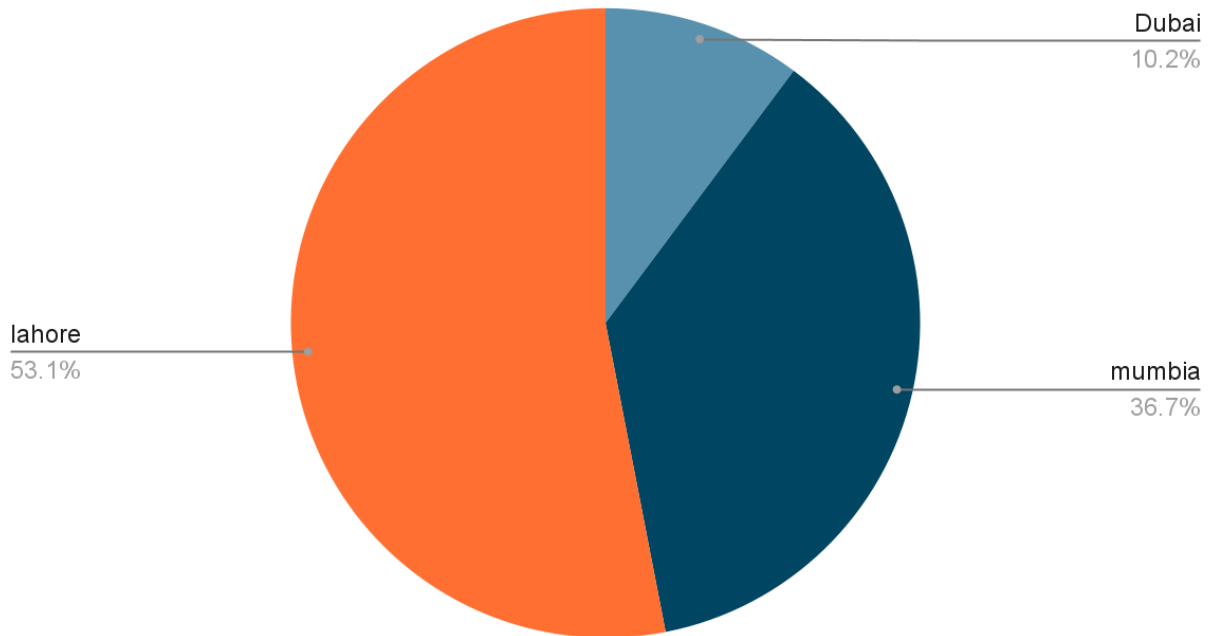
The Geo political concerns with Dubai are in relation to Females employed and the policies on LGBTQ which are a constraint position as it allows challenges in local labour position compared to a more global view. Graduates in science and

engineering and researchers were also up by 2.4% demonstrating real strength in education . Manufacturing productivity has increased year on year by over 25% and is climbing each year .

Risk Based Analysis of City locations in Middle East

Investment Risk %

Higher % = higher risk



East Asia

Shanghai (PRC)

Shanghai is one of the world's major centres for finance, business and economics, research, science and technology, manufacturing, transportation, tourism, and culture, and the Port of Shanghai is the world's busiest container port. Shanghai demonstrates a high impact in all areas of growth indicators , including Knowledge , infrastructure , new market opportunities and business pathways to growth.

A key weakness is the institutions within the area which could impact on research opportunities and also development of staffing within a new investment.

Human and Geopolitical concerns are considered a higher risk , with the risk of loss of IP a critical concern within this region.

Seoul (Korea)

Seoul is known globally for the fastest growing innovative city in the world and is supported in its growth by significant geopolitical countries . Seoul alone generated around 23 percent of South Korea's total gross domestic product (GDP) in 2020. South Korea's real gross domestic product expanded by an average of more than 8 percent per year. It is expected to hit USD1.7 trillion by the end of 2023.

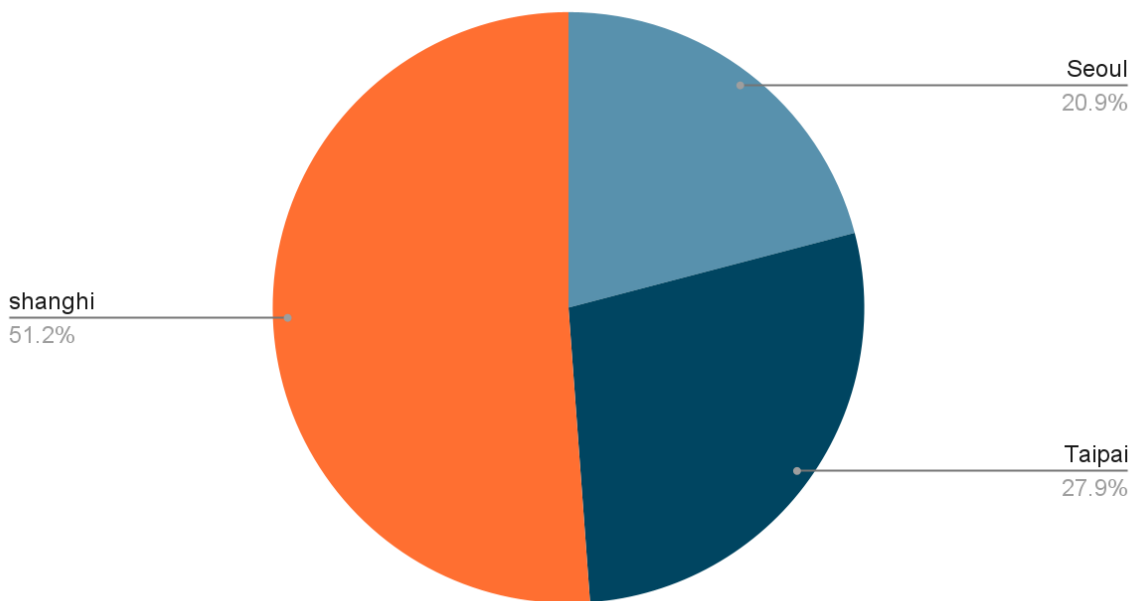
The City is home to some of the world's largest companies and the infrastructure in relation to investment , knowledge and skills are rated as number one in the region.

Taipei (Taiwan)

The economy of Taiwan is a highly developed market economy. It is the 8th largest in Asia and 18th-largest in the world by purchasing power parity, allowing Taiwan to be included in the advanced economies group by the International Monetary Fund. It is gauged in the high-income economies group by the World Bank. Taiwan is one of the most technologically advanced computer microchip makers in the world. The industries in particular include the electronic, petrochemical, telecommunication, agricultural industry and financial industries. The economy of Taiwan is a highly developed market economy allowing greater growth within the region. Geopolitically it is supported by USA which can cause considerable concerns with developing a china market place

Investment Risk %

Higher % = higher risk



Conclusions

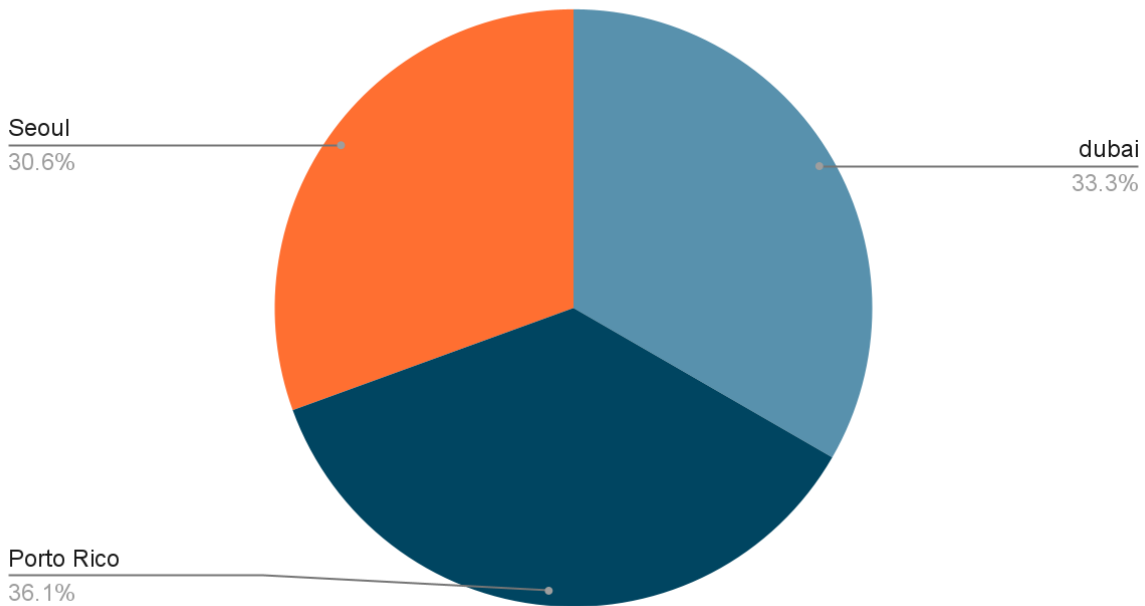
The strategic analysis has provided further options for consideration that will enable greater macro data analysis to be conducted. The overall consideration of cities provides evidence that

- Seoul
- Dubai
- Porto Rico

Should be considered as lowest risk for future investment.

The consideration of risk against the core model of key drivers has demonstrated that a risk based approach using tools such as ISO56000 can deliver a new investment portfolio .

Risk Investment % Higher %= higher risk



ISO 56000:Consideration of International Standards within the international expansion plans of the business.

The ISO 56000 series is an important set of standards in ensuring there is a systematic approach to quality across international boundaries. It provides a framework that businesses can reference to support their considerations of innovation and has been adopted by global businesses such as ENEL across their entire business base. The international adoption of the standards is a key indicator that there are clear business benefits within implementing clear and focused standards to develop long term stable business growth and expansion.

Considering the standards it can support the redefining of a business's strategy, organisational structure, partnership development and culture . It can be used as a key strategic tool by international leaders to challenge continuously across all areas of the business improved efficiencies, better management of different types of opportunity and risk, better alignment with customer needs, to deliver a more resilient business, a more productive and sustainable business.

ISO 56002 *Innovation management system — Guidance*, provides guidance for organisations to establish, implement, maintain and continually improve an innovation management system . This would aid the business to establish their leadership in setting the standards required across the whole organisation and a framework to measure the success between the global locations .

The standards could be used as part of the leadership team nationally and locally to develop the common approaches regardless of cultural differences to set out a method of approach that can be replicated in every site, but allowing flexibility to develop best practices.

ISO 56003 *Innovation management — Tools and methods*, provides guidance for how the business areas can collaborate through new innovation which would aid the business in consideration of new manufacturing locations.

ISO TR 56004 *Innovation management assessment* provides guidance for organisations on how to really implement and ensure that the plans are being implemented across all locations.

ISO 56005 and subsequent standards provide further guidance on tools and methods to support the implementation of an innovation management system.

In consideration of the current plans of the business to locate to several international locations, the standards should be considered to be implemented at the head office and UK sites to set up the benchmark for the international expansion sites. A cost benefit analysis of the UK operation would also ensure that full costs of implementing the ISO5000 across the whole organisation can be factored.

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