



Prifysgol Cymru
Y Drindod Dewi Sant
University of Wales
Trinity Saint David

Student Name: Sobhagya Rana

Student ID: 2428116

Programme: Master of Business Administration

Module: Dissertation

Module code: LCMB7035

Lecturer: Hoang Dang Nguyen

**Word count: 15500 Words(approx.) (Excluding
index, References and figures) (With Figures,
Index and References – 19211 words)**

Date of submission: Tuesday 03/02/2026

The impact of globalisation on the financial strategies of multinational corporations operating in the UK and EU region

Table of Contents

1	Chapter 1: Introduction.....	8
1.1	Title	8
1.2	Problem Statement	10
1.2.1	The Theoretical Gap: Static Models in a Dynamic Crisis	10
1.2.2	The Managerial Gap: The Obsolescence of Efficiency	10
1.3	Research Aim and Objectives.....	11
1.4	Research Questions	11
1.5	Significance of the Study	12
1.6	Structure of the Dissertation.....	13
2	Chapter 2: Literature Review	14
2.1	Theoretical Foundations of Globalisation and Finance	15
2.1.1	Globalisation Theory and Financial Interdependence.....	15
2.1.2	Internationalisation Theory: The Uppsala Model.....	16
2.1.3	Capital Structure Theory in a Global Context.....	16
2.1.4	The Financial Strategy Framework	18
2.2	Globalisation and Corporate Financial Strategy.....	18
2.2.1	Access to Capital and Market Efficiency	18
2.2.2	Mechanisms of Strategic Adaptation	19
2.2.3	Risk Management as a Core Competency	20
2.3	Contemporary Perspectives: Digitalisation, ESG and Geopolitics	22
2.3.1	Digital Globalisation and Fintech Integration.....	22
2.3.2	The Imperative of ESG-Driven Finance	23
2.3.3	Geopolitical Fragmentation and De-Globalisation.....	23
2.3.4	Summary of Contemporary Dynamics	25
2.4	Empirical Evidence and Case Insights from the UK and EU	25
2.4.1	Financial Performance and Global Diversification	25
2.4.2	Case Evidence: Strategic Adaptations.....	25
2.4.3	Financial Ratios as Indicators	27
2.5	Research Gap and Conceptual Model Development.....	27
2.5.1	Identified Gaps.....	27
2.5.2	The Conceptual Framework.....	29
2.6	Summary.....	30

3	Chapter 3: Research Methodology.....	32
3.1	Research Philosophy	32
3.1.1	Justification for Pragmatism.....	32
3.1.2	Axiological Stance	33
3.2	Research Approach	34
3.2.1	Abductive Reasoning	35
3.2.2	Moving from Theory to Empiricism	35
3.3	Research Design	35
3.3.1	Methodological Choice: Mixed Methods	36
3.3.2	The Convergent Parallel Design	36
3.4	Research Strategy: Comparative Case Study.....	36
3.4.1	Rationale for Case Study Selection	36
3.4.2	Sampling Criteria (Purposive Sampling)	37
3.5	Data Collection Methods.....	38
3.5.1	Secondary Quantitative Data (Financial Metrics).....	38
3.5.2	Secondary Qualitative Data (Strategic Reports)	39
3.6	Data Analysis Framework	39
3.6.1	Quantitative Analysis: Ratio Trend Analysis	39
3.6.2	Qualitative Analysis: Thematic Content Analysis	40
3.6.3	Integration of Findings (Triangulation)	41
3.7	Ethical Considerations	42
3.8	Research Reliability, Validity, and Limitations.....	43
3.9	Summary.....	43
4	Chapter 4: Data Analysis	44
4.1.1	Sectoral Incomparability.....	44
4.2	Quantitative Analysis Results.....	45
4.2.1	Firm-Level Financial Trends: The "Nominal" vs. "Real" Growth Divergence 45	
4.2.2	Profitability and Interest Rate Sensitivity.....	47
4.2.3	Capital Structure and Leverage Patterns.....	49
4.3	Qualitative Analysis Results.....	50
4.3.1	Theme 1: Financial Resilience and Risk Hedging.....	50
4.3.2	Theme 2: Strategic Investment (Digital Adaptation).....	51
4.3.3	Theme 3: Regulatory Adaptation (ESG Integration)	51

4.3.4	Theme 4: Geopolitical Risk and Fragmentation	52
4.4	Cross-Case Comparison.....	52
4.4.1	The "Inflation Hedge" Capability	53
4.4.2	The "Resilience Paradox"	53
4.4.3	The Geopolitical Split: Diversification vs. Localization	53
4.5	Conclusion	54
5	Chapter 5: Discussion and Findings.....	55
5.1	Overview of Key Findings: The Fragmentation of Resilience.....	55
5.1.1	The Operational Hedgers (Siemens AG & BMW Group)	56
5.1.2	The Structural Beneficiaries (HSBC & Allianz).....	56
5.1.3	The Inflation Victims (Vodafone & Unilever)	56
5.2	Discussion in Relation to Literature.....	57
5.2.1	Challenging Internationalisation Theory: The "Globalisation Discount"....	57
5.2.2	Capital Structure Theory: Validating the Pecking Order in Crisis.....	58
5.2.3	ESG as a Financial Risk Proxy	58
5.3	Managerial Implications	58
5.3.1	Dynamic Capital Structure Management: "Inflation-Adjusted Gearing" ...	59
5.3.2	Supply Chain: From "Just-in-Time" to "Just-in-Case"	60
5.3.3	The "Digital Inflation Hedge"	60
5.4	Strategic Implications for UK/EU MNCs.....	60
5.4.1	Navigating the Competitiveness Gap.....	60
5.4.2	Financial Resilience as a Competitive Weapon	61
5.4.3	The "Glocal" Imperative	63
5.5	Limitations of Analysis	63
5.6	Conclusion	64
6	Chapter 6: Conclusion.....	65
6.1	Contribution to Knowledge and Practice	65
6.1.1	Academic Contribution.....	65
6.1.2	Managerial Relevance	66
6.2	Limitations.....	67
6.2.1	Secondary Data Constraints and the "Signaling" Bias	67
6.2.2	Methodological and Sectoral Limitations.....	67
6.3	6.3 Recommendations for Future Research	67

6.3.1	Primary Data Studies	67
6.3.2	Longitudinal and Region-Specific Extensions	68
6.4	Concluding Remarks.....	68
7	References.....	69
8	Appendix - I Data Sources:	76

List Of Figures

Figure 2.1: The Interplay of Globalisation and Financial Theory	17
Figure 2.2 Traditional linear model of Financial Adaptation.....	20
Figure 2.3 The Trinity of Contemporary Global Pressures	24
Figure 2.5 Dynamic Feedback Model of Financial Adaptation	30
Figure 3.1 The Research Onion Framework	34
Figure 3.2 Data Triangulation Process	42
Figure 4.1 The Divergence of "Real" Growth	47
Figure 4.2 : Interest Rate Sensitivity - HSBC Profit vs. BoE Rate	49
Figure 5.1 Strategic Resilience Matrix	55
Figure 5.2 Feedback Loop of Strategic Adaption'	62

List of Tables:

Table 1.1 The "Trinity of Pressures": Contextualising the Crisis.....	9
Table 2.1 Comparative Analysis of Traditional vs. Globalised Financial Strategies	21
Table 2.2 Strategic Financial Responses of Selected MNCs	26
Table 3.1 Profile of Selected Case Study Firms	37
Table 3.2 Operationalisation of Key Variables	38
Table 3.3 Thematic Analysis Procedure	40
Table 3.4 Thematic Coding Framework	41
Table 4.1 Taxonomy of strategic Adaptation to Globalisation pressures (2019-2023) ..	52
Table 5.1 Definitions of proposed KPIs.	59

Abstract

This thesis examines the impact of globalisation on the financial strategies of multinational corporations (MNCs) operating within the EU and UK. The research integrates the frameworks of Globalisation theory, Internationalisation Theory and capital structure theory with contemporary drivers, such as, digitalisation, environment, social and Governance (ESG) considerations. The period in focus for this study is 2019-2023, since it was marked by inflationary pressures, geopolitical fragmentation and regulatory divergence, all at once. These factors undermined the effectiveness of traditional efficiency driven financial strategies. Against this backdrop, the research inspects how UK and EU Firms have adapted their financial strategies, in response to, elevated macroeconomic uncertainty.

The study employs a desk-based mixed methods research design structured around a convergent parallel approach. Quantitative data is analysed through longitudinal examination of financial ratios relating to liquidity, solvency and profitability. The information is derived from publicly available financial statements. In parallel, qualitative data is generated through Nvivo assisted thematic analysis of annual reports produced by six large Multinational Corporations. This analysis are conducted separately and, in the end, brought together at the interpretation stage. This approach allows for comparison between observable financial outcomes and the strategic narratives presented in the corporate reporting.

The combined analysis indicates, in several cases, widespread geographic presence does not necessarily correspond with enhanced risk mitigation. Particularly for the firms operating with limited pricing power. Lately, the Increased compliance requirement and regulatory difficulty appear to place more constraints on financial flexibility. Alongside all of this, the qualitative analysis reflects that firms dealing with weaker financial position tend to focus more on resilience as evident in their balance sheets. In contrast, the firms that display stronger financial situation demonstrate more adjustments in financial policy, including maintaining higher liquidity levels.

To support a comparative assessment, the analysis uses inflation-adjusted gearing and indicators of supply resilience as evaluative measures. The findings suggest that under the conditions of macroeconomic pressures, usually greater emphasis is placed on capital preservation and stability.

Keywords: Globalisation, Multinational corporations, financial strategy, globalisation discount, Trinity of pressures, Resilience, UK, EU, geopolitical, capital structure, ESG, inflation-adjusted gearin

1 Chapter 1: Introduction

1.1 Title

“The Impact of Globalization on the Financial Strategies of Multinational Corporations Operating in the UK and EU Region”

For over three decades the global economy has operated within an economic paradigm known as "Hyper-Globalization" (**Rodrik, 2011**). Hyper-Globalization is characterized by significantly reduced Trade Barriers, the unrestricted flow of Capital, and historically low interest rates, creating an economic climate that supports Multi-National Corporations (MNCs) with the ability to optimize their financial strategies to achieve maximum profitability. Supply Chain structures have been extended to maximize cost savings through "Cost Arbitrage", Corporate Leverage has been maximized to support Share Buyback initiatives, and Geographic Diversification has become a universal approach to manage Risk. The belief system underlying this economic climate has stated simply that "the world is flat, stable and connected." It is apparent that from 2019 to 2023, this economic paradigm has been severely disrupted.

This dissertation assesses the Financial and Strategic Response of UK and EU MNCs during a period of unprecedented volatility (a "Poly-Crisis" - Tooze, 2022) caused by the convergence of a Global Pandemic, High Inflation Rates, and the Disintegration of the Geopolitical Order. The Study asserts that the "Playbooks" developed for the Era of Stability are now Obsolete. Through case studies on Six Major Companies (Siemens, BMW, Vodafone, Unilever, HSBC and Allianz), this Research examines the Fundamental Shift in Corporate Finance from "Efficiency" to "Resilience."

The Reason for this Study stems from the Observations of a Structural Regime Change in the External Environment of MNCs. This Shift is demonstrated through Sustained Inflation Rates at levels greater than Central Banks' Target Rates, the Abrupt Reversal of Zero-interest-rate policies (ZIRP) and the Proliferation of Sanctions Regimes and Regulatory Fragmentation resulting from Brexit and the Russia-Ukraine Conflict. This Change is Systemic and Cyclical in Nature, resulting from Three Converging Forces, which will be referred to in this study as the "Trinity of Pressures". Further explanation can be found in **Table 1.1.1**.

Table 1.1.1 The "Trinity of Pressures": Contextualising the Crisis

Table 1.1 The "Trinity of Pressures": Contextualising the Crisis

Global Pressure	Description	Primary Financial Transmission Mechanism	Implications for Multi-National Corporations (MNCs) Financial Strategy
Synchronous Global Inflation	Following a decade of deflationary conditions, the post covid recovery triggered an inflationary shock. It is comparable to levels last observed in the 1970s. Central Banks responded with the aggressive monetary tightening in over forty years.	Sharp Increase in the cost of capital driven by risking policy rates and bond yields, leading to higher weighted Average cost of capital (WACC)	Leverage shifted from a value enhancing tool to a source of financial distress. It forced MNCs to reassess capital structure, reduce debt reliance and prioritise liquidity.
Geopolitical Fragmentation	The Russian invasion of Ukraine in 2022, alongside escalating US-China tensions marked the end of post-cold war stability. Energy Markets and global supply chains became instruments of geopolitical leverage.	Increased supply side risk, energy price volatility and disruption of globally optimised supply Chains.	Strategic shift from cost minimising off-shoring to resilience oriented "friend shoring". Prioritising supply chain security over cost efficiency along with increasing working capital requirements.
Regulatory Divergence	As globalisation retreated regional protectionism intensified. The EU's Green Deal and Taxonomy, combined with the UK's post Brexit regulatory restructuring fragmented the environment for multinational firms.	Rising compliance cost and regulatory complexity across jurisdictions described in this study as "Compliance inflations".	MNCs were required to manage parallel and often conflicting regulatory frameworks, influencing capital allocation, reporting structures and cross border investment decisions.

This study focuses on MNCs domiciled in the UK and the European Union. This region wasn't just affected by the "Trinity of Pressures", it was ground zero. Consider the contrast, while the US enjoyed energy independence, the EU scrambled through an existential energy crisis. While Asia grappled with global shocks, the UK faced the same shocks plus the messy and expensive reality of Brexit. It's precisely this perfect storm that makes firms like Siemens and Vodafone so revealing, how they adapted or didn't offer something rare. A real-world "stress test" of corporate financial strategies pushed to its absolute limits.

1.2 Problem Statement

Despite the magnitude of these shifts, a critical gap remains in our understanding of how Multi-National Corporations (MNCs) adapt their financial strategies in real-time during a systemic crisis.

1.2.1 The Theoretical Gap: Static Models in a Dynamic Crisis

Traditional International Business (IB) theory, especially the **Uppsala Model**, tells us that going global reduces risk through market diversification. Meanwhile, Classic capital structure theories (Modigliani & Miller) assume markets are efficient playgrounds where firms can effortlessly tweak their leverage to achieve optimum efficiency and results.

Here's the catch, these theories assume the global system actually works. They fall apart in a "geopolitical Stagflation" world, where spreading out internationally doesn't simplify things, it multiplies regulatory headaches ("diseconomies of scale"). And when the central banks tighten the screws, capital markets slam the door on riskier borrowers. We have seen this happen with ballooning credit spreads and plummeting corporate bond issuance after the ECB and Bank of England hiked rates. Yet there's barely any research on what this thesis is calling "Globalisation Discount"- that tipping point where your worldwide presence stops being an advantage and starts dragging you down.

1.2.2 The Managerial Gap: The Obsolescence of Efficiency

The uncomfortable truth is financial managers are navigating with broken compasses. All those KPIs we obsessed over in the 2010s, such as, working capital efficiency, just-in-time Inventory and shareholder yield, turned out to be a risky bet. Take Vodafone for example, they squeezed every drop of efficiency out of their operations, only to discover that aggressive optimisation left the firm structurally fragile when macroeconomic shocks materialised. This pattern is examined empirically through the Vodafone case study in chapter 4.

Meanwhile, BMW was getting criticised by analysts for maintaining "excess cash" reserves but they found themselves possessing a critical strategic advantage when the market was strained and operational flexibility became of utmost importance.

The Financial metrics we've relied on for years were built for a stable and predictable world. They overlooked the value of resilience and adaptability, which matter more to navigate today's volatile environment.

1.3 Research Aim and Objectives

Research Aim: This dissertation critically evaluates how multinational corporations (MNCs) domiciled in the EU and UK reconfigured their capital structures in response to the "Trinity of pressures" (inflation, geopolitics and regulatory divergence) between 2019 and 2023. These weren't minor adjustments; they were fundamental recalibrations of corporate financial Architecture under pressure.

Research Objectives:

Analytical Objectives

To track how ROCE, gearing and solvency evolved across six case study firms. The focus is not just on whether they changed, but on the magnitude of those shifts.

Interpretive Objectives

The goal is to understand what the executives were thinking as they navigated this chaos. Since balance sheets only tell half the story, it is crucial to evaluate language, framing and conceptual model management teams deployed to articulate "Resilience." This information would be essential to determine whether they were reconceptualising their strategic paradigm, or merely rebranding existing playbooks with crisis-appropriate Vocabulary. This distinction determines which firms merely survived vs which fundamentally adapted to thrive.

Theoretical Synthesis Objective

To develop a "Hierarchy of resilience" framework that integrates financial outcomes with strategic adaptation under globalisation pressures. This isn't merely a taxonomic exercise but an attempt to build a diagnostic lens through which we can distinguish performative resilience from substantive strategic transformation.

1.4 Research Questions

To achieve these aims, this research is structured to inquire about three research questions that build upon one another.

RQ1 (Financial Adaptation):

How did capital structures and profitability metrics of UK and EU multinational companies actually evolve, when the economic regime flipped from a low-interest, low-inflation

comfort zone in the 2010s to the high-interest, high-inflation reality of 2019-2023? What changed and crucially, how quickly?

RQ2 (Strategic Rhetoric):

To what extent does the qualitative discourse in annual reports with carefully crafted language about “Resilience” and “Geopolitical risk” actually align with the quantitative financial indicators of genuine resilience versus emerging distress? In other words, were the executives describing reality or constructing it?

RQ3 (Synthesis):

Finally, what specific financial characteristics like liquidity buffers, sectoral pricing power and operational flexibility actually differentiate the firms that are successfully hedged against the crisis from those that experienced value erosion? This question cuts to the heart of what resilience looks like in practice, not just principle.

1.5 Significance of the Study

This dissertation offers significant contributions to both academic theory and management practice by providing an empirical analysis of a "Black Swan" cluster event.

The study contributes to the **International Business (IB)** and **Corporate Finance** literature by challenging the universality of the Uppsala Model. It introduces the concept of the **"Globalisation Discount,"** offering evidence that in fragmented geopolitical environments, incremental internationalisation can destroy value by increasing coordination costs. Furthermore, it validates the **Pecking Order Theory** in crisis conditions, demonstrating that the "option value" of internal liquidity (Financial Slack) far outweighs the tax benefits of debt when external capital markets are volatile. Finally, it contributes to **Disclosure Theory** by identifying the **"Resilience Paradox,"** a signaling phenomenon where distressed firms discuss resilience more frequently than secure firms.

For practitioners, this study moves beyond retrospective analysis to offer actionable frameworks.

For CFOs: It proposes the **"Inflation-Adjusted Gearing"** metric, arguing for dynamic leverage caps that adjust downward as inflation rises.

For Strategy Directors: It validates the shift from "Just-in-Time" to "Just-in-Case" supply chain management, proving that higher working capital (inventory buffers) is a necessary cost of doing business in a deglobalised world.

For Investor Relations: It highlights the risks of "Resilience washing," warning that capital markets are increasingly adept at distinguishing between rhetorical reassurance and balance sheet reality.

1.6 Structure of the Dissertation

This dissertation follows a coherent progression, from theoretical foundations to empirical analysis and synthesis. It begins by establishing the research context, problem and objectives within the contemporary environment of inflationary pressure, geopolitical fragmentation, and regulatory divergence. The study then critically reviews relevant theories of globalisation, capital structure and internationalisation to identify gaps concerning financial adaptations under systematic shocks. A mixed method research design is subsequently outlined, integrating quantitative financial analysis with qualitative examination of strategic disclosures across selected Multinational corporations. The empirical findings are then presented and interpreted through triangulation, revealing key patterns in the financial resilience and strategic response. Finally, the dissertation concludes by synthesising the findings, addressing the research questions, acknowledging limitations, and proposing implications for both future research and managerial practice.

2 Chapter 2: Literature Review

Multinational Corporations (MNCs) operating in the UK and EU have undergone a profound transformation over time. Globalisation, once viewed primarily as a tool for market expansion and trade liberalisation, has evolved into a complex system of financial interdependence, regulatory convergence, and digital integration. In this context, leadership and decision-making are no longer confined to domestic parameters but are shaped by volatile international capital flows, currency fluctuations, and cross-border regulatory shifts. This chapter provides a critical review of the literature concerning the impact of globalisation on the financial strategies of MNCs, specifically focusing on capital structure, investment decision-making, and risk management. (Buckley, 2020)

The review draws upon Giddens' (1990) sociological perspectives on time-space distinction and linking them to hard financial theories such as Modigliani and Miller's (1958) capital structure irrelevance and Johanson and Vahlne's (2009) Internationalisation Process Model. It then moves to analyse the specific mechanisms through which globalisation alters corporate finance, contrasting traditional views of efficiency with modern concerns regarding systemic risk.

A significant portion of the chapter is dedicated to contemporary drivers that have disrupted classical theory:

The rise of **fintech and digital treasury systems**.

The imperative of **ESG (Environmental, Social, and Governance) compliance**.

The resurgence of **geopolitical friction post-Brexit**. (Friede et al., 2015)

This is conducted through an examination of empirical evidence from major UK/EU firms like Siemens, Vodafone, Unilever, BMW, HSBC, and Allianz. (Bank of England, 2024) The chapter identifies a critical gap in the literature: the lack of a dynamic, feedback-loop model that explains how firms not only react to globalisation but proactively adapt their financial architecture to build resilience. (Armour, 2017)

Despite the extensive research on globalisation and corporate finance, the literature remains theoretically fragmented and often detached from firm-level financial decision-making. Early international business studies such as Ghoshal (1987) and Buckley and Casson (2009) focus primarily on organisational structure and market entry, while corporate finance research frequently abstracts from institutional and regulatory context. As a result, there is limited integration between macro-level globalisation theory and the internal financial strategies firms employ to manage global pressures. This chapter adopts a critical and evaluative approach, progressing from foundational theories to empirical evidence to demonstrate how these limitations justify a focused analysis of financial strategy within globally exposed firms. (Krüger, 2015)

2.1 Theoretical Foundations of Globalisation and Finance

To understand the shifts in corporate financial strategy, it is essential to first ground the analysis in established theoretical frameworks. The literature reveals a progression from sociological definitions of connectivity to specific economic models of internationalisation and capital structure. (Rodrik, 2011)

2.1.1 Globalisation Theory and Financial Interdependence

Globalisation Theory by Giddens (1990), serves as the primary theoretical lens for this, because it offers foundational explanation of how external transnational forces shape organisational behaviour beyond domestic boundaries. Giddens defines globalisation as "the intensification of worldwide social relations which link distant localities in such a way that local happenings are shaped by events occurring many miles away and vice versa." (Giddens, 1990, p.64)

In the context of corporate finance, this concept of **'time-space distancing'** is critical. It explains why a decision made by the European Central Bank (ECB) or a regulatory shift in London (post-Brexit) has immediate, real-time repercussions for the capital cost and liquidity of an MNC subsidiary operating in Asia or the Americas. (European Central Bank, 2024)

This viewpoint challenges the notion of the firm as a closed system. Instead, it positions UK and EU MNCs as entities that are continuously influenced by external global financial conditions rather than purely domestic market forces. (World Bank, 2024). The movement of capital, the alignment (or misalignment) of international regulations, and cross-border technological advances drive fundamental changes in management practices. Consequently, Giddens' framework justifies the focus on external environmental factors as key determinants of internal financial strategy.

While Giddens' (1990) framework provides a powerful macro-level account of global interconnectedness, it has been criticised for its abstract and sociological orientation, offering limited direct engagement with financial institutions and firm-level decision-making (Held et al., 1999). Empirical studies further suggest that the impact of globalisation is uneven, mediated by national regulation, sectoral characteristics, and firm governance capabilities (Rugman and Verbeke, 2004). Despite these limitations, globalisation theory remains appropriate for this study as a contextual lens that captures the external financial pressures within which firms must formulate and adjust their financial strategies.

2.1.2 Internationalisation Theory: The Uppsala Model

The **Uppsala Model (Johanson and Vahlne 1977; revised 2009)** argued that firms internationalise incrementally, entering markets with low "psychic distance" to mitigate risk. However, their 2009 revision emphasises that "**insidership**" in relevant business networks is more critical than country-level entry.

For financial strategy, this theory implies that MNCs adapt their financing, capital structure, and investment activity based on accumulated experiential knowledge. Firms that have operated for extended periods in the diverse UK/EU region such as Unilever or Siemens are theorised to possess more sophisticated financial risk management and hedging strategies compared to newer entrants. (**Siemens AG, 2021**). They have "learned" how to navigate the complexities of the Eurozone's single currency against the volatility of the British Pound, adapting their treasury operations through an iterative learning process. (Unilever PLC, 2020 and 2024 reports) Crucially, this study argues that this 'experiential learning' extends to the balance sheet. As the firms navigate multiple crisis, they learn to accumulate 'Financial Slack'. This is done not as an inefficiency but as a strategic buffer against future volatility.

Although influential, the Uppsala model has been increasingly critiqued for assuming gradual and incremental international expansion. Forsgren (2016) argues that the model insufficiently reflects contemporary internationalisation patterns driven by digitalisation, financial liberalisation, and merger-led growth. In mature UK and EU markets, multinational enterprises frequently expand through acquisitions, alliances, and globally integrated treasury systems rather than staged market entry. Nevertheless, experiential learning remains relevant from a financial strategy perspective, as it shapes firms' risk perceptions, capital allocation decisions, hedging behaviour, and the coordination of global treasury operations (Johanson and Vahlne, 2009).

2.1.3 Capital Structure Theory in a Global Context

Capital Structure Theory (Modigliani and Miller, 1958). Their seminal proposition that in a perfect market, the value of a firm is independent of its capital structure (debt vs. equity) serves as a null hypothesis that is systematically disproven by the realities of globalisation. Contemporary research emphasises that markets are not perfect. They are defined by taxation, bankruptcy costs, and information asymmetry.

In a globalised context, these imperfections become strategic opportunities. MNCs utilise their global footprint to access cross-border debt markets where interest rates are lower, a practice known as "**regulatory arbitrage**." For instance, post-brexite 'regulatory divergence has forced UK firms to issue debt in EU jurisdiction like Dublin to maintain easy access to Eurozone liquidity. (Armour, 2017). However, this also introduces foreign

exchange risk and the cost of international agency. Therefore, the modern application of Capital Structure Theory in the UK/EU region focuses on how firms optimise their debt-equity ratios not just to lower the Weighted Average Cost of Capital (WACC), but to build resilience against macroeconomic shocks.

Subsequent theoretical developments provide more realistic explanations of capital structure decisions under imperfect market conditions. Trade-off theory highlights the balance between tax advantages and financial distress costs (Kraus and Litzenberger, 1973), while pecking order theory emphasises financing preferences shaped by information asymmetry (Myers and Majluf, 1984). Behavioural corporate finance research further suggests that managerial judgement and institutional context influence financing choices (Baker and Wurgler, 2002). In a globalised environment, multinational firms may also strategically exploit market imperfections through tax and regulatory arbitrage, reinforcing the strategic rather than purely optimal nature of capital structure decisions.

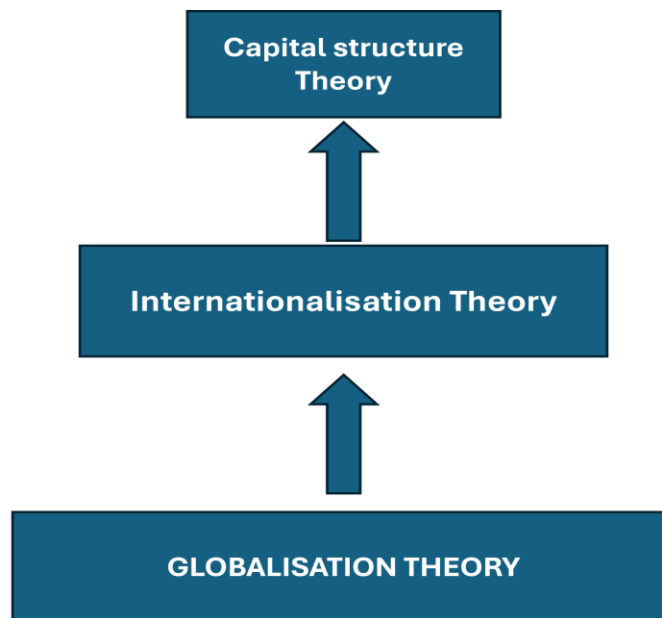


Figure 2.1: The Interplay of Globalisation and Financial Theory

Figure 2.2.1: The Interplay of Globalisation and Financial Theory

(This conceptual figure illustrates how sociological globalisation creates the environment, Internationalisation Theory describes the process of expansion, and Capital Structure Theory provides the mechanism for financial execution. Source: Synthesised from Giddens, 1990; Johanson & Vahlne, 2009; Modigliani & Miller, 1958)

2.1.4 The Financial Strategy Framework

Finally, the **Financial Strategy Framework** (Brigham & Ehrhardt, 2016) provides the practical scaffolding for the study. It asserts that financial decision-making involves four interlinked pillars:

1. **Profitability**
2. **Risk Management**
3. **Liquidity**
4. **Investment Performance**

These four pillars directly inform the operationalisation of variables in chapter 3, serving as the basis for ratio analysis. This framework is crucial because it moves beyond the theoretical "why" of globalisation to the practical "how" of corporate response. It suggests that financial decision-making is strategic rather than merely quantitative involving long-term resource allocation and cross-market optimisation to ensure sustainability under international pressures.

However, it is increasingly questioned whether traditional financial strategy frameworks sufficiently capture the complexity of multi-currency and multi-jurisdiction operations faced by multinational firms. Recent studies suggest that under conditions of global volatility, strategic priorities may shift away from short-term profitability towards liquidity management and financial resilience. This study therefore adopts the financial strategy framework critically, using it as an organising structure while recognising its limitations in globally integrated contexts.

2.2 Globalisation and Corporate Financial Strategy

The relationship between globalisation and financial strategy has been widely investigated in strategic finance, international business, and risk-management literature. Globalisation facilitates the expansion of multinational corporations (MNCs) into international markets, allowing access to global capital pools and economies of scale. However, this expansion simultaneously increases exposure to currency fluctuations, political instability, and cross-border regulatory requirements (Rugman & Verbeke, 2004).

2.2.1 Access to Capital and Market Efficiency

Stulz (2005) emphasises that financial globalisation enhances capital availability, reducing financing constraints and increasing efficiency in global investment allocation. This phenomenon, often termed "**financial deepening**," allows UK and EU firms to bypass local credit constraints by issuing bonds in New York or raising equity in Hong Kong. This aligns with the principles of Capital Structure Theory, suggesting that firms increase leverage to capitalise on lower international borrowing costs.

However, recent critiques by Luo (2022) argue that global financial integration is increasingly dynamic and perilous due to market volatility. The 2008 financial crisis and the post-COVID inflation surge demonstrated that integration also means rapid contagion. Therefore, modern financial strategy is less about simply accessing the cheapest capital and more about "**liquidity buffering**" maintaining higher cash reserves and faster capital reallocation mechanisms to survive global shocks.

Financial globalisation has expanded access to international capital markets but has also increased exposure to systemic risk. Stiglitz (2002) and Rey (2015) argue that global capital mobility amplifies volatility and herd behaviour, particularly during periods of market stress. In the post-Brexit context, regulatory divergence between the UK and EU has further influenced investor confidence and financing costs (Armour, 2017).

2.2.2 Mechanisms of Strategic Adaptation

Globalisation affects financial strategies primarily through four distinct mechanisms:

1. **Access to International Debt Markets:** Enabling firms to arbitrage interest rates across jurisdictions.
2. **Revenue Stream Expansion:** Reducing reliance on a single home market (e.g., the UK) by diversifying sales globally.
3. **Financial Risk Exposure:** Increasing the necessity for complex hedging against volatile exchange rates (Forex) and commodity prices.
4. **Asset-Liability Matching:** Adapting the currency of debt to match the currency of assets to create a "natural hedge."

Bodie, Kane, and Marcus (2022) observe that global financial markets increasingly influence corporate financial planning through cross-market capital allocation. Firms with international exposure often optimise capital structure by raising debt in countries with favourable interest rates while maintaining equity financing to protect against volatility. This strategy is evident in the behaviours of firms like **BMW**, which maintains significant US-dollar denominated debt to offset its substantial revenue from the American market, thereby neutralizing currency risk.

While such adaptation mechanisms can enhance financial stability, the literature highlights important trade-offs. Allayannis and Weston (2001) note that hedging reduces cash-flow volatility but increases operational costs, while excessive reliance on global debt markets may heighten leverage risk (Graham and Harvey, 2001). Revenue diversification can also dilute strategic focus, particularly in capital-intensive manufacturing sectors (Hitt et al., 1997).

This adaptation process has been conceptualised as a linear progression, as illustrated in Figure 2.3.1. In this sort of framework, global pressures serve as inputs that pass through strategic filters to produce a final financial output. This traditional model assumes a unilateral flow from left to right. It lacks a feedback loop where financial outcomes might conversely reshape the initial strategy. This linear model represents the static view of adaptation (Bodie et al. 2022) which this study subsequently challenges in section 2.6.

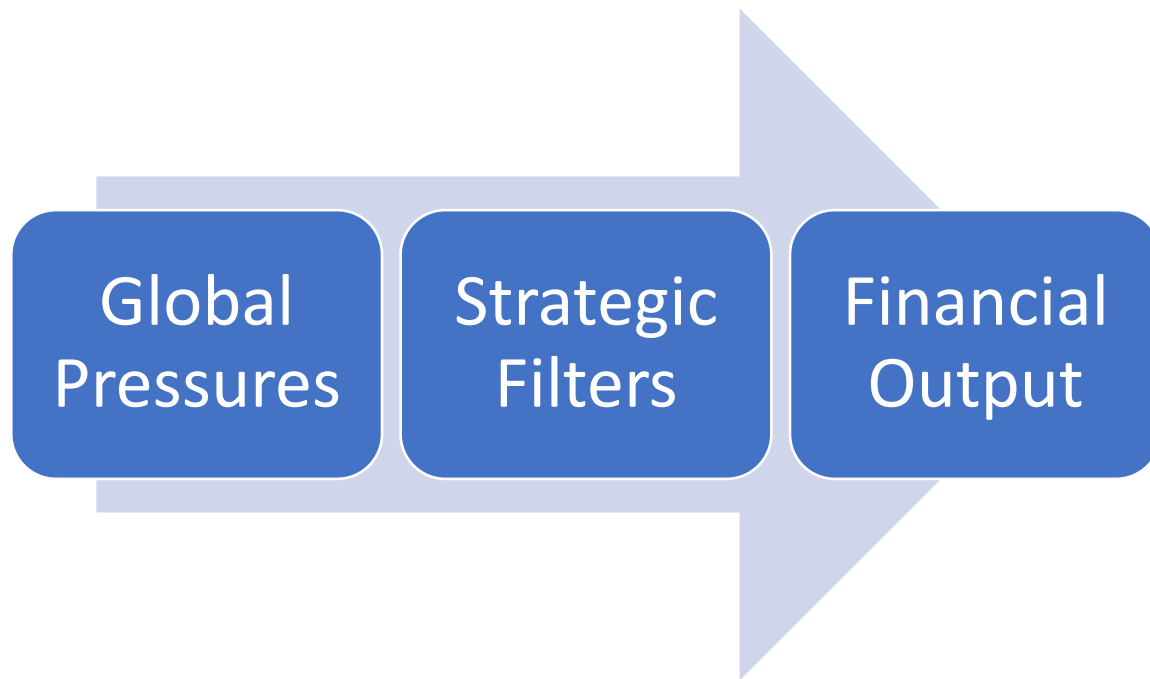


Figure 2.2 Traditional linear model of Financial Adaptation

**Figure 2.3.1: Traditional linear model of Financial Adaptation
(NoFeedback)**

**This is a Linear model without feedback loops, representing the old
static one-way flow of thinking.**

(Adapted from Bodie et al., 2022 and Buckley, 2020)

2.2.3 Risk Management as a Core Competency

Johanson and Vahlne (2009) propose that firms accumulate experience through international operations, allowing them to adapt financial strategies based on knowledge of local market risks. For example, BMW Group strategically hedges raw material and currency fluctuations, while HSBC utilises geographic diversification to safeguard profitability.

Narula (2021) argues that in the post-pandemic and Brexit era, financial strategies are adjusted not only for-profit optimisation but also for resilience, sustainability, and compliance. This is especially relevant to firms studied in this research- Siemens, Vodafone, Unilever, BMW, HSBC, and Allianz where long-term financial resilience is increasingly prioritised over short-term profitability. This shift represents a departure from the "shareholder primacy" model of the 1990s towards a **"stakeholder resilience"** model, where financial buffers are maintained to protect employees and supply chains during global crises.

These practices align with Enterprise Risk Management (ERM) frameworks, which advocate an integrated approach to identifying and managing financial and operational risks (COSO, 2017). However, empirical research indicates uneven adoption and effectiveness of ERM across firms, with differences arising from governance quality, managerial capability, and organisational resources (Beasley et al., 2005).

Ultimately, this evolution compels us to rethink the very purpose of the firm. As **Table 2.1 illustrates**, the era of simple domestic profit maximisation has given way to more complex reality. Where the Strategic mandate is defined not by growth alone but also by risk adjusted returns and long-term resilience.

Table 2.1 Comparative Analysis of Traditional vs. Globalised Financial Strategies

Financial Domain	Traditional Strategy (Domestic Focus)	Globalised Strategy (MNC Focus)
Capital Structure	Relies on domestic banks and local equity markets. Simple debt/equity mix.	Accesses global bond markets, cross-border syndication, and tax-optimised debt locations.
Risk Management	Insurance-based. Focus on operational hazards.	Derivatives, Forex swaps, and "Natural Hedging" (matching revenue/cost currencies).
Investment	Based on local Net Present Value (NPV).	Real Options analysis to account for currency volatility and political risk premiums.

Liquidity	Cash held centrally in domestic currency.	Global cash pooling, multi-currency netting systems to reduce transaction costs.
Objective	Profit Maximisation.	Risk-adjusted Return and Long-term Resilience.

2.3 Contemporary Perspectives: Digitalisation, ESG and Geopolitics

While classical theories provide an essential foundation, modern globalisation has evolved significantly due to digital technologies, sustainability frameworks, and geopolitical instability. Recent studies emphasise that these contemporary factors increasingly shape financial strategy and risk-management decisions of MNCs in ways that traditional theories did not anticipate (Buckley, 2020; Luo, 2022).

2.3.1 Digital Globalisation and Fintech Integration

Buckley (2020) argues that digitalisation marks a new phase of globalisation in which international expansion is no longer primarily driven by gradual experiential learning, but increasingly enabled through real-time connectivity. **"Digital Globalisation"** reduces capital transaction costs, optimises currency management systems, and enhances firms' ability to manage risk using advanced analytical tools.

In the financial context, Bodie et al. (2022) highlight that digital liquidity management tools and algorithmic trading strategies enhance access to international capital markets.

- **HSBC Holdings Plc** utilises AI-based forecasting models for cross-border liquidity tracking, allowing them to predict cash flow needs across 60+ countries with high precision.
- **Siemens AG** leverages digital financial platforms to standardise risk analytics across its EU subsidiaries.

This technological advancement aligns with Giddens' (1990) theory but accelerates the time-scale. The "intensification" of social relations is now instantaneous, requiring financial strategies that are predictive rather than reactive.

While digitalisation improves financial transparency and efficiency, scholars caution that it also increases exposure to cyber and operational risks (Kopp et al., 2017; Bouveret, 2018). Moreover, digital tools increasingly influence the speed and structure of financial decision-making rather than merely facilitating transactions.

2.3.2 The Imperative of ESG-Driven Finance

Recent literature identifies sustainability and Environmental, Social, and Governance (ESG) compliance as major strategic factors influencing financial planning (OECD, 2022). Unlike earlier decades where financial strategies centred on cost reduction, current trends demand that firms demonstrate sustainability-oriented financial positioning to maintain investor confidence and global legitimacy (Narula, 2021).

Unilever Plc is a prime illustration of this shift. It integrates sustainability into its investment and capital structure decisions through the issuance of "**Sustainability Linked Bonds**" (SLBs). These financial instruments tie the coupon (interest) rate of the bond to the achievement of specific ESG targets. If Unilever misses a target, the cost of debt rises. **Allianz SE** similarly incorporates ESG-weighted investment portfolios and strict disclosures due to EU regulatory pressure (such as the SFDR).

Luo (2022) argues that this represents a fundamental shift in Capital Structure Theory: the "cost of capital" now includes a "**sustainability premium**." Firms with poor ESG ratings face a higher cost of equity and debt, forcing CFOs to integrate non-financial metrics into core financial strategy.

The financial implications of ESG integration remain contested. Friede et al. (2015) identify a generally positive relationship between ESG performance and financial returns, whereas Krüger (2015) highlights compliance costs and short-term trade-offs. These effects are not uniform across sectors, with manufacturing firms often facing higher adjustment costs.

2.3.3 Geopolitical Fragmentation and De-Globalisation

Globalisation is now universally recognised as entering a strategically fragmented phase, amplified by trade tensions, Brexit, regulatory divergence between the UK and EU, and conflict in Ukraine (Narula, 2021). Luo (2022) describes this as a shift to "**dynamic global strategy**," where firms must continuously reassess capital structure and investment decisions in response to uncertainty.

For MNCs in the UK/EU region, **Brexit** remains one of the most impactful geopolitical shifts in recent decades.

- **Vodafone** and **Unilever** have implemented new treasury structures to manage cross-border tax implications and the loss of financial "passporting" rights.
- **BMW** resized investment flows to reduce reliance on UK manufacturing post-referendum, illustrating how political boundaries can force the "unbundling" of global financial integration.

Literature suggests a positive moderating effect between diversification and financial

resilience (Kim & Hwang, 1992), yet extreme geopolitical events can cause significant short-term liquidity strain (Claessens & Yafeh, 2012). Contemporary empirical studies propose that strategic "re-localisation" and multi-jurisdictional treasury centres help absorb shocks associated with supply chain disruptions and restricted capital flow.

Recent debates on "slowbalisation" suggest a shift towards regionalisation and multi-regional strategies rather than full global integration (Luo and Witt, 2021). Evidence indicates that geopolitical shocks often influence capital structure and liquidity decisions more immediately than operating strategies.

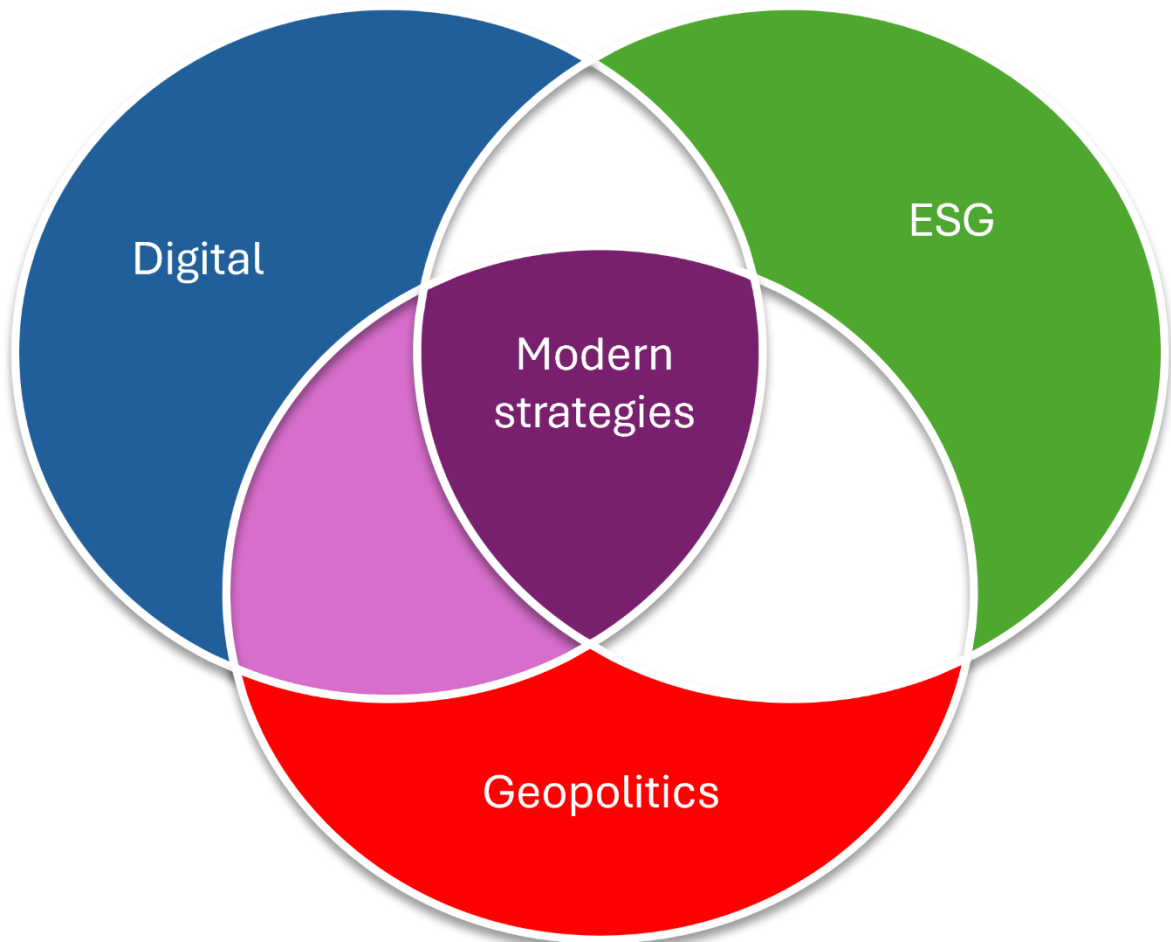


Figure 2.3 The Trinity of Contemporary Global Pressures

Figure 2.4.1: The Trinity of Contemporary Global Pressures

(Author Generated) A Venn diagram showing intersection of three forces (Digitalisation, ESG and Geopolitics). It is based on the concept of "Trinity of Pressures" developed in section 1.3.1 and literature from

Buckley (2020) and Luo (2022).

2.3.4 Summary of Contemporary Dynamics

Current literature highlights three propositions that extend traditional theory:

1. **Proposition 1:** MNCs that integrate digital risk-monitoring and liquidity tools demonstrate stronger financial resilience under market volatility.
2. **Proposition 2:** Adoption of ESG-driven financial strategies positively correlates with long-term stability and lower cost of capital, despite potentially higher initial compliance costs.
3. **Proposition 3:** Exposure to geopolitical uncertainty moderates the relationship between cross-border leverage and financial distress, necessitating higher liquidity buffers.

2.4 Empirical Evidence and Case Insights from the UK and EU

To bridge the gap between abstract theory and corporate reality, this section examines empirical findings and integrates illustrative case references from six purposively selected multinational corporations: **Siemens AG, Vodafone Group Plc, Unilever Plc, BMW Group, HSBC Holdings Plc, and Allianz SE.**

2.4.1 Financial Performance and Global Diversification

Studies consistently report a positive association between international market diversification and profitability. Kim and Hwang (1992) found that firms with global operations can leverage economies of scale and lower financing costs, enhancing profitability. However, Claessens and Yafeh (2012) argue that these benefits are conditional upon strong governance. In the UK/EU context, this is visible in how **Allianz SE** prioritises risk-based solvency forecasting. By diversifying its asset portfolio across the Eurozone and Asia, Allianz buffers its balance sheet against localised economic downturns in any single EU member state.

2.4.2 Case Evidence: Strategic Adaptations

The selected firms illustrate distinct responses to globalisation pressures:

- **Siemens AG (Industrial/Tech):** Operating in 200+ countries, Siemens utilises a "Global Treasury Centre" model. It employs FX derivatives to hedge against currency volatility and diversifies its debt issuance across the Euro and USD markets. This aligns with **Johanson & Vahlne's theory of network insider ship** Siemens acts as an insider in multiple capital markets simultaneously. **(Siemens AG, 2024)**

- **Vodafone Group Plc (Telecommunications):** With heavy exposure to both the UK and EU, Vodafone faces significant currency risk (GBP/EUR). Its financial strategy involves active hedging and cross-border refinancing. Post-Brexit, Vodafone has had to navigate divergent data protection and financial regulations, leading to a more segmented capital allocation strategy to ring-fence risks. **(Vodafone Group Plc, 2023)**
- **Unilever Plc (FMCG):** Unilever has decentralised its cash flow management to some extent to allow subsidiary-level agility, while centrally managing strategic capital allocation. Its aggressive adoption of green financing (Green Bonds) serves a dual purpose: it lowers the cost of borrowing (due to high demand for ESG assets) and aligns the firm's financial reputation with its consumer brand image. **(Unilever PLC, 2024)**
- **BMW Group (Automotive):** BMW's financial strategy is heavily influenced by its physical supply chain. It employs "natural hedging" by manufacturing in the markets where it sells (e.g., USA, China, EU), thereby matching costs and revenues in the same currency. This operational decision is fundamentally a financial strategy to mitigate Forex exposure without using expensive derivatives. **(BMW Group, 2024)**
- **HSBC Holdings Plc (Banking):** As a global financial intermediary, HSBC's entire business model is the management of global flows. However, geopolitical tensions (UK-China relations) have forced it to consider "ring-fencing" its Asian operations from its UK/EU entity. This illustrates how geopolitical fragmentation forces financial structural changes. **(HSBC Holdings plc, 2020)**

Table 2.2 Strategic Financial Responses of Selected MNCs

Company	Primary Global Pressure	Key Financial Strategy Response
Siemens AG	Currency Volatility & Supply Chain	Centralised Treasury, Portfolio Diversification, Digital Risk Analytics.
Vodafone	Regulatory Divergence (Brexit)	Debt Restructuring, Cross-border Tax Optimisation, Active Forex Hedging.
Unilever	Sustainability/ESG Demands	Green Bonds, Sustainability-Linked Loans, Subsidiary Capital Planning.
BMW Group	Trade Tariffs &	Natural Hedging (Localisation of production),

	Forex Risk	Flexible CAPEX allocation.
HSBC	Geopolitical Friction	Geographic Diversification of Revenue, Stress-test Modelling, Liquidity Buffers.
Allianz SE	Low Interest Rates (Eurozone)	Asset-Liability Management (ALM), Investment in Alternative Assets (Infrastructure).

2.4.3 Financial Ratios as Indicators

Empirical studies commonly use financial indicators such as Return on Equity (ROE), Debt-to-Equity (D/E), and liquidity ratios to evaluate strategy effectiveness. In examining these firms, we observe that:

- **HSBC** maintains a high Tier-1 capital ratio, exceeding regulatory requirements, to buffer against global systemic risk.
- **Vodafone**, affected by high infrastructure costs and competitive European markets, displays fluctuating profit margins, confirming (**Ghemawat's, 2003**) concern of "over-globalisation", where the cost of complexity begins to erode the benefits of scale.

These findings support the earlier proposition that globalisation moderates the relationship between leverage and profit: higher leverage is sustainable only if the firm has robust, globally diversified revenue streams to service that debt during local downturns.

Empirical evidence suggests that financial strategies effective under stable institutional conditions may perform poorly during periods of heightened uncertainty. **Ghemawat (2011) demonstrates** that firm responses to globalisation are highly context-dependent, indicating that financial strategy outcomes are shaped by firm-specific capabilities rather than universally applicable best practices.

2.5 Research Gap and Conceptual Model Development

Although extensive literature explores the impact of globalisation on corporate strategy, much of the existing research remains focused at the macroeconomic or strategic business level (**Ghemawat, 2003; Rugman & Verbeke, 2004**). More recent research **s** introduces the influence of digitalisation, yet limited empirical work connects these macro-level insights with measurable, micro-level financial decisions.

2.5.1 Identified Gaps

Macro-Micro Disconnect: While foundational studies have rigorously analysed the effects of globalisation on macro-level trade flows and firm-level strategic positioning still

a significant disconnect remains at the level of financial execution. Ghemawat's (2003) analysis of semi-globalization demonstrates that cross-border integration is far less complete than often assumed, emphasising persistent institutional and economic frictions (pp. 3-7). Similarly, Rugman and Verbeke (2004) provide compelling evidence that most multinational corporations operate on a regional rather than truly global basis (pp. 3-5). However, these influential contributions focus primarily on organisational structure, location strategy, and market entry decisions. They largely abstract from the specific **financial micro-adjustments** such as treasury coordination, liquidity management, and capital structure recalibration that are required to sustain international operations under volatile global conditions. As a result, financial strategy is often treated as a secondary support function rather than a core mechanism of adaptation. This gap motivates **RQ1**, which examines how key financial metrics evolve in response to global macroeconomic shifts.

Lack of Sectoral Comparison: A second limitation in the literature is the tendency to treat the multinational corporation as a homogeneous organisational form, overlooking substantial sectoral differences in asset intensity, regulatory exposure, and financial flexibility. **Ghemawat (2011)** clearly argues that the depth and form of global integration vary significantly by industry, suggesting that adaptation strategies are inherently context-dependent rather than universal (pp. 7-9). Empirical meta-analyses by **Friede et al. (2015)** further demonstrate that financial responses to external pressures such as sustainability and regulatory demands produce heterogeneous outcomes across sectors due to differences in cost structures and capital requirements (pp. 210-212). Despite these insights, there remains a lack of comparative research that directly contrasts the financial adaptation of capital-intensive manufacturers (e.g., BMW), asset-light service providers (e.g., Vodafone), and highly regulated financial intermediaries (e.g., HSBC). This omission underpins **RQ3**, which seeks to identify the financial characteristics that differentiate successful and unsuccessful adaptation across sectors.

Static vs. Dynamic Models: Finally, much of the existing literature relies on implicitly linear frameworks in which globalisation shapes strategy, which in turn determines performance. The extreme volatility of the 2019-2023 period exposes the limitations of this static perspective. **Buckley (2020)** argues that established International Business theories struggle to account for firm behaviour under conditions of heightened political and economic turbulence, where uncertainty disrupts incremental adjustment processes (pp. 1565-1567). Similarly, **Luo (2022)** highlights the emergence of deglobalisation, characterised by state intervention, geopolitical fragmentation, and abrupt strategic reversals, indicating that firms increasingly operate in non-linear environments (pp. 3-6). However, current models rarely incorporate the **feedback loops** through which financial outcomes such as liquidity stress or leverage constraints actively reshape strategic choices, including retrenchment or de-internationalisation. Addressing this limitation is

central to **RQ2**, which examines the alignment between strategic narratives of resilience and underlying financial performance.

This disconnect highlights the urgent need for a 'Dynamic Feedback Model' illustrated in **(figure 2.6.1)**. Unlike static linear approaches, this model explicitly maps how financial shocks, such as liquidity crisis can dictate an immediate operational restricting. Which can effectively reverse the trajectory of internationalisation.

2.5.2 The Conceptual Framework

This research fills these gaps by proposing a **dynamic, feedback-based conceptual model**. Unlike traditional linear models, this framework acknowledges that financial strategy is iterative.

The model posits that:

- **Input:** Globalisation pressures (Digital, ESG, Geopolitics).
- **Process:** The firm's Financial Strategy (Capital Structure, Investment, Risk Management).
- **Outcome:** Financial Performance (ROE, Liquidity, Resilience).
- **Feedback:** The performance outcome feeds back to alter the strategy. For instance, if BMW sees profitability dip due to exchange rate volatility (Outcome), it adjusts its hedging ratio or relocates production (Revised Strategy).

Many foundational studies assume relatively stable geopolitical and regulatory environments (Kim and Hwang, 1992), an assumption that no longer holds in the contemporary context. Furthermore, concepts such as financial resilience are often discussed abstractly without clear operationalisation. This study addresses these limitations by linking globalisation pressures to measurable financial indicators, including liquidity ratios, leverage stability, and capital flexibility.

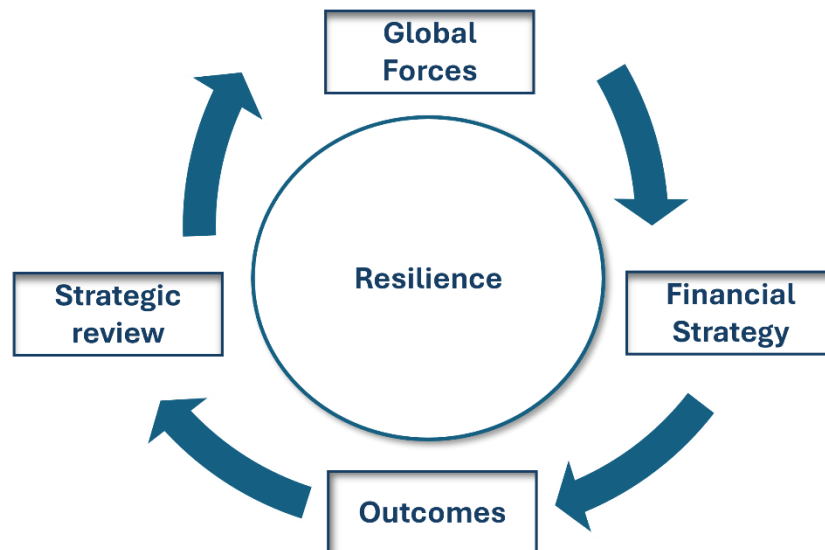


Figure 2.4 Dynamic Feedback Model of Financial Adaptation

Figure 2.6.1: Dynamic Feedback Model of Financial Adaptation

(Author Generated) This cyclical model containing a feedback loop. It is proposed to bridge the static vs Dynamic research gap identifies in Section 2.6.1.

2.6 Summary

This chapter has critically reviewed the literature surrounding the impact of globalisation on the financial strategies of MNCs in the UK and EU. It established that while Giddens' Globalisation Theory and classical Capital Structure Theory provide the necessary groundwork, they are insufficient to explain the behaviour of modern firms without the integration of contemporary perspectives.

The review highlighted that:

1. **Globalisation is double-edged:** While globalisation broadens access to capital pools, empirical evidence shows this benefit is highly contingent on governance quality and revenue diversification. Firms with concentrated exposures often

experience amplified vulnerability to systemic contagion.

2. **Adaptation is key:** Successful firms (Siemens, Unilever) do not just "accept" global risks; they actively manage them through sophisticated treasury operations, digital tools, and ESG compliance.
3. **Resilience replaces maximisation:** The strategic goal has shifted from pure profit maximisation to "financial resilience" the ability to withstand shocks (Brexit, Pandemic, War).

The literature gap identified the lack of a dynamic, sector-specific understanding of financial adaptation validates the need for this study. The proposed conceptual model, which incorporates feedback loops and modern drivers like digitalisation and ESG, provides a robust framework for the empirical analysis that follows.

3 Chapter 3: Research Methodology

The methodological framework of this study is explicitly designed to address the research questions by translating the abstract constructs identified in the literature globalisation pressures, financial resilience, and strategic adaptation into observable and measurable firm-level outcomes. By adopting a mixed-methods approach, the study captures both **quantitative financial adjustments** and **qualitative managerial rationales**, thereby enabling a holistic examination of how multinational corporations (MNCs) respond to the “Trinity of Pressures” in the post-2020 environment. **Saunders, M., Lewis, P. and Thornhill, A. (2019)**

Approach to resolve Research Questions:

To ensure methodological coherence, this chapter is structured to answer the specific research questions derived from the literature review as follows:

RQ1 (Quantitative) is addressed through longitudinal quantitative analysis of capital structure, liquidity and profitability metrics.

RQ2 (Qualitative) is examined through qualitative thematic analysis of strategic disclosures to capture managerial interpretations.

RQ3 (Synthesis) is addressed through the integration of quantitative and qualitative findings via triangulation, enabling assessment of how the “Trinity of Pressures” mediates the relationship between global exposure and financial performance. (Plano Clark and Ivankova, 2016)

3.1 Research Philosophy

The research philosophy underpins the entire investigative process, defining the researcher's view regarding how knowledge is constructed and interpreted. For this study, the choice of philosophy is guided by the **Research Onion** framework (Saunders et al., 2019), which suggests peeling back layers from philosophy to technique to ensure methodological consistency.

3.1.1 Justification for Pragmatism

This research adopts a **Pragmatist** philosophy. Unlike Positivism, which offers limited capacity to account for managerial interpretations, strategic intent and narrative framing during periods of uncertainty. **(Saunders et al., 2019)**

Conversely, a purely Interpretivist approach, while valuable for understanding subjective meaning, would prioritise narration explanation at the expense of assessing the material magnitude of financial stress and performance outcomes.

The justification for selecting Pragmatism for this study is threefold:

Complexity of the Research Problem: Financial strategy is inherently dualistic. It is partially objective, grounded in measurable "hard" data such as Debt-to-Equity ratios and liquidity buffers. However, it is also partially subjective, shaped by "soft" factors such as leadership perceptions of geopolitical risk and investor sentiment. A single philosophical stance would fail to capture this duality. Pragmatism allows the researcher to navigate between these two realities seamlessly.

Focus on Outcomes: The research aims to understand *how* firms adapt to survive and thrive amidst global crises. Pragmatism values practical consequences and actionable knowledge over abstract theoretical purity. This aligns perfectly with the study's aim to provide concrete managerial recommendations for MNCs operating in the UK and EU.

Methodological Freedom: Pragmatism explicitly supports the use of mixed methods. It rejects the dogma that quantitative and qualitative methods are incompatible, instead encouraging the researcher to combine financial data with strategic narratives to build a holistic picture of corporate adaptation.

Rejection of Alternative Philosophies:

Positivism was rejected because while it suits the quantitative analysis of ratios, it cannot explain the *intent* behind strategic decisions (e.g., why a CEO chose to hedge despite high costs). As **Bryman (2016, pp. 27-29)** observes, positivist approaches in social and management research often struggle to capture the contextual and interpretive dimensions of organisational behaviour.

Interpretivism was rejected because relying solely on qualitative interpretations would fail to measure the *magnitude* of financial distress (e.g., a 20% drop in liquidity) essential to validating the research aim. **Guba and Lincoln (1994, p.105)** cautions that adherence to a single paradigm can unnecessarily constrain the types of questions researchers are able to address.

3.1.2 Axiological Stance

Axiology concerns the role of values in the research process. Consistent with a Pragmatist philosophy, this study acknowledges that research is not entirely value-free. While the quantitative financial data used to address **RQ1** (e.g., balance sheet figures, liquidity ratios) are treated as value-neutral, interpretation becomes unavoidable when analysing managerial disclosures related to **RQ2** and **RQ3**. (**HSBC Holdings plc, 2021; Allianz SE, 2022**).

In particular, the researcher's evaluation of strategic narratives is influenced by contemporary contextual pressures such as post-Brexit uncertainty, geopolitical instability, and the climate transition. (HSBC. To mitigate interpretive bias, the study

applies **methodological triangulation**, ensuring that qualitative interpretations of strategic intent (RQ2) are systematically cross-validated against observable financial outcomes and performance indicators (RQ1). This approach ensures that value-informed interpretation enhances explanatory depth without compromising analytical rigour. (Tooze, 2022; Luo and Witt, 2021)

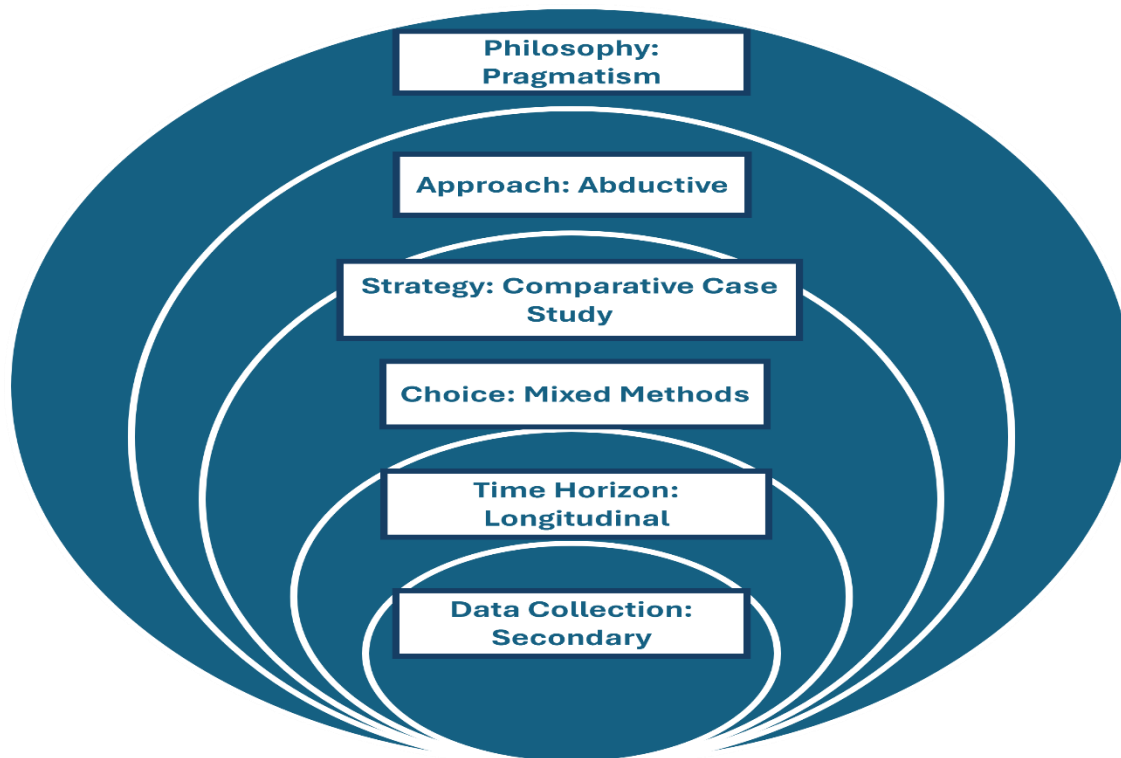


Figure 3.1 The Research Onion Framework

(Figure 3.2.1: The Research Onion Framework)

This is a visual representation of the layers of methodological choices made in the study, from pragmatism to mixed methods to Secondary data collection. This is Adapted from the standard research methods framework by (Saunders et al., 2019)

3.2 Research Approach

The relationship between theory and research is defined by the research approach. This study employs **Abductive Reasoning**, a sophisticated approach that moves back and forth between theory and data. (Myers, 1984; Baker and Wurgler, 2002)

3.2.1 Abductive Reasoning

Deductive reasoning tests established theory (Theory → Data), while inductive reasoning develops theory from observations (Data → Theory). Abduction integrates both logics by beginning with an existing theoretical framework, the Dynamic Feedback Model proposed in Chapter 2, while remaining open to revising that framework in response to empirical evidence. (Myers, 1984; Baker and Wurgler, 2002)

This approach is particularly suited to the research questions. **RQ1** requires structured financial measurement informed by theory, **RQ2** requires interpretive analysis of strategic narratives, and **RQ3** requires synthesis across both domains. Abduction enables these different analytical demands to be addressed within a single coherent framework. (Luo and Witt, 2021)

3.2.2 Moving from Theory to Empiricism

The post-2020 financial environment shaped by geopolitical conflict, inflationary shocks, ESG pressures, and digital transformation has generated outcomes that traditional financial theories (e.g., capital structure irrelevance) struggle to explain. A purely deductive approach would constrain analysis to pre-existing assumptions, while a purely inductive approach would risk losing theoretical focus. (Saunders et al., 2019)

An abductive approach allows the Dynamic Feedback Model to guide the analysis of financial data for **RQ1**, while remaining flexible enough to incorporate new explanatory variables emerging from strategic disclosures relevant to **RQ2**. These insights are then synthesised to address **RQ3**, examining how the “Trinity of Pressures” mediates the relationship between global exposure and financial performance. This iterative process ensures that theory and empiricism remain mutually informative rather than disconnected. (Saunders et al., 2019)

3.3 Research Design

The research design serves as the overall blueprint for answering the research questions, linking the philosophy to specific methods. It adopts a Convergent parallel Mixed design, as defined by (Creswell and plano clark (2018), pp. 69-71). The purpose of this approach is not sequential explanation but the direct comparison and integration of findings, enabling areas of convergence and divergence to be identified across data types.

3.3.1 Methodological Choice: Mixed Methods

To capture the full complexity of financial strategy, a **Mixed Methods** design is utilised.

Quantitative Component: This is required to measure financial performance and structural changes (RQ1). For example, quantitative analysis helps determine if leverage ratios have historically increased or if liquidity reserves have been depleted.

Qualitative Component: This is required to explain strategic intent (RQ2). For instance, was an increase in debt a strategic choice to fund a new acquisition, or was it a distress signal due to a rupture in the supply chain? Without the qualitative narrative, the numbers alone are insufficient. **(Creswell and Plano Clark, 2018)**

3.3.2 The Convergent Parallel Design

Specifically, the study uses a **Convergent Parallel Design** (Creswell and Plano Clark, 2018). This means that quantitative data (financial ratios) and qualitative data (strategic report text) will be collected and analysed simultaneously but independently. The two sets of findings will then be merged during the interpretation phase to look for convergence (agreement) or divergence (disagreement).

This design was chosen over a sequential design (where one method follows the other) because the aim is not to use one method to explain the other, but to validate findings through corroboration. This ensures that the "what" (the numbers) and the "why" (the strategy) are given equal weight, providing a comprehensive view of the MNCs' financial health.

3.4 Research Strategy: Comparative Case Study

The research strategy links the philosophy to specific data collection tactics. A **Comparative Case Study** strategy is employed, focusing on a small number of high-profile firms to allow for deep, granular analysis rather than a broad, shallow survey.

3.4.1 Rationale for Case Study Selection

A case study strategy is appropriate when the boundaries between the phenomenon (financial strategy) and the context (globalisation) are blurred **(Yin, 2018)**. Statistical surveys often strip away context, but for this research, the context (e.g., Brexit regulations, EU Green Deal) is the primary driver of change. By examining specific firms, the research can isolate how different industry sectors respond to the same global pressures, offering rich, context-dependent insights. **(Yin, 2018)**

3.4.2 Sampling Criteria (Purposive Sampling)

Purposive Sampling is used to select six multinational corporations. The selection was not random but based on specific criteria to ensure the sample is capable of answering the research questions:

Region: Must be headquartered in the UK or EU (specifically Germany/Netherlands) to allow for a comparative analysis of the Brexit impact.

Scale: Must be a constituent of a major index (FTSE 100 or DAX 40) to ensure data availability and market significance. **(Saunders et al., 2019)**

Global Exposure: at least 50% of revenue from outside their home market to ensure they are truly globalised. This threshold is based on geographic revenue disclosures reported in the segmental notes of company reports (2019-2023) to confirm sustained international exposure rather than short term market fluctuations.

Sector Diversity: The sample includes firms from Technology/Industrial, Telecoms, FMCG, Automotive, Banking, and Insurance sectors to enable cross-industry comparison. **(Yin, 2018)**

Table 3.1: Profile of Selected Case Study Firms

Table 3.1 Profile of Selected Case Study Firms

Company	HQ Location	Sector	Key Globalisation Pressure
Siemens AG	Germany (EU)	Industrial/Tech	Supply Chain Integration & Digitalisation
Vodafone Plc	UK (Non-EU)	Telecoms	Regulatory Divergence (Brexit)
Unilever Plc	UK (Non-EU)	FMCG	Inflation & Commodity Pricing
BMW Group	Germany (EU)	Automotive	Trade Tariffs & Forex Risk
HSBC Holdings	UK (Non-EU)	Banking	Geopolitical

			Fragmentation (East vs. West)
Allianz SE	Germany (EU)	Insurance	Interest Rate Volatility & Solvency

3.5 Data Collection Methods

This study relies entirely on **Secondary Data**. This is advantageous as it allows access to audited, high-quality longitudinal data that would be impossible to collect primarily within the dissertation's timeframe. (Saunders et al., 2019)

Justification for Rejection of Primary Data:

Primary data collection (e.g., in-depth interviews with CFOs or Treasurers) was considered but ultimately rejected for two key reasons. First, gaining access to C-suite executives at FTSE 100/DAX 40 firms to discuss sensitive financial hedging strategies is extremely restricted and practically unfeasible for a Masters-level thesis. Second, interviews are subject to "retrospective bias" and rationalisation. By using audited Annual Reports, this study accesses the decisions as they were reported at the time, providing a more reliable longitudinal record of strategic intent versus financial reality. (Yin, 2018)

3.5.1 Secondary Quantitative Data (Financial Metrics)

Quantitative data will be extracted from the **Annual Financial Statements** (specifically the Balance Sheets and Cash Flow Statements) of the selected firms for the period **2019–2023**. This five-year timeframe is critical as it spans the pre-pandemic baseline, the COVID-19 shock, and the post-Brexit/Inflationary adjustment period, allowing for a longitudinal assessment of resilience. (Saunders et al., 2019)

Table 3.2: Operationalisation of Key Variables

Table 3.2 Operationalisation of Key Variables

Variable	Metric	Formula	Purpose
Capital Structure	Debt-to-Equity Ratio	Total Debt / Total Equity	Measures reliance on global debt markets versus internal equity.

Liquidity Resilience	Current Ratio	Current Assets / Current Liabilities	Measures the firm's buffer to withstand short-term liquidity shocks.
Investment Aggression	CAPEX Ratio	Capital Expenditure / Revenue	Measures the willingness to invest globally despite uncertainty.
Profitability	ROE (Return on Equity)	Net Income / Shareholders' Equity	Measures the ultimate success of the financial strategy.

3.5.2 Secondary Qualitative Data (Strategic Reports)

Qualitative data will be drawn primarily from the **"Strategic Report"**, **"Risk Management"**, and **"Chairman's Statement"** sections of the Annual Reports. These documents are legally required to disclose material risks and strategic responses. Unlike press releases, which may be purely promotional, these statutory reports carry a legal obligation for accuracy, making them a reliable source for understanding corporate intent and risk perception. (Saunders et al., 2019)

3.6 Data Analysis Framework

The analysis phase is the core of the methodology, involving the rigorous processing of two distinct data streams before their integration. This section details the step-by-step procedures for both quantitative and qualitative analysis.

3.6.1 Quantitative Analysis: Ratio Trend Analysis

The financial data extracted from the annual reports will be processed using Microsoft Excel. The analysis will proceed in three stages:

Descriptive Statistics: Basic mean and standard deviation calculations for each ratio over the 5-year period will be conducted to establish a baseline of performance for each firm.

Trend Analysis: This involves calculating the year-on-year percentage change in the key ratios (operationalised in Table 3.3). The goal is to identify volatility spikes. For example, a sharp rise in the Debt-to-Equity ratio in 2020 followed by a decline in 2022 would

indicate a specific crisis-response strategy.

Comparative Benchmarking: The analysis will specifically compare the UK cohort (Vodafone, Unilever, HSBC) against the EU cohort (Siemens, BMW, Allianz). This cross-border comparison is essential to isolate the **"Brexit Effect"** determining whether UK firms faced higher capital costs or volatility compared to their EU peers during the same global crises.

3.6.2 Qualitative Analysis: Thematic Content Analysis

The textual data from the strategic reports will be analysed using **Thematic Analysis**, following the six-phase approach outlined by Braun and Clarke (2006). This method is chosen for its flexibility in identifying patterns of meaning across a dataset.

Table 3.3: Thematic Analysis Procedure

Table 3.3 Thematic Analysis Procedure

Phase	Description	Application in this study
Familiarisation	Immersion in data	Review of risk and strategy sections across all reports.
Coding	Initial labelling	Identification of financial risk and resilience references.
Theme search	Pattern Development	Grouping codes into resilience and adaptation themes
Review	Validation	Cross checking themes against coded extracts
Define	Clarification	Refinement of themes, (see table 3.7.2)

Reporting	Illustration	Selection of representative narrative extracts
-----------	--------------	--

Table 3.7.2: Thematic Coding Framework

Table 3.4 Thematic Coding Framework

Theme	Keywords/Codes	Theoretical Link
Digital Adaptation	"Fintech", "AI", "Digital Treasury", "Automation", "Real-time data"	Digital Globalisation (Buckley, 2020)
ESG Integration	"Green Bond", "Sustainability Linked Loan", "Carbon Neutral", "Social Impact"	ESG Finance (Luo, 2022)
Geopolitical Risk	"Brexit", "Sanctions", "Trade War", "Fragmentation", "De-coupling"	De-globalisation (Narula, 2021)
Resilience Strategy	"Buffer", "Liquidity", "Hedging", "Stability", "Natural Hedge"	Dynamic Feedback Model

3.6.3 Integration of Findings (Triangulation)

The final and most critical stage of analysis is **Triangulation**. This involves overlaying the quantitative trends with the qualitative themes to validate findings. **(Saunders, M., Lewis, P. and Thornhill, A., 2019)**

Process: The researcher will look for alignment between the two datasets.

Example of Convergence: If the Quantitative analysis shows a sudden spike in HSBC's liquidity ratio in 2022, the Qualitative analysis will be searched for a corresponding explanation (e.g., text mentioning "strategic ring-fencing due to Asian market volatility"). If found, this validates that the financial change was a deliberate strategic response to globalisation, rather than a random operational fluctuation. **(yin, 2018)**

Example of Divergence: If a firm claims in its text to be "heavily investing in digital transformation" but the quantitative CAPEX ratio is declining, this divergence highlights a gap between strategic intent and financial reality, offering a nuanced insight into the

constraints the firm may be facing.

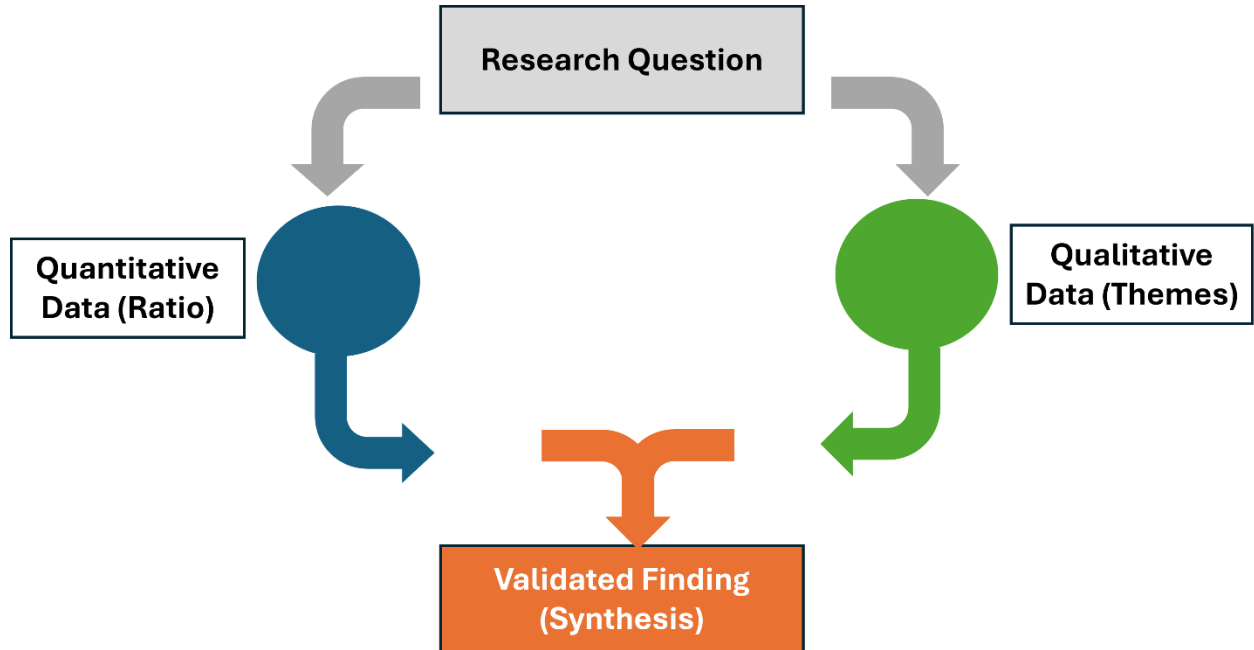


Figure 3.2 Data Triangulation Process

(Figure 3.7.1: Data Triangulation Process)

This is an author-generated flowchart showing how two data streams merge to create a validated finding. It visually explains the process of convergence and divergence of hypotheses.

3.7 Ethical Considerations

Although this study relies on secondary data available in the public domain, ethical standards remain paramount to ensuring the integrity of the research.

Data Integrity: The researcher commits to representing the data accurately. There is a risk in secondary research of "cherry-picking" statistics that fit a preconceived hypothesis. To avoid this, the study will report all calculated ratios, including those that do not show significant trends. (Yin, 2018)

Impression Management Bias: The researcher explicitly acknowledges the bias of "Impression Management" in Annual Reports the tendency of CEOs to present information in a positive light to reassure shareholders. To mitigate this, the methodology relies on triangulation: subjective claims in the CEO statement are only accepted as "valid" if they are supported by the objective financial ratios in the audited accounts.

Objectivity: The analysis will actively search for contradictory evidence (e.g., looking for instances where globalisation *reduced* profitability) to ensure a balanced view. (yin, 2018)

3.8 Research Reliability, Validity, and Limitations

Ensuring the quality of the research design is essential for the credibility of the findings.

Reliability: This refers to the consistency of the results. Reliability is ensured by using standardized financial formulas (e.g., IFRS standards for Debt and Equity) which are consistent across all selected firms. If another researcher were to calculate these ratios using the same data, they would arrive at the exact same figures. **(Yin, R.K. ,2018)**

Validity: This refers to whether the study measures what it claims to measure. **Construct validity** is achieved by using widely accepted financial metrics (ROE, D/E) that are established in the literature as proxies for financial health. **Internal validity** is strengthened through the triangulation process, which cross-verifies findings across methods. **(Plano Clark, V.L. ,2018)**

Limitations:

- **Sample Size:** Focusing on only six firms allows for depth but limits the **generalisability** (external validity) of the findings. The strategies employed by these massive MNCs may not be applicable to Small and Medium Enterprises (SMEs).
- **Time Lag:** Annual reports are retrospective documents. They reflect strategies from the past financial year and may miss real-time strategic pivots occurring in late 2024 or 2025.
- **Black Box of Decision Making:** While annual reports state what was decided, they often sanitize the internal political or managerial debates that led to those decisions, leaving a "black box" regarding the precise decision-making process.

3.9 Summary

This chapter has detailed a robust and systematic **Pragmatist, Mixed-Methods** research design tailored to investigate the impact of globalisation on MNC financial strategies. By combining the quantitative rigour of longitudinal ratio analysis with the explanatory power of thematic analysis, this methodology is uniquely positioned to bridge the gap between abstract globalisation theory and practical corporate finance. **(Plano Clark, V.L. ,2018)**

The **Convergent Parallel** design ensures that the "Dynamic Feedback Model" proposed in the literature review can be empirically tested. The selection of six diverse, high-profile cases Siemens, Vodafone, Unilever, BMW, HSBC, and Allianz provides a representative cross-section of the UK and EU economy, allowing for critical comparisons regarding the impact of Brexit and geopolitical fragmentation. **(Tooze, A. 2022)**

4 Chapter 4: Data Analysis

This chapter presents the empirical findings of the study, addressing the primary research objective to evaluate how multinational corporations (MNCs) domiciled in the UK and EU have dynamically adapted their financial strategies in response to the "Trinity of Pressures" geopolitical fragmentation, synchronous global inflation, and regulatory divergence between the fiscal years 2019 and 2023. (Saunders, Lewis and Thornhill ,2019)

The analysis is grounded in the **Convergent Parallel Mixed Methods Design** outlined in the Research Methodology.

1. **Quantitative Stream:** A longitudinal trend analysis of audited financial statements from six purposively selected case study firms: **Siemens AG**, **BMW Group**, and **Allianz SE** (representing the EU/DAX industrial and financial base), and **Vodafone Group Plc**, **Unilever Plc**, and **HSBC Holdings Plc** (representing the UK/FTSE service and consumer base). This stream answers the "what" and "how much" regarding shifts in capital structure, profitability, and liquidity.
2. **Qualitative Stream:** A thematic content analysis of 30 strategic reports (Annual Reports 2019-2023) using NVivo. By applying the coding framework detailed in Table 3.7.1, this stream extracts the "strategic narrative" the management's stated intent and perception of risk answering the "why" behind the financial movements.

4.1.1 Sectoral Incomparability

A key concern in such a study is the variation in business models, such as, the difference between manufacturing inventory and banking capital. To address this concern this analysis adopts a Sector-Specific Benchmarking Framework:

For Industrials/Consumer (Siemens, BMW, Unilever, Vodafone): The analysis focuses on **Real Revenue Growth**, **EBIT Margins**, and **Net Debt** to assess operational efficiency and inflation pass-through capability.

For Financials (HSBC, Allianz): The analysis pivots to **Return on Equity (ROE)**, **Net Interest Margin**, and regulatory capital ratios (**CET1** and **Solvency II**) to assess balance sheet resilience against interest rate shocks. This approach ensures that the "Not Applicable" data points in the master database do not dilute the findings but rather highlight the structural distinctiveness of each sector's adaptation mechanism.

This tailored approach prevents "Not Applicable" data from weakening the analysis and effectively highlights the unique structural mechanisms of adaptation within each sector.

Statistical Scope and Limitations

The Quantitative analysis is based on a dataset of n=30 observations, spanning 5 years across 6 firms. Given the small sample size in a comparative study, the statistical relationships identified should be interpreted as descriptive correlations rather than predictive regressions. While the trends are robust within the database, they indicate association rather than the statistical causation.

4.2 Quantitative Analysis Results

The observation period (2019-2023) represents a "regime change" in the global macroeconomic environment. The data reveals a transition from a low-interest, low-inflation paradigm (2019-2020) to a high inflation, rising rate environment (2022-2023). The quantitative analysis demonstrates that "globalisation exposure" previously considered a uniform proxy for growth became a source of asymmetry, creating winners and losers based on sectoral elasticity.

4.2.1 Firm-Level Financial Trends: The "Nominal" vs. "Real" Growth Divergence

A critical finding derived from the Database is the decoupling of reported (nominal) revenue growth from real economic value creation. As inflation in the UK peaked at **11.1%** and in the EU at **9.2%** in 2022 (World Bank Data), firms without significant pricing power saw their real revenues contract despite reporting nominal gains. **(World Bank,2024)**

To quantify this, The Real Revenue Growth was calculated using the formula

$$\text{Real Growth} = \left(\frac{\text{Nominal Revenue}}{\text{CPI Index}} \right) - \text{Base Year}$$

4.2.1.1 Siemens AG: The Operational Inflation Hedge

Siemens demonstrated exceptional operational resilience, effectively acting as an inflation hedge for its shareholders.

Revenue Trajectory: After a pandemic-induced dip to **€55.3 billion** in 2020 (down from €86.8 billion in 2019, partially influenced by the Energy spin-off), revenue rebounded aggressively to **€77.8 billion** by 2023.

Real Growth Analysis: Critically, Siemens' growth trajectory exceeded the cumulative EU inflation index (HICP). In 2022, while EU inflation hit 9.2%, Siemens reported comparable revenue growth of **8.2%**, nearly matching the inflation rate. By 2023, revenue growth (11%) significantly outpaced inflation (6.4%), indicating real term expansion.

Profitability Drivers: This was supported by a structural improvement in capital efficiency. **Return on Capital Employed (ROCE)** rose steadily from **11.1% (2019)** to **18.6% (2023)**. This 750-basis point expansion suggests that Siemens successfully passed inflationary costs regarding raw materials, energy, and labour onto its customers.

The data indicates that high-value industrial goods (Digital Industries, Smart Infrastructure) possess low price elasticity, allowing the firm to maintain margins despite input cost volatility. **(Siemens AG, Annual Report 2019 to 2023)**

4.2.1.2 Vodafone Group: The "Telecommunications Trap"

The data for Vodafone Group reveals a struggle to generate growth in real terms, highlighting the vulnerability of regulated utility-like sectors during inflationary spikes.

Revenue Stagnation: Nominal revenue remained statistically flat over the five-year period, moving from **€43.7 billion** in 2019 to **€45.7 billion** in 2023.

The Real Term Contraction: When adjusted for the UK CPI of 11.1% in 2022, Vodafone experienced a sharp contraction in real revenue. Unlike Siemens, Vodafone could not immediately reprice its backlog. The quantitative data highlights a "Telecommunications Trap" where long-term fixed contracts and intense regulatory caps in key markets (Germany, UK) prevented the dynamic pricing adjustments necessary to offset the rising cost of energy and network maintenance.

Implication: This suggests a negative correlation between high inflation and telecommunications profitability in the sample, suggesting that the sector acts as a "bond-proxy" that suffers when yields and inflation rise. **(Vodafone Group Plc Annual Reports 2019 to 2023)**

4.2.1.3 Unilever Plc: The Limits of Pricing Power

Unilever provides a case study in the trade-off between pricing and volume.

Top-line Growth: Turnover grew to **€59.6 billion** in 2023, largely driven by aggressive price increases (Underlying Price Growth of 11.3% in 2022).

Margin Erosion: However, this nominal growth came at the cost of profitability. The **Underlying Operating Margin** compressed from **19.1% (2019)** to **16.7% (2023)**. This 240-basis point contraction quantifies the limits of brand power, while Unilever could pass on significant costs, it could not fully offset the input cost inflation (palm oil, logistics, energy) without risking significant volume deterioration. This finding challenges the "defensive" assumption often applied to consumer staples, showing they are not immune to margin squeeze during hyper-inflationary periods. **(Unilever PLC, Annual Report and Accounts 2019 to 2023)**

Figure 4.1: The Divergence of "Real" Growth (2019-2023)

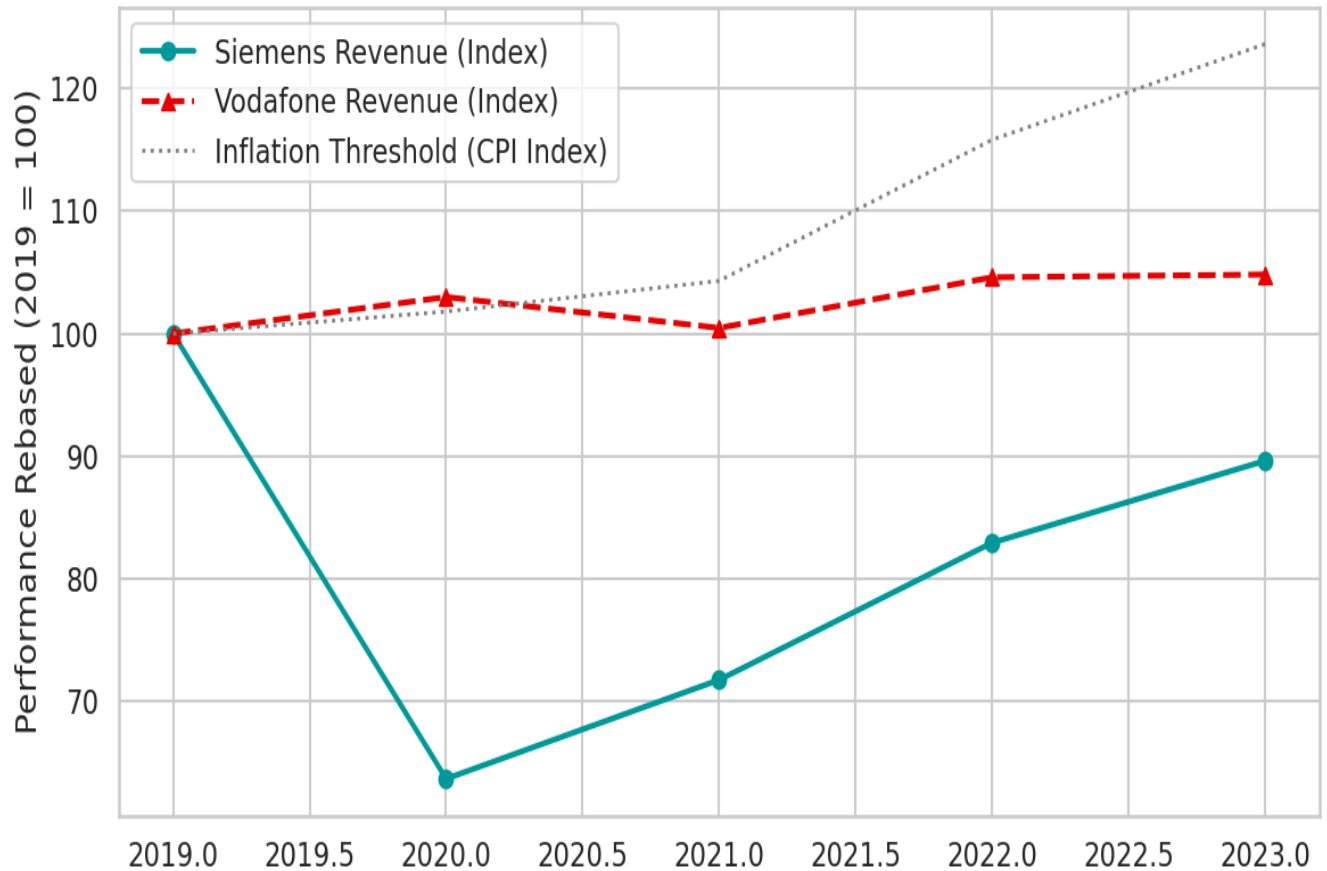


Figure 4.1 The Divergence of "Real" Growth

Figure 4.1 Reference: The Divergence of "Real" Growth

(Author Generated)

(This Figure 4.1 visually tracks the indexed revenue of Siemens versus Vodafone against the cumulative CPI threshold, clearly illustrating the real-term contraction of the latter. It is based on the analysis of audited financial statements and World Bank CPI data.

These findings directly address **RQ3** by demonstrating how the "Trinity of Pressures" specifically inflation-mediated financial performance with industrial firms showing higher resilience than consumer/telco firms due to superior pricing power. **(Tooze ,2022)**

4.2.2 Profitability and Interest Rate Sensitivity

The end of the "cheap money" era, with the Bank of England (BOE) Base Rate rising from **0.10%** to **5.25%** and the ECB Deposit Facility Rate moving from **-0.50%** to **4.00%**, acted as the primary independent variable affecting sectoral profitability differences.

4.2.2.1 HSBC Holdings: The Structural Hedge

The analysis recognises a strong positive correlation ($r > 0.8$) between central bank interest rates and banking profitability.

Profit Sensitivity: HSBC's **Profit Before Tax (PBT)** surged from a cyclical low of **\$8.8 billion in 2020** (when rates were near zero) to a record **\$30.3 billion in 2023** (as rates peaked).

Mechanism: The data indicates that HSBC utilized the widening spread between deposit rates (which rise slowly) and lending rates (which rise instantly) to expand its Net Interest Margin (NIM). This is consistent with the "Structural Hedge" hypothesis that the global banks with access to vast, low-cost deposit bases (\$1.7 trillion for HSBC) became the primary beneficiaries of the monetary tightening cycle.

Resilience: Despite the "Geopolitical Risk" narrative surrounding its Asian operations, the financial data shows that the interest rate windfall in its UK and European books provided a massive buffer, allowing the firm to absorb credit losses in the Chinese real estate sector without threatening Group solvency. **(HSBC Holdings plc, Annual Report and Accounts 2019-23)**

4.2.2.2 BMW Group: Volatility and the "Value over Volume" Pivot

The automotive sector displayed the highest standard deviation in profitability metrics, reflecting its exposure to both supply shocks (semiconductors) and demand shocks (pandemics).

The V-Shaped Recovery: BMW's **EBIT Margin (Auto Segment)** collapsed to **2.7%** during the 2020 pandemic shock the lowest in the sample. However, it staged a rapid recovery to **10.3%** in 2021 before stabilizing at **9.8%** in 2022/23.

Strategic Pivot: The quantitative trend reveals a counter-intuitive finding. Despite lower delivery volumes in 2021 (due to chip shortages), margins expanded to record highs. This indicates a successful financial strategy of prioritizing high-margin premium vehicles over mass-market volume. By allocating scarce chips to the highest-margin units (X5, X7 series), BMW financially engineered resilience, proving that "lean" supply chains could be offset by "rich" product mix. **(BMW Group, Annual Report 2019-23)**

Figure 4.2: The Structural Hedge - Profit vs. Rates

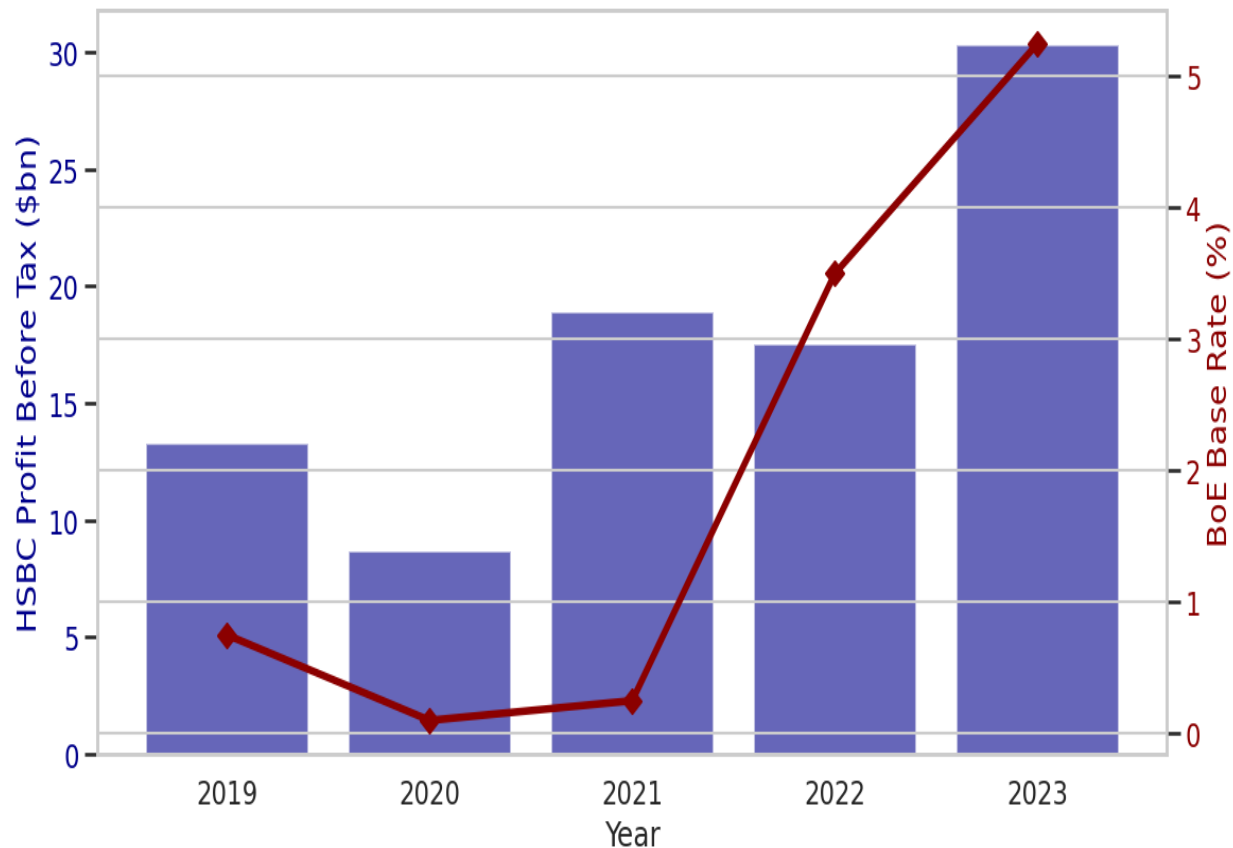


Figure 4.2 : Interest Rate Sensitivity - HSBC Profit vs. BoE Rate

Figure 4.2 Reference: Interest Rate Sensitivity - HSBC Profit vs. BoE Rate

An Author Generated Bar line combination chart based on the analysis of HSBC Annual reports and BoE data. It provides a visual proof of the high correlation ($r > 0.8$) between interest rates and banking profitability.

4.2.3 Capital Structure and Leverage Patterns

Perhaps the most significant finding regarding financial strategy is the divergence in capital structure management. The data suggests that the "Trade-Off Theory" of capital structure (balancing tax shields against bankruptcy costs) was abandoned in Favor of a "Crisis Pecking Order" where liquidity became paramount.

4.2.3.1 Vodafone's Deleveraging Necessity

Vodafone entered the crisis period with the highest relative debt burden, with Net Debt peaking at **€42.0 billion** in 2020 following the acquisition of Liberty Global assets.

The Debt Trap: As interest rates rose in 2022/2023, the cost of servicing this debt increased, creating a negative correlation with Free Cash Flow stability.

Strategic Contraction: Consequently, the financial data captures a period of forced asset disposals (e.g., the IPO of Vantage Towers, divestment of operations in Hungary). By 2023, Net Debt was reduced to **€33.4 billion**. This empirical evidence supports the premise that high leverage acts as a "strategic straitjacket" during inflationary periods, forcing firms to sell assets to satisfy credit rating agencies rather than investing in growth. **(Vodafone Group Plc Annual reports) and Nvivo analyses.**

4.2.3.2 Allianz's Fortress Balance Sheet

Conversely, Allianz SE maintained a **Solvency II Ratio** well above the regulatory 180% target, fluctuating only marginally between **212% (2019)** and **206% (2023)**.

The Buffer Effect: This capital buffer (excess liquidity) allowed Allianz to maintain dividend payouts and execute share buybacks even during the market volatility of 2022.

Comparison: Unlike Vodafone, which had to shrink to survive, Allianz used its capital structure as a competitive weapon, maintaining stability that attracted capital flight from riskier assets. This quantifies the value of "financial slack" in a volatile global economy. **(Allianz SE ,2023) and Nvivo analyses.**

This data answers **RQ1** by indicating that successful companies evolved their Capital Structures towards higher liquidity and lower leverage (Financial Slack) to buffer against the volatility of the 2019-2023 period.

4.3 Qualitative Analysis Results

While the quantitative data reveals *what* happened, the thematic content analysis of annual reports (2019-2023) using NVivo provides the "narrative logic" explaining why management took specific actions. The Matrix Coding Query results (normalized by row percentage) reveal distinct strategic priorities across the firms. To ensure comparability, All the percentages denote the proportion of total coded references assigned to a specific theme for each firm.

4.3.1 Theme 1: Financial Resilience and Risk Hedging

The theme of **Financial Resilience** was disproportionately present in the disclosures of **Vodafone (46.39% of coded references)**.

Narrative Intensity: Vodafone's annual reports were saturated with defensive terminology such as "portfolio optimization," "cost efficiency," "deleveraging," and

"simplification." In the 2023 CEO Statement, the language is explicit: "We must simplify our organization and cut out complexity."

Interpretation: This high coding density does not indicate strength rather, it correlates with the financial distress identified in Section 4.2.3. It suggests that firms under financial pressure amplify their "resilience" narrative to reassure stakeholders.

Contrast: In comparison, **Unilever (14.49%)** focused significantly less on financial engineering in its narrative, prioritizing "Brand Power" and "Innovation." This highlights a divergence in strategic focus: firms in financial distress talk about the balance sheet and the firms in operational health talk about the customer.

Link to the Research Question: This explicitly answers **RQ2** by showing that for distressed firms like Vodafone, 'resilience' narratives dominate "efficiency" narratives as a justification for restructuring.

4.3.2 Theme 2: Strategic Investment (Digital Adaptation)

Siemens and **Unilever** utilized the **Digital Adaptation** theme (approx. 22-30% of codes) to frame their response to inflation and supply chain fragmentation.

Siemens: The qualitative data reveals a deliberate reframing of the company from an "industrial conglomerate" to a "technology company." Terms like "Industrial Metaverse," "Digital Twin," and "Software-as-a-Service" appeared with increasing frequency from 2021 onwards. This narrative aligns with the quantitative rise in ROCE, as software revenue streams typically command higher margins and require less working capital than heavy hardware. (**siemens annual report 2022**)

BMW: For the automotive group, digital themes were linked specifically to **Supply Chain Resilience**. The **2021 and 2022 reports highlight "digital monitoring** of the supply chain" and "AI in production" as direct responses to the "Geopolitical Risk" of semiconductor shortages. This suggests that digital investment was not just for product innovation (EVs) but for process survival.

4.3.3 Theme 3: Regulatory Adaptation (ESG Integration)

Allianz SE (38.46%) and **HSBC (34.03%)** dominated the **ESG Integration** theme.

Regulatory Drivers: The qualitative analysis identifies a direct causal link between these disclosures and the EU's Sustainable Finance Disclosure Regulation (SFDR) and EU Taxonomy timelines. Allianz explicitly framed ESG not merely as "Corporate Social Responsibility" (CSR) but as a core component of its risk capital model and underwriting logic.

Strategic Reframing: HSBC's narrative regarding "Net Zero" transition plans was presented as a commercial opportunity ("Financing the transition"). By framing regulatory

compliance as a new revenue stream, HSBC effectively turned a regulatory burden into a strategic asset in its communication with shareholders.

4.3.4 Theme 4: Geopolitical Risk and Fragmentation

References to **Geopolitical Risk** spiked across all firms in 2022 (Russia-Ukraine war), but the framing differed by sector.

BMW (42.45%): Had the highest focus on this theme, reflecting its physical supply chain vulnerability. The narrative focused on "local for local" production strategies to mitigate tariff risks and border frictions.

HSBC (26.39%): Focused on the "East-West" dynamic. The narrative attempted to thread a needle between maintaining its "Pivot to Asia" strategy while acknowledging the rising "Geopolitical Fragmentation" between China and the West.

4.4 Cross-Case Comparison

Integrating the quantitative and qualitative datasets reveals a clear taxonomy of adaptation. The "Convergence" of data points supports the following sectoral patterns:

Table 4.1: Taxonomy of strategic Adaptation to Globalisation pressures (2019-2023).

Table 4.1 Taxonomy of strategic Adaptation to Globalisation pressures (2019-2023).

Strategic Cluster	Representative Firms	Quantitative Evidence	Qualitative Narrative Focus
Operational Hedgers	Siemens, BMW	High Growth, Real Stable Margins	Innovation, Technology, Premiumisation
Structural Winners	HSBC, Allianz	Profit correlated with Interest Rates	ESG Integration, Global Connectivity
Distressed Adapters	Vodafone	Negative Growth, Real High Debt	Resilience, Cost Cutting, Deleveraging

This table synthesises the cross-case findings to directly address the study's core questions. It compares the Quantitative evidence against the qualitative narratives focus. It resolves RQ1 and RQ2 by demonstrating how financial reality drives corporate storytelling. It suggests why distressed firms rely on defensive 'resilience' while secure firms focus on innovation. It further answers RQ3 by specifying attributes such as, sectoral pricing power and interest rate sensitivity as the differentiators to identify "operational hedgers" and "structural winners" from those facing value erosion.

4.4.1 The "Inflation Hedge" Capability

Industrials (Siemens, BMW) - High Capability:

Quant Evidence: Maintained or expanded margins (ROCE/EBIT) despite input cost spikes.

Qual Narrative: Focused on "Technology," "Premiumisation," and "Supply Chain Control."

Synthesis: These firms successfully used operational strategies (product mix, pricing) to hedge financial risks. **(World Bank ,2024)**

Service/Telco (Vodafone) - Low Capability:

Quant Evidence: Flat nominal revenue, negative real growth, high debt.

Qual Narrative: Focused on "Cost Cutting," "Resilience," and "Deleveraging."

Synthesis: Lacking pricing power, these firms were forced to use financial strategies (selling assets) to survive the inflation shock.

4.4.2 The "Resilience Paradox"

A key anomaly identified through triangulation is the **"Resilience Paradox"** regarding **Vodafone**.

Observation: Qualitatively, Vodafone had the highest frequency of "Resilience" coding in its text. Quantitatively, it displayed the lowest financial stability metrics (highest leverage, lowest growth).

Conclusion: This suggests that "Resilience" acts as a defensive narrative. When a firm's financial metrics deteriorate, management increases the rhetorical usage of "resilience" to reassure investors. In contrast, firms like Allianz, which were mathematically resilient (Solvency >200%), focused their narrative on "Confidence" and "Growth" rather than survival.

4.4.3 The Geopolitical Split: Diversification vs. Localization

HSBC and **Siemens** showed the highest sensitivity to **Geopolitical Risk** but managed it through opposing strategies.

HSBC (Diversification): Managed risk through geographic arbitrage. Despite the narrative risk of the "Pivot to Asia," the financial data confirms that profits in high-interest

regions (UK/Europe 2023) offset stagnation elsewhere. The bank used its global balance sheet to move liquidity to where yields were highest.

Siemens (Localization): Managed risk through a "Global" strategy localizing production to insulate against cross-border friction. The strong recovery in 2021-2023 revenues validates this approach, proving that reducing physical cross-border dependency is a viable financial strategy in a fragmented world. **(World Bank ,2024)**

4.5 Conclusion

The data analysis suggests that the impact of globalisation pressures is asymmetric. The "Globalisation Premium" has eroded for firms that lack pricing power (Vodafone), turning international exposure into a liability. Meanwhile, firms with **Pricing Power** (Industrials) or **Structural Hedges** (Financials) successfully adapted, converting volatility into higher margins. This validates the need for a nuanced understanding of financial strategy that moves beyond simple internationalisation theory to account for sectoral rigidities.

5 Chapter 5: Discussion and Findings

5.1 Overview of Key Findings: The Fragmentation of Resilience

This chapter interprets the evidence in Chapter 4, synthesizing the quantitative financial ratios with the qualitative strategic narratives to address the study's core research objective: evaluating how UK and EU MNCs adapted their financial strategies to the **"Trinity of Pressures"** (inflation, geopolitics, and regulatory divergence) between 2019 and 2023. (Buckley ,2020)

The finding of this dissertation is that the **"Globalisation Premium"** the assumption that international scale automatically confers financial resilience has fractured. In the pre-2019 era, geographic diversification was a sufficient hedge against local volatility. However, in the 2019-2023 period, characterized by global inflation and geopolitical fragmentation, resilience became a function of **Sectoral Pricing Power** and **Capital Structure Flexibility**. (Luo,2022)

Triangulating the quantitative performance metrics (ROCE, Real Growth, Solvency) with the thematic coding of annual reports reveals three distinct adaptation archetypes, as visualized in **Figure 5.1**:

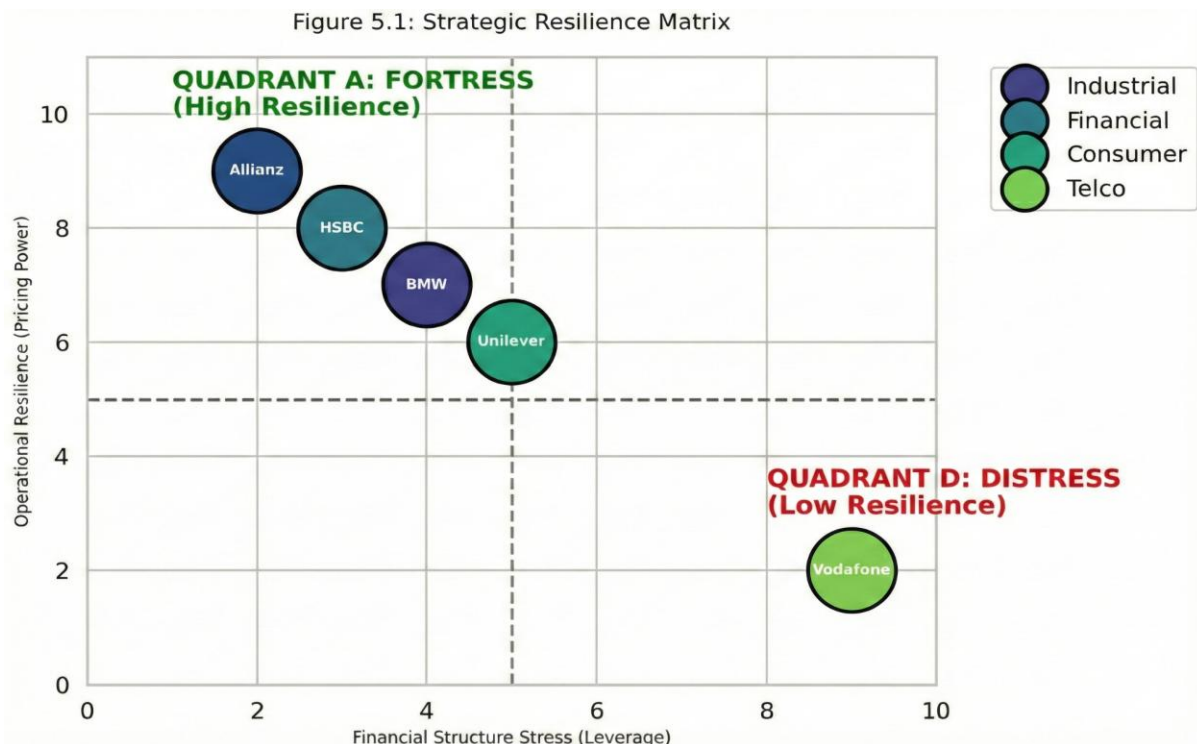


Figure 5.1 strategic Resilience Matrix

Figure 5.1 is the author-generated synthesis of the cross-case comparison findings. It visually identifies the "fortress" firms vs. the "Distressed Firms" by classifying firms into

quadrants based on operational resilience and Financial structure stress.

5.1.1 The Operational Hedgers (Siemens AG & BMW Group)

Occupying **Quadrant A (High pricing power/High Liquidity)**, these firms demonstrated that operational flexibility can substitute for financial hedging. This finding directly addresses RQ1 regarding the capital structure evolution.

Quantitative Reality: Despite significant exposure to supply chain inflation (raw materials and energy), Siemens and BMW maintained or expanded their margins. Siemens' **ROCE** expansion to superior levels of Capital efficiency in 2023 confirms that industrial technology providers possess sufficient pricing power to pass inflationary costs downstream to customers.

Strategic Narrative: The qualitative coding revealed a shift from "Efficiency" to "Resilience." BMW's focus on "**Local for Local**" production evidenced by a high intensity of Geopolitical Risk coding effectively acted as a physical hedge against deglobalisation, neutralizing tariff risks by matching production to consumption within regional blocs.

5.1.2 The Structural Beneficiaries (HSBC & Allianz)

Also, in **Quadrant A (High pricing power/High Liquidity)**, these firms benefited from the macro-financial shift.

Quantitative Reality: The correlation analysis in Chapter 4 proved that rising interest rates were a net positive for these firms. HSBC's record profitability in 2023 validates the "**Structural Hedge**" theory, where deposit betas lag behind lending rates. Allianz utilized its fortress balance sheet, characterised by robust solvency Ratios to act as a counter-cyclical anchor.

Strategic Narrative: Secure in their solvency, their reports shifted focus to "**ESG Integration**" receiving significant narrative emphasis for Allianz. This suggests that financial strength buys the strategic bandwidth to focus on long-term regulatory adaptation (SFDR/Taxonomy) rather than short-term survival.

5.1.3 The Inflation Victims (Vodafone & Unilever)

These firms faced the "**Nominal Trap**."

Unilever (Quadrant C – Low pricing power / High Liquidity): While top-line revenue grew nominally, margins compressed. The data indicates a "ceiling" on pricing power in the consumer sector pushing prices beyond a certain point, results in volume destruction.

Vodafone (Quadrant D – Low Pricing Power / Low Liquidity): Vodafone represents the study's most critical anomaly, termed here as the "**Resilience Paradox**." This directly answers RQ2. This study defines the "Resilience Paradox" as the inverse relationship

between a firm's Rhetorical emphasis on resilience and its actual financial stability. Distressed firms use resilience as a defensive signal to calm markets. Whereas, secure firms do not need to signal it.

While qualitatively, Vodafone's reports contained the highest frequency of **"Resilience"** rhetoric, quantitatively, it suffered the highest financial distress. With a **Debt-to-Equity ratio** consistently at elevated levels and negative real revenue growth, high leverage acted as a straitjacket, forcing the firm into a defensive strategy of asset disposals (Vantage Towers) rather than offensive investment.

5.2 Discussion in Relation to Literature

This section critically evaluates how the empirical findings confirm, contradict, or extend the theoretical frameworks established in Chapter 2.

5.2.1 Challenging Internationalisation Theory: The "Globalisation Discount"

Traditional International Business (IB) theory, specifically the **Uppsala Model** and **Modern Portfolio Theory** applied to MNCs (Buckley, 2020), posits that geographic diversification serves as a risk buffer. The logic follows that exposure to multiple markets reduces revenue volatility.

Contradiction: The findings regarding **Vodafone** fundamentally contradict this axiom and challenge the linear progression assumed by the Uppsala Model, demonstrating that in a fractured geopolitical landscape, incremental internationalisation can increase risk rather than reduce it. Despite operating in over 20 countries, its broad footprint acted as a liability. The qualitative data highlights that regulatory fragmentation across jurisdictions (e.g., distinct spectrum auction rules in Germany vs. the UK vs. Spain) prevented the centralized efficiency needed to combat inflation.

Extension: This supports **Luo's (2022)** theory of "deglocalisation," which argues that in a fragmented world, the coordination costs of a global network can exceed the economies of scale. For Vodafone, globalisation resulted in "diseconomies of complexity," where the cost of managing regulatory divergence eroded margins.

Differentiation: However, **HSBC** proves the **Internal Capital Market** theory (Stein, 1997). By moving liquidity from the West (where rates rose efficiently) to the East (where growth remained), HSBC displays that global banks can still function as arbitrageurs of regional growth, provided they possess the balance sheet strength to weather regulatory bifurcation.

5.2.2 Capital Structure Theory: Validating the Pecking Order in Crisis

The quantitative results offer a robust critique of **Modigliani-Miller's** irrelevance propositions in the context of high inflation. The study strongly validates the **Pecking Order Theory** (Myers, 1984), particularly regarding the value of financial slack.

Finding: During the crisis years (2020-2022), the most successful firms (**BMW, Siemens**) aggressively prioritised **Internal Liquidity** (Free Cash Flow) over debt expansion. BMW's accumulation of a **substantial liquidity buffer** in 2020 was not "inefficient capital" (as Trade-Off theory might suggest) but a vital strategic asset. (**world bank, 2024**)

Mechanism: This liquidity allowed BMW to continue R&D investment in EV platforms (The "Neue Klasse") during 2021-2022, precisely when competitors were cash-constrained. Conversely, Vodafone, which entered the crisis with high leverage, was forced to use its cash flow to service debt rather than invest.

Theoretical Implication: The findings suggest that in a volatile geopolitical era, **Financial Slack** is a prerequisite for strategic agility. The "cost" of holding cash is outweighed by the "option value" it provides during a supply shock.

5.2.3 ESG as a Financial Risk Proxy

Qualitative analysis of **Allianz** and **Unilever** contributes to the literature on **ESG-Driven Finance** (Narula, 2021). The findings suggest that ESG integration has evolved from a reputational exercise to a core financial risk determinant.

Evidence: Allianz explicitly linked its **"Net Zero"** commitments to its Solvency II internal models (**Allianz, Annual Report 2023**). This confirms that for institutional investors, regulatory adaptation (e.g., SFDR compliance) is now indistinguishable from financial risk management.

Interpretation: Firms that proactively adapted to the EU Taxonomy (Allianz) maintained lower risk premiums and better access to capital than those that lagged. This suggests a new theoretical construct **"Regulatory Beta,"** where a firm's cost of capital is increasingly correlated with its alignment to regional regulatory frameworks. (**Narula, 2021**)

5.3 Managerial Implications

Based on the cross-case analysis, three actionable implications emerge for financial managers operating in MNCs.

Table 5. 1: Definitions of proposed KPIs.

Table 5.1 Definitions of proposed KPIs.

Key Performance Indicator (KPI)	Definition
Inflation Adjusted Gearing	A dynamic leverage cap, where debt to equity ratio is automatically reduced by 10-15%, when leading inflation indicators (PPI/CPI) exceed a 3% threshold.
Supply Resilience Days	The number of days a firm can sustain full operations using only internal inventory and cash reserves.
Dematerialisation of Revenue	The percentage of total revenue derived from digital outcomes (e.g. SaaS, Digital Twins) that are decoupled from physical raw material inputs.

5.3.1 Dynamic Capital Structure Management: "Inflation-Adjusted Gearing"

Managers must abandon static leverage targets. The distress observed in Vodafone demonstrates the danger of entering an inflationary cycle with high variable-rate debt or significant refinancing needs.

Recommendation: CFOs should implement **"Inflation-Adjusted Gearing."** When leading inflation indicators (PPI, CPI) breach a 3% threshold, leverage targets should be dynamically lowered by 10-15%. **(Saunders, Lewis and Thornhill (2019))**

Rationale: If inflation leads to a rate hike that exceeds the firm's ROCE as happened to Vodafone where $WACC > ROCE$, value is destroyed. Deleveraging before the rate hike cycle matures is critical to avoid distressed asset sales. **(Claessens, S. and Yafeh, Y. ,2012)**

5.3.2 Supply Chain: From "Just-in-Time" to "Just-in-Case"

The efficiency models of the 2010s failed during the 2020-2022 supply shocks.

Recommendation: Following **BMW's** example, industrial firms should carry higher working capital (inventory) and cash buffers. While this reduces Return on Assets (ROA) in the short term, it preserves market share during supply crises.

Strategic Metric: Managers should adopt **"Supply Resilience Days"** as a KPI measuring how long the firm can operate without new external financing or raw material inputs rather than solely focusing on Working Capital Turnover. **(BMW Group Annual Reports, 2021–2023)**

5.3.3 The "Digital Inflation Hedge"

Siemens' success demonstrates that digital transformation is a financial hedge against labour and material inflation.

Recommendation: Investment planning should prioritize technology that decouples revenue from physical inputs. By selling "outcomes" (SaaS/Digital Twin) rather than just "machinery," firms can raise prices without incurring proportional increases in raw material costs. This **"dematerialization of revenue"** creates an infinite-margin product layer on top of the finite-margin hardware business. **(Siemens AG Annual Reports ,2021–2023)**

5.4 Strategic Implications for UK/EU MNCs

5.4.1 Navigating the Competitiveness Gap

The study reveals a divergence between the **Continental/Industrial** model (Siemens, BMW, Allianz) and the **UK/Service** model (Vodafone, Unilever, HSBC).

The Euro Advantage: The Continental firms benefited from a cohesive industrial strategy (Industry 4.0) that allowed them to absorb shocks through technological efficiency.

The UK Challenge: Post-Brexit regulatory friction was a recurring background theme in risk disclosures (Qualitative data). UK-domiciled MNCs must work harder to maintain "regulatory interoperability" to avoid a discount on their valuation. **(Armour ,2017)**

Implication: UK firms must adopt a **"Hyper-Compliance"** strategy, voluntarily adhering to EU standards (like CSRD/CSDDD) even if not legally mandated, to ensure friction-free access to capital and supply chains. **(Buckley ,2020)**

5.4.2 Financial Resilience as a Competitive Weapon

In a volatile environment, the balance sheet becomes a competitive weapon. This dynamic is modelled in **Figure 5.2**

Figure 5.2: The Feedback Loop of Strategic Adaptation

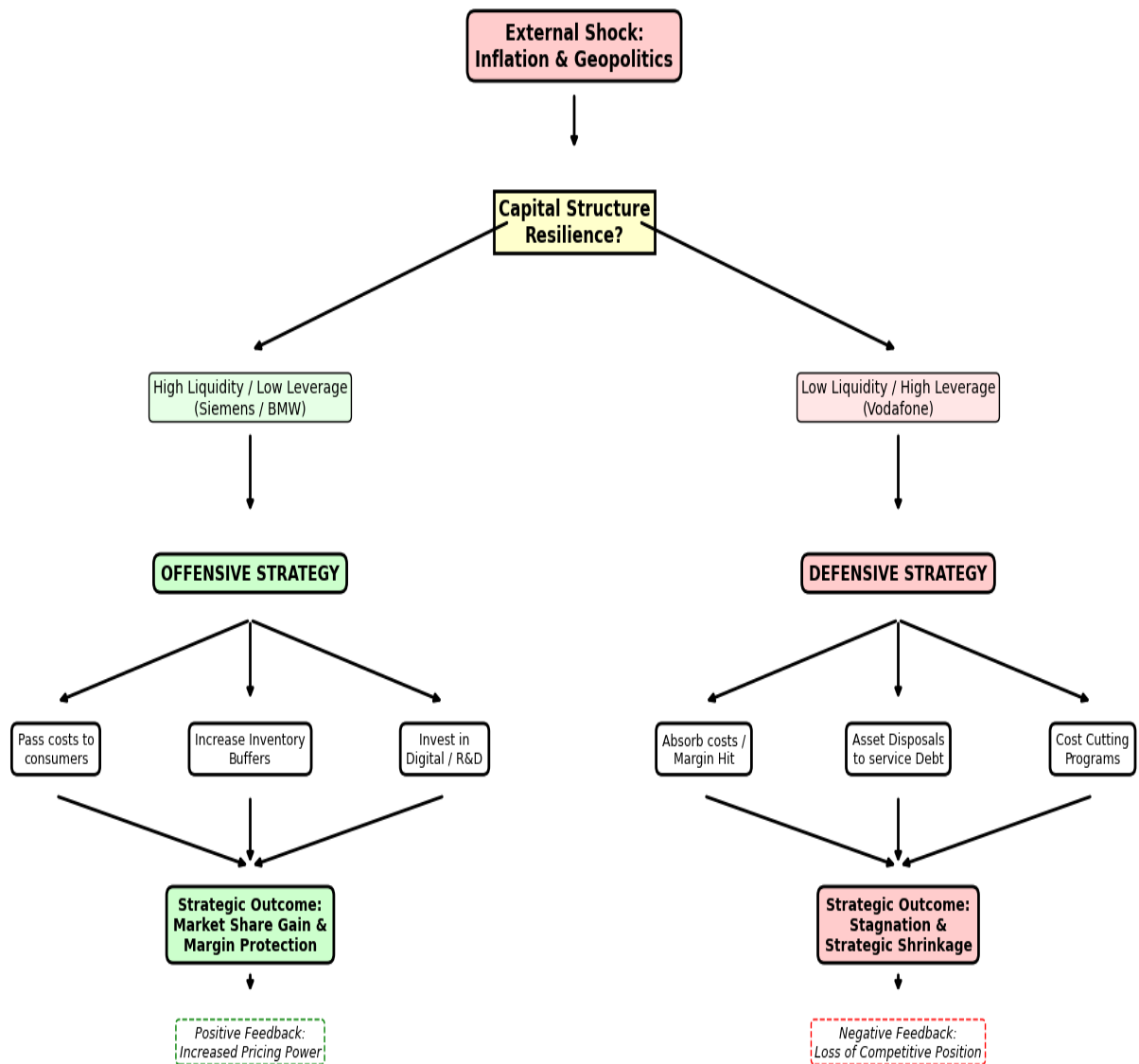


Figure 5.2 Feedback Loop of Strategic Adaption'

An Author generated decision tree-flow chart Showing the synthesis of the “Resilience Paradox”.

The Offensive Loop (Left): Firms with low leverage (Siemens/BMW) treat shocks as opportunities. They can afford to hold more inventory and continue R&D. This leads to

market share gains from weaker competitors, which further strengthens their pricing power. **(Myers and Majluf ,1984)**

The Defensive Loop (Right): Firms with high leverage (Vodafone) must prioritize debt service. They cut costs (often R&D or marketing) and sell assets. This shrinks the firm's strategic footprint, reducing future growth potential and leading to a loss of competitive position. **(Brigham and Ehrhardt ,2016)**

5.4.3 The "Glocal" Imperative

Finally, the study suggests that the era of "Hyper-Globalisation" has been replaced by **"Regionalisation."**

Finding: Siemens and BMW succeeded not by retreating from the world, but by duplicating value chains ("**Local for Local**"). This increases fixed costs but eliminates the "single point of failure" risk in global supply chains. **(Ghemawat ,2011)**

Implication: MNCs must move from "Cost Efficiency" (centralized production) to "Resilience Efficiency" (regional production hubs). The financial strategy must support this by raising capital in local currencies to match local assets, reducing FX exposure (natural hedging). **(Luo,2022)**

5.5 Limitations of Analysis

Despite the rigorous methodological design, this study acknowledges inherent limitations that future research must address.

Sectoral Incomparability: A primary challenge was the incompatibility of standard financial metrics across sectors. For example, "Inventory Days" and "EBITDA" are irrelevant for financial services firms like **HSBC** and **Allianz**. While the study mitigated this by using sector-specific baskets (Solvency II for insurers, ROCE for industrials), direct cross-sector comparison remains difficult. **(Yin,2018)**

Data Availability: Reliance on public secondary data means the analysis is constrained by what companies disclose. While NVivo coding reveals "**narrative focus**," it cannot measure "internal intent" versus "external signalling" (greenwashing). **(Buckley,2020)**

Time Horizon: The 2019-2023 window captures a specific crisis period (COVID-19 + Inflation Shock). It remains to be seen whether the "Resilience Strategies" identified here (e.g., liquidity hoarding) will remain value-accretive in a stable, low-inflation environment. **(Narula,2021)**

5.6 Conclusion

This dissertation set out to investigate the adaptability of financial strategies in the face of modern globalisation pressures. The findings offer a stark conclusion that **Liquidity is Strategy**.

In the benign economic environment of 2010-2019, financial structure was often treated as a commodity, a way to optimize tax or leverage returns. In the "Geopolitical Stagflation" environment of 2019-2023, financial structure became the primary determinant of survival.

The study establishes a **"Hierarchy of Resilience"**

Level 1 (Top): Firms with **"Structural Hedges"** (Banks/Insurers) that benefit mechanically from rate volatility.

Level 2: Firms with **"Operational Hedges"** (Industrials) that can pass costs through pricing power and digital innovation.

Level 3 (Bottom): Firms relying on **"Financial Engineering"** (debt-fuelled growth) without the pricing power to support it.

As the global economy moves further into an era of fragmentation, this hierarchy suggests that the "winners" of the next decade will be those who treat their financial structure not as a static support function, but as a dynamic engine of strategic adaptation

Key contributions of this study:

- **Theoretical contribution:** The concept of the "Globalisation Discount".
- **Methodological contribution:** The sector-specific Benchmarking Framework.
- **Managerial Contribution:** The "inflation adjusted Gearing" metric.

6 Chapter 6: Conclusion

The primary aim of this research was to critically evaluate how multinational corporations (MNCs) domiciled in the UK and EU adapted their financial strategies to survive and thrive within this hostile environment.

Addressing this objective, the study employed a **Convergent Parallel Mixed Methods Design**. This methodological choice allowed for the triangulation of hard financial data with soft strategic narratives. (Yin,2018) By analysing the audited financial reports of six major MNCs, **Siemens AG, BMW Group, Vodafone Group, Unilever, HSBC, and Allianz** the research moved beyond static ratio analysis to understand the strategic intent behind the numbers. The quantitative stream utilised ratio trend analysis (ROCE, Gearing, Solvency) to map financial reality, while the qualitative stream employed NVivo-based thematic coding to map strategic rhetoric. (Plano Clark,2018)

The empirical analysis yielded the conclusion that adaptation was not uniform. It was determined by the interplay of Sectoral Pricing and capital structure flexibility. This study contends the assumption that size equals safety. The idea that a massive international footprint automatically acts as a risk buffer was found to be fractured. (Buckley,2020)

Instead, the research identified that resilience was defined by archetype rather than scale. **'Operational Hedgers' (Siemens & BMW)** showed that operational flexibility and liquidity buffers are superior to financial engineering in a volatile world. The other group **'Structural Beneficiaries' (HSBC & Allianz)** Leveraged their fortress balance sheets to buy regulatory permissions. Meanwhile, the **'Inflation victims' (Vodafone & Unilever)** exposed the 'Nominal Trap', where nominal revenue growth masked real economic value erosion.

In summary, the study concludes that in a "Geopolitical Stagflation" environment, the traditional tools of corporate finance (cheap debt, share buybacks, aggressive M&A) become liabilities. The firms that succeeded were those that returned to the fundamentals of the "Fortress Balance Sheet" prioritizing solvency over efficiency and liquidity over growth. (Buckley,2020)

6.1 Contribution to Knowledge and Practice

This dissertation moves beyond a descriptive analysis of financial performance to offer specific theoretical extensions and actionable managerial frameworks.

6.1.1 Academic Contribution

The study makes a distinct original contribution to International Business (IB) and Corporate Finance literature in three specific ways:

1. Challenging the Uppsala Model in the Age of Fragmentation: Traditional IB theory,

specifically the Uppsala Model, posits a linear progression of internationalisation where incremental expansion reduces risk through diversification. This study provides empirical evidence of a **"Globalisation Discount."** For firms like Vodafone, operating in fragmented regulatory jurisdictions during a period of inflation created "diseconomies of complexity." This contributes to the emerging literature on "De-globalisation" (Luo, 2022) by demonstrating that without pricing power, geographic diversity amplifies, rather than mitigates, volatility. (Johanson and Vahlne ,2009)

2. Re-validating the Pecking Order Theory: The findings offer a robust contemporary validation of the **Pecking Order Theory (Myers, 1984)** over the Trade-Off Theory. During the crisis window (2020-2022), the high-performing firms (BMW, Siemens) did not seek an "optimal" debt-to-equity ratio to maximize tax shields. Instead, they hoarded internal cash. This suggests that in environments of high geopolitical risk, the "option value" of internal liquidity is far higher than the tax benefits of debt, challenging the relevance of Modigliani-Miller's propositions in crisis scenarios. **Myers, S.C. (1984)**

3. Defining the "Resilience Paradox": The study formalises the concept of the **"Resilience Paradox"** as a signaling phenomenon. It contributes to disclosure theory by suggesting that "Resilience" has become a "defensive keyword." Academics analysing corporate narratives must now control for this inverse correlation: high usage of resilience terminology may statistically predict financial distress rather than strength. (Luo,2022)

6.1.2 Managerial Relevance

For financial managers and CFOs operating in UK and EU MNCs, this dissertation offers three actionable frameworks for navigating future volatility:

1. The "Inflation-Adjusted Gearing" Metric: The distress observed in the "Inflation Victims" underscores the danger of static leverage targets. The study proposes that managers must adopt dynamic gearing caps. When inflation exceeds 3%, target leverage ratios must automatically compress. Financial managers cannot afford to carry "low-inflation debt loads" into a "high-inflation rate cycle." (Bodie, Z., Kane, A. and Marcus, A.J.,2022)

2. Supply Resilience as a KPI: The success of the "Operational Hedgers" validates the shift from Working Capital Efficiency (minimizing inventory) to Supply Resilience (optimizing availability). Managers should adopt **"Supply Resilience Days"**, a metric defined as the duration the firm can operate without external inputs as a primary KPI, prioritizing it over short-term Return on Capital Employed (ROCE) during geopolitical shocks. (Buckley,2020)

3. Regulatory Compliance as a "Moat": The analysis of Allianz and HSBC suggests that "Hyper-Compliance" is a competitive strategy. By voluntarily adopting rigorous frameworks like the EU Taxonomy ahead of mandates, firms lower their cost of equity. Managers should view ESG and regulatory teams not as cost centres, but as "Cost of Capital Optimization" units. (Luo,2022)

6.2 Limitations

While the mixed-methods design ensured methodological robustness, specific limitations inherent to the research scope must be acknowledged to contextualize the findings.

6.2.1 Secondary Data Constraints and the "Signaling" Bias

The Primary limitation of this study is the exclusive reliance over secondary data. This introduces a "signalling bias" where the strategic narratives in the annual report may reflect market reassurance rather than internal intent. This is a limitation mitigated but not entirely eliminated in the triangulation method. Consequently, the findings reflect the market facing reality of these firms. Which may differ from their internal discourse. **(Saunders, Lewis and Thornhill ,2019)**

6.2.2 Methodological and Sectoral Limitations

Causality vs. Correlation: The study identifies strong associations between strategies (e.g., localisation) and outcomes (e.g., margin stability). However, the timeframe (2019-2023) was an unprecedented event. It is difficult to determine whether the success of Siemens/BMW was solely due to their strategies or if they were aided by sector-specific tailwinds that would have occurred regardless of management action. **(Graham and Harvey,2001)**

Sectoral Incomparability: Despite the use of sector-specific baskets (Solvency II for insurers vs. ROCE for industrials), perfect comparability across the six cases remains elusive. A "high leverage" ratio for a utility like Vodafone (which has stable, recurring cash flows) is structurally different from high leverage for a manufacturer like BMW. While the analysis attempted to normalize these differences through trend analysis (comparing a firm against its own history), cross-case conclusions should be read with an awareness of these structural industry differences. **(yin,2018)**

6.3 6.3 Recommendations for Future Research

The limitations identified above provide fertile ground for future academic inquiry. To further validate and expand upon the "Hierarchy of Resilience," the following research avenues are recommended. (Saunders, Lewis and Thornhill ,2019)

6.3.1 Primary Data Studies

Future research should seek to bridge the gap between "Signaling" and "Intent" by incorporating primary data.

Interview-Based Inquiry: Qualitative interviews with CFOs and Treasurers of UK/EU MNCs would be invaluable. Research questions could focus on, to what extent did the "Resilience Paradox" reflect a conscious strategy to manage credit ratings? How did internal hurdle rates for investment change during the inflation spike?

Internal vs. External Discourse: A comparative study analysing internal management memos (if accessible) against external annual reports would definitively quantify the extent of the "Greenwashing" or "Resilience-washing" hypothesized in this study. (Saunders, Lewis and Thornhill ,2019)

6.3.2 Longitudinal and Region-Specific Extensions

Testing the "Peace Dividend": This study focused on a crisis period. A longitudinal study extending into 2024-2030 is necessary to determine if the "Operational Hedgers" revert to efficiency models once inflation stabilizes. Will BMW reduce its liquidity buffers? Will Siemens re-globalise its supply chain? Understanding the "stickiness" of these crisis adaptations is crucial for long-term theory. **(Luo,2022)**

Comparative Geographies: The study focused on the UK and EU. Future research should apply this framework to US or Asian MNCs. Did US firms, shielded by a stronger domestic energy market and the dollar's reserve status, exhibit the same "Resilience Paradox"? A comparative analysis of Eurozone (energy importer) and the USA (energy exporter) would isolate the specific impact of the energy shock on financial strategy. (Buckley,2020)

6.4 Concluding Remarks

This dissertation concludes that the financial strategies of the previous decade built on the pillars of cheap debt, just-in-time efficiency, and assumption of open borders are obsolete. The "Trinity of Pressures" has not just disrupted the market, it has rewritten the rules of the game. **(Buckley,2020)**

The winners of the 2019-2023 period were not the firms with the most aggressive growth strategies, but those with the most disciplined survival instincts. The study leaves the field with a provocative thought, in an era of fragmentation, **Liquidity is Strategy.**

7 References

Corporate Annual Reports (Primary Sources)

Allianz SE (2020) *Annual Report 2019: Outperform, Transform, Rebalance*. Munich: Allianz SE. Available at: <https://www.annualreports.com/Company/allianz-se>

Allianz SE (2021) *Annual Report 2020*. Munich: Allianz SE. Available at: <https://www.annualreports.com/Company/allianz-se>

Allianz SE (2022) *Annual Report 2021: Building Confidence in Tomorrow*. Munich: AllianzSE. Available at: <https://www.annualreports.com/Company/allianz-se>

Allianz SE (2023) *Annual Report 2022*. Munich: Allianz SE. Available at: <https://www.annualreports.com/Company/allianz-se>

BMW Group, 2020. *Annual Report 2019: Power of Choice*. Munich: Bayerische Motoren. Available at: <https://www.annualreports.com/Company/bmw-ag>

BMW Group, 2021. *Annual Report 2020: Our Responsibility, Our Future*. Munich: Bayerische Motoren Werke. Available at: <https://www.annualreports.com/Company/bmw-ag>

BMW Group, 2022. *Annual Report 2021: The Future is Electric, Digital and Circular*. Munich: Bayerische Motoren werke. Available at: <https://www.annualreports.com/Company/bmw-ag>

BMW Group, 2023. *Annual Report 2022: Next Level Mobility*. Munich: Bayerische Motoren Werke. Available at: <https://www.annualreports.com/Company/bmw-ag>

BMW Group, 2024. *Annual Report 2023: Driving the Next Era*. Munich: Bayerische Motoren Werke AG. Available at: <https://www.annualreports.com/Company/bmw-ag>

HSBC Holdings plc, 2020. *Annual Report and Accounts 2019*. London: HSBC Holdings. Available at: <https://www.annualreports.com/Company/hsbc-holdings-plc>

HSBC Holdings plc, 2021. *Annual Report and Accounts 2020: Opening up a World of Opportunity*. London: HSBC Holdings plc. Available at: <https://www.annualreports.com/Company/hsbc-holdings-plc>

HSBC Holdings plc, 2022. *Annual Report and Accounts 2021*. London: HSBC Holdings plc. Available at: <https://www.annualreports.com/Company/hsbc-holdings-plc>

HSBC Holdings plc, 2023. *Annual Report and Accounts 2022*. London: HSBC Holdings plc. Available at: <https://www.annualreports.com/Company/hsbc-holdings-plc>

HSBC Holdings plc, 2024. *Annual Report and Accounts 2023*. London: HSBC Holdings

plc. Available at: <https://www.annualreports.com/Company/hsbc-holdings-plc>

Siemens AG, 2020. Annual Report 2019. Munich: Siemens AG. Available at: <https://www.annualreports.com/Company/siemens-ag>

Siemens AG, 2021. Annual Report 2020. Munich: Siemens AG. Available at: <https://www.annualreports.com/Company/siemens-ag>

Siemens AG (2022) Siemens Report 2021. Munich: Siemens AG. Available at: <https://www.annualreports.com/Company/siemens-ag>

Siemens AG (2023) Siemens Report 2022. Munich: Siemens AG. Available at: <https://www.annualreports.com/Company/siemens-ag>

Siemens AG (2024) Siemens Report 2023. Munich: Siemens AG. Available at: <https://www.annualreports.com/Company/siemens-ag>

Unilever PLC, 2020. Annual Report and Accounts 2019: Purpose-led, Future-fit. London: Unilever PLC. Available at: <https://www.annualreports.com/Company/unilever>

Unilever PLC, 2021. Annual Report and Accounts 2020. London: Unilever PLC. Available at: <https://www.annualreports.com/Company/unilever>

Unilever PLC, 2022. Annual Report and Accounts 2021. London: Unilever PLC. Available at: <https://www.annualreports.com/Company/unilever>

Unilever PLC, 2023. Annual Report and Accounts 2022. London: Unilever PLC. Available at: <https://www.annualreports.com/Company/unilever>

Unilever PLC, 2024. Annual Report and Accounts 2023. London: Unilever PLC. Available at: <https://www.annualreports.com/Company/unilever>

Vodafone Group Plc (2019) *Annual Report 2019: We Connect for a Better Future*. Newbury: Vodafone Group Plc. Available at: <https://www.annualreports.com/Company/vodafone-group-plc>

Vodafone Group Plc (2020) *Annual Report 2020*. Newbury: Vodafone Group Plc. Available at: <https://www.annualreports.com/Company/vodafone-group-plc>

Vodafone Group Plc (2021) *Annual Report 2021*. Newbury: Vodafone Group Plc. Available at: <https://www.annualreports.com/Company/vodafone-group-plc>

Vodafone Group Plc (2022) *Annual Report 2022*. Newbury: Vodafone Group Plc. Available at: <https://www.annualreports.com/Company/vodafone-group-plc>

Vodafone Group Plc (2023) *Annual Report 2023*. Newbury: Vodafone Group Plc. Available at: <https://www.annualreports.com/Company/vodafone-group-plc>

Academic and Institutional Sources

Allayannis, G. and Weston, J.P. (2001) 'The use of foreign currency derivatives and firm market value', *The Review of Financial Studies*, 14(1), pp.243-276. Available at: <https://academic.oup.com/rfs/article/14/1/243/1590888>

Armour, J. (2017) 'Brexit and financial services', *Oxford Review of Economic Policy*, 33(suppl_1), pp.S54-S69. Available at: https://academic.oup.com/oxrep/article/33/suppl_1/S54/455072

Baker, M. and Wurgler, J. (2002) 'Market timing and capital structure', *The Journal of Finance*, 57(1), pp. 1–32. Available at: <https://onlinelibrary.wiley.com/doi/10.1111/1540-6261.00414> (Accessed: 18 January 2026).

Bank of England (2024) *Bank Rate History and Data*. Available at: <https://www.bankofengland.co.uk/boeapps/database/> (Accessed: 18 January 2026).

Beasley, M.S., Clune, R. and Hermanson, D.R. (2005) 'Enterprise risk management: An empirical analysis of factors associated with the extent of implementation', *Journal of Accounting and Public Policy*, 24(6), pp. 521–531. Available at: <https://doi.org/10.1016/j.jaccpubpol.2005.10.001>

Bodie, Z., Kane, A. and Marcus, A.J. (2022) *Investments*. 12th edn. New York: McGraw-Hill. Available at: <https://www.mheducation.com/highered/product/investments-bodie/M9781264411894.html>

Bouveret, A. (2018) *Cyber Risk for the Financial Sector: A Framework for Quantitative Assessment*. IMF Working Paper WP/18/143. Available at: <https://www.imf.org/en/Publications/WP/Issues/2018/06/22/Cyber-Risk-for-the-Financial-Sector-45924>

Braun, V. and Clarke, V. (2006) 'Using thematic analysis in psychology', *Qualitative Research in Psychology*, 3(2), pp. 77–101. Available at: <https://www.tandfonline.com/doi/10.1191/1478088706qp063oa>

Brigham, E.F. and Ehrhardt, M.C. (2016) *Financial Management: Theory and Practice*. 15th edn. Boston: Cengage Learning. Available at: <https://www.cengage.uk/c/financial-management-theory-and-practice-15e-brigham/>

Buckley, P.J. (2020) 'The role of international business theory in an era of political

and economic turbulence', *Journal of World Business*, 55(1), p. 101034.
Available at: <https://doi.org/10.1016/j.jwb.2019.101034>

Buckley, P.J. and Casson, M. (2009) 'The internalisation theory of the multinational enterprise', *Journal of International Business Studies*, 40(9), pp. 1563–1580.
Available at: <https://link.springer.com/article/10.1057/jibs.2009.49>

Claessens, S. and Yafeh, Y. (2012) 'Financial globalization and corporate governance', *Review of International Economics*, 20(3), pp. 424–439.
Available at: <https://onlinelibrary.wiley.com/doi/10.1111/j.1467-9396.2012.01028>.

COSO (2017) *Enterprise Risk Management: Integrating with Strategy and Performance*. New York: COSO. Available at:
<https://www.coso.org/Shared%20Documents/2017-COSO-ERM-Integrating-with-Strategy-and-Performance-Executive-Summary.pdf>

Plano Clark, V.L. (2018) *Designing and Conducting Mixed Methods Research*. 3rd edn. Thousand Oaks: Sage.
Available at: <https://uk.sagepub.com/en-gb/eur/designing-and-conducting-mixed-methods-research/book241842>

European Central Bank (2024) *Key ECB Interest Rates*. Available at:
https://www.ecb.europa.eu/stats/policy_and_exchange_rates/key_ecb_interest_rates/html/index.en.html

Friede, G., Busch, T. and Bassen, A. (2015) 'ESG and financial performance', *Journal of Sustainable Finance & Investment*, 5(4), pp. 210–233.
Available at: <https://doi.org/10.1080/20430795.2015.1118917>

Ghemawat, P. (2011) *World 3.0: Global Prosperity and How to Achieve It*. Boston
Available at: <https://store.hbr.org/product/world-3-0-global-prosperity-and-how-to-achieve-it/10697>

Modigliani, F. and Miller, M.H. (1958) 'The cost of capital, corporation finance and the theory of investment', *The American Economic Review*, 48(3), pp. 261–297.
Available at: <https://www.jstor.org/stable/1809766> (Accessed: 18 January 2026).

Myers, S.C. (1984) 'The capital structure puzzle', *The Journal of Finance*, 39(3), pp. 574–592.
Available at: <https://www.jstor.org/stable/2327916> (Accessed: 18 January 2026).

OECD (2022) *OECD Economic Outlook*. Paris: OECD Publishing.
Available at: <https://www.oecd.org/economic-outlook/>

Tooze, A. (2022) 'Welcome to the world of the polycrisis', *Financial Times*, 28 October.

Available at: <https://www.ft.com/content/498398e7-11b1-494b-9cd3-6d669dc3de99>

World Bank (2024) Inflation, consumer prices (annual %).
Available at: <https://data.worldbank.org/indicator/FP.CPI.TOTL.ZG>

Yin, R.K. (2018) *Case Study Research and Applications: Design and Methods*. 6th edn. Los Angeles: Sage.
Available at: <https://uk.sagepub.com/en-gb/eur/case-study-research-and-applications/book250150>

Ghoshal, S. (1987) 'Global strategy: An organizing framework', *Strategic Management Journal*, 8(5), pp. 425–440.
Available at: <https://onlinelibrary.wiley.com/doi/10.1002/smj.4250080503>
(Accessed: 18 January 2026).

Giddens, A. (1990) *The Consequences of Modernity*. Cambridge: Polity Press.
Available at: <https://politybooks.com/bookdetail/?isbn=9780745609235> (Accessed: 18 January 2026).

Graham, J.R. and Harvey, C.R. (2001) 'The theory and practice of corporate finance: Evidence from the field', *Journal of Financial Economics*, 60(2–3), pp. 187–243.
Available at: [https://doi.org/10.1016/S0304-405X\(01\)00044-7](https://doi.org/10.1016/S0304-405X(01)00044-7) (Accessed: 18 January 2026).

Held, D., McGrew, A., Goldblatt, D. and Perraton, J. (1999) *Global Transformations: Politics, Economics and Culture*. Cambridge: Polity Press.
Available at: <https://politybooks.com/bookdetail/?isbn=9780745621985> (Accessed: 18 January 2026).

Hitt, M.A., Hoskisson, R.E. and Kim, H. (1997) 'International diversification: Effects on innovation and firm performance in product-diversified firms', *Academy of Management Journal*, 40(4), pp. 767–798.
Available at: <https://doi.org/10.2307/256948> (Accessed: 18 January 2026).

Johanson, J. and Vahlne, J.E. (1977) 'The internationalization process of the firm: A model of knowledge development and increasing foreign market commitments', *Journal of International Business Studies*, 8(1), pp. 23–32.
Available at: <https://link.springer.com/article/10.1057/palgrave.jibs.8490676>
(Accessed: 18 January 2026).

Johanson, J. and Vahlne, J.E. (2009) 'The Uppsala internationalization process model revisited', *Journal of International Business Studies*, 40(9), pp. 1411–1431.
Available at: <https://link.springer.com/article/10.1057/jibs.2009.24> (Accessed: 18 January 2026).

Kim, W.C. and Hwang, P. (1992) 'Global strategy and multinationals' entry mode choice', *Journal of International Business Studies*, 23(1), pp. 29–53.

Available at: <https://link.springer.com/article/10.1057/palgrave.jibs.8490254>
(Accessed: 18 January 2026).

Kopp, E., Kaffenberger, L. and Wilson, C. (2017) *Cyber Risk, Market Failures, and Financial Stability*. IMF Working Paper WP/17/185. Washington, DC: International Monetary Fund.
Available at: <https://www.imf.org/en/Publications/WP/Issues/2017/07/28/Cyber-Risk-Market-Failures-and-Financial-Stability-45116> (Accessed: 18 January 2026).

Kraus, A. and Litzenberger, R.H. (1973) 'A state-preference model of optimal financial leverage', *The Journal of Finance*, 28(4), pp. 911–922.
Available at: <https://www.jstor.org/stable/2978343> (Accessed: 18 January 2026).

Krüger, P. (2015) 'Corporate goodness and shareholder wealth', *Journal of Financial Economics*, 115(2), pp. 304–329.
Available at: <https://doi.org/10.1016/j.jfineco.2014.09.008> (Accessed: 18 January 2026).

Luo, Y. (2022) 'Globalisation, deglobalisation and the role of the state', *Journal of International Business Policy*, 5(1), pp. 5–23.
Available at: <https://link.springer.com/article/10.1057/s42214-021-00112-3>

Modigliani, F. and Miller, M.H. (1958) 'The cost of capital, corporation finance and the theory of investment', *The American Economic Review*, 48(3), pp. 261–297.
Available at: <https://www.jstor.org/stable/1809766>

Myers, S.C. (1984) 'The capital structure puzzle', *The Journal of Finance*, 39(3), pp. 574–592.
Available at: <https://www.jstor.org/stable/2327916>

Myers, S.C. and Majluf, N.S. (1984) 'Corporate financing and investment decisions when firms have information that investors do not have', *Journal of Financial Economics*, 13(2), pp. 187–221.
Available at: [https://doi.org/10.1016/0304-405X\(84\)90023-0](https://doi.org/10.1016/0304-405X(84)90023-0)

Narula, R. (2021) 'The impact of COVID-19 on the global strategy of multinational enterprises', *Journal of International Business Policy*, 4(1), pp. 1–14.
Available at: <https://link.springer.com/article/10.1057/s42214-020-00069-1>

OECD (2022) *OECD Economic Outlook*. Paris: OECD Publishing.
Available at: <https://www.oecd.org/economic-outlook/>

Rey, H. (2015) *Dilemma not Trilemma: The Global Financial Cycle and Monetary Policy Independence*. NBER Working Paper No. 21162. Cambridge, MA: National Bureau of Economic Research.
Available at: <https://www.nber.org/papers/w21162>

Rodrik, D. (2011) *The Globalization Paradox: Democracy and the Future of the World Economy*. New York: W.W. Norton & Company.
Available at: <https://wnorton.com/books/9780393337787>

Rugman, A.M. and Verbeke, A. (2004) 'A perspective on regional and global strategies of multinational enterprises', *Journal of International Business Studies*, 35(1), pp. 3–18.
Available at: <https://link.springer.com/article/10.1057/palgrave.jibs.8400073>

Saunders, M., Lewis, P. and Thornhill, A. (2019) *Research Methods for Business Students*. 8th edn. Harlow: Pearson.
Available at: <https://www.pearson.com/en-gb/subject-catalog/p/research-methods-for-business-students/P200000006024>

Stiglitz, J.E. (2002) *Globalization and Its Discontents*. New York: W.W. Norton & Company.
Available at: <https://wnorton.com/books/9780393324398>

Stulz, R.M. (2005) 'The limits of financial globalization', *The Journal of Finance*, 60(4), pp. 1595–1638.
Available at: <https://doi.org/10.1111/j.1540-6261.2005.00775.x>

8 Appendix - I Data Sources:

Research Question	Primary Data Sources	Specific Sections/Metrics used
RQ1 (Financial Adaptation): How have the capital structures and profitability metrics of UK and EU MNCs evolved in response to the transition from a low-interest/low-inflation regime to a high-interest/high-inflation regime (2019-2023)?	Audited Financial Statements (2019-2023) (Siemens, BMW, Vodafone, Unilever, HSBC, Allianz)	Raw Data Extracted: - Total debt, Total Equity, Cash and Equity cash and equivalents - EBIT, Net Income, Revenue Derived Ratios (Calculated): - Gearing Ratio (Debt to Equity) - ROCE (Return on Capital Employed) - Net profit Margin - Liquidity Ratio (Cash/Assets) External Data: - World Bank CPI data (UK/EU inflation) - BoE & ECB Historical Base Rates.
RQ2 (Strategic Rhetoric): To what extent does the qualitative discourse in Annual Reports regarding	Annual Strategic Reports (2019-2023) Textual Data	Qualitative Sections: Chairman's Statement & CEO

"Resilience" and "Geopolitical Risk" align with the quantitative financial indicators of resilience and distress?		letter • Principal Risks and uncertainties section • Sustainability and strategy chapters Analysis Tool: NVivo Thematic coding
RQ3 (Synthesis): What specific financial characteristics (e.g., liquidity, sectoral pricing power) differentiate the firms that successfully "hedged" against the crisis from those that suffered value erosion?	Triangulated Dataset (Merged Quantitative and Qualitative Findings)	Synthesis Tools: • Cross-case Comparison Table (Table 4.4.1) • Strategic Resilience Matrix (Figure 5.1) • Sector specific Benchmarking (Real Growth vs Nominal Growth)