

ABSTRACT

Investment promotion incentives are important tools for host government in various countries to stimulate foreign direct investment. They are still questionable on their effectiveness. This research on “The Study of Electronics MNEs and Their Strategic Responses to Host Government Investment Promotion Policy” uses factor analysis to reduce 92 independent variables to a smaller number of factors in order to provide the regression equations. This study aims to analyze the relationship of the investment conducive factors with location interests in seven Asia countries: Thai; Singapore; Malaysia; the Philippines; Indonesia; China; and Vietnam.

Using electronics industry as the case study, 203 electronics MNEs in Thailand are interviewed comprising 56 MNEs on consumer electronics products, 47 MNEs on computer and peripherals devices, 35 MNEs on industrial electronics products, and 65 MNEs on electronic components and parts.

Two analysis schemes were employed. The first one so called top-down or prescribed scheme is finding new factors for each group of independent variables (IVs), then using the factors found from all groups as IVs to run Multiple Regression Analysis (MRA) against the dependent variable (DV). The second one so called bottom-up or unprescribed scheme uses simultaneously IVs from all groups to run a factor analysis. The result factors are then used as IVs for MRA against the seven location interests. Results of the unprescribed scheme suggest separating the data samples into two groups: upstream industry and downstream industry. The study also uses IVs against the 4 types of electronics products, 2 types of entry mode (wholly- owned subsidiaries and joint ventures), and 2 types of investment (start-up companies and expansion companies).