

EUROPEAN INTEGRATION AND LEADING FIRMS' ENTRY AND EXIT STRATEGIES

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Abstract

This paper provides empirical evidence on how EU leading firms adjusted to European economic integration with respect to the following strategic variables: entry/exit decisions in the product/geographic space (diversification/multinationality). A novel dataset, including detailed information on firms' output across industries and countries for a sample of 100 EU leading firms in 1987 and 1993, also enables us to provide preliminary evidence on the "globalisation - return to core business" hypothesis. The econometric analysis of entries/exits in the primary industry suggests that the Single Market program affected company strategy by making multinational activity more necessary to face increased competitive pressure. Our results are thus far more consistent with a "think European view" than with the "return to core country" hypothesis, as implied by fuller exploitation of scale economies and comparative advantages.