

Teaching guidelines

Regulatory Shifts and Foreign Direct Investment Decisions Exploring Initial Responses to Sustainability Reporting

This work was supported by the Polish National Agency for Academic Exchange, Strategic Partnerships, “Higher Education for Resilient Economy”, grant number (BNI/PST/2023/1/00016)

Material information

The prepared teaching material is designed for courses that examine how new EU regulations shape multinational enterprises' (MNEs) foreign direct investment (FDI) strategies, particularly in light of compliance with emerging disclosure regimes and sustainability standards. It is intended primarily for master-level students, as it addresses advanced topics such as regulatory compliance, responsible production, and adaptive strategies under evolving EU frameworks. The content is highly relevant for programs in international business, sustainability, supply chain management, EU law, environmental studies, and communication studies.

Positioned at the intersection of international management and regulatory governance, the material provides students with a contextual understanding of how policy-driven changes—such as the Corporate Sustainability Reporting Directive (CSRD) and the EU Green Deal—impact strategic decisions across borders. It introduces key concepts through real-world examples and encourages critical analysis of how compliance requirements influence FDI planning, supply chain restructuring, and corporate communication strategies. This approach equips students with analytical and strategic skills essential for navigating complex global environments shaped by regulatory and sustainability imperatives.

While the primary audience is master-level students, the material can also serve as supplementary content for advanced seminars or interdisciplinary modules. Its adaptable structure allows instructors to tailor discussions to specific themes, such as geopolitical risk, environmental compliance, or responsible business practices, making it a flexible resource for diverse curricula.

Learning objectives and outcomes

This teaching material focuses on how emerging EU information disclosure regimes influence multinational enterprises (MNEs) as they adapt their strategies to comply with directives such as the Corporate Sustainability Due Diligence Directive (CSDDD) and the Corporate Sustainability Reporting Directive (CSRD). Its core objective is to help students understand the link between regulatory compliance and international business strategy, particularly in shaping foreign direct investment (FDI) decisions under new sustainability and transparency standards.

Learning outcomes are categorized as follows:

Knowledge

- The student is able to discuss and differentiate between key regulations relating to environmental disclosure in EU.
- The student is able to identify and explain how these regulations impact the FDI strategies of MNEs.
- The student is able to name and discuss key transparency regimes that emerge because of these regulations.

Skills

- The student is able to design models that incorporate environmental standards changes into international equity entry modes.
- The student is able to interpret the impact of information transparency requirements on FDI patterns.

Social Competences

- The student is able to voice and communicate their understanding and perception of transparency regimes and FDI environmental requirements.

Overview

The provided teaching materials—comprising a PowerPoint presentation and a video lecture—are designed to support university-level instruction on the intersection of EU sustainability regulations and international business strategy, with a specific focus on how new disclosure regimes influence multinational enterprises (MNEs). Both materials follow an identical structure, allowing instructors to deliver content in live sessions or through asynchronous learning.

The materials begin by explaining why sustainability has become central to EU economic activity and how this priority increasingly manifests in regulatory frameworks. This section outlines six key drivers behind the EU's push for sustainability in practice, anchoring students in the real-world relevance of the topic.

Next, the lecture introduces two major regulatory instruments shaping corporate behavior: the Corporate Sustainability Reporting Directive (CSRD) and the Corporate Sustainability Due Diligence Directive (CSDDD). It details what these directives require, who they apply to, and their implications for global operations. The discussion then shifts to how these regulations affect MNE strategies—both in the short term, through changes in transparency regimes, and in the long term, through potential reevaluation of FDI locations, reshoring, or sustaining investments.

The core section defines transparency as comprising disclosure, clarity, and accuracy, and presents six transparency regimes, including a newly observed form—forced transparency—emerging under regulatory pressure. These regimes are analyzed in the context of MNE obligations to report not only EU-based activities but also those of third-country subsidiaries. The lecture concludes by examining how evolving EU

regulations reshape the applicability of each transparency regime, offering insights for strategic compliance and global governance.

Pre-lecture preparation

To get the most out of this lecture, students should refresh key concepts in strategic management and international business that underpin the discussion. In particular, they should review governance modes and structures of multinational enterprises (MNEs), the primary motives behind foreign direct investment (FDI), and the specifics of equity-based entry modes. These elements form the foundation for understanding how regulatory changes influence global strategy. Familiarity with these topics will enable students to critically assess how sustainability-driven disclosure requirements affect internationalization decisions and compliance strategies. Reviewing recent case studies of MNEs adapting to new EU regulations will further help connect theoretical models with real-world practice.

Suggested usage

For master-level courses, it is recommended that students watch the video lecture before class to establish a foundational understanding and trigger deeper discussion during the session. This approach allows instructors to focus classroom time on clarifying complex concepts—such as disclosure regimes, transparency structures, and their strategic implications for MNEs—while encouraging critical engagement with real-world examples. The pre-class video ensures students come prepared, enabling interactive dialogue and case-based analysis that connects theory to practice.

Although the PowerPoint and video can be used independently, combining them in this sequence fosters active learning and allows instructors to adapt the discussion based on students' prior knowledge and questions. For advanced groups specializing in international business, sustainability, or EU regulatory frameworks, this blended approach supports independent learning while promoting collaborative exploration of how new disclosure requirements reshape global strategies.

Engagement activities

This lecture can be supplemented with a range of interactive activities designed to enhance student engagement and deepen understanding of the topic. These activities are flexible and can be used either before the lecture to activate prior knowledge, or after to reinforce key concepts and encourage critical thinking. They are suitable for both live and asynchronous teaching formats.

Activity	Description
Case Hunt: Real-World Examples	<p>Objective: Connect theory to practice by exploring actual corporate responses to EU sustainability regulations.</p> <p>Prompt: “Find examples of companies that have adjusted their FDI strategies due to CSRD or CSDDD compliance. What actions did they take (e.g., reshoring, transparency changes)? What were the strategic implications?”</p> <p>Activity: Students research cases individually or in pairs and present findings in class.</p>
Policy Impact Simulation	<p>Objective: Apply regulatory knowledge to strategic decision-making.</p> <p>Setup: Students role-play as MNE managers deciding whether to maintain, relocate, or reshape investments under new EU disclosure requirements.</p> <p>Questions: “What factors drive your decision? How do compliance costs and reputational risks influence your strategy?”</p>
Comparative Analysis Workshop	<p>Objective: Compare regulatory adaptation across regions.</p> <p>Task: Students analyze sustainability disclosure practices of two MNEs—one EU-based and one non-EU. Highlight differences in governance structures and reporting obligations.</p> <p>Discussion: How do these differences affect global competitiveness?</p>
Case Study Discussion: FDI Debate: Regulation vs. Competitiveness	<p>Objective: Critically assess the impact of EU sustainability regulations on global strategy.</p> <p>Setup: Split class into two groups: one argues that stricter regulations enhance competitiveness; the other argues they hinder it.</p> <p>Debate questions: “Do CSRD and CSDDD create strategic advantages or burdens? How do they influence FDI decisions?”</p>

Post-lecture activities

Following the lecture, students can deepen their understanding by examining how global and regional agendas aim to achieve the Sustainable Development Goals (SDGs). Post-lecture activities should include comparing the EU’s sustainability-driven regulatory approach—such as CSRD and CSDDD—with practices in the United States and Asia. Students are encouraged to identify key differences in priorities, enforcement mechanisms, and reporting standards across these regions. They should also critically assess the effectiveness of these approaches in promoting responsible business conduct and reducing systemic risks. This comparative analysis not only strengthens theoretical knowledge but also develops practical skills in evaluating policy impact and global governance trends. By engaging with these activities, students gain insights into how regulatory diversity shapes international business strategies and sustainability



NARODOWA AGENCJA
WYMIANY AKADEMICKIEJ



outcomes worldwide.
