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Transaction Cost Perspective and Evolutionary or Multistage Internationalization Theory

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Abstract:

The purpose of this research paper is to explain in more detail the theoretical foundations of Multi nationality/Performance (M/P). This article's response to criticisms of M/P theory and its discussion of the process and operation of problems in empirical tests are relevant objectives. Although the international expansion of the company does not always lead to improved performance (at the beginning of the international expansion or in the case of the company going international), usually at a moderate level of expansion, internationalization occurs well in net benefits. This research paper contains an explanation of theoretical concepts. At first glance, the results of more than 100 studies conducted in the last 30 years may seem contradictory, but the latest is about three-phase, or S, as if general considerations could connect them.

Keywords: *General idea, relationship between diversity and performance, internationalization.*

I. Introduction:

It can be argued that there is a good theoretical basis for demonstrating the relationship between a company's DOI and its performance. Hennert introduces rigid neoclassical corporate theory that is sometimes unclear from the real world and the market. Also, we cannot solve this problem by comparing statically. The recent “multilevel” diversity/performance (M/P) space model has a dynamic or augmented space, provides greater visibility and can also control the likelihood of an empiric al phenomenon occurring. Multistage theories of multi-nationality/performance linkages are briefly described because they are not widely accepted and can be used to address some of Hennart's concerns. This study specifically addresses Hennart's criticism and shows how to move beyond it to re veal the more fundamental causes of the M/P relationship.

II. A multistage or evolutionary view of global expansion

The "three-stage theory" developed (Contractor/Kundu/Hsu 2003; Lu/Beamish 2004; Thomas/Eden 2004) provides a dynamic or longitudinal perspective. It explains the effects of the three stages that companies go through when expanding abroad. Adding a new country or market to a company's existing national portfolio brings advantages and disadvantages at every level. The added benefit of adding another national or international dimension increases the cost i n most international domains (DOI). It is called the second stage. However, the incremental costs are higher than the additional benefits provided by the first phase (initial or early international) and the third phase (advanced international). While the Hennert article acknowledges some

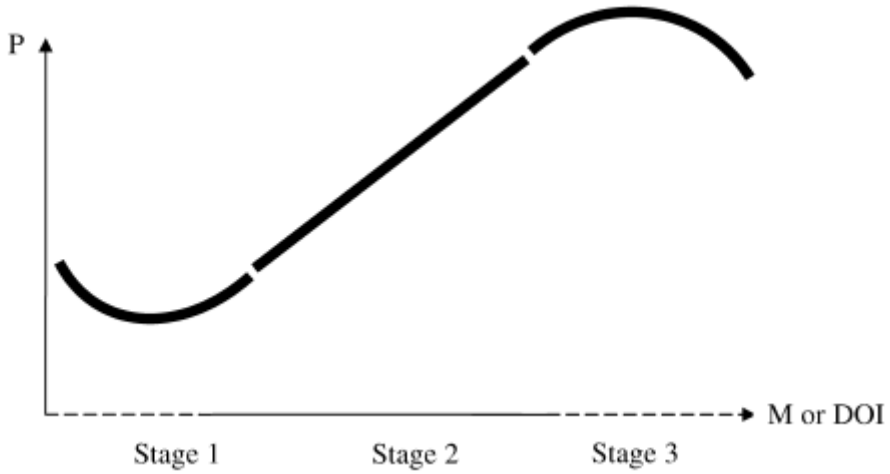
of the benefits of international business listed below, it does not follow three levels of thought into the company's decision to expand internationally.

III. The first stage of international trade:

IV. Companies in the first and early stages of international development:

Embedded abroad due to lack of knowledge of the foreign trade process and possible discrimination against foreign companies (Zaheer / Mosakowski 1997). In addition to local adaptation costs, there are also significant costs of learning a new country and culture (Doz, Santos, & Williamson, 2001). According to Caves (1971, p. 5), "Foreign companies must pay high prices so that domestic companies can enjoy it for free(because this is part of the general educational enterprise) or they can get it cheaper(Because the locals seem to know where to look)".

Figure 1. The General Sigmoid 3-Stage Model



Initially, only one or a few foreign stores can afford the higher startup costs, including the additional operating costs of establishing a new international market. These prices can be significant depending on the country, each product sold internationally, or the international index used. Thus, in the first stage, the increase in the value of the company's international business exceeds its profits or the revenue it generates. Only a few foreign businesses can afford to pay the initial costs of international expansion. Therefore, the financial performance of such companies will be affected by international expansion. The results of the performance of various races show a decline.

V. Internationalization then moves into the second stage:

When the company's profit increases begin to exceed cost increases the company spends in the first stage will depend on the characteristics of its business and its domestic and domestic market. Therefore, the M/P connection is context dependent. There are differences depending on the terms or conditions of the department or company. But context sensitive revisions in no way refute this general idea. Training, cooperation, local adaptation and legal acquisition costs still apply to any additional foreign trade or business, but at a lower level. Second, the benefits below begin to offset the increased costs.

a. International knowledge: Because of their operations in many countries, multinational companies have better access to foreign experts than their domestic and international competitors (Kogut/Zander 1993; Ghoshal/Barlett 1990). (This is different from “international knowledge gathering,” which involves learning within the organization and developing the company's ability to replicate in other countries.

b. Access to cheaper products, or “arbitrage.” This is the exchange rate idea in Hennert's work, more shows that getting cheap foreign equipment can be done through the market, like the promise of Adidas or Nike.

Hennart claims what is "super normal" If this advantage is internalized, profit disappears thanks to competing companies that can buy the same product cheaper elsewhere. This is the truth, according to comparative statistics. But this is a picture of neoclassical economics showing intense competition between partner companies that all have the same strategy, resulting in low or no profits for all competing companies. This view completely ignores differences in strategy, first mover advantage, and market importance as causes of long term oligopoly. It goes without saying that some companies in the industry will continue in the international process more than others and will move from the international market (second stage) to get more results. They expand on specific moments in the real world. In summary, ceterisparibus, a company operating in many countries may be better able to see competitive opportunities than rivals operating in fewer countries or operating in only one country.

c. Leverage the company's unique assets when exporting to all foreign markets: This gives the foreign firm an advantage over a deterministically be it unrestricted, period (Hymer 1 976).At one point Hennert appeared to agree with this view, but then added: they are quickly coming to the fact that they will have to decide on "normal" profit. This ignores a large body of conceptual and management literature that suggests that internal knowledge is fixed and difficult to copy ,intellectual property (IP) such as names and patents provide firm-specific benefits, though not forever a long time. Continuing R&D spending even after patent rights expire can keep a company ahead of its competitors. Moreover, most of the business opportunities in all sectors are not in legal ownership, but in organizations that ensure competition in practice.

d. Economic power continues to increase due to the expansion of international organizations: The concept of a large multinational corporation gives companies the ability to develop their own technologies and processes, establish international relationships, and in some cases even be acquired through business cooperation “Super” “Normal” results are supported by many studies (e .g. Kogut 1985) . To benefit from this financial power, various levels of international trade (DOI) are required.

e. Global scale. Hennert devotes most of his article to criticizing this issue. This important issue will be further discussed later in this article. It is important to distinguish between impact in production or various sources of added value (as presented in Hennert's article) and impact. Management in many countries, allows multinational companies to make profits. In the first case, consolidation of demand in various countries can sometimes reduce production costs through economies of scale, but this is not always the case. But the truth is, the more you create, the less you create. The burden of a unit of output is large R&D expenses and central overhead. This means that companies operating internationally can (i) better reduce the large R&D expenditures currently required in high-tech industries and (ii) be more cost effective with international exposure. It has a higher R&D budget compared to less competitive competitors. If higher R&D funds can achieve better performance than competitors; then international scale also matters. Geographic diversity is the f factor. In the M/P document, the term “diversification” is used loosely to mean maximizing profits from international markets, leading to unnecessary misunderstandings.

VI. Responding to Hennert's criticism using exchange rate theory:

We have three theories of international organization that may influence M/P theory: International corporations as developers of internalized capabilities, external learning organization assimilating foreign knowledge. Coordinators and arbitrageurs across national borders, ask what the exchange/internal operation (TCI) thinks of the world company to get started. The answer to this question is confusing. Hennart points out in his previous article TCI theorists of ten say that most foreign subsidiaries are created by multinational corporations to exploit intangible assets located at employees' headquarters, and that these subsidiaries play an important role in practice. business The articles on the next few pages argue that MNEs are not a learning organization and that therefore the primary purpose of M/P theory is to profit from foreign knowledge acquisition (second level above) Not so . However, in its current form (Hennart 2007, p. 442) states, "TCI's theory suggests that foreign activities arise from a variety of motivations."

Considering the various reasons for international expansion, foreign companies are established for the purpose of obtaining products or raw materials, exploiting reputation or mystique, gaining technology or trade name. According to the second explanation, it turns out that the TCI theory allows expanding companies to "import technology" from their offices abroad and increase profits from their common resources. Elsewhere, Hennert cites Bartlett and Ghoshal (1989) for the recognition of the “multinational firm” and Kogut and Zander (1993) for the theory that companies collect knowledge from different regions. Which point of view prevails? Large companies work as clients of cross border students and information professionals or judges and partners. In fact, all three of them concur with the idea that international expansion brings about incremental benefits.

VII. Discussion of Stage 2 of the three-stage model:

Hennart contends, however, that the multinational is still primarily an exploiter of internalized talents and not a learner or coordinator earlier in his study. He continues by downplaying the idea of exploitation advantages by asserting that a firm's internalized capabilities only give it a temporary monopolistic advantage because competition would erode such firm specific knowledge, or that in other situations, markets can take the place of the multinational corporation. In short, Hennart first puts many of the revered arguments for the advantages of internationalization under the ever growing umbrella of TCI theory, but he then simultaneously refutes them. Hennart is doing the field of international business a favor if such an iconoclastic stance is intended to make the field more precise in its interpretation of theory. However, it does expose his paper to the accusation that Hennart's ideas have changed to the point that TCI theory has been expanded to incorporate justifications for M/P theory.

VIII. The Global Enterprise as Knowledge Exploiter as opposed to Knowledge Acquirer or Learner:

Hennart's research spends a significant amount of pages making the (somewhat persuasive) case that knowledge flows in multinational enterprises (MNEs), particularly for companies based in the large home nations of Japan or the US, have historically been much heavier from headquarters to foreign affiliates than vice versa or between affiliates. In order to demonstrate that the majority of R&D expenditures (and hence, presumably, knowledge generation) took place in or close to the headquarters nation, he uses patenting and other data on R&D (such as Patel/Pavitt 1991). According to the above,

a. The historical understanding of international organizations has begun to change. There is evidence that R&D activities are now becoming more decentralized (UNCTAD 2005, 2004).

b. The "reverse" flow of information from foreign enterprises to the headquarters of multinational corporations has become important and beneficial for multinational corporations. In general, doing business in different countries leads to exposure to foreign ideas and their quality.

Taiwanese businessmen may pursue more foreign direct investment (FDI) in the United States with the goal of learning from the local Silicon Valley knowhow rather than creating value there. An Indian clothing company may have a branch in Milan, mainly to connect production and distribution on the ground. The clothes are made in India and sent to Europe. But without the Italian company, the Indian headquarters would not have understood fashion and delivery. Interestingly, this is just one of countless cases, and it is difficult to determine whether these new foreigners have strong advertising strategies or foreign direct investment strategies. In fact, both are very important for success.

c. There are many mergers and acquisitions based on foreign knowledge (Hoskisson/Kim/White/T ihanyi 2004).

d. Companies, especially those located in small countries, can benefit from the advantages of stud ying abroad. e. Companies do not need to rely on their own partners to understand foreign strategies and ideas. Instead, it may rely on (i) networks and alliances (Contractor/Lorange 2002,Contractor/Ra 2002) or (ii) local suppliers, agency organizations and connections if this is the best way to achieve export objectives. Foreign trade. This argument also relates to the operation of the degree of international (DOI) difference, a critique of M/P research

by Hennart et al. InM/P research, DOI is sometimes based on the number or volume of sales of foreign subsidiaries, sometimes on "foreign distribution of all sales "; which can be considered as both Sales and Companies dealing with Sales..

f. Being able to multiply an organization and its employees abroad is a different type of learning. It can be defined as a universal ability gained through experience. This is a really good management skill or special talent that only select organizations teach their employees. If Hennart (1994) allows such a study and makes it possible, it is difficult to understand why Hennart does not allow this study to show that there is a profitable monopoly that can reduce global price increases and expansion in the second phase and increasing Net efficiency.

IX. New and Old Perspectives on International Business:

New perspectives on the firm as international student, partner, cross-border arbitrageurs, multi institution partnerships and cross border partnerships are part of the transition. The conventional view is that companies are consumers of domestic profits generated mostly in their own countries (Palmisano 2006; Contractor / Lorange 2002). Additionally, new multinational companies may be “born international” (Oviatt/McDougall 1997, p. 12). 86). these companies are expanding abroad because they do not have the time or resources to create a competitive advantage specific to their business domestically. Their advantages come from externally acquired intelligence, the ability to collaborate and collaborate across borders, and collaborative connections. But the outcomes of international trade described in the three-level model above may arise through practice, cross border learning, collaboration, competition, or access to cheaper materials. Moreover, these groups are not independent of each other. The company can take use of these advantages and see greater performance (beyond the early Stage 1) thanks to geographic expansion, which is the only theme or common thread.

X. Performance enhancement on an international Scale:

The specific mechanism by which global scale leads to incremental gains from global expansion has not been explained in the M/P literature. Production economies exist at the plant level. Global scale also results in firm-level economies since centralized costs are spread across multiple markets and sales. The M/P liter ature appears to be most frequently referring to firm level economies (Hitt/Hoskisson/Kim 1997, Contractor/Kundu/Hsu 2003, Thomas/Eden 2004), when it does study the scale question as opposed to making glib comments to "economies of global scale" The Hennart study offers a very valuable contribution by challenging the specifics of how and why a corporation should profit from an international scale.

XI. Economies at the plant level:

Since MES (minimum efficient scale) has already been attained, there are two circumstances under which international expansion may not lead to additional plant-level economies of scale: (1) When the business is headquartered in a huge domestic market where MES is already available, or (2) When the MES for this product is less than the size of the markets of many countries for engineering considerations linked to a specific production process. Therefore, generalizations between industries must necessarily remain theoretical abstractions. However, it is difficult to avoid the conclusion that a company situated in such a home market can reduce its average costs by adding international demand (incrementally on top of local demand) by exporting the extra amount when MES reaches the size of the home country market. In industries like semiconductors, where a manufacturing "fab" plant requires an expenditure of over $ 2 Billion, massive multicountry scale is required. Besides technological considerations, political risks and other changes can also affect production capacity in many countries (Henisz/Macher 2004). The comment on page 433 of Hennart's book is that exporting companies "have to pay the additional cost of overcoming economic difficulties." However, lower average costs may more than offset higher market costs. (For example, shipping cost is only a small part of the cost of electronic product delivery). More importantly, if the need for foreign business is greater, the company's

international expansion cost will still be cheaper than its domestic competitors. The economics of internationalization of partners: Many multinational companies are hightech, as evidenced by their high R&D/sales ratio and high sales/production cost. Typically, it costs only $1 or $2 to produce a $100 vial, the difference between the prices drug companies charge to market and $98 or $99 per unit.

Consider that (i) R&D expenditure is still negligible in many countries, including countries that host international organisations, (although UNCTAD 2005 shows that this is starting to change) and (ii) concludes that international trade is It is important for the recovery or reduction of businesses. R&D expenditures in many technological fields High competition in these sectors have forced companies to increase R&D expenditures above the security level of one or more countries. A similar measure is needed to support the importance of regular reporting creating global economic equity. In short, these organizations need to be sold in many markets, spend a lot of money on R&D, brand equity and other assets if they are to focus and provide great support. There is no MES for central spending to create assets, as shown in Figure 2 below. This is a reduced study. Although there is no MES to identify intangible assets, the additional benefits of international expansion should accrue at all levels, albeit more slowly. Depreciation on an international scale makes the company more profitable than minority rivals in the high-tech business that spend R&D money and large intangible assets. This idea departs from the neoclassical scenario, which predicts that the profits of undifferentiated firms will return to the economy average. Instead, these companies compete with each other by increasing their R&D expenditures. All companies know that these costs have reached the level required in many countries and they increase their R&D expenditures to increase the R&D expenditures of their competitors should do this.

XII. Internationalization:

According to Welch & Luostarinen (1988, p. 84), is "the process of increasing involvement in international operations," and Born Globals are businesses that are about to export as soon as their operations begin. The phrase was first used by Rennie (1993), who distinguished these Born Global companies from conventional domestic-based businesses since they typically began exporting two years after their founding and received the majority of their revenue from exports abroad. A Born Global is a Global Start-up, according to Oviatt & McDougall (1994, p. 49), that "seeks to derive significant competitive advantage from the use of resources and the sales of outputs in multiple countries from inception." Born Globals are "small, technology- oriented companies that operate in international markets from the earliest days of their establishments," according to Knight & Cavusgil (1996, p. 11). Rennie (1993) underlines the significance of Born Globals because, while being relatively tiny, they are able to compete with established large players and grow quickly in ways that would not have been conceivable in previous decades. Both Sharma & Blomstermo (2003) and Luostarinen & Gabrielsson (2006) highlight the Born Global firm's strong technology orientation. Sharma & Blomstermo (2003) places the Born Global firm immediately into a scientific setting leveraging network links to acquire sales. To extend the pool of possible enterprises, Anzam (2009, p. 12) takes a completely different approach and defines a Born Global as "a new firm that makes at least one international sale to any new market within two years of formation."

XIII. Strengths of Born Globals:

In order to discuss the causes, birth, and development of Born Globals, Madsen and Servais (1997, pp. 576–579) offer the following seven criteria:

1. Successful businessperson(s) having extensive worldwide experience.

2. The extent of market globalization is inversely correlated with extension.

3. More specialized and niche-focused than other exporting companies, with either more custom made or more standardized items.

4. The geographical location of Born Global activities is either directly or indirectly determined by the founders' and partners' prior experiences, as well as by economic and customer-related variables.

5. Compared to other exporting companies, Born Globals rely more on hybrid structures and supplemental competencies from other companies in their distribution networks.

6. There is a strong correlation between Born Global's expansion and its highly inventive capabilities, which manifest themselves in efficient R&D and distribution channels that are frequently developed in close cooperation with partners from around the world.

7. Businesses in nations with constrained local markets have a higher predisposition to go global. Small domestic markets may rely on a wide range of products, but large domestic markets may limit Born Globals to high tech industries. Furthermore, nations with a high immigrant population have a high percentage of people who were born abroad.

XIV. Eclectic Paradigm vs. Born Global Thinking:

The Eclectic Paradigm addresses a company's foreign direct investment (FDI) costs and costs associated with internationalization. It is a helpful framework for businesses to use to assess whether it is advantageous to pursue foreign direct investment or not, based on the presumption that institutions will favor internal transactions when they carry lower costs than transactions in the open market. It is also known as the "OLI" framework, with the letters O, L, and I standing for the important benefits that Dunning (1980) identified as ownership benefits, location benefits, and internalization benefits that interact with one another. John H. Dunning created the OLi framework, also known as the Eclectic paradigm, which builds on the internalization theory by also taking into account those three competitive advantages in addition to organizational structure. Later, under the influence of institutions, he broadened his perspective once again (Dunning & Lundan, 2008). According to Markusen (1995, p. 173), one can further divide ownership advantages, which represent a firm's competitive advantages, into traditional asset advantages like superior distribution or advanced technology, transaction advantages, which include a firm's capacity to take advantage of transactional benefits while minimizing transaction costs, and institutional advantages. Regarding the last one, very little is known about the processes that would allow for the addition or restructuring of the Oi, which are the formal and informal structures such as culture or codes of conduct as well as enforcement procedures that make up the institutional infrastructure of one organization.

Understanding this area has become crucial to understanding the effects of MNEs in both the home and host countries. As a result, comprehension of the numerous transfers that occur within the external and internal network from the MNEs may help to understand how new institutions are formed (Dunning & Lundan, 2008, pp. 580–584). When compared to companies in the foreign country, a company with more competitive ownership advantages prefers to actively pursue FDI by itself (Rugman, 2010). According to Dunning (2000) on page 164, the second benefit relates to "locational attractions (L) of alternative countries or regions, for undertaking the value-adding activities of MNEs." Although there is data that shows how institutions at the national level and economic growth interact, there has not yet been significant research on how MNEs affect these institutions. The institutionally associated location advantages of nations (Li) vary greatly between developed and developing nations as well as within developing nations themselves. Nevertheless, they have a significant impact on locational attractiveness. In order to decide whether to develop FDI or not, corporations typically search for the most advantageous way to combine their competitive advantages with the local environment of the foreign country. The balance between mandatory and voluntary enforcement measures, as well as between top-down and bottom-up incentive systems, is more than significantly influenced by the country-specific Li variable. The number and quality of incoming and/or outbound MNE activity are likely to be significantly impacted by the shape and quality of a nation's incentive systems.

It is believed that experimenting is essential to achieving outcomes in terms of enhancing institutions because institutional evolution is a slow, uncertain, and path-dependent process that can be influenced by the stability of the economy, property rights, legal system, culture, and other factors. These results in institutions that have varied aesthetics yet are functionally equal. A significant factor in the attraction of MNE operations is the quality of the national institutions (Dunning & Lundan 2008, pp. 585–587). The final element has to do with the

firm's propensity to absorb endemic or cross-border structural market flaws, or internalization (I). Internalization is a broad notion that explains the borders of organizations, according to Buckley & Casson (2009, p. 1566). By weighing the costs and advantages of using models and ownership advantages, it is simple to understand how the institution's influence is felt in this situation. It might be interpreted as a reflection of all of a firm's make-or-buy choices. Thus, the MNE is viewed as a group of value-added activities. According to Dunning and Lundan (2008), the costs of incentivizing employees inside a company rely on the exogenous and endogenous incentive structures and enforcement methods. There is a propensity to internalize expenses rather than obtaining necessary inputs from independent providers when the advantage is obvious and can be effectively weighed against the associated costs (Buckley & Casson, 2009). Born Globals' "ability to internationalize early and succeed in foreign markets is a function of the internal capabilities of the firm," according to Knight & Cavusgil (2004, p. 125–126). Weerawardena et al. (2007) add that the speed of a firm's worldwide expansion activities is mostly determined by the founders' international entrepreneurial attitude. It's also intriguing to note that Vahlne & Johanson (2013) created the Uppsala Model as a counter argument to the Eclectic Paradigm after criticizing the OLi framework for being primarily applicable at the macro level and having little use at the micro level for particular enterprises. They go on to discuss the significance of the location advantage (L) and prefer the traits of commercial ties forged through networks, as is the case with the Born Global strategy.

XV. Uppsala Model vs. Born Global Approach:

The Uppsala model, which was first presented in 1977, is still the most widely applied theory in the field of internationalization strategies today. It was created by Johanson & Vahlne (1977), who have continued to update it since it was first introduced nearly 40 years ago. It outlines the four distinct steps that businesses take to access those markets and discusses how organizations steadily increase their commitment to doing business abroad.

1. No consistent exports (sporadic export)

2. Exports made through independent agents (export mode)

3. Establishing a subsidiary for international sales

4. International manufacturing and production (Johanson & Wiedersheim-Paul, 1975)

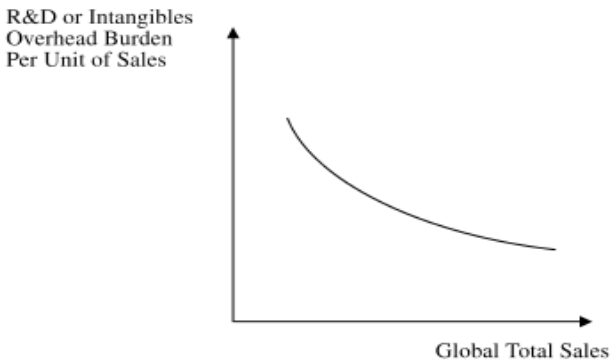
According to the concept, businesses often begin their operations in the domestic market in order to gain experience and develop their capabilities before competing on the global stage. companies typically wait until companies have a solid domestic market before expanding abroad. with improved resource management and greater market awareness on the home market. The approach states that before intensifying its commitment and learning stages further, a corporation must first understand something about a given market (local and foreign). Exports from local manufacturing facilities to agents in the intended foreign market are the first form of internationalization. Such export-based growth typically begins in a physically nearby market. In this context, the term "near" refers to a distance that represents cultural distance, linguistic, political, geographic, and the challenge of obtaining knowledge and information from the market. Therefore, the easier the entry option is for an MNE to grow its activities, the more comparable the local and the international markets are regarding those features. Companies extend to other, farther-off markets more frequently as companies gain experience and superior resources. The procedure is the same for sales subsidiaries and foreign production facilities after exports. This lengthy procedure brings up the point that engaging in internationalization operations is a somewhat dangerous method of expanding the market (Vahlne & Johanson, 2013).

XVI. Geographic Expansion:

According to financial theory, different companies can increase their "efficiency" in two different ways: (a) by increasing the amount of earnings or return and (b) by reducing risk or volatility. In this context, I use the term "diversification" specifically to describe the reduction in risk (not the increase in income or returns) that comes with the field. So does this apply to all businesses? According to Hennert's 1966 analysis of USbased multinationals, "Nearly half of the foreign assets of US multinationals are located in Canad a and Europe, and

the economic activities of these countries are related to relations with the US people." 2007; Hennert, p. . 448. But these facts are in the past, so it is important to consider whet her American multiculturalism has expanded its global footprint since 1966. Second, according to Hennart's own research, other countries have a smaller footprint > More than half of the assets of U.S. multinationals appear to be tied to U.S. business cycles. Third, using “assets” as an indicator of international diversification can be misleading because companies sell to more countries than they invest in.

Figure 2. Overhead Burden Per Unit of Sales



In other words, the sales area (followed by exports or direct foreign partners) is wider than the sources or distribution. Fourth, the validity of the idea that the economy is "getting in touch" with the latest information is questioned. Dueker and Wesche (1999), using data from 1979 to 1999, show that economic relations are good with France, Germany and Italy, but much less so with the UK and the USA. Production resources in many countries increase product flexibility and reduce risk. However, if many countries manage to improve too much, stable inflation could affect the flexibility advantage. Beyond a point, international expansion will lead to an overgrowth of knowledge and cooperation because in the words of Hennart (2007, p. 12). (in the three level general theory). That is, management control and information costs do not exceed the additional benefits of internationalization until the third stage, when the company moves to smaller, less construction, and rural culture (Zaheer/Mosakowski 1997, p. 439).

XVII. Studies and Methods:

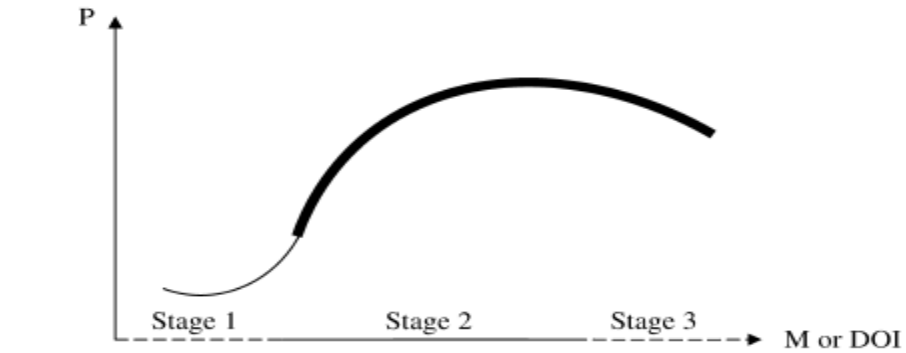
The Multi-nationality/Performance (M/P) discipline is particularly useful for studies that allegedly produced inconsistent results 30 years ago. While empiricism goes beyond theoretical development in some respects, practical and methodological issues (discussed later) also play a role. Hennart's criticism of the method is mostly correct.

XVIII. Many M/P Connections :

More than 100 empirical M/P studies conducted in international trade and other fields. For example, despite more than 180 sites, Ruigrok and Wagner (2004) found no general consensus on the nature of transnational/connections among the 62 studies they reviewed. Results from some studies appear to show a relationship between performance and international education (DOI); results from other method studies appear to present a U-shaped curve; yet another effect shows the inverted U-relationship. The recently proposed three-stage hypothesis (Contractor/Kundu/Hsu 2003, Lu/Beamish 2004, Thomas/Eden 2004) shows that linear, U-shaped and inverted U-shaped utility are more accurate. A large group of 3-phase S-shaped curves can combine the results as one variable. Before 2000, no one in any previous research had defined the third term for transnational or intern ational level of origin (DOI) (except Riahi-Belkaoui 1998). In all previous studies, the DOI was referred to by expression (or firstorder) or as a quadratic term (quadratic). Therefore, although data from some initial models will support the threestage model, most experiments do not find the Sshaped curve. Studies by Geringer, Beamish, and Da Costa (1989), Hitt, Hoskisson, and Kim (199 7), and Gomes and Ramaswamy (1999) included only first- and secondgrade language and found an average U-shaped correlation.

The first order term has a positive sign; the quadratic term has a negative sign. In contrast, Qian (1998) et al. obtained a U-shaped curve where the first order is negative and the second order is positive, competing with the first and second order specifications. Mayor and Newbert (2000), Newbert and Mayor (2001), Mayor, No one until Kundu and Hsu (2003), Lu and Beamish (2004) and Thomas and Eden (2004). Let's give The cubic content of DOI has been shown and S-shaped curves have been tried, but Riahi-Belkaoui (1998) tried the 3-model level without much improvement. In contrast, Qian (1998) et al. He obtained a U-shaped curve, i.e. first-order negative and second-order positive, also competing with first- and second order specifications. In short, until Contractor and Newbert (2000), Newbert and Contractor (2001), Contractor, Kundu and Hsu(2003), Lu and Beamish (2004) and Thomas and Eden (2004), some people in the cubic: DOI period and with the exception of Riahi-Belkaoui (1998), who tried the S-shaped curve, who tried the 3- phase model without much theoretical development, because theoretical development is not in ma ny early stage companies. (In the long run, the conditions in this business can enable businesses in this business to get through the first stage quickly and easily).

Figure 3a. Best Statistical Fit Yields Inverted-U-Shape



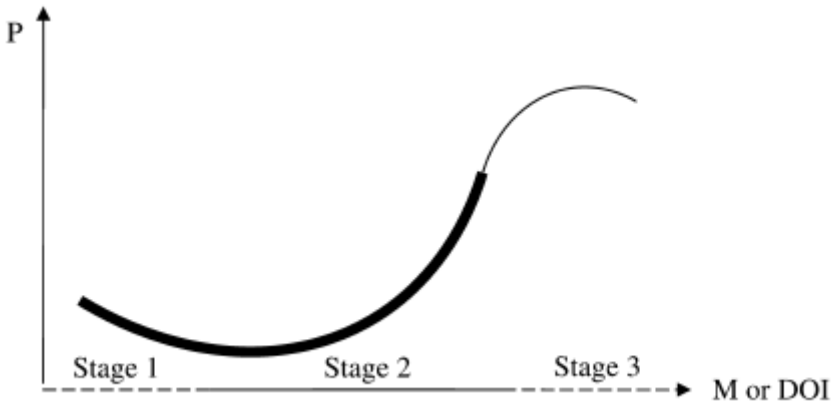


Figure 3b. Best Statistical Fit Yields U-Shape

The results are shown in Figure 3a, including only stages 2 and 3. Initial positive slope Phase 2 results of international expansion for “internationalized” firms 3. It shows that a negative position follows in the phase because more details will reduce performance. But the best analysis in this research is that the first-order term has a negative sign, the second term has a positive sign, and the third term is three (cubic) non-significant, which can lead to a U-shaped term. This is because only levels 1 and 2 are important in this model. So such an example represents a business where a firm has less international business.

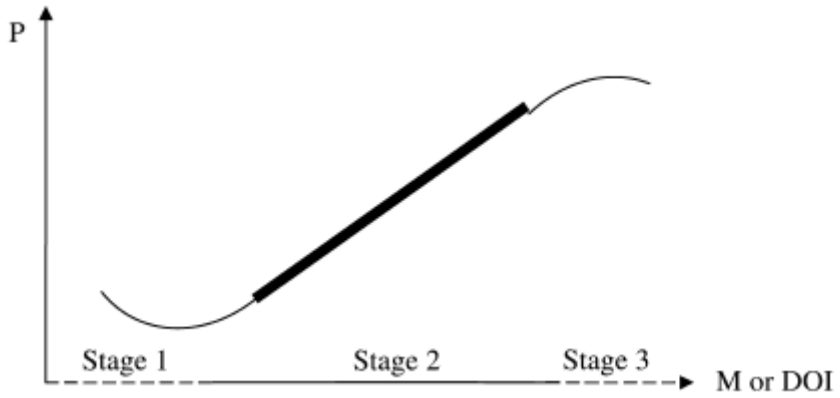


Figure 3c:

Stage 3 has a very small population. This may occur in emerging markets where few companies are growing, or in many companies operating in the country but that have not yet completed the lo ng process of internationalization. In contrast, only the sentences or the first order are meaningful and fit some patterns, as shown in Figure 3c. Industry and specification country differ. Each model will produce different results. However, the threestage model reflects the full contention of the M/P data. Not all studies will have empirical results at all three levels. Although the same study provides complete three-level information, the form of the Sbeam may differ from sample to subsector. (See sample results in Contractor/Kundu/Hsu 2003 and Thomas/Eden 2004). But the general theory takes all possibilities into account.

XIX. Degree of internationalization (DOI) or multinational operations:

DOI metrics include everything from "foreign sales to total sales" (FSTS) or "people working overseas" for basic statistical numbers National jobs from company details. “Foreign employees for all employees” or “Foreign employees for all employees” or “Foreign assets for all assets” (FATA) rather than a variable like the Herfindahl Indices and other more comprehensive measures. There are also various DOI composite indices derived from the uni-variate measures mentioned above. . This is a concern because the space of international organizations (measured by total sales) often exceeds the space provided by their partners. For some businesses, the difference between the two can be huge. Best practice is to view FSTS and FATA as large or interconnected entities that can be combined or treated separately (Thomas/Ede n 2004). On the other hand, it can be argued that most of the main arguments in support of the M/P link are still valid regardless of the rate of foreign direct investment and exports used to access international markets. Both are synchronized and integrated strategies in the 21st century business world. Many businesses do not fit the old textbook definition of the difference between exports and foreign direct investment, that is, many ways to enter foreign markets. This is a concern because the space of international organizations (measured by total sales) often exceeds the space provided by their partners. For some businesses, the difference between the two can be huge. Best practice is to treat FSTS and FATA as separate or integrated components that can be combined or treated separately (Thomas/Eden 2004). On the other hand, it can be argued that Tata Consultancy Services (TCS) is the most European organisation. Part of the added value of jobs in Europe is created in areas such as business and consumers.

Many businesses do not follow the old textbook definition of the difference between exporting and direct foreign trade as a different way of entering foreign markets. Is this foreign direct investment or an export plan? Both are important to the success of the company. TCS has a competitive advantage because it is headquartered in India and has qualified IT professionals whose salaries are only a third of the European level. On the other hand, its presence in Europe through European institutions is important because the creation of IT systems requires a good understanding of customers' management and control processes. To win the competition and receive orders, TCS employees need to have a physical presence in Europe. Since most IT service providers cannot provide all content solutions, TCS Europe's engineers and sales staff must integrate with European enterprise customers to deliver effective IT, BPO and solutions as well as collaborative partnerships. A similar

story will be told about Indian garment companies with foreign direct investment participation in Milan. India's low-cost energy comes from production and exports in Indian textile mills. But rapid change and existence could not be understood without the customer needs of local Italian foreign direct investment partners and European partners. The production and marketing process is carried out in Italy and India respectively. Thus, FSTS is compared with exports and sales of relevant foreign direct investments. For the previously mentioned companies, the difference lies in their international identification (DOI) and this is not important. The arguments of M/P theory fit together.

XX. Various structural factors:

As noted above, the type of firm, country of origin and business characteristics in the model can have an impact that can significantly affect the statistics at the end of the sample curve. In agreement with Hennart, previous studies did not include adequate controls such as control of holdings, ratio of MES to business size or country of origin. Hennart also points out a major flaw i n M/P research: the use of cross sectional data to assess the importance of evolutionary processes or time. Compared to different models, longitudinal studies can provide a better and more accurate understanding of the impact of global growth. For example, many theoretical arguments are based on time- or knowledgebased processes. Since longitudinal studies mostly focus on small organizations, it is more difficult and risky to obt ain narrow-scope results.

XXI. Manufacturing business or business in different sectors shows:

Phase 1 The time spent in the first stage is different. Therefore, in a curve plotted for some industries, the first stage may be shorter than others (or may even be statistically insignificant). (See, for example, Contractor/Kundu/Hsu 2003 or Thomas/Eden 2004). So the control variable can be suitable for models with many functions. Alternatively, the model should be segmented to show more than one curve. The two elements of the "country of origin" argument - (i) the size of the domestic market and (ii) the size of the adjacent market - have a set of criteria: specific technology. In the past, most studies on the M/P relationship have used data on international trade by American companies. Many European or Japanese companies have only begun to get involved in the last decade. Using the simple country index or the unweighted Herfindahl index, the DOI of US firms will be lower than the size in the early s tages of international expansion (e.g. in some foreign markets) due to continental size. domestic market. Let's take the example of a business that sells 80/20 between the United States and Germany. If the company's headquarters is with us; If the company's headquarters moves the company's operations to Germany, the FSTS will remain unchanged at 0.80. Only very large US companies that earn most of their revenue outside the US and do business in over 50 countries will start looking at something like DOI, European Companies. Using Johanson and Vahlne's (1977) business continuity argument, increasing investment in the business is cultural, physical or spiritual. Compared to the United States, European businesses are surrounded by many countries. European businesses now have access to many neighboring markets. But this also means that the average size of each European "domestic" market is smaller. Therefore, European companies are reaching the domestic market and competing for market share relative to US companies. Few businesses are centrally located in developing countries like India > Businesses that are just starting to go international can reach level 3 (international response). Since only stages 1 and 2 are well represented in the sample of emerging companies, their ideal curve would be U-shaped. We shouldn't ignore DOI if we add more controls or independent variables to explain "performance" (we should start explaining the difference). Just because the explanatory power of the model is increased by control or other variables does not mean that the three level hypotheses is wrong. If some studies found only U- , the general three stage hypothesis would be invalid. shaped (Phase 1 and 2) or inverted U-shaped (Phase 2 and 3 only).

Conclusion:

International trade is good for business and international market will improve financial performance. This study summarizes and explains the key theoretical foundations of the transnational/performance subfield. In cases where the global market does not always lead to better performance (at the beginning of international expansion or in cases where the company is going to go international), usually - just over a certain period of time Major

Expansion Scope - International expansion brings good results to the company. Drawing on today's thinking about the company, this study offers seven reasons why international business is "good" for business operations in many countries around the world:

Growth spectrum:

(1) Knowledge from foreign countries,

(2) Acquisition or arbitrage of cheaper inputs,

(3) Leveraging firm specific assets in foreign markets,

(4) Strengthening the market world,

(5) International scale,

(6) Reducing geographical volatility diversity,

(7) Increasing international experience.

The multi-nationality or DOI difference was recently mentioned for the second time and therefore further research revealed a U-shaped change or a U-shaped phenomenon. The recently proposed three-phase or S-shaped general spherical expansion theory suggests that linear, U-shaped and inverted U-shaped curves are single subsets of all S-curved, 3-phase. general theory, Such results can be related (Contractor/ Kundu/Hsu 2003; Thomas/Eden 2004; Lu/ Beamish 2004). Because previous studies used different examples from different sectors, each study produced results with different implications at different levels of the international system, leading to different images. But the undeniable fact is that in almost all previous more than a hundred studies, there is a consensus (in full curve) that the relationship in the country is good relations. This proves beyond doubt that expanding abroad is beneficial for companies for some or more areas of international expansion.

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