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MULTINATIONAL COMPANIES FOR BUSINESS INTERNATIONALIZATION THROUGH FOREIGN DIRECT INVESTMENT (FDI) IN GLOBALIZATION: TRENDS FOR VALUES

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Abstract: *This paper analyzes and describes multinational companies as a business internationalization strategy through foreign direct investments (FDIs) for business internationalization to reach business values in the frames of globalization. The analysis and results demontstrated that Multinational companies (MNCs) and foreign direct investments (FDIs) may face challenges and risks in new locations due to economic and political instability, difficulties of infrastructure, distrust in the locations, locations, difficulties of balance in payment, challenging negotiations in business agreements and quality contracts, borders and transportation challenges, challenging in the market size. Multinational companies that go for foreign direct investment have an economic impact and can affect a country's economy in various ways, for example, in the balance of payments, in growth rates and in job creation. The effect of foreign direct investment by multinational companies can be negative or positive depending on certain factors. A multinational company's pattern of internationalization represents different factors of possibilities, costs, risks and difficulties faced during its internationalization. In conclusions, Foreign direct investment (FDI) is an important step towards business internationalization and if the domestic company decides to go multinational towards FDI, it has to consider the factors of ownership, location and internalization to reach business internationalization as confirmed in Dunning's framework and this analysis.*

Keywords: *multinational companies (MNCs). Business internationalization, process, foreign direct investment (FDI), globalization, trends, values.*

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Introduction

In a globalized economy, the law of mobility of productive factors is part of the economic reality of countries. Companies and business holders that invest to enter new markets may face the entry mode challenging aspect to enter some economies and some of the challenges may lead to controversial situations and could be even difficult to control and that may lead to possible financial crises. Currently, it must be kept in mind that companies want to control their foreign operations in such a way that they can achieve their objectives in an environment that

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guarantees their investments. In other words, where the risk is minimal. Thus, the capital could be the resource with the greatest mobility at the international level.

Companies that invest indirectly or directly in new facilities to produce or market or to do both in a foreign country may become multinational companies. In other words, when a foreign company enters a country and begins to produce, this is already a foreign direct investment regardless of whether what it produces or sells in that country or others where it is located or if it exports to the country of origin or to any other country in the world. With the fact that the foreign company produces, markets or carries out operations in a foreign location, it already makes a foreign direct investment. However, according to Cuervo-Cazurra (2014) the multinational company has a series of benefits for the country of destination. In many countries or economies the ability to compete in business or what we may call competitiveness of national firms is getting more a government rather than just a private concern, in particular of course where state-owned companies are getting involved (Cuervo-Cazurra et al., 2014).

Globalization and internationalization are two separate phenomena but they complete each other. As various markets are under the dimensions and reflections of globalization, they are connected to and in globalization. Business internationalization is the process of increasing and internationalizing businesses and companies in foreign markets and new locations abroad, it appeared in globalization that removed boundaries between countries and globalized the world of markets and economies by coming up with digitalization and virtual platforms. Within the dimensions of globalization domestic; companies try and decide to leave the domestic market and go multinational to increase their competitiveness and profit. Both multinational companies and foreign direct investments may face challenges and restrictions since the process of internationalization is not easy. Multinational companies (MNCs) take over their foreign direct investments (FDIs) simply in order to boost their effectiveness and performance. Back to history, the main view on MNEs' international strategy has been that they do business globally (Levitt, 1983) and (Friedman, 2005).

This paper presents an agenda and an extension of of the PhD research regarding the importance of business internationalization and the internationalization of multinational companies through the process of FDI that is one of the most important internationalization processes and entry modes, the paper presents and analyzes an extension to the theory and aspects of the multinational company (MNC). As over the past decades some aspects or insights of International Business have been thouroughly studied such as the market entry decision (Dunning, 1977; Buckley & Casson, 1998b) and the subsidiaries' relevance and role. (Rugman & Verbeke, 2001) and of course the location of headquarters (Menz, Kunisch & Collis, 2015) Wherease other aspects such as the challenges that may face both multinational companies (FDIs) and foreign direct investments (FDIs) and the impact on headquarters or the countries of destinations or foreign locations and markets have received relatively little attention. As theoretical framework has to be extended there is a need to focus on and explore these areas more thoroughly.

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The aim of this study is to develop a systematic analysis and research about the importance and relevance of multinational companies that are one of the main strategies of business internationalization through the process of foreign direct investment (FDI) in globalization and how it is relevant for multinational companies to go for FDI, the paper as well focuses on the relevance of foreign direct investments (FDIs) to multinational companies (MNCs) and business internationalization by figuring out some of the challenging aspects that could face in the new locations that could be positive or negative for multinational companies that take over FDI in considered economies or countries of destination, new foreign markets or just in the new potential locations abroad for values and business internationalization processes.

Related literature

Background of Globalization

Globalization is one of the most important processes of modern society (Robertson and White, 2007). In addition to globalization, the transition is an important process, in particular for developing countries. (Mrak, 2000). Globalization is a spontaneous, uncontrolled process of increasingly intensive integration of countries into a single economic system (Mittelman, 2000, Robertson and White, 2007). Globalization may increase the possibility of economic growth in each country through international trade and increases in foreign direct investment (FDI). Economies strongly incorporated in globalization could expect more investment, foreign trade, and higher growth rates (Dimitrijević, 2016). The main assumption for that is early inclusion in globalization processes. Globalization increases capital flows, labour productivity and citizens' living standards. With globalization processes, one can expect a more efficient allocation of savings (Dimitrijević, 2016).

Globalization has gradually shaped the world for ages and it has undoubtedly been accompanied by various waves of industrialization. It moved the world and human society from simple energy resources such coal and wood to fossil fuels for industry as sources of energy and to sustainable energy and business, step by step it globalized the energy market, every step is accompanied by energy consumption, so the intensive use of energy has become fundamental in economy. (Benabed and Boeru, 2023). Globalization has, for instance, facilitated the dissemination of technology and information, thereby generating new opportunities for innovation and development, emphasizing that the 4th and 5th industrial revolutions are evidence of it. In addition, it has led to concerns regarding privacy and security, as well as the possibility of job displacement and inequality. (Benabed and Boeru, 2023).

The labour market has known changes but the challenges after the start of the pandemic and the recent international geopolitical instability that has overwhelmed both emerging and advanced economies because the Crisis of Covid-19 could lead a part of qualified workers to leave their jobs or return under different conditions and high cost of leaving the thing that

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makes wages weaker in contrast with the rising rate of inflation in such situations that happen occasionally (Benabed et al., 2023). On the other hand, it is highly difficult to match all the labour supplies and demands because an occurring inflation impact the supply chain as well. (Benabed et al., 2023). Global economic growth prospects are facing ups and downs, the rise of interest rates to contain inflation, especially after the lingering effects of the pandemic and supply chain disruptions, recession and geopolitical tensions are obstacles for the world economy. (Benabed and Bulgaru, 2023) this could be important for multinational companies to have various locations to save its business in times of crisis.

Globalization and foreign direct investment (FDI)

According to Lagendijk and Hendrikx (2009) in their chapter foreign direct investments (FDIs) are the predominant or widespread mode and process of corporate governance to reach control over productive assets in foreign locations abroad. The control could be attained through the transfer of property rights to the foreign company. Through foreign direct investment (FDI), companies can exploit and use their internal abilities as they are called the ownership advantages by combning them with location-specific advantages abroad such as local value chains, market opportunities and resources. On the other hand according to Lagendijk and Hendrikx (2009) the aim of FDI is to boost and improve ownership-specific advantages by setteling in foreign technological hotspots. The choice for governance’s mode depends on the aspect and criteria of internalization advantages, that could be, the advantage of an acquisition solution versus the contractual network solution. (Lagendijk and Hendrikx, 2009).

Globalization and the progress of traditional political backgrounds have changed the influence and interaction between companies and stakeholders (Roy and Quazi, 2022). The expectations and pressures of stakeholders and institutions’ influence count on the communication strategies adopted by companies that have become proactive (Dressler and Paunovic, 2021) and are based on the country's level of development in terms of social and economic aspects (Tosun, 2022).

FDI net inflows occur when in the reporting country or economy non resident invetors make amounts and values of ingoing direct invetments towards the inside.(World Bank, 2024). However, FDI net outflows occur when in the residents of a reporting aconomy make amounts and values of outgoing direct investments to external economies. (World Bank, 2024).

Business internationalization and multinational companies (MNCs)

According to Welch and Luostarinen (1988) internationalization in business means the process of business activities across home country borders with an rising level or degree in operations. (Welch and Luostarinen, 1988). While Fayerweather (1978) identifies the international business activity as the activity that implies and involves the exchange of resources across national borders (Fayerweather, 1978). Back to the 1966s the

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internationalization process according to Aharoni (1966) is traditionally perceived as a result of a gradual adjustment to changing and challenging conditions within the company and its environment (Aharoni, 1966).

Vahlne and Ivarsson, 2014 states that some prior literature has already identified a positive link between a Multinational companies' prior internationalization in a country's region and its subsequent internationalization in that country by identifying the regional integration effect, (Vahlne and Ivarsson, 2014). Mainly, theories such as the Uppsala model, internalization theory or the Penrosean approach explain how a multinational company's existing internationalization patterns influence the complexity of managing international operations and the accumulation of knowledge that can be used across countries (Johanson and Vahlne, 1977). In addition, other areas of strategy have recognized that a firm's prior strategic experiences impact future strategic actions (Mayer et al., 2015).

A multinational company is a company that operates in several countries where it may have factories, offices or points of sale and normally there is a country where it begins operations, thus, we can call that company a parent company and the rest of the countries where the multinational has been established and extended over time will be called subsidiaries. (Benabed, 2023). Internationalization strategies are a system that is used to plan and implement actions that are aimed at fulfilling and positioning a company in the international market. (Benabed, 2023).

Internationalization allows companies to achieve at least a competitive advantage to increase their presence in the international market, therefore it is important that they are well designed and since based on this the company will be able to enter new markets to increase value or profit, the number of your customers and your sales. Through internationalization, the company can introduce products or services to other countries that do not yet have them or do not have them. (Benabed, 2023). Multinational companies have got various characteristics and implications for business values and no matter their size small, medium or large they need to focus on the aspects of sustainability and digital opportunities to reach the clients' satisfaction and be close to them. (Benabed, 2023).

Internationalization enables family firms to exploit growth opportunities, reach new clients and markets, provide succeeding generations with employment opportunities, and contribute to increased performance (Arregle et al., 2012).

Methodology and research questions

The research methodology focused on a related literature review to the research topic and a relevant descriptive analysis. The analysis and result area went through data collection and interpretation according to their availability and relevance from the mentioned sources, by analyzing as well the Dunning paradigm of Dunning that is called also the OLI model to demonstrate if the move of multinational companies towards business internationalization through FDI is possible according to the Eclectic Paradigm by Dunning (1988). (See figure 1) and to bring its aspects to this paper and simply to check the relevance of FDI for multinational companies and business internationalization by applying it to this research. (See figure 1). The research method focused as well on illustrating the collected data in graphics and figures (See figures 4, 5 and 6) and by coming up with two relevant frameworks about the possible challenging factors for foreign direct investment (FDI) and multinational companies (MNCs) (See figure 2) and the importance of FDI for business internationalization and new locations (See figure 3) as illustrations for the analysis and result section. In order to make a connection between the analysis and application of the OLI paradigm in the research, the framework and model in figure 7 was created to illustrate the main suggested steps for business internationalization with FDI and other companies' operations (with a focus on the multinational strategy). (See figure 7). Thus, the OLI model is connected with the framework of figure 7 to reach successfully business internationalization.

Mainly, writing the part of scientific literature review started with a clear understanding of its importance and role for this full paper by focusin on the context where this research fit into the body of knowledge and by Identifying the key concepts and variables such as the process and importantce of business internationalization and its key strategies, a brief background of globalization, multinational companies (MNCs), foreign direct investments (FDIs) that apply in this area of research. Then, Identifying the relationships between these concepts and the other ones provided in the content of literature could help structure all the literature section based on prior research conducted by other authors in the same area of the main mentioned concepts. Different databases were used to conduct the research review with exhaustive reading with a focus on seeking the suitable prior literature for this paper.

The literature review was followed by a descriptive analysis that based on data interpretation and analysis according to the illustration of the available data in the created figures that are showed in the part of analysis and results and by creating two frameworks that illustrate some ideas and results (See figures 2 and 3). Identifying the research questions could help out as a guide to focus on the topic, the research is neither overgeneralized nor stringent.

The set research questions are that helped go further with analysis and research are:

RQ1: How important and relevant are FDIs for the multinational companies and Business internationalization?

RQ2: What challenges are there for both multinational companies and foreign direct investments during the internationalization process?

In general, it is not easy to draw the line between the analysis and Interpretation since both parts and processes are merged imperceptibly, the interpretation and analysis of data were inextricably intertwined.

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Analysis and Results

Companies have different internationalization insights, levels, experience and scope that may help them overcome the barriers and costraints of markets to focus on their needs and goals while entering other markets.

The relevance of the OLI model to Multinational Companies and Business internationalization

Chen (2020) states that an eclectic paradigm, or as it is called the OLI model that bases on the ownership, location, internalization of a firm and it is a three-tiered evaluation framework that companies may use and to check and find out if it is beneficial for them to go for foreign direct investments (FDIs). This paradigm is based on It is based on internalization theory that was first expounded upon in 1979 by John H. Dunning.that assumes and make sure that institutions may avoid transactions in the open market if the cost of completing the same actions internally carries a lower price. (Chen, 2020).

Dunning's eclectic paradigm or as it is called as well the Dunning’s OLI model is a high-level evaluation framework that companies can follow when they attempt to determine their benefits or realize extraneous inversion. The company must place proper sales at the time of participation in external markets to secure a position of sale. This theory of Dunning was first published in 1979 by John Dunning when industries and businesses adapt to the environment and elect strategies to survive and grow a long way. The object of the paradigm is to help find a possibility for internationalization to involve companies involved in international operations. (See figure 1).

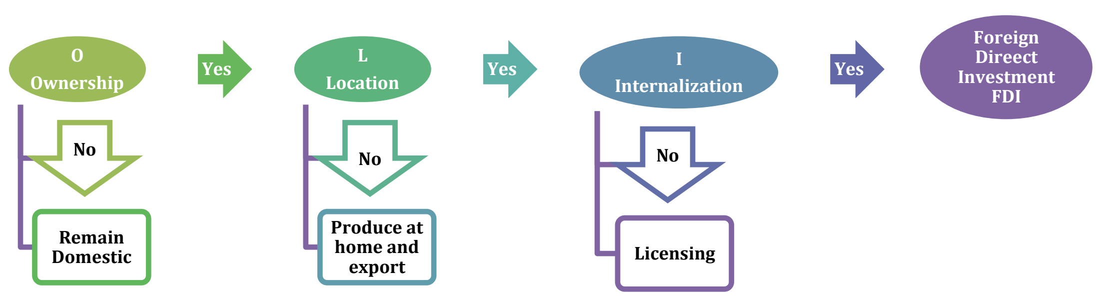

Figure 1. The move of multinational companies towards business internationalization through FDI

Source: Author’s design and contribution, 2023, Adapted from the Eclectic Paradigm by Dunning (1988)

By looking at the framework in figure 1 that is a considered a business model, if the company decides to transform from domestic to multinational, it may consider going for foreign direct investments. By considering the three main factors of the OLI paradigm. If the

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company has a strong ownership that could be something to compete with in foreign markets, it may look for suitable locations abroad and if it finds the right location, it may go multinational through the internalization process and move for foreign direct investments. Whereas, if the company does not believe that its ownership is enough to compete with abroad for values and competitive advantage, it may remain domestic and exercise the same activities in the home country. If the company has a strong ownership but the location factor is not satisfied, the company may consider to actually export from the home country into the target markets. However, if both ownership and location are satisfied but the internalization factor is not, the company may go for licensing, francizing or probably outsourcing abroad as other options. So business internationalization is a key factor to move and transform domestic companies to multinational companies through various options from which foreign direct investment (FDI) could be a relevant option and business internationalization process towards values and business leadership.(See figure 1).

The main keys of foreign direct investment (FDI) for Business Internationalization

Foreign direct investment can occur in two forms:

a) Investments in new facilities: the establishment of a new operation entirely in a foreign country.

b) Acquisitions with the existing companies in the country means the acquisition of a local company and when a local company is purchased, the multinational company does not have to start from scratch because it buys a company that is already operating, billing and has a client portfolio which probably has an established distribution channel already known with the banks of the destination country.

Starting from scratch is when the company arrives in the country and builds its premises, its offices and hires employees from the first collaborator, but the path of acquisitions is different again because a company that is already operating is purchased. In addition to this.

c) Mergers: there is a process or an alternative possibility of foreign direct investment that exists and that occures more and more often in the world market, it is process of mergers and this occurs when two companies that have practically the same economic power in any commercial case can combine their forces and become a larger company, this is very important especially to enter countries that are more commercially demanding and when it comes to larger markets where the company can face rival competitive companies, much larger and economically powerful companies with a budget of marketing.

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The flow of foreign direct investments and the impact of multinational companies

The flow of foreign direct investment refers to the amount of foreign direct investment made in a given period of time and this point is constantly measured worldwide in order to analyze trends to where the foreign direct investment is flowing more towards modern or developed countries or to emerging or developing countries. When foreign direct investment worldwide falls, it can be said that because it is subject to the confidence that investors have in private companies that follow what is happening in the world economy or the economic cycle to enter or withdraw from investments. The level of foreign direct investments falls when financial tights of energy companies appear, for example, financial accounting fraud, conflicts of interest, geopolitical conflicts, the location of companies in areas of natural disasters.

Multinational companies that make foreign direct investment have an economic impact and can affect a country's economy in various ways, for example, in the balance of payments, in growth rates and in job creation. The effect of foreign direct investment by multinational companies can be negative or positive depending on certain factors. If a company moves its production, factory and technology to another country, those who work in similar factories in their country may be laid off due to the greater competition that the multinational company can bring to that country or those countries. So, with respect to employment, the country of origin may be hit hard, although it will not be so negative, but it may generate unemployment. On the other hand, when the company moves its production from a developed country to a developing country, it may end up hiring more people in developing countries, it can still generate money because the hired personnel receive lower salaries compared to those in the country of origin. However, the multinational company can negatively affect other small local companies in the local market towards by exporting for instance similar products but of more developed quality or by hiring more qualified workforce or staff but it has to focus on more investment possibilities, the multinational company with its multinational strategy may eliminate local creativity or possibilities that other local entrepreneurs have got to raise their businesses towards international markets.

The impact of a multinational company that wants to make foreign direct investments in other markets can be positive or negative.

Foreign direct investment can be positive for the shareholders of multinational companies, surely or without a doubt, because when a company expands its business to other markets to produce or sell, it does increase profits, profitability, and that is beneficial directly from the shareholders who are the owners of the company. In fact, for shareholders and main companies it is important that the multinational company has operations in multiple countries because its way of growing is its way of reducing its costs and obtaining greater profitability.

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The impact of Multinational companies (MNCs) on the balance of payments

When it comes to the current account or the capital account, it is about exports and imports, because the current account records all the transactions that the country carries out in a calendar year, then the impact that the multinational company has on the balance of payments will be made for both imports and exports.

On the import side: The effect on the balance of payments is positive if foreign direct investment results in an increase in imports and negative if it produces an increase in imports.

On the export side: the effect on the balance of payments is positive if foreign direct investment generates exports in the host country and negative if it produces only for the local market and stops exports.

The possible challenging factors for Multinational companies (MNCs) and foreign direct investments (FDIs)

Multinational companies may be exposed to various challenging factors while going for foreign direct investments to internationalize their services, operations or business insights. Thus, foreign direct investments (FDIs) may be be exposed to risks as well during the internationalization process.This analysis and research presents and illustrates as well the main possible challenging factors for Multinational companies (MNCs) and Foreign direct investments (FDIs) in figure 2. (See figure 2).

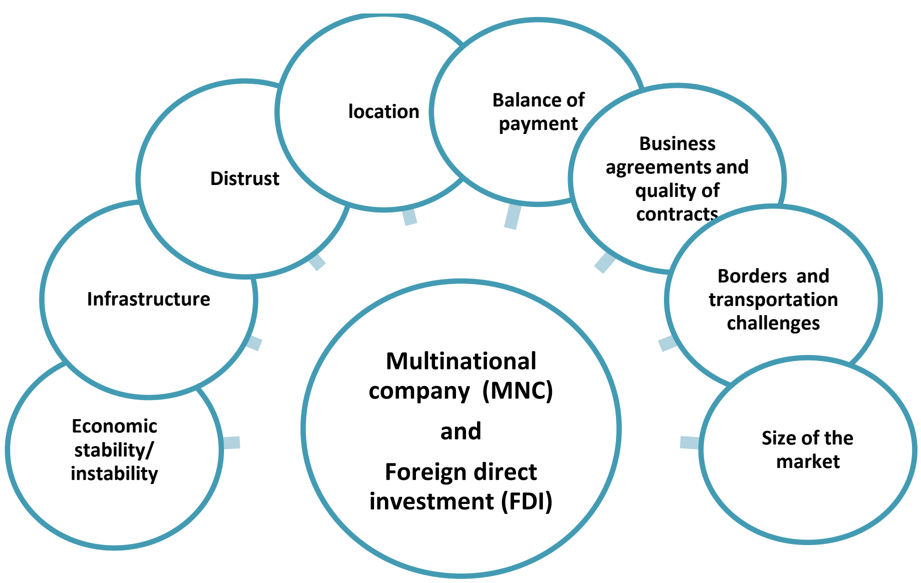

Figure 2. Possible challenging factors for FDI and MNCs

Source: Author's research and design, 2024

Multinational companies that are considered as one of the important internationalization strategy may transform from the domestic shape to the multinational shape if they go for foreign direct investments in other locations globally to compete well in

other markets, leave the difficulties of the domestic area and boost their business position and leadership in international markets or just other foreign markets for more profit and values. (See figure 2).

Multinational companies (MNEs) and foreign direct investments (FDIs) may face in the new locations economic and political instability, difficulties of infrastructure, distrust in the locations, risky locations, difficulties of balance in payment, challenging negotiations in business agreements and quality contracts, borders and transportation challenges, challenging market size. (See figure 2).

The importance of FDI for business internationalization and new locations

Foreign direct investments (FDIs) are a huge a possibility for job creation, using and offering advanced technology, increasing the level of exports, boosting the economic growth and they are important to boost and develop the infrastructures of the new locations.

Multinational companies go multinational to increase their profits and increase their competitive advantage for business values. (See figure 3). Foreign direct investments are considered helpful business international processes for multinational companies and the countries or economies of destinations. (See figure 3).

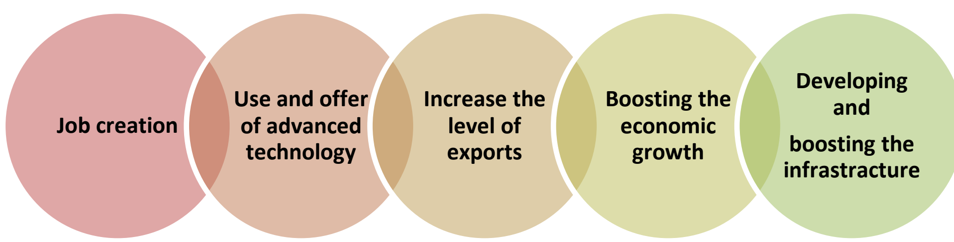

Figure 3. The importance of FDI for business internationalization and new locations

Source: Author's research and design, 2024

MNCs and the values of Foreign direct investment FDI

Figure 4 illustrates the value of FDI inflows globally from 2012 to 2022 in trillion US dollars. In 2022, the global inflows of foreign direct investment (FDI) amounted to approximately 1.3 trillion U.S. dollars. This was a decrease of approximately 12% compared to the previous year. According to the available data illustrated in figure 4, we observe that the value of FDI was at its highest in 2016, reaching nearly 2.1 trillion U.S. dollars and 2015 as it

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was high with approximately the same amount as 2016 but with 2.03 US trillion dollars. (See figure 4). But if we compare all 2012 and 2022 that was a decade, the amount of FDI inflows in 2012 was higher with the amount of 1.57 US trillion dollar than 1.3 US trillion dollars in 2022. (See figure 4).

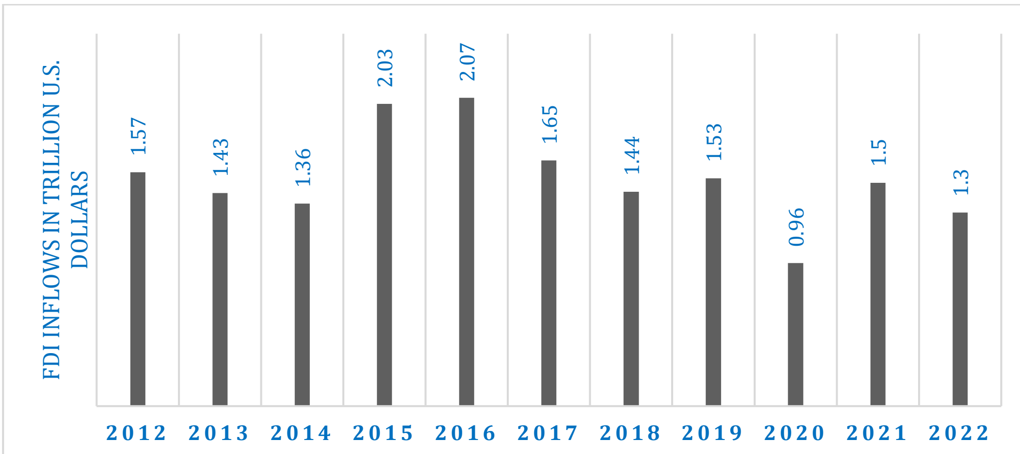

Figure 4. Value of FDI inflows worldwide 2012-2022 in trillion US dollars

Source: Author's contribution, UNCTAD data, Statista data, 2023

The lowest amount of FDI inflows globally in the observed decade was in 2020, a decrease to 0.96 US trillion dollars. The 2020 decline and decrease may be due to the widespread of Covid-19 pandemic that caused a global recession but the amount of FDI inflows increased in 2021 to 1.5 US trillion dollars and that is due to the period of expansion in the last quarters of 2021. The decrease again of the amount of FDI inflows in 2022 may be due the Russian-Ukrainian geopolitical tensions and conflict and the consequences international restrictions and lockdowns against the Covid-19 pandemic. (See figure 4).

Figure 5 illustrates the value of foreign direct investment (FDI) outflows globally from 2012 to 2022 in US trillion dollars. In 2022, global foreign direct investment (FDI) outflows amounted to 1.5 trillion U.S but it decreased from 1.75 US trillion dollars that was the amount of 2021. In 2020 the amount of FDI outflows reached 1.3 trillion dollar sand that was the lowest in all the decade due to some factors as the global outbreak and widespread of the Covid-19 pandemic in 2020. (See figure 5).

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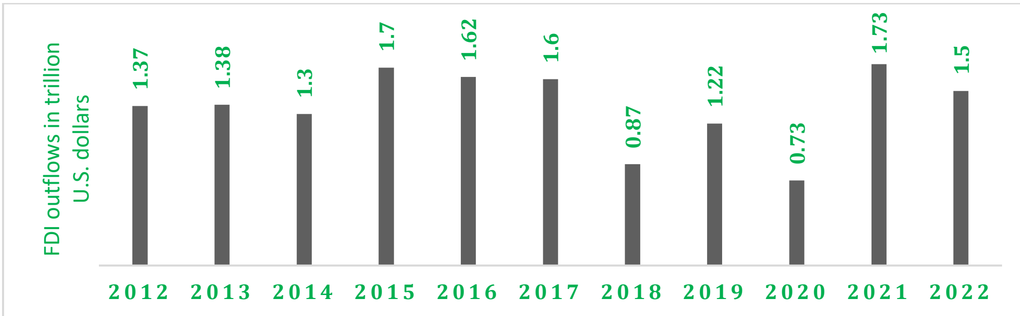

Figure 5. Value of FDI outflows worldwide 2012-2022 in trillion US dollars

Source: Author's contribution, UNCTAD data, Statista data, 2023

From 2012 to 2014 the value of FDI fluctuated from 1.37 trillion US dollars to 1.3 trillion US dollars, so it was nearly similar and that shows the fact that there was a global stability. (See figure 5).

From 2015 to 2017 there was another stability in the value of FDI globally with an increase in value to 1.7 US trillion dollars but it slightly decreased to 1.6 trillion US dollars, then it decreased to 0.87 trillion US dollars and could be due to difficulties in negotiations or some of the challenging factors illustrated in figure 2. (See figure 2). If we compare the value of FDI inflows and outflows we observe that they look approximately the same in fluctuation in the same decade 2012-2022. (See figures 4 and 5) and that makes sure that there was a possibility that multinational companies and the countries of destinations tried to balance FDI from a year to another. (See figures 4 and 5).

Figure 6 illustrates the 2022 leading non-financial multinational companies (MNCs) globally by foreign assets (in billion U.S. dollars).

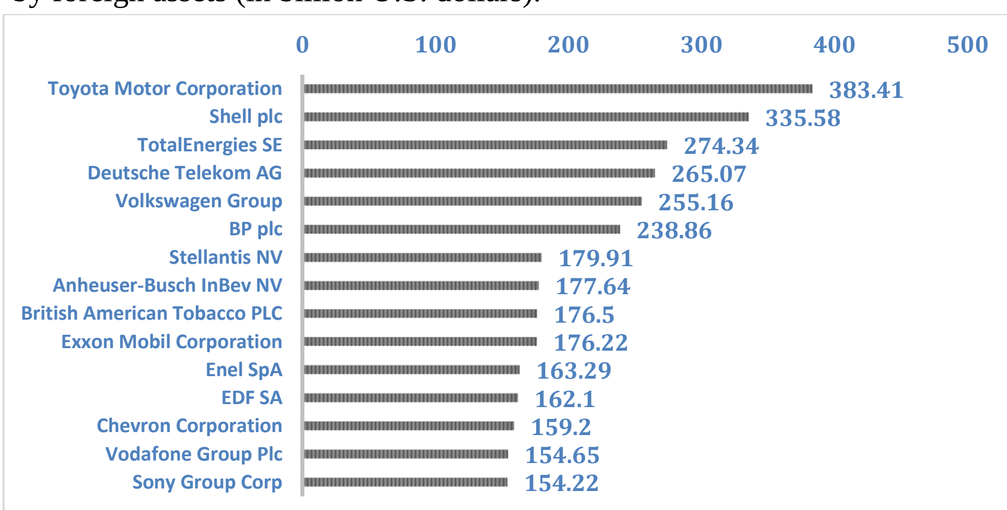

Figure 6. Leading non-financial multinational companies (MNCs) globally in 2022, by foreign assets (in billion U.S. dollars)

Source: Author's contribution, UNCTAD data, Statista data, 2023

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According to the available data by UNCTAD and Statista in 2023 that are illustrated in figure 5, Toyota was the leading non-financial multinational company (MNC) with 383.4 billion U.S billion US dollars in 2022 in foreign assets, followed by Shell plc with 335.58 billion US dollars in the same year (See figure 6). However, Shell, Total Energies SE, Deutsche Telekom, and Volkswagen rounded up the top five MNE in foreign assets. The lowest leading non-financial multinational companies from all the list were Vodafone Group Plc and Sony Group Corp with similar amounts (154.22 billion US dollars). We may say the importance of brand, reputation and the capacity of negotiation play an important role in this classification. (See figure 6).

Suggested strategy steps for business internationalization with FDI and other companies' operations (with a focus on the multinational strategy)

Figure 7 illustrates and suggests some steps for business internationalization in case of foreign direct investment (FDI) and other companies' operations with a focus on the multinational strategy.(See figure 7).

The domestic company that would like to go multinational to leave the internal market difficulties has to focus on a plan for internationalization possibility and check the international conditions for business internationalization. Moreover, this suggested strategy is important for companies to focus first on a strategic selection of suitable countries for internationalization by focusing more on the new potential locations. In addition, developing an external plan by the companies CEOs and CMOs is highly important with a focus on negotiations and efficient contacts with the stakeholders. (See figure 7).

The company has to plan first for the internationalization possibility by focusing on the internal conditions for business internalization with a following strategic selection of suitable countries for the process of internationalization, choosing the correct entry mode and method and strategy to transform from domestic to multinational, international, transnational or global is very important. (See figure 7). If companies choose to multinationalize their business and become multinational they have to focus on potential locations with an in-depth investigation of the foreign locations, negotiations with the stakeholders can be a challenging step but they are essential for efficient contracts, the contracting can be challenging because needs to rely more on trust and common benefits that's why developing an external plan for the internationalization process is very important by checking the potential factors of the domestic company first before the internationalization process and later from time to time during the process, for the multinational strategy the company has to focus on the three key factors provided in the Dunning paradigm that are owenership, location and internalization in order to go for business internationalization with foreign direct investments (FDIs) so that it can start ccontrating with the new locations but based on the laws and rules provided by the stakeholders. Thus, a resilience plan is really needed for the internationalization process since the multinational company moves towards economies and foreign markets with new cultural

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aspects and preferences within the dimensions of globalization that are political, economic, cultural, social and technological. (See figure 7).

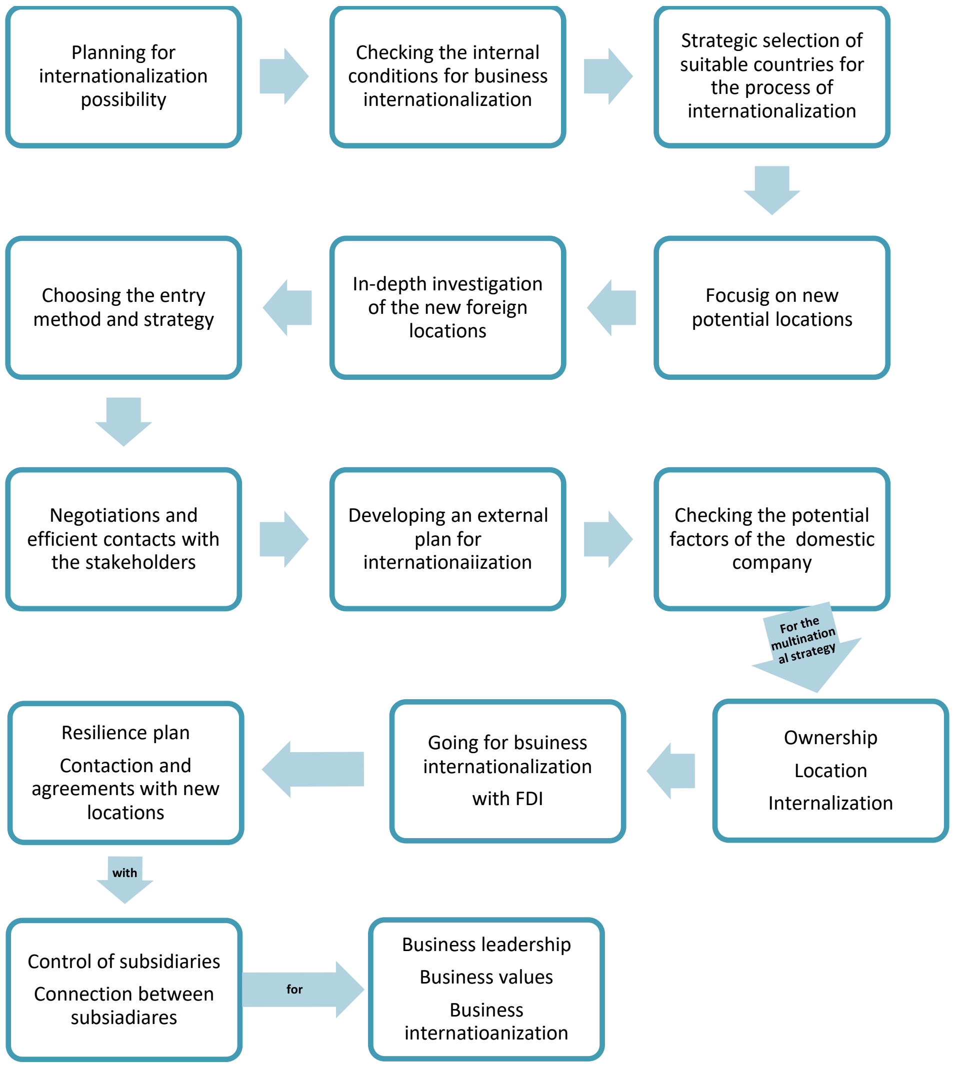

Figure 7. Suggested steps for business internationalization with FDI and other companies' operations (with a focus on the multinational strategy)

Source: Author's design and research, 2024

The multinational company has to set a control on its subsidiaries with a possible mutual connection between them, the thing that may help save its business and protect workers in case of crisis or risks whether predicted or unpredicted. (See figure 7). Mainly, with the internationalization process the multinational company focuses on business internationalization by entering foreign markets but it always seeks how to reach business values and such a leadership position. Market leadership for multinational companies in the new locations could be a very important point and goal but it can affect other local companies from those

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destination and contribute to such and unbalance in their economy if the multinational company generates more benefits for its headquarters for than the economies for destinations, the thing that may affect their GDP. (See figure 7).

Choosing a suitable entry mode is very important such as the multinational entry mode with FDI but it requires an in-depth investigation of the new locations and checking the potential factors of the domestic company as mentioned in the OLI model (See figure 1). Focusing and testing the domestic company's ownership, new potential locations abroad and its factor of internalization could lead it to the possibility of business internationalization with foreign direct investment (FDI). (See figures 1 and 7). In fact, during the internationalization process and various operations of the multinational company abroad (See figure 7) a resilience plan is very important with an in-depth focus on the quality of contacts and agreements between the multinational company, its subsidiaries and stakeholders from the new locations in order to reach business leadership, values and long possible sustainable business internationalization. (See figure 7).

Conclusions

This research proposed and developed a systematic analysis regarding the importance and relevance of both multinational companies (MNCs) and foreign direct investment (FDI) by highlighting their importance and possibility for business internationalization. The results and analysis focused on the move from the relevant previous literature to the aim of study to develop somehow an analysis of multinational companies, business internationalization and foreign direct investment by explaining the moderating impact of a MNC's internationalization on the importance of the location level. A multinational company's pattern of internationalization represents different factors of possibilities, costs, risks and difficulties faced during its internationalization process. As multinational companies are considered one of the main strategies of business internationalization, they need to focus on the factors mentioned in the eclectic paradigm of Dunning such as their ownership, suitable locations for their operations abroad and the factor of internalization in order to go multinational and move towards foreign direct investments (FDIs).

Multinational companies that make foreign direct investment have an economic impact and can affect a country's economy in various ways, for example, in the balance of payments, in growth rates and in job creation. The effect of foreign direct investment by multinational companies can be negative or positive depending on certain factors. Internationalization strategies are a system that is used to plan and implement actions that are aimed at fulfilling and positioning a company in the international market. (Benabed, 2023). Internationalization allows companies to achieve at least a competitive advantage to increase their presence in the international market, therefore it is important that they are well designed and since based on this the company will be able to enter new markets to increase value or profit, the number of their customers and sales.

Through internationalization, the company can introduce products or services to other countries that do not yet have them or do not have them. (Benabed, 2023). So the analysis and results are aligned as well with many points of the literature review. In general, companies including the multinational ones have different internationalization patterns, level, scope, and experience that may help them overcome constraints to focus on their needs and goals while entering other markets. In times of crisis of unpredictable risks multinational companies may transfer their business, employees and platform from the affected area to one of its safe areas or locations in other countries or destinations. Thus, multinational companies may be a huge a step in business internationalization, benefits may be engendered and generated for the home company and subsidiaries. In other words, both home countries and countries of destinations may engender benefits from the process of FDI or any other operations the multinational companies take over. However, efficient negotiations and agreements, resilience plans to mitigate the risks, low taxes, safe locations and quality contracts are essential in every single step multinational companies take up.

The abstract effectively summarizes the main points of the article, highlighting the focus on multinational companies (MNCs) and foreign direct investment (FDI) as strategies for business internationalization in the context of globalization. The abstract clearly outlines the challenges and potential impacts of FDIs on economies, both positive and negative, and sets the stage for discussing Dunning's framework for internationalization.

The introduction provides a solid foundation for the paper, explaining the significance of capital mobility in a globalized economy. It sets the context for why companies seek to internationalize through FDIs, addressing the associated challenges such as economic and political instability, infrastructure issues, and market size limitations. The results section should ensure clarity in presenting the figures and models mentioned, and it would benefit from more specific examples or case studies to illustrate the theoretical points.

The conclusion section succinctly summarizes the key different findings of the paper, reiterating the importance of considering ownership, location, and internalization factors in FDI decisions. It effectively reinforces the paper's contributions to understanding the role of imultinational companies in globalization and the process of FDI that is a important key process for business internationalization and companies internationalization such as the internationalization of multinational companies. As this full paper is related to the PhD research and thesis, it is part of it as well since it completes one of the chapters its content that belongs to of the same author of this full paper.

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