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Strategic For Direct Investment: Market Entry Dynamics And Policy Implications For Multinational Corporations

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Article Info	ABSTRACT
Keywords: Direct investment, Market entry dynamics, Political implication	Examining the complex international of marketplace entry strategies, this research zeroes in at the direct investment strategies utilized by market heavyweights like Sony, PepsiCo, and CEMEX. The studies elucidate the numerous benefits of direct investment in overseas markets by inspecting the strategic selections and operational dynamics of these multinational businesses. The studies indicate, via a thorough literature analysis and case studies, that direct funding offers organizations unrivaled manipulation, flexibility, and marketplace insights; this, in flip, helps them adapt their offerings to one of a kind cultural context, reduce regulatory chance, and shield their highbrow assets. The study also assesses government guidelines on FDI, drawing interest to the necessity to strike a balance among protecting the kingdom's protection and encouraging free alternatives. Furthermore, it delves into the impact of political ideologies on foreign direct funding guidelines, highlighting the vital position that they've in molding funding environments. In sum, the findings of this look at have important outcomes for lecturers, businesspeople, and politicians on the strategic imperatives and problems of entering new markets.
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INTRODUCTION

The use of direct investment as a strategy for entering foreign markets for big multinational companies such as PepsiCo, CEMEX, and Sony have several clear advantages, primarily because it gives the investing company the greatest degree of control in the foreign country, besides challenges and global barriers for international human resource management, ability to adoption for technology limitation and compatibility and ability to define opportunity regarding culture difference base on the Hofstede's 6D Model of National Culture (Louahabi et al., 2020). Such control can be either crucial or simply very advantageous in a variety of ways and varying degrees, from ensuring that, in many regions, the parent company can put in place clear and quickly effective strategies against middle management corruption, right down to being able to enforce high product quality standards, as the captive foreign country operation cannot easily diversify away from what the parent company requires (Verbeke, 2008). Regarding the Market Adaptation, Operational Efficiency and Cost Savings, the of Direct Investment so inevitable and likable for economic scale and expansion.

With the help of direct investment, PepsiCo, the maker of many famous snacks and drinks (such as Pepsi, Lay's, and Gatorade), can have a more streamlined management structure of brand consistent that guarantees a constant brand presentation regardless of the variety of products or the location of the market (Grassl, 2000). According to Watson et al. (2018), businesses can put integrated marketing strategies into action with the help of direct investments. Likewise, Sony employed command and control to organize its marketing campaigns because of the wide variety of products it offers across several industries, including electronics, gaming, and entertainment. According to Limakrisna et al. (2018), organizations may guarantee that their products and services are consistently presented to customers worldwide by organizing their marketing efforts around a single brand statement. Organization working inside the production and substances place, CEMEX, additionally uses direct financing to modify its distribution channels which optimize the dynamics of the delivery system, construct partnerships with nearby shops, and ensure that objects are introduced efficiently (Lessard & Lucea, 2009). Also, with its direct management over distribution, CEMEX can successfully manipulate the complex dynamics of neighborhood supply chains and retail marketplaces. Famous for its many snacks and drinks, PepsiCo uses direct funding to simplify management structures and guarantee a constant brand image in all areas (Grassl, 2000) whereas, Sony uses direct funding to govern its advertising and advertising efforts and protect its technological upgrades (Teece, 2018).

The study aims to analyze the direct investment strategies employed by major corporations such as Sony, PepsiCo, and CEMEX. By delving into the rationale behind their investment decisions and the various factors influencing these choices, the research seeks to gain insights into their operational approaches. Additionally, the research will explore the impact of foreign direct investment (FDI) laws on multinational corporations, as well as how government policies and political ideologies can influence FDI attraction. The study will also investigate the role of national security and market intervention in shaping FDI policies. This study contributes to the ongoing body of knowledge in international business providing a deeper insight into the strategic imperatives and challenge encompassed within market entries, most specifically direct investment. Our intention is also to provide stakeholders involved in global markets with a key that can lead them through the labyrinth of operational dynamics within multinational corporations and an understanding of mechanisms under regulatory environment.

Foreign Direct Investment (FDI) is a major influence of market globalization, international trade and economic growth, usually due to the flow of technological and management information between the domestic and foreign subsidiaries of a company, and long-term connections to be established between them. Friction is mainly described in scientific works, related to the institutional attitude related to the amount and type of barriers characterized by companies, by countries, to the universal market, to which competitors are in fact associated. The research is conducted with the use of these companies, with original institutional analysis, annual accounts and test hypotheses. The idea is that the business is worthwhile to fluctuate, decreasing the legitimacy of the overall company and the construction of the selected model through the comparison of corporate analytic effects across corporate groups on the institutional individuals. The findings suggest that each type of barriers spin differently on each company, which in turn acts as a remarkable barrier on the distinctive substitute products of the company, reducing them to the concentration of their property. The purpose of the second part of this research is to deal with and apply all kinds of institutional obstacles to the facility of institutional restrictions

METHODS

To succeed and compete effectively in global markets, it is crucial for a company to fully understand the complexities and implications of its market access strategy. In this literature study, it's going to look at the difficult panorama of market entrance strategies, with a focus on the blessings of direct funding, comparisons with other techniques, and the impact of political ideology and authorities' rules on foreign direct investment (FDI). Advanced distribution strategies are frequently critical because of the intricacy of a wide range of products and services and are to manipulate complicated product strains (Rehman et al., 2022). The groups positioned their cash into an agency immediately, they could decorate their distribution techniques and distribute more of their products to clients faster (Yang et al., 2009), consequently corporations like PepsiCo, which sells a large variety of snacks and liquids, additionally moreover must adjust its distribution networks to cater to one among a kind areas and consumers. Direct participation improves the capacity to react rapidly to changes in the market because, in dynamic global marketplaces, customer preferences and styles might differ substantially (Czinkota et al., 2019). Also, this strategic decision has put the goal of swiftly meeting regional tastes and preferences within reach. To keep its snacks and drinks appealing to a wide range of customers in the world, and "They are planning another catered affair.", PepsiCo, for instance, might instantly react to real-time feedback from the market by adjusting its product lineup.

According to Teece (2018), Sony and other tech-driven firms often choose direct investment to safeguard their technological achievements and intellectual property. If electronics behemoth Sony wants to keep its intellectual property safe and remain competitive, it must maintain strict control over production and operations. Also, the study claimed that a company dedicated to cutting-edge innovation has a responsibility to safeguard its intellectual property. By investing directly in security measures, the company can prevent unauthorized access and the potential leakage of its technological advancements. The firm can implement stringent physical and digital security measures to protect its research findings and technical achievements because of Sony's direct financing. Chesbrough (2020) asserted that this level of control enables Sony to safeguard its current innovations as well as its pipeline of upcoming technological advances, hence enabling the corporation to sustain a competitive edge. Also, by investing directly, Sony can be autonomous in its IP creation and protection efforts around the globe. Due to its vigilant oversight of legal issues and patent portfolios, the corporation can navigate the complex landscape of intellectual property regulations on a worldwide basis (Bauerle, 2019). According to Shapiro (2019), Sony takes

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preventative measures to lessen the likelihood of intellectual property infringement so that its technological advances can be ensured in various regions. With direct funding, comprehensive cybersecurity measures can also be more easily implemented. In this era of ever-present digital threats, Sony's command and control operations enable the company to safeguard its technological infrastructure against cyberattacks. Protecting sensitive data from present and future research and development endeavors and discoveries is essential (Dubrau, 2015).

Leading companies in today's fast-paced business world, including Sony, PepsiCo, and CEMEX, employ direct investment to target desirable audiences with their strategies and products. According to Czinkota, et al. (2019), PepsiCo quickly adapts its product range to changing market scenarios by using direct funding. The agency's colossal food and drink cravings are public knowledge where businesses customize their snack offerings to suit local tastes by adding new flavors, changing the formula, and making new varieties. To quickly adjust to the conversion choices of surrounding consumers, PepsiCo keeps a tight watch on its operations. A company operating in the construction and materials sector, CEMEX, also uses direct financing to modify its distribution channels which optimize the dynamics of the delivery system, build partnerships with local stores, and ensure that items are delivered accurately (Lessard & Lucea, 2009). Also, with its direct control over distribution, CEMEX can successfully manage the complicated dynamics of local supply chains and retail marketplaces. According to Shapiro (2019), Sony, being a tech-driven firm, incorporates local preferences into tech customizations through direct investment. As part of this process, Sony adapts the features, interfaces, and capabilities to match the specific technological requirements of different markets. To make sure its entertainment has cultural significance, Sony also employs direct investment to customize its movie and TV portfolio to neighboring alternatives. Direct investment helps firms stay in compliance when they change their operations and products to match the regulations, standards, and certification requirements of a given area (Dunning & Lundan, 2008). This preventative approach, which lessens regulatory hurdles, ensures an even smoother entry and operation into the market. Also, with the support of direct investments, companies might establish local provider and assistance centers to provide helpful and kind service in various parts of the industry, which will increase satisfaction and loyalty (Limakrisna et al., 2018). Different companies' ability to swiftly adapt to changes in global marketplaces is facilitated by investments made from external resources (Root, 1979). Quickly incorporating feedback into operations allows for smooth adaptations to shifting customer behavior, financial circumstances, or legal requirements. Companies that can quickly adapt to market changes have a better chance of success than those who try to sneak in through smaller entrances. Being physically present is crucial for building rapport with local stakeholders (Limakrisna et al., 2018). While this may mean teaming up with different ingredient suppliers for PepsiCo, distributors, and stakeholders in the construction sector for CEMEX, and local content creators for Sony, it could mean quite the opposite for Sony.

Building trust, improving communication, and aligning with local tastes all contribute to better company success. The initial expenses associated with direct investment may be higher, and its long-term cost-effectiveness becomes apparent (Dunning & Lundan, 2008).

Also, by circumventing the markups linked to third-party suppliers or intermediaries, these companies establish a streamlined cost structure and over time, operational efficiency improves as a deeper comprehension of local market dynamics, resulting in sustained cost savings (Limakrisna et al., 2018; Dunning & Lundan, 2008; Shapiro, 2019). According to Nayak et al. (2020), direct investment helps with establishing a strategic position in foreign markets, and this strategy is exhibited by companies such as PepsiCo, CEMEX, and Sony, who cater to local preferences, optimize their distribution methods, and customize their technology capabilities. The study also claimed that deliberate market access allows for the alignment of long-time period goals, get admission to giant resources, and the capitalization of precise industry traits. When customers have a fantastic effect of a logo, it encourages consideration and loyalty among them in exceptional markets, and agencies enhance their public belief and emblem picture through starting a physical place (Brakus et al., 2009). Having a physical presence inside the place gives the effect that these organizations care deeply about the folks who stay there and take their network involvement severely.

A qualitative technique narrative inquiry to examine the strategic choices made by PepsiCo, CEMEX, and Sony while entering new markets. By utilizing qualitative techniques, this study delves deep into the motives and choice-making processes in the back of those groups' market access techniques. The primary source of data for these studies is received via an intensive evaluation of present literature on global commercial enterprise, overseas direct investment (FDI), market entry strategies, and related topics. A wide variety of reliable resources, which includes educational journals, books, conference papers, and reputable online structures, had been consulted to collect pertinent records. The exam of PepsiCo, CEMEX, and Sony as case studies allows for the collection of information with an analytical attitude. These case research offer in-depth knowledge of the strategic selections these organizations have made even as they venture into worldwide markets, in conjunction with the various factors that have prompted their choices. The data that has been accrued, which includes findings from literature reviews and information from case studies, will undergo a thematic analysis. The evaluation will arise awareness on identifying and inspecting problems which are probably associated with strategic choices made for market access, the motives at the back of entry mode selections, and the influence that factors like enterprise dynamics, market situations, and governmental rules have on those choices. Furthermore, a comparative analysis might be carried out to perceive similarities and differences inside the marketplace entry techniques employed by way of the use of PepsiCo, CEMEX, and Sony. The goal of this evaluation is to find out styles and trends that exist during numerous industries and geographic regions.

To shield the privacy and proprietary information of the organizations being studied, it is vital to preserve confidentiality of the statistics assets, in particular case look at statistics. All assets consulted at some stage in the studies gadget can be properly attributed, according with instructional integrity and moral pointers. The study specifically examines the market entry strategies of PepsiCo, CEMEX, and Sony, and the findings may not be applicable to other companies or industries. To ensure the credibility and validity of the research technique, the findings can be reviewed with the aid of using experts in the field. Through this systematic method, the research aims to provide a comprehensive understanding of the marketplace access picks of PepsiCo, CEMEX, and Sony, and discover the elements influencing these selections inside the worldwide commercial enterprise and foreign direct funding contexts.

RESULTS AND DISCUSSION

Reasons for Alternatives (Exporting and Licensing) for McDonald

Fast food giant McDonald's deliberately departs from rivals PepsiCo, CEMEX, and Sony's preferred direct investment method in the complex world of international commerce. As an opportunity, McDonald's uses exporting and licensing to expertly traverse the complexities of overseas markets. In this phase, this paper will discover the inner workings of McDonald's incentives, which force them in the direction of standardized strategies, price-effectiveness, franchising models, and risk discount. Mujtaba and Patel (2017) found that the capacity to keep a regular eating experience on an international scale is the inspiration of McDonald's success. The look at similarly discussed, strategic choices, now not handiest individual tastes, inform the business's menu and operational approaches. The necessity to keep products and services consistent across multiple markets is in line with the emphasis on licensing and exporting. All parts of the operational system, including supply chain management, quality control, and customer service norms, are standardized in this method, not only the physical menu options. One of the many benefits of standardization is the peace of mind it brings to McDonald's global customer base, who can always count on the same high-quality food and friendly service. It also helps with operational efficiency and cost-effectiveness by streamlining training, logistics, and supply chain management (Vrontis & Pavlou, 2018). A reduced starting cost compared to direct investment is a major factor in the decision to use exporting and licensing as market entrance options; hence McDonald's chooses to export its business model and license local organizations to run, reducing financial hurdles where McDonald's can quickly respond to changing consumer tastes and take advantage of new market opportunities (Czinkota et al., 2019). Also, it allows for strategy adjustments in response to market feedback, which is in line with the customer-centric and flexible approach of the organization (Handoyo, 2023).

Seva-Larrosa et al. (2021) argues that the McDonald's franchise version is a strategic device that takes into consideration local variability, making it greater than only a non-public desire. Local corporations may want to own and perform McDonald's devices via turning into franchisees. Because of this, they can learn a high-quality deal about their neighborhood marketplaces, cultural subtleties, and consumer tastes. In maximum instances, the dining enjoyment is domestically unique; as an instance, restaurants in one-of-a-kind international locations can also have confined-time menu objects or special promotions based on cultural fairs or purchaser possibilities (Vrontis & Pavlou, 2018). According to the study, McDonald's can capitalize on nearby knowledge thru franchising even as keeping the integrity of its worldwide logo by means of striking a balance among crucial values and varying consumer expectancies. According Czinkota, et al. (2019), McDonald's diversifies and supports regional initiatives to get over the numerous administrative and political roadblocks that come with carrying out activities on a broader scale. The study also discovered that because of their deep understanding of the local economy, local franchisees have an advantage over others when it comes to avoiding legal and political obstacles. McDonald's decentralized structure allows business to quickly adjust to changing legal requirements, informal norms, and cultural mores.

Critique of Current Government Policy on FDI

Foreign direct investment (FDI) speeds up globalization by facilitating partnerships, knowledge sharing, and national economic development (Bauerle Danzman, 2019). Foreign direct investment (FDI) can only behave dynamically in response to shifting political and policy climates (Javorcik, 2004; Barro & Lee, 2013). The age-old conundrum of how to accommodate social and political considerations while simultaneously regulating or encouraging foreign investment is a problem that governments around the world are attempting to solve (Chen, 2011). However, to fully grasp the global economy, FDI ideology, and related legislation, it is necessary to study and understand these components. Critical factors in a nation's progress in the modern period include how FDI is perceived and regulated (Javorcik, 2004). What follows is an attempt at a critical analysis of the present political philosophy and government policies about FDI and its effects on the international economic arena.

Djankov and Hoekman (2000) noted that foreign traders benefit from a clear policy framework because it clarifies the rules and regulations that regulate their economic involvement in the host country. Confidence and truth are important to investors entering foreign markets, where international traders feel more comfortable when coverage is transparent (Wei, 2000). With this level of certainty, long-term investments may be rest assured that they will be well-placed. Foreign investment relies on buyers' trust in the government, which is facilitated by transparent coverage. Also, there are costs associated with transparency (Sornarajah, 2010). The government's attempts at openness run the risk of unintentionally creating rigid regulations that make it difficult to respond to changes in the value of money where governments often have the difficult choice of whether to embrace protectionist policies or remain open and receptive to Foreign Direct Investment (Younsi & Bechtini, 2019). A variety of approaches, each with its advantages and disadvantages, influence the landscape in which foreign investors operate.

One of the benefits of protectionism is that it can help local industries thrive because governments can facilitate local industry growth by imposing quotas or tariffs, which shield them from fierce overseas competition (Rapetti et al., 2012). On the other hand, if a country is worried about running out of resources or values some resources more than others, it can adopt protectionist laws to keep them safe (Skog et al., 2018). Also, there are certain flaws in protectionist measures as well. According to Irwin (2002), the potential decline in efficiency and innovation should cause us great concern and protected industries are more prone to complacency and less inclined to seek improvement. Investor confidence is bolstered, and risks associated with legal uncertainty are mitigated in a well-defined regulatory environment, which is essential for recruiting and maintaining Foreign Direct Investment (Javorcik 2004). The study also stated that it helps to make better decisions with less uncertainty when laws are clear and easy to forecast. Foreign investors, who want guarantees that their money will be safe and handled properly, find this transparency extremely important (Milsom et al., 2021). Small and medium-sized enterprises (SMEs) may also have trouble drawing investors due to the perceived difficulty of complying with excessively complex regulatory procedures (Kitching et al., 2013).

Evaluation of Political Ideology's Influence on FDI

A political ideology is a particular set of moral standards, principles, beliefs, myths, or emblems of a class, organization, or social movement that provide a political and cultural framework for a certain social structure and explain how society is supposed to function. Political ideologies could impact the policies of the government around economic activities, and they also have a direct impact on the major decisions on FDI (Lee et al., 2014). It is important to study the relationship between political ideology and FDI because how countries choose to manage and regulate FDI may depend on the kind of political regime that is in place (Dutt & Mitra, 2005). Also, different ideologies within a nation can create controversy over the appropriate handling of foreign investment, so it is necessary to gain insight into the possible impacts of political ideology on FDI. First, countries that adopt FDI can gain very positive effects from this activity which leads to an increase in the economic activity of a country. As a result, it will bring several benefits, such as an increase in the GDP and an increase in the total income of the countries when there is a higher level of output that could be sold to foreign countries (Stigler, 1971). Besides, it will also bring some job opportunities to the local people. Liberal economic strategy ends up with repercussions as these policies have the potential to worsen wealth disparity in nations, which could cause social and political concerns (Huang, 2023). Local sectors can flourish and become more appealing to international investors in a policy framework that shields them from fierce international competition (Rapetti et al., 2012).

Another aspect of nationalism is the emphasis on resource security, which is crucial for maintaining control over vital resources where insulating domestic sectors might hamper their ability to compete on an international scale, excessive reliance on these measures may reduce global competitiveness (Skog et al., 2018). As a result of protectionist policies, trade tensions and retaliatory actions may escalate, making the international economic climate less cooperative and unpredictable (Boylan et al., 2020). In general, international investors are more interested in investing in countries with stable governments since they are less likely to experience abrupt policy shifts, civil unrest, or instability (Jensen, 2003). Kaufmann et al. (2010) asserts that policymakers will find it more challenging to respond to changing global conditions if the economy does not remain dynamic. Environmental and social considerations are becoming more important in attracting FDI. Those countries that demonstrate concern for social responsibility and the environment attract investors that value ethical and responsible business operations (Husted & Allen, 2022). Foreign investors seeking a stable investment destination are more likely to be drawn to a country with a positive reputation and a pleasant environment. Contrarily, investors may view social and environmental requirements as excessively costly, adding to their already significant compliance expenses and investors may be discouraged from participating if they believe that laws are too stringent and put obstacles to the entrance (Garrido et al., 2014).

CONCLUSION

In the realm of international business, the selection of a market entry strategy is of utmost importance for a company's success in foreign markets. Market entry strategies encompass various approaches, from exporting to joint ventures, and are influenced by factors such as market conditions and industry dynamics (Watson et al., 2018). Some renowned companies, including PepsiCo, CEMEX, and Sony, consistently opt for direct investment instead of alternatives like exporting or licensing. Direct investment requires significant capital and a physical presence in the target market (Root, 1979).

Unlike other international business activities such as selling goods or licensing intellectual property rights, FDI allows companies to establish or take control of businesses in foreign countries, giving them significant decision-making power. Studies have found that direct investment offers companies various benefits including market insights, operational freedom, and access to resources. Companies like PepsiCo, CEMEX, and Sony adapt their products and services to suit specific markets, navigate cultural differences and regulations, and safeguard their brand assets and technology by acquiring local businesses or creating subsidiaries. Moreover, an evaluation of policy regarding FDI highlights the need to strike a balance between the national security concerns and the promotion of open markets and of investment flows. In the future, policymakers will have to determine how best to implement policy measures that mitigate risk, promote investor confidence, and encourage sustainable economic growth, while also ensuring that the United States is an attractive investment destination in a globalized economy. Also, this study provided a comprehensive evaluation of the influence of political ideology on FDI. Expand the benefits of direct investment as a favored approach for multinational corporations to enter new markets, as validated through Sony, PepsiCo, and CEMEX. Through direct investment, which offers unheard of manage, flexibility, and marketplace insights, corporations can successfully adapt their services and products to extraordinary cultural contexts, mitigate risks associated with regulatory variances, and safeguard proprietary assets.

Those who need a cautious approach must back government regulations on FDI. While open coverage frameworks growth investors accept as true with and decrease dangers associated with criminal ambiguity, governments nonetheless want to strike a sensitive balance while trying to attract foreign direct investment (FDI) whilst simultaneously safeguarding country wide pastimes. To entice foreign direct investment (FDI) and calm issues about country wide protection, lawmakers must try for regulatory frameworks which can be extra transparent and predictable. Identify the opportunities presented by means of McDonald's and different non-conventional methods of getting into the market, such as licensing and exporting. Direct investment has many benefits; however, it could not be the great preference in all cases. For example, if standardization and efficiency are paramount, or if incorporating nearby know-how and versatility is crucial, distinct tactics can be more appropriate. Respect the influence of political ideology on FDI regulations and consequences. Stable governments with liberal economic rules are much more likely to attract foreign investment, even as protectionist regulations may also help home industries grow at the fee of worldwide cooperation and equality. The exceptional manner to persuade investor sentiment and choice is to reflect on consideration on social and environmental issues collectively. Further studies are important because of the complexity of market entrance strategies and the dynamic nature of overseas direct investment (FDI) regulations. Prospective research may additionally observe the impact of moving purchaser alternatives, geopolitical dynamics, and technological traits on marketplace entry decisions, as well as the effectiveness of government interventions in selling lengthy-time period financial increase and global cooperation.

IMPORTANCE OF FURTHER RESEARCH

This research uncovers interesting facts on the type of market entry strategies that MNCs might make use of some limitations need to be further addressed in other areas:

i. More Research is needed on how the market dynamics change and how the entry strategies develop in terms of technological innovation, consumer perception, geopolitical shows.
ii. To provide more guidance for MNCs, future studies need to study the complexity of market entry decisions in terms of many contexts related with regulatory environments, competitive landscapes and cultural nuances
iii. Research should also provide insights on how different models of market entry can inform the policy process and play an important part in understanding the impact that changes to regulatory, governance frameworks have on investment decisions as well as economic growth thus convening conducive environments for foreign entrants.
iv. Future research should delve into the multi-faceted nature of market entry decisions in relation to legislative frameworks, competitive landscapes, and cultural subtleties to better advise MNCs.

Addressing these research gaps will deepen the understanding of market entry strategies and lead to the development of more effective strategies for international expansion by scholars, practitioners, and policymakers. Market entry strategy in international business sets the tone for growth, resource allocation, and accumulation of local capabilities. Advancing market entry strategies for multinational corporations (MNCs) is of paramount importance for the shareholders of these MNCs. As learned managers outperform their competitors, timely and profitable market entry strategies are essential for successful globalizing firms. A precise and unified market entry strategy can help strategically improve the performance of MNCs and further research stream on internationalization to determine the appropriate timing and mode of market entry when MNCs expand on multiple dimensions and business options under a comprehensive strategic framework.

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