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ENTRY MODE OF MULTINATIONAL ENTERPRISES: AN

INTEGRATED APPROACH

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Entry Mode of Multinational Enterprises: An Integrated Approach

Abstract

Firms interested in expanding internationally have to make a difficult decision with regard to the choice of its entry mode. Options available to a firm include exporting, contractual agreements, a joint venture and foreign direct investment with a decreasing degree of control. Previous literatures have been demonstrated a series of determinant factors in the decision process through empirical researches of multinational enterprises. In brief, they can be classified into two main approaches. The former indicated the entry mode that a firm prefers based on the transaction-cost analysis or the OLI (ownership, location and internalization) model, while the latter argued that the entry mode is determined by negotiations with a host government. This paper aims to present a framework integrating these two approaches and specially give an analysis on the bargains among MNEs and host governments.

Key words: firm market government

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