American Journal of Industrial and Business Management, 2025, 15(5), 721-747
https://www.scirp.org/journal/ajibm
ISSN Online: 2164-5175
ISSN Print: 2164-5167

Evaluating the Internationalization Motives of Multi-National Entities: Balance of Payment and Trade Strategies in the Era of Anti-Globalization

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How to cite this paper: Owotemu, A. E. (2025). Evaluating the Internationalization Motives of Multi-National Entities: Balance of Payment and Trade Strategies in the Era of Anti-Globalization. *American Journal of Industrial and Business Management, 15,* 721-747.
https://doi.org/10.4236/ajibm.2025.155035

Received: April 14, 2025
Accepted: May 27, 2025
Published: May 30, 2025

Abstract

The internationalization of multinational Entities (MNEs) remains a central theme in global business strategy, driven by a complex interplay of economic, political, and strategic factors. This study examines the motives behind multinational internationalization, categorizing them into market-seeking, efficiency-seeking, resource-seeking, and strategic asset-seeking motives. While traditional theories emphasize cost efficiency and resource access, contemporary trends reveal new drivers such as digital globalization, sustainability concerns, and geopolitical risks. In recent years, MNEs have increasingly pursued technological and innovation-driven internationalization, particularly in knowledge-intensive industries such as artificial intelligence, biotechnology, and renewable energy. Moreover, regionalization strategies have gained traction, with firms adapting to shifting trade policies, supply chain disruptions, and emerging market opportunities. The study also explores how global financial imbalances, currency volatility, and Balance of Payments (BoP) dynamics influence MNC expansion strategies, particularly in the wake of recent macroeconomic uncertainties and post-pandemic economic recovery efforts. This paper applies a comprehensive review of literature and theoretical perspectives, integrating Dunning's OLI paradigm, institutional theory, and behavioral theories of internationalization to provide a multidimensional understanding of why firms expand beyond their domestic borders. By bridging classical motives with emerging market realities, the study offers valuable insights for corporate strategists, policymakers, and economic analysts navigating the evolving global business landscape. The findings suggest that dynamic capabilities, digitalization, and sustainable practices are reshaping the motives and mechanisms of multinational expansion, making adaptability a critical factor in long-term competitiveness.

Keywords

Global Business, Internationalization, Management, Multinational Entities, Corporate Strategy, Finance, Investments, Trade, Policy

1. Introduction

The internationalization motives of multinational enterprises (MNEs) have been a critical area of discussion in international business literature. While many studies focus on how and what companies internationalize, why companies expand abroad remains underexplored and often fragmented across disciplines. Van Tulder (2015) identifies this gap by classifying internationalization motives into intrinsic, extrinsic, and mixed motives, providing a structured approach to understanding firm expansion.

Intrinsic motives are resource-driven, focusing on access to natural resources, affordable labor, or new markets. This perspective aligns with classical economic theories emphasizing cost efficiency and profit maximization (Dunning, 2000). Extrinsic motives, on the other hand, arise from institutional environments, such as government regulations, tax incentives, or geopolitical risks that influence firms' internationalization decisions (Van Tulder, 2015). Mixed motives combine both intrinsic and extrinsic factors, considering sector-specific dynamics, strategic alliances, and behavioral influences like "bandwagon effects" or "herding" behavior in decision-making.

Recent global events, such as COVID-19, geopolitical tensions, and supply chain disruptions, have reshaped the traditional motives for internationalization. Firms now factor in digital transformation, climate sustainability, and regional trade realignments as key drivers of expansion (UNCTAD, 2023). This study revisits classical frameworks while integrating these contemporary factors, offering a comprehensive perspective on why firms internationalize.

Research Objectives

This study aims to analyze, classify, and contextualize the motives driving multinational corporations toward internationalization. The specific objectives include:

- To categorize internationalization motives into intrinsic, extrinsic, and mixed motives, following Van Tulder's framework.
- To evaluate the impact of globalization, digitalization, and economic uncertainties on multinational expansion.
- To analyze industry-specific differences in internationalization motives, considering sectors such as finance, technology, manufacturing, and energy.
- To assess the role of financial markets, trade policies, and geopolitical risks in shaping multinational decisions.
- To provide policy and business recommendations for firms and governments in managing international expansion Significance of the Study.

Understanding internationalization motives is critical for business strategists, policymakers, and researchers. For business leaders, this study provides insights into strategic market entry, investment risk assessment, and competitive positioning. For governments, it offers a basis for developing policies that attract foreign direct investment (FDI), regulate multinational operations, and enhance economic competitiveness (Narula, 2021).

This research contributes to bridging the gap between classical internationalization theories and contemporary business realities, particularly in an era of rapid technological shifts, economic volatility, and sustainability-driven corporate strategies (Cavusgil and Knight, 2015). By adopting a multidimensional approach, this study enriches the discourse on international business strategy and economic globalization, offering valuable insights into the evolving motives of multinational firms in the 21st century.

2. Literature Review

The motives behind the internationalization of multinational enterprises (MNEs) have been widely explored in academic literature, with scholars proposing various classifications based on economic, strategic, and institutional factors (Shimizu et al., 2004). Theories such as Dunning's Eclectic Paradigm, institutional theory, and transaction cost economics have provided valuable insights into why firms expand across borders. However, evolving global business dynamics, including technological advancements, geopolitical shifts, and sustainability concerns, have necessitated a re-evaluation of traditional motives, Dunning (1988).

2.1. Traditional Theories of Internationalization Motives

One of the foundational theories in international business is Dunning's (1988) Eclectic Paradigm (OLI framework), which categorizes firms' internationalization motives into ownership, location, and internalization advantages. This model argues that firms seek to internationalize based on three key conditions:

Ownership advantages (e.g., proprietary technology, brand reputation).

Location advantages (e.g., resource access, market opportunities).

Internalization advantages (e.g., cost efficiency through foreign operations rather than outsourcing).

Similarly, Johanson and Vahlne (1977) Uppsala Model emphasizes a gradual, experiential learning process, where firms expand internationally in incremental steps, prioritizing markets with low psychic distance. This perspective suggests that firms initially enter culturally or geographically similar markets before progressing to more complex, distant markets.

Another widely referenced theory is Buckley and Casson (2020) Internalization Theory, which explains internationalization as a way for firms to reduce transaction costs by internalizing operations rather than relying on external partnerships or market transactions.

2.2. Van Tulder's Framework on Internationalization Motives

Building upon these traditional theories, Van Tulder (2015) introduced a structured classification of internationalization motives, dividing them into three broad categories:

Intrinsic Motives—These are internal drivers, such as seeking new markets, efficiency, or resources to sustain growth.

Extrinsic Motives—These arise from external pressures, such as regulatory incentives, trade policies, or competitive forces.

Mixed Motives—A combination of intrinsic and extrinsic factors, such as geopolitical stability, consumer trends, and industry-specific demands.

Van Tulder's framework offers a comprehensive approach to understanding why firms expand internationally, emphasizing that internationalization is often driven by a blend of economic, political, and behavioral considerations.

2.3. Emerging Trends in Internationalization Motives

While classical theories provide a strong foundation, contemporary global business trends have reshaped internationalization motives, requiring firms to adapt to new realities:

Technological and Digital Expansion: The rise of digital platforms, artificial intelligence (AI), and e-commerce has enabled firms to internationalize without establishing a physical presence in foreign markets (UNCTAD, 2023).

Geopolitical and Trade Realignments: The U.S.-China trade war, Brexit, and regional economic partnerships have altered FDI patterns, supply chain strategies, and market entry decisions (World Bank, 2023).

Sustainability and ESG Considerations: Multinational firms are increasingly influenced by environmental, social, and governance (ESG) factors, leading to sustainable investment decisions and green internationalization strategies (Narula & Verbeke, 2015a) and (Verbeke & Greidanus, 2021).

Regionalization vs. Globalization: Firms are re-evaluating globalization strategies in favor of regional integration, focusing on closer markets with stronger economic ties (Rugman & Verbeke, 2017).

2.4. The Role of Financial Markets and Balance of Payments (BoP) in Internationalization

A critical but often overlooked factor in internationalization motives is the impact of financial markets and balance of payments (BoP) dynamics. Firms assess factors such as:

Exchange rate stability—Volatile currency markets can impact investment decisions and profit repatriation.

Capital mobility and investment flows—Countries with favorable investment policies attract more multinational expansion.

Trade surpluses and deficits—Governments' BoP positions can influence foreign investment incentives and regulatory frameworks (International Monetary

Fund, 2023).

By integrating economic and financial indicators, firms can better navigate risks and opportunities in international expansion strategies.

The literature on internationalization motives has evolved significantly, from cost-driven and market-driven approaches to more complex, multi-faceted strategies influenced by technology, geopolitics, and sustainability concerns. While Dunning's OLI Paradigm, the Uppsala Model, and Internalization Theory continue to provide valuable insights, contemporary frameworks such as Van Tulder's classification and digital internationalization strategies offer a more comprehensive view of multinational expansion in today's dynamic global economy.

2.5. Theoretical Review and Framework

The internationalization of multinational enterprises (MNEs) has been extensively analyzed through various theoretical lenses, each offering unique perspectives on why firms expand beyond their domestic borders. While traditional theories emphasize cost efficiency, market expansion, and risk diversification, contemporary approaches incorporate institutional, behavioral, and network-based factors influencing internationalization motives. This section reviews key theoretical frameworks that explain the drivers, processes, and strategic implications of multinational expansion.

2.5.1. Dunning's Eclectic Paradigm (OLI Framework)

John Dunning's Eclectic Paradigm (OLI framework) remains one of the most widely cited theories in international business. The model suggests that firms internationalize based on three key advantages:

Ownership Advantages (O)—Proprietary technology, brand reputation, economies of scale, and unique capabilities that give firms a competitive edge.

Location Advantages (L)—Favorable economic, political, or resource-based conditions in foreign markets that attract investment.

Internalization Advantages (I)—The preference for direct investment over outsourcing or licensing, driven by the need to reduce transaction costs and protect intellectual property (Dunning, 2000).

While the OLI framework provides a structured explanation of internationalization motives, critics argue that it does not fully account for dynamic capabilities, knowledge-based assets, or digital transformation trends, which are increasingly relevant in today's global business landscape (Narula & Verbeke, 2015b).

2.5.2. Comparative Advantage and Resource Localization Theories

While classical models like the OLI framework emphasize firm-level ownership and internalization advantages, **comparative advantage theory** explains multinational expansion through the lens of national strengths in production efficiency. Countries that specialize in sectors where they have relative efficiency such as renewable energy in Denmark or IT services in India attract foreign firms seeking strategic collaborations, knowledge spillovers, and cost-effective production plat-

DOI: 10.4236/ajibm.2025.155035

forms (Krugman & Obstfeld, 2003).

Closely related is the concept of resource localization theory, which posits that internationalization is often driven by the spatial concentration of critical natural or strategic resources. For instance, oil and gas firms invest in the Middle East and West Africa due to resource abundance, while high-tech firms localize near rare earth mineral sources in Central Africa and South America to secure supply chain resilience and production stability.

2.5.3. Labor Mobility and Human Capital Theories

In today's knowledge-driven economy, **labor mobility** has become a decisive factor in internationalization strategy. The availability, affordability, and mobility of skilled labor significantly influence MNC decisions regarding offshoring, nearshoring, and global R&D center placement. For example, Eastern Europe has emerged as a prime location for MNCs in software engineering and back-office operations due to high literacy rates, technical education, and geographic proximity to Western Europe (Narula, 2021).

These modern theoretical contributions broaden the understanding of internationalization motives by emphasizing country-level endowments, global labor dynamics, and supply chain proximity, complementing firm-centric models and responding to shifts in the global economic landscape (Narula, 2021).

2.5.4. Institutional Theory and Regulatory Influence

Institutional theory examines how formal (legal, regulatory) and informal (cultural, social norms) institutions influence firms' internationalization decisions. According to this perspective, MNEs expand in response to institutional pressures, government incentives, and trade agreements.

Van Tulder (2015) highlights the role of institutional factors in shaping internationalization motives, categorizing them as extrinsic drivers that push firms to expand due to regulatory compliance, political stability, and financial incentives. For example, the EU's carbon neutrality policies and the U.S.-China trade war have significantly influenced FDI patterns and supply chain restructuring (World Bank, 2023). Institutional theory suggests that firms do not merely seek profitability but must also navigate regulatory complexities, mitigate risks, and adapt to evolving policy environments.

Rob Van Tulder notes that in view of his outlined framework and how the identified motives are handled, also impacts internationalization strategy adoption and the attainment level of integration. In view of Diagrams 1 - 4 all included in **Figure 1** below and the classification of motives for proper studies, Rob Van Tulder states what he terms as Business Cases in explaining what he terms Stages of Internationalization viz;

Stage* 0 *or starting position linked to what he termed ***Trade* (*Sourcing and Exports*)** business case for resource focused companies that develop a motive to reach or sell abroad.

Stage* 1 *or trigger event stage involving the Business cases of ***Global, Regional***

and ***Multi domestic.*** Companies motives in this stage are as the norm with emerging market MNE's who search for close by markers with similar structures to increase its sales but not with the initial desire to internationalize.

Stage 2 ***or Internal Alignment stage*** involving the Business cases of going ***Global***, ***Regional*** and ***Multi Domestic*** as the MNE's begins to grow it tries to realign its capabilities with its interaction with the environment expressed in ways such as an offensive or defensive strategy or retreating strategy particularly with emerging market MNE's in leapfrogging or spring-boarding competition.

Stage 3 ***or External Alignment Stage*** is linked to the Business case of going ***Transnational*** or ***Glocal*** as noted by Rob Van Tulder, this stage of internationalization motive is still an aspiration for most MNE's as this stage requires bundling of resources to effectively address the needs of social stakeholders in local, regional and transnational markets and MNE's are yet to develop solutions in that regard.

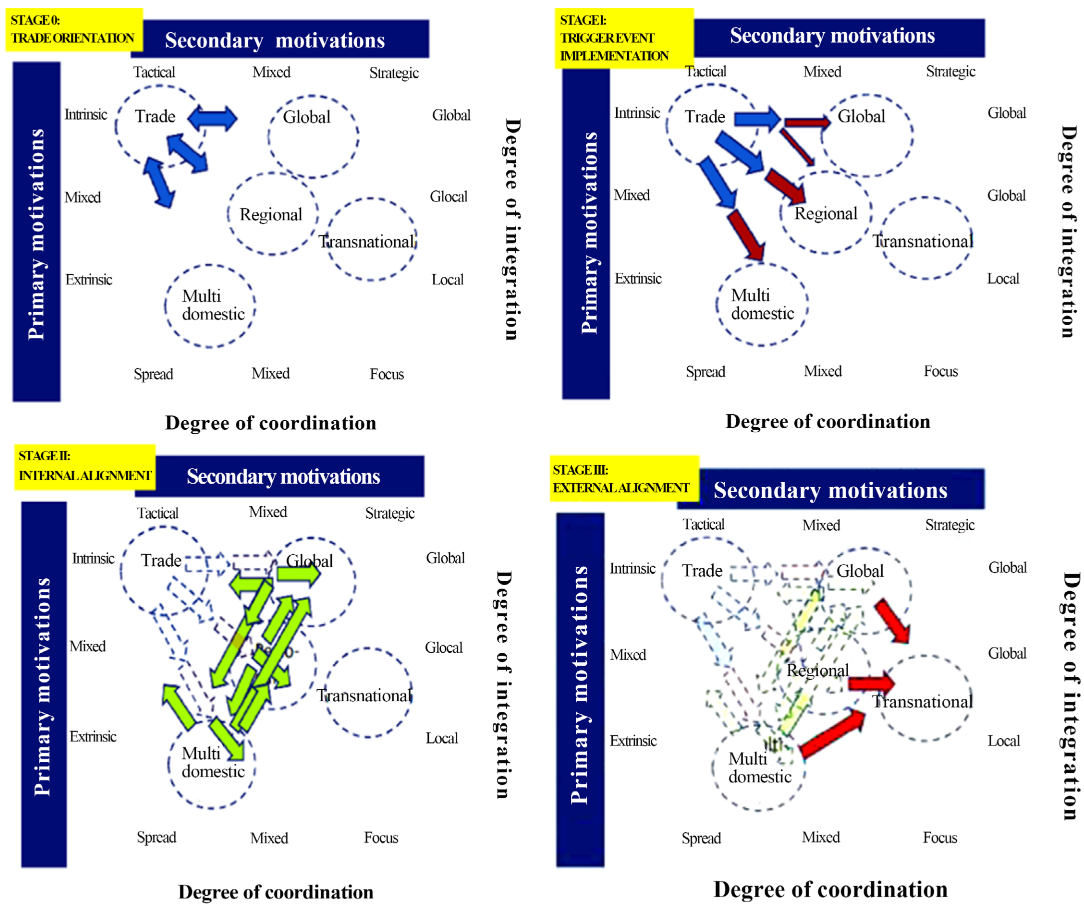

Diagram depicting Stages 0 - 3 and related Business Cases (Courtesy Rob Van Tulder).

Figure 1. Internationalization stages & business cases.

2.5.5. Behavioral Theories of Internationalization

Unlike economic models that assume rational decision-making, behavioral theories emphasize how firms gradually learn and adapt to foreign markets. The Uppsala Model (Johanson & Vahlne, 1977) posits that firms expand internationally in incremental steps, moving from culturally similar markets to more complex, distant ones.

Key principles of behavioral internationalization include:

Experiential Learning—Firms gain international experience gradually, reducing uncertainty over time.

Network Expansion—Strategic alliances and partnerships facilitate entry into new markets.

Risk Aversion—Firms prefer to enter low-risk markets first before engaging in high-risk, high-reward markets.

However, in the digital era, firms are bypassing gradual expansion models, opting for instant globalization via e-commerce, digital platforms, and remote operations (UNCTAD, 2023). This calls for an updated behavioral framework that accounts for agile, technology-driven internationalization strategies.

2.5.6. Network Theory in Global Business

Network theory emphasizes the role of inter-firm relationships, strategic alliances, and business ecosystems in shaping internationalization strategies. Unlike traditional models that view international expansion as a firm-centric decision, network theory suggests that companies leverage external partnerships to enter and succeed in foreign markets (Johanson & Mattsson, 1988).

Key insights from network theory include:

- MNEs rely on existing business networks to gain market access and legitimacy.
- Collaboration with suppliers, distributors, and government agencies reduces entry barriers.
- Technology-driven firms internationalize faster by utilizing digital business networks and global supply chains.

With the rise of regional economic blocs, trade partnerships, and platform-based business models, network theory has gained relevance in explaining how firms navigate complex international environments.

2.5.7. Transaction Cost Economics and Risk Management

Transaction cost economics (TCE), introduced by Williamson (1975), argues that firms internalize operations to minimize transaction costs, reduce dependency on external partners, and safeguard proprietary assets. TCE explains why firms prefer direct investment (FDI) over licensing or franchising, particularly in industries where:

- Intellectual property protection is critical (e.g., pharmaceuticals, technology).
- Market uncertainties create risks in contractual agreements.
- Vertical integration provides efficiency and cost control advantages.

However, the global shift toward outsourcing, offshoring, and platform-based economies has challenged traditional TCE assumptions, as firms increasingly rely on flexible, decentralized business models.

2.5.8. Contemporary Theoretical Perspectives on Internationalization

Recent studies highlight new theoretical approaches that complement classical internationalization theories:

Digital Internationalization Theory—Explains how firms use technology, AI, and digital platforms to expand without physical market presence (Hennart, 2019).

Sustainability-Driven Internationalization—Emphasizes firms' motivations to expand into eco-friendly markets, adopt ESG practices, and meet regulatory standards (Narula & Verbeke, 2015a).

Geopolitical Risk Frameworks—Address how firms manage political uncertainties, trade sanctions, and market volatility when making investment decisions (World Bank, 2023).

These emerging frameworks suggest that internationalization motives are increasingly multidimensional, dynamic, and influenced by technological, regulatory, and environmental factors.

Theoretical perspectives on internationalization have evolved from cost-based and efficiency-driven models to dynamic, behaviorally influenced, and network-based approaches. While Dunning's OLI Paradigm, Institutional Theory, and the Uppsala Model provide valuable explanations, contemporary theories such as Digital Internationalization, ESG-Driven Strategies, and Geopolitical Risk Management offer deeper insights into the realities of multinational expansion in the 21st century.

2.6. Literature Gap

Despite extensive research on internationalization motives, several critical gaps persist in existing literature. While traditional theories such as Dunning's OLI Paradigm, the Uppsala Model, and Transaction Cost Economics provide strong foundations, they often fail to capture the rapidly evolving drivers of international expansion in the modern global economy. This section identifies key gaps in the literature and highlights areas requiring further exploration.

2.6.1. Classical vs Contemporary Internationalization Theories

Much of the existing literature on multinational internationalization remains anchored in classical economic theories, emphasizing market-seeking, efficiency-seeking, and resource-seeking motives (Dunning, 2000). However, contemporary business environments have introduced new strategic imperatives, such as:

- The rise of digital globalization, where firms internationalize without physical market presence (Hennart, 2019).
- The impact of ESG (Environmental, Social, and Governance) policies on international investment decisions (Narula & Verbeke, 2015a).
- Geopolitical realignments, including trade wars, economic sanctions, and regionalization trends, which reshape MNEs' expansion strategies (World Bank, 2023).

While classical theories provide a strong foundation for understanding traditional internationalization motives, there is a lack of integrated frameworks that bridge traditional perspectives with these emerging realities.

2.6.2. Limited Research on Industry-Specific Internationalization Motives

Most internationalization studies adopt a generalized approach, applying theories across different industries without accounting for sector-specific dynamics. However, international expansion strategies vary significantly across industries. For example:

- Technology firms (e.g., Google, Microsoft) internationalize primarily for knowledge-seeking and innovation-driven advantages.
- Manufacturing firms (e.g., Toyota, Siemens) prioritize cost efficiency and access to skilled labor.
- Energy and resource-based firms (e.g., Shell, BP) focus on resource-seeking motives and geopolitical stability.

Current research lacks a detailed comparative analysis of how internationalization motives differ across industries, particularly in the face of sustainability imperatives, digital transformation, and changing regulatory landscapes.

2.6.3. The Overlooked Role of Financial Markets and Balance of Payments (BoP)

While studies on multinational internationalization typically emphasize market entry strategies and operational efficiencies, the financial underpinnings of international expansion are often overlooked. The impact of exchange rate fluctuations, capital mobility, and balance of payments (BoP) positions on foreign direct investment (FDI) decisions remains underexplored (International Monetary Fund, 2023).

Key financial factors influencing multinational expansion include:

- Foreign exchange risks, affecting investment stability and profit repatriation.
- Capital mobility and interest rates, influencing firms' financing decisions for international operations.
- Host country's balance of payments (BoP) position, impacting government incentives for FDI inflows.

Understanding these financial linkages is crucial, yet the literature lacks comprehensive models integrating BoP dynamics into internationalization motives.

2.6.4. The Underrepresentation of Emerging Markets in Internationalization Studies

Most internationalization literature focuses on Western-based MNEs, often neglecting the unique motives and challenges of firms from emerging markets (UNCTAD, 2023). While Western MNEs expand for market dominance and efficiency, emerging-market firms (e.g., Huawei, Tata, Embraer) often pursue internationalization to:

- Escape institutional weaknesses in home countries (institutional voids).
- Access technology and global knowledge networks.
- Enhance credibility and brand positioning in developed markets.

Future research needs to explore how emerging-market multinationals (EM-

NEs) navigate institutional challenges, policy restrictions, and global competition, ensuring that internationalization theories are applicable beyond traditional Western contexts.

While the study acknowledges the increasing importance of emerging markets, current internationalization literature continues to underrepresent the unique dynamics of emerging-market multinational enterprises (EMNEs). Unlike their developed-market counterparts, EMNEs often pursue internationalization not from a position of strength, but as a strategic response to overcome institutional voids, home-country constraints, and reputational deficits (Peng et al., 2008). Notable EMNEs such as Tata Group (India), Huawei (China), and Dangote Group (Nigeria) exemplify the diverse motives and strategies pursued by firms in developing regions. These firms internationalize to gain access to advanced technologies, enhance global legitimacy, and hedge against domestic political and regulatory uncertainties.

A key strategic behavior observed among EMNEs is springboarding the use of foreign expansion to compensate for weak home-country institutions by acquiring brands, know-how, and capabilities in developed markets. In addition, leapfrogging allows EMNEs to bypass traditional stages of growth by investing aggressively in high-tech sectors and global partnerships. These approaches diverge significantly from the incremental expansion pathways assumed by traditional Western-centric models.

Despite these dynamics, there remains limited empirical exploration of how EMNEs navigate trade barriers, ESG compliance pressures, and digital transformation in foreign markets. Bridging this gap requires deeper sector-specific and regional case studies that capture the heterogeneous realities of emerging market firms.

2.6.5. Lack of Empirical Studies on Post-Pandemic Internationalization Trends

The COVID-19 pandemic and its aftermath have reshaped global trade, investment flows, and corporate expansion strategies. Key developments include:

- The acceleration of digital-first internationalization models, allowing firms to expand without physical presence.
- Supply chain disruptions, forcing MNEs to reconsider global production networks and regional diversification.
- Government-driven industrial policies, influencing foreign market entry and regulatory compliance.

Despite these major shifts, empirical studies remain limited, leaving gaps in understanding how firms are restructuring their internationalization strategies in response to new global realities.

The literature on internationalization motives is rich in classical theories but lacks integration with contemporary global business realities. Key gaps include:

- The need for updated theoretical models that account for digital globalization, sustainability, and geopolitical shifts.

- The lack of industry-specific studies analyzing how different sectors prioritize internationalization motives.
- The underrepresentation of financial market factors, such as exchange rate risks and balance of payments considerations.
- The neglect of emerging-market firms, whose internationalization motives differ significantly from traditional Western-based MNEs.
- The insufficient empirical research on post-pandemic internationalization strategies, given the disruptions in global trade and investment. Addressing these gaps will enable a more comprehensive and globally relevant understanding of multinational expansion, ensuring that theories and frameworks evolve alongside real-world economic and business transformations.

3. Methodology

This study adopts a qualitative research approach, utilizing theoretical analysis and case study evaluation to examine the motives driving multinational corporations (MNCs) to internationalize. The research is based on secondary data sources, including academic literature, industry reports, policy documents, and multinational case studies. A comparative analysis of classical and contemporary internationalization theories is employed to assess the evolving nature of MNE expansion strategies. By applying a structured theoretical review, the study evaluates how market-seeking, efficiency-seeking, resource-seeking, and strategic asset-seeking motives have been shaped by globalization, digital transformation, sustainability concerns, and geopolitical uncertainties (Dunning, 2000; Narula & Verbeke, 2015b).

3.1. Data Sources and Justification

The study relies on secondary data sources, drawing insights from:

- Peer-reviewed academic journals (e.g., *Journal of International Business Studies*, *Global Strategy Journal*).
- Reports from international organizations (e.g., UNCTAD, World Bank, IMF) that track foreign direct investment (FDI) trends, trade policies, and balance of payments (BoP) dynamics.
- Company reports and case studies from multinational corporations operating in diverse industries, such as technology, manufacturing, and energy.
- Government and policy documents that outline trade regulations, international investment incentives, and regional economic agreements.

The justification for using secondary data is based on:

- The availability of comprehensive, globally recognized datasets on FDI and internationalization trends.
- The ability to track longitudinal trends without requiring direct firm participation.
- The efficiency of synthesizing existing research to develop a robust theoretical framework.

3.2. Analytical Approach

This study applies a qualitative content analysis technique to synthesize and interpret data derived from established literature and institutional reports. To ensure methodological rigour, a structured screening process was used to identify sources published between 2018 and 2024, emphasizing recent empirical findings and theoretical developments in international business. Sources were selected based on credibility (peer-reviewed journals, UNCTAD, IMF, World Bank, OECD), relevance to internationalization themes, and regional representation across both developed and emerging markets.

The analysis involved the identification of recurring themes, including intrinsic and extrinsic motives, industry-specific drivers, and post-pandemic strategic adjustments. These themes were mapped onto classical theories (e.g., OLI, Uppsala Model) and contemporary models (e.g., digital internationalization, ESG-driven expansion) to highlight convergences and discrepancies. A comparative case technique was also adopted, evaluating multinational firms across four industries: technology, manufacturing, energy, and finance based on their internationalization pathways. The purposive sampling method ensured coverage of firms with diverse geographical operations and expansion motives.

Triangulation was implemented by cross-verifying data from multiple independent sources. For example, macroeconomic trends identified in World Bank reports were corroborated with company disclosures and academic literature. This process enhanced both internal validity and interpretative coherence. A content analysis and comparative review methodology is used to:

- Classify internationalization motives based on Van Tulder's framework, categorizing them into intrinsic, extrinsic, and mixed motives (Van Tulder, 2015).
- Analyze the application of classical theories (e.g., Dunning's OLI paradigm, Uppsala Model, Internalization Theory) in explaining MNCs' international expansion strategies.
- Integrate contemporary factors, such as digitalization, ESG (Environmental, Social, and Governance) considerations, and post-pandemic recovery trends.
- Assess empirical case studies, identifying how multinational firms adjust strategies in response to financial market fluctuations, regulatory changes, and geopolitical risks.

This approach ensures that the study provides a theoretically grounded yet practically relevant perspective on multinational internationalization motives. This methodology ensures a structured, data-driven approach to analyzing the evolving motives behind multinational expansion. By combining secondary data analysis, theoretical frameworks, and comparative case studies, the study aims to bridge the gap between classical theories and contemporary global business realities.

3.3. Data Evaluation Approach

This study adopts a secondary data collection approach, utilizing existing literature, multinational case studies, and institutional reports to examine the motives driving multinational corporations (MNCs) toward internationalization. Given the theoretical nature of the study, secondary data offers a comprehensive and cost-effective means of exploring diverse internationalization strategies across industries.

The research relies on peer-reviewed journals, industry reports, company financial statements, and government policy documents to ensure a well-rounded analysis. Notable academic sources include the *Journal of International Business Studies* and the *Strategic Management Journal*, which provide empirical and theoretical insights into international business expansion. Reports from international organizations such as the United Nations Conference on Trade and Development (UNCTAD), the International Monetary Fund (IMF), and the World Trade Organization (WTO) offer macroeconomic data on foreign direct investment (FDI) flows, trade regulations, and market trends that influence multinational expansion.

3.4. Industry Case Mentions

To provide real-world evidence, the study incorporates case studies of multinational firms across different sectors. This approach enables a sector-specific analysis of internationalization motives, ensuring a balanced perspective on expansion strategies. The selected industries and representative companies include:

- Technology Sector: Apple, Google, and Huawei (knowledge-seeking and market expansion).
- Manufacturing Industry: Toyota and Siemens (efficiency-seeking through cost reduction).
- Energy Sector: Shell, BP, and TotalEnergies (resource-seeking for long-term sustainability).
- Financial Institutions: JPMorgan Chase, HSBC, and Citibank (market-seeking for financial service expansion).

By analyzing firms operating in both developed and emerging economies, the study captures the impact of economic conditions, regulatory environments, and geopolitical influences on internationalization strategies.

3.5. Sample Determination

Given the study's qualitative nature, the sample size is determined based on data availability and industry relevance rather than statistical representativeness. Unlike quantitative research that requires large sample sizes for statistical validity, this study prioritizes depth over breadth, mentioning cases that provide rich insights into multinational expansion strategies.

The sample selection follows a purposive sampling method, ensuring that the firms studied represent different internationalization motives, industry sectors, and geographical markets. The selected firms serve as illustrative examples that highlight both common and unique factors influencing cross-border expansion.

3.6. Rationale for Qualitative Approach

The reliance on secondary data offers several advantages:

Access to Reliable Information: Data sourced from institutional reports, academic research, and corporate disclosures ensure credibility and accuracy.

Cost and Time Efficiency: Secondary data eliminates the need for time-consuming primary data collection, allowing for a broader and more efficient analysis.

Comparability Across Firms and Industries: Using existing case studies and reports enables cross-industry comparisons, highlighting sector-specific internationalization drivers.

By utilizing secondary data from multiple credible sources, this study ensures a rigorous and well-supported analysis of multinational corporations' internationalization motives. The selection of case studies across industries provides a balanced perspective on global expansion strategies, capturing how firms navigate economic, regulatory, and competitive challenges when expanding beyond their domestic markets.

3.7. Data Integrity and Thematic Focus

The selected firms were assessed using a thematic lens focused on the alignment between external environmental conditions and internal firm capabilities. Data was analyzed using qualitative coding, sorting insights into motive categories (market-seeking, efficiency-seeking, etc.), and then interpreting variations by industry and region. A matrix approach was employed to detect patterns of internationalization behaviour based on geographic market entry, investment type, and motive classification. This methodological transparency ensures that the findings are traceable, reproducible, and grounded in systematically curated evidence. The framework also accommodates the complexity and multidimensionality of international expansion strategies in the post-globalization era.

3.8. Study Validity & Reliability

Validity refers to the extent to which a study accurately reflects the concept it aims to measure. In this research, ensuring validity is crucial to establishing the credibility of the findings on multinational corporations' (MNCs) internationalization motives. Given the study's reliance on secondary data, validity is strengthened through several approaches:

Source Triangulation: Data is drawn from multiple, reputable sources, including peer-reviewed academic journals, reports from international organizations (e.g., UNCTAD, WTO, IMF), and case studies of leading MNCs. This cross-referencing mitigates bias and enhances the study's credibility.

Construct Validity: The study ensures that the variables used to analyze internationalization motives such as market-seeking, efficiency-seeking, and strategic asset-seeking are consistent with established theoretical frameworks, including Dunning's OLI Paradigm and the Uppsala Internationalization Model.

Comparative Analysis: By examining multiple industries (e.g., technology, manufacturing, energy, and finance), the study avoids sector-specific biases and ensures that findings are applicable across different economic contexts.

3.9. Enhancing Reliability in the Study

Reliability refers to the consistency and reproducibility of findings when the study is repeated under similar conditions. To enhance reliability, the study incorporates the following strategies:

Systematic Data Collection: The research follows a structured methodology in sourcing data from established databases such as Statista, World Bank, and corporate financial disclosures, ensuring consistency in information selection.

Replicability of Case Studies: The study selects well-documented multinational firms, making it possible for future researchers to revisit and verify findings. Firms such as Apple, Toyota, and HSBC are extensively analyzed in business literature, providing a strong basis for comparison.

Defined Analytical Frameworks: The application of recognized internationalization theories ensures that different researchers analyzing the same firms using the same models would arrive at comparable conclusions. This strengthens the reliability of interpretations drawn from the data.

3.10. Limitations and Mitigation Strategies

While secondary data enhances efficiency, it also presents potential challenges:

Data Timeliness: Some reports may be outdated or fail to capture recent geopolitical and economic shifts. To address this, the study prioritizes data published within the last five years.

Potential Bias in Reports: Corporate reports may emphasize positive aspects of internationalization while underreporting challenges. To counterbalance this, the study incorporates findings from independent market research firms and regulatory bodies.

The study maintains high levels of validity and reliability by ensuring that data is sourced from reputable institutions, theoretical frameworks are consistently applied, and comparative analysis is conducted across industries. By implementing triangulation, systematic data collection, and replicability strategies, the research upholds academic rigor in analyzing the motives driving multinational firms toward internationalization.

3.11. Balance of Payments (BOP)

The analysis of multinational corporations' (MNCs) internationalization motives must also account for macroeconomic factors, particularly the **Balance of Payments (BOP)**, which provides insights into the economic sustainability of international expansion. The BOP records all international financial transactions, reflecting whether a country operates under a trade surplus or deficit. Understanding BOP trends helps in assessing how developing and developed economies manage capital inflows and outflows, influencing investment decisions and global trade policies (International Monetary Fund, 2023).

3.12. Evaluation of Balance of Payment Scenarios

The balance of payments (BOP) is the method countries use to monitor all international monetary transactions at a specific period. Usually, the BOP is calculated every quarter and every calendar year. All trades conducted by both the private and public sectors are accounted for in the BOP to determine how much money is going in and out of a country.

If a country has received money, this is known as a credit, and if a country has paid or given money, the transaction is counted as a debit. Theoretically, the BOP should be zero, meaning that assets (credits) and liabilities (debits) should balance, but in practice this is rarely the case. Thus, the BOP can tell the observer if a country has a deficit or a surplus and from which part of the economy the discrepancies are stemming.

3.13. The Balance of Payments Divided

The BOP is divided into three main categories: the current account, the capital account and the financial account. Within these three categories are sub-divisions, each of which accounts for a different type of international monetary transaction.

3.14. The Current Account

The current account is used to mark the inflow and outflow of goods and services into a country. Earnings on investments, both public and private, are also put into the current account. Within the current account are credits and debits on the trade of merchandise, which includes goods such as raw materials and manufactured goods that are bought, sold or given away (possibly in the form of aid). Services refer to receipts from tourism, transportation (like the levy that must be paid in Egypt when a ship passes through the Suez Canal), engineering, business service fees (from lawyers or management consulting, for example) and royalties from patents and copyrights. When combined, goods and services together make up a country's balance of trade (BOT).

The BOT is typically the biggest bulk of a country's balance of payments as it makes up total imports and exports. If a country has a balance of trade deficit, it imports more than it exports, and if it has a balance of trade surplus, it exports more than it imports. Receipts from income-generating assets such as stocks (in the form of dividends) are also recorded in the current account. The last component of the current account is unilateral transfers. These are credits that are mostly worker's remittances, which are salaries sent back into the home country of a national working abroad, as well as foreign aid that is directly received.

3.15. The Capital Account

The capital account is where all international capital transfers are recorded. This refers to the acquisition or disposal of non-financial assets (for example, a physical asset such as land) and non-produced assets, which are needed for production but have not been produced, like a mine used for the extraction of diamonds. The capital account is broken down into the monetary flows branching from debt forgiveness, the transfer of goods, and financial assets by migrants leaving or entering a country, the transfer of ownership on fixed assets (assets such as equipment used in the production process to generate income), the transfer of funds received to the sale or acquisition of fixed assets, gift and inheritance taxes, death levies and, finally, uninsured damage to fixed assets.

3.16. The Financial Account

In the financial account, international monetary flows related to investment in business, real estate, bonds and stocks are documented. Also included are government-owned assets such as foreign reserves, gold, special drawing rights (SDRs) held with the International Monetary Fund (IMF), private assets held abroad and direct foreign investment. Assets owned by foreigners, private and official, are also recorded in the financial account as depicted in scenario 1 and 2 for Developing and Developed countries as indicated in Table 1 below.

3.17. The Balancing Act

The current account should be balanced against the combined-capital and financial accounts; however, as mentioned above, this rarely happens. We should also note that, with fluctuating exchange rates, the change in the value of money can add to BOP discrepancies. When there is a deficit in the current account, which is a balance of trade deficit, the difference can be borrowed or funded by the capital account. If a country has a fixed asset abroad, this borrowed amount is marked as a capital account outflow. However, the sale of that fixed asset would be considered a current account inflow (earnings from investments). The current account deficit would thus be funded. When a country has a current account deficit that is financed by the capital account, the country is foregoing capital assets for more goods and services. If a country is borrowing money to fund its current account deficit, this would appear as an inflow of foreign capital in the BOP.

Table 1. Current and financial account analysis: developing countries vs developed countries.

	Scenario 1 (Developing Countries)	Scenario 2 (Developed Countries)
Current Account	(−)	(+)
Financial Account	(+)	(−)
Balance	0	0

3.18. Balance of Payments and Economic Liberalization

In the late 20th century, many emerging economies liberalized their macroeconomic policies, lifting restrictions on capital flows to attract foreign investment.

Between the late 1980s and the Asian Financial Crisis of 1997, capital inflows into emerging markets tripled from USD 50 billion to USD 150 billion (World Bank, 2023). This led to increased foreign direct investment (FDI) but also made economies vulnerable to financial crises. For example, Brazil, a middle-income country (MIC) within the BRICS group, has received substantial official development assistance (ODA) from the Organization for Economic Cooperation and Development (OECD). However, its allocation of funds has been inefficient, prioritizing social and production sectors over economic infrastructure and administrative services.

3.19. Challenges in Brazil's ODA Utilization

- Brazil relies heavily on donor-administered grants rather than private sector financing (smart money) and public-private partnerships (PPPs).
- Its ODA allocation is skewed toward social and multi-sectoral projects, rather than economic growth drivers like healthcare, infrastructure, and administration.
- A lack of Domestic Resource Mobilization Strategy (DRM) has resulted in continued overdependence on external aid instead of sustainable financial self-reliance.

3.20. Exchange Rate Impacts: The Marshall-Lerner Condition and J-Curve Effect

The Marshall-Lerner Condition states that a currency devaluation will only improve the trade balance if the combined price elasticities of exports and imports exceed one. When a currency depreciates:

- Imports become more expensive, reducing demand.
- Exports become cheaper, increasing foreign demand.

Initially, however, trade balances may worsen due to contractual rigidities and delayed consumer response, a phenomenon known as the J-Curve Effect (Krugman & Obstfeld, 2003).

3.21. Empirical Evidence

- In the short term, import costs rise while export revenues remain constant, leading to a trade deficit.
- In the long term, as demand adjusts, a positive trade balance emerges, provided the Marshall-Lerner condition is met.

For instance, a country heavily reliant on imported oil will initially experience a worsening trade balance due to increased fuel costs. However, over time, as industries shift to domestic energy alternatives, the trade deficit improves (International Monetary Fund, 2023).

The Balance of Payments (BOP) trends illustrate the economic conditions under which multinational corporations expand. Developing economies often struggle with capital dependence, requiring structural reforms to enhance financial sustainability. Meanwhile, exchange rate dynamics, trade elasticities, and capital mobility must be carefully managed to ensure long-term economic resilience. Understanding these macroeconomic indicators is crucial for MNCs, policymakers, and international investors in navigating the complexities of global trade. The above stated empirical evidences on account of global trade activities from International Monetary Fund (2023) is highlighted in **Figures 2-5** below.

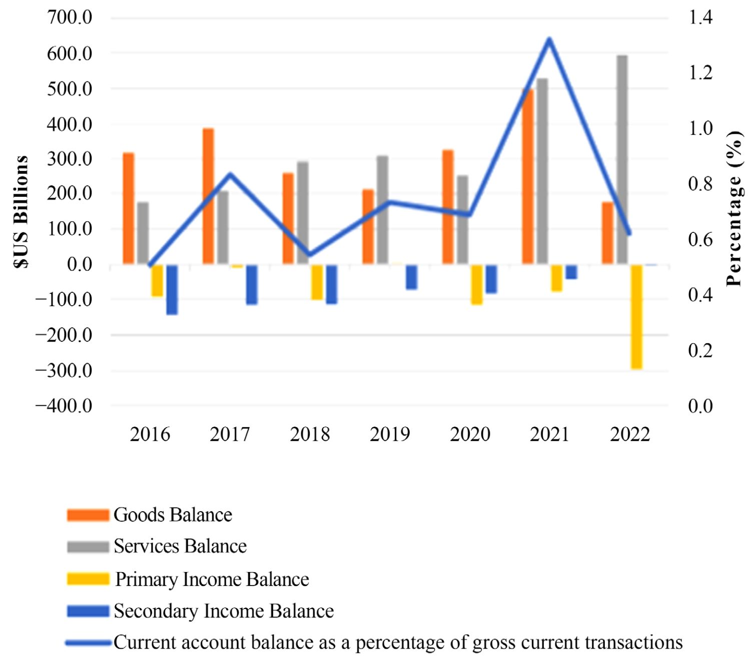

Figure 2. Global balances on current account ($Bn).

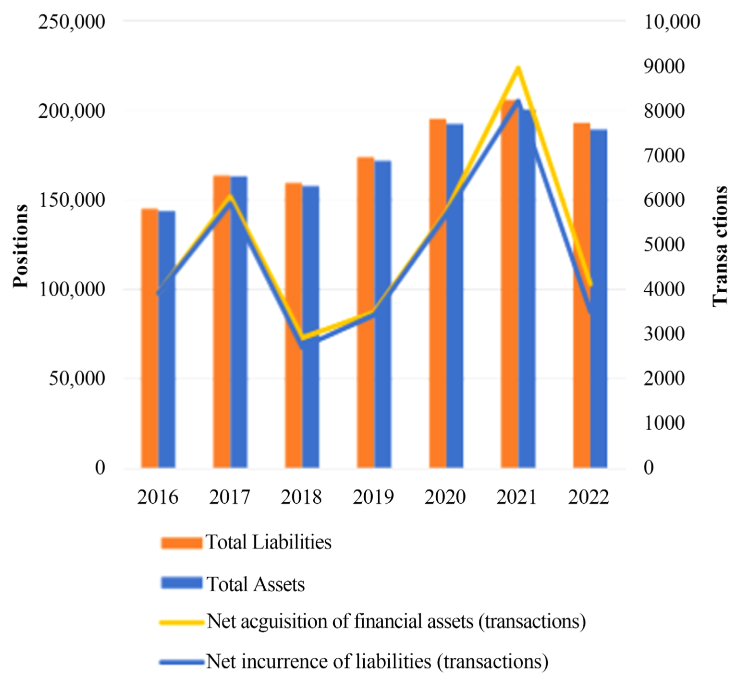

Figure 3. Global assets and liabilities ($Bn).

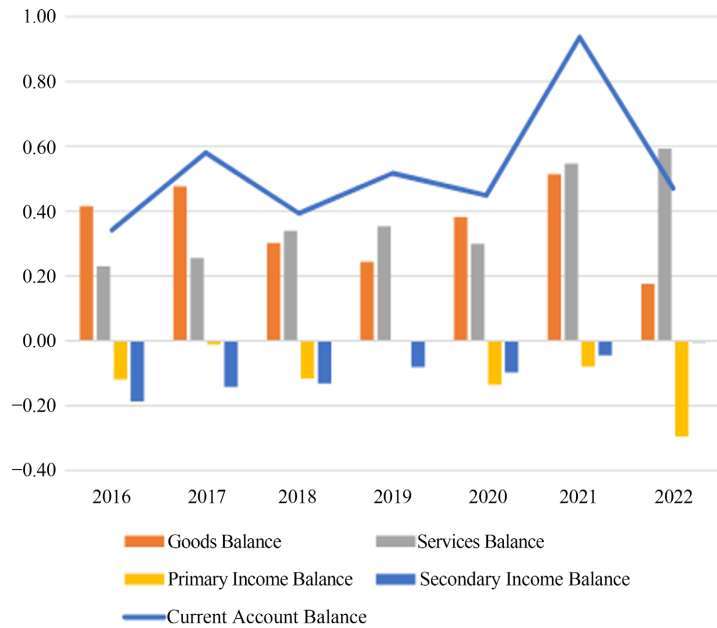

Figure 4. Global balances on current account (% of GDP).

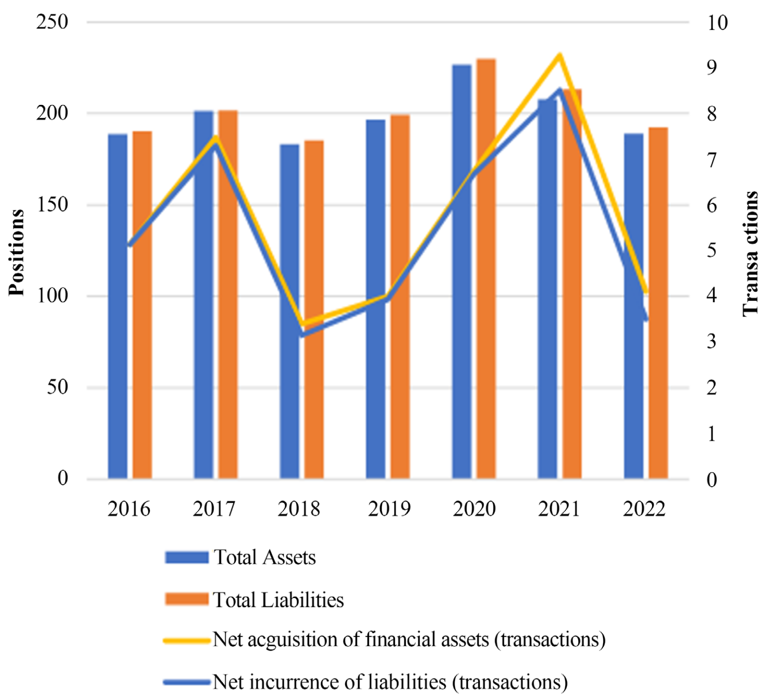

Figure 5. Global assets and liabilities (% of GDP).

4. Data Review, Analysis & Interpretation

The analysis of multinational corporations' (MNCs) internationalization motives draws from empirical data, theoretical models, and case studies to provide a comprehensive understanding of the driving forces behind cross-border expansion. The collected data is examined through qualitative and quantitative lenses to assess patterns, motivations, and economic implications.

4.1. Trends in Internationalization Motives

The globalization of businesses has led to dynamic shifts in the motives for internationalization. Traditionally, firms expanded internationally for market-seeking, resource-seeking, efficiency-seeking, and strategic asset-seeking purposes (Dunning, 1988). However, recent trends indicate an increasing focus on digital globalization, sustainability concerns, and geopolitical influences affecting international expansion strategies (Buckley, 2021). For instance, firms in the technology sector are driven by the need to access innovation hubs, while manufacturing firms prioritize cost efficiency through production relocation.

4.2. Market-Seeking Motivations

Market-seeking motives remain a dominant factor in multinational expansion. Companies pursue foreign markets to increase their consumer base, achieve economies of scale, and capitalize on emerging market growth (Johanson & Vahlne, 2009). Recent studies indicate that firms in developing economies, particularly in Asia and Africa, are becoming prime destinations for MNCs due to rapid urbanization, rising incomes, and a growing middle class (UNCTAD, 2023).

4.3. Resource-Seeking Motivations

Resource-seeking motives involve access to raw materials, skilled labor, and technological expertise. Traditionally, industries such as oil, mining, and agriculture have been the primary drivers of resource-seeking internationalization. However, recent shifts show that companies are increasingly investing in renewable energy resources, rare earth minerals, and digital infrastructure (Hennart, 2019). This trend aligns with the global transition toward green energy and sustainability-focused business strategies.

4.4. Efficiency-Seeking Motivations

Efficiency-seeking internationalization is driven by cost reduction through global supply chain optimization. Many firms relocate production to countries with lower labor costs, favorable tax policies, and trade agreements that enable seamless operations. The recent restructuring of global supply chains due to trade tensions between major economies, such as the U.S. and China, has resulted in companies diversifying their manufacturing bases to minimize geopolitical risks (McKinsey & Company, 2024).

4.5. Strategic Asset-Seeking Motivations

MNCs also pursue internationalization to acquire strategic assets such as technology, intellectual property, and brand equity. This is evident in the surge of cross-border mergers and acquisitions in sectors such as pharmaceuticals, artificial intelligence, and renewable energy (PwC, 2024). Strategic alliances, particularly in the digital economy, have become crucial for companies seeking to integrate advanced technologies into their business models.

4.6. Sectoral and Regional Variations in Internationalization

The motivations for internationalization vary across industries and regions. Technology firms prioritize innovation clusters in developed markets, while manufacturing companies focus on emerging markets for cost advantages. The European Union remains a key destination for regulatory stability, while Africa's emerging markets attract companies due to untapped consumer demand. Latin America, with its trade bloc agreements, is increasingly becoming a hub for firms seeking regional integration opportunities (International Monetary Fund, 2023).

Emerging-market multinationals (EMNEs) reveal a unique set of internationalization drivers compared to firms from developed economies. For instance, Huawei's aggressive global push into telecom infrastructure is not merely market-seeking—it reflects a broader ambition to secure technological leadership and reduce dependency on Western ecosystems. Similarly, Tata Group leverages international acquisitions to access new knowledge and reposition its brand for global competitiveness. Dangote Industries demonstrates how regional dominance can serve as a springboard for wider continental and international ambitions, particularly in commodities, cement, and agriculture.

These firms frequently contend with institutional voids, such as weak legal frameworks and volatile financial systems, which incentivize them to externalize operations into more predictable jurisdictions. They also face barriers to legitimacy and brand acceptance, requiring heavy investment in global standards, ESG compliance, and strategic alliances.

Therefore, internationalization by EMNEs is not solely a function of resource-seeking or cost reduction, but a strategic necessity for survival, credibility, and long-term viability in a competitive global economy.

4.7. Impact of COVID-19 and Digital Transformation

The COVID-19 pandemic reshaped internationalization strategies by accelerating digital globalization and remote work capabilities. Firms that previously relied on physical expansion adapted to digital platforms, enabling them to serve international markets without establishing a physical presence. Additionally, the rise of e-commerce and digital trade agreements has facilitated the expansion of firms into new markets with minimal capital investment.

4.8. Implications for Policy and Business Strategy

Understanding the evolving motives for internationalization is crucial for policymakers and businesses. Governments must create favorable investment climates through infrastructure development, regulatory stability, and trade agreements. Businesses, on the other hand, must align their internationalization strategies with geopolitical risks, digital transformation, and sustainability imperatives.

The analysis confirms that while traditional motives for internationalization remain relevant, contemporary factors such as digitalization, environmental considerations, and geopolitical shifts are redefining how firms expand globally.

These insights provide a foundation for decision-makers to adapt their strategies to an increasingly complex international business landscape.

4.9. Summary & Recommendations

This study has examined the various motives behind the internationalization of multinational corporations (MNCs), emphasizing the interplay between economic, strategic, and institutional factors. The literature review highlighted the key theories that explain why firms expand beyond their home countries, including the Eclectic Paradigm, Uppsala Model, and Transaction Cost Theory. Empirical evidence demonstrated that MNCs are driven by factors such as market-seeking, efficiency-seeking, resource-seeking, and strategic asset-seeking motives, all of which are influenced by macroeconomic stability, trade policies, and the regulatory environment.

The evaluation of balance of payment scenarios provided critical insights into how capital and financial account liberalization affect foreign direct investment (FDI) and trade flows. The analysis of Brazil's ODA allocation illustrated the challenges faced by emerging markets in balancing economic growth with financial stability, emphasizing the importance of domestic resource mobilization and policy alignment. The discussion on the Marshall-Lerner condition and J-Curve effect further clarified how exchange rate movements impact international trade and investment decisions. Additionally, the study assessed the validity and reliability of data sources, ensuring that findings were based on robust economic indicators and theoretical frameworks. Through a rigorous methodological approach, the research provided a comprehensive understanding of the forces shaping MNE internationalization and the broader economic implications.

5. Recommendations

Strengthening Institutional and Economic Reforms

Governments in developing economies should implement policies that enhance macroeconomic stability, transparency, and regulatory efficiency. This will improve their attractiveness for FDI and reduce reliance on external financial aid.

Optimizing BoPs through Strategic Trade Policies

Countries should diversify exports, enhance trade competitiveness, and reduce trade deficits by investing in high-value industries and fostering innovation. Currency devaluation should be approached cautiously, ensuring that export price elasticity meets the Marshall-Lerner condition to prevent worsening trade balances.

Enhancing Foreign Direct Investment (FDI) Strategies

Host countries should prioritize FDI-driven technology transfer, skills development, and infrastructure investment rather than simply attracting foreign capital. Aligning FDI policies with national development goals will create sustainable economic growth.

Reducing Overdependence on Official Development Assistance (ODA)

Emerging economies like Brazil should transition from reliance on donordriven funding towards Domestic Resource Mobilization (DRM). This includes expanding tax bases, improving public financial management, and promoting Public-Private Partnerships (PPPs) for infrastructure and social sector investments.

Policy Alignment with Global Trade and Investment Trends

As multinational corporations increasingly focus on sustainability and digital transformation, governments must create business-friendly environments that support green investments, digital infrastructure, and knowledge-based industries.

Future Research Considerations

Further studies should explore the impact of geopolitical shifts, trade wars, and digital globalization on multinational expansion. Additionally, longitudinal analyses of post-pandemic economic recovery strategies could provide deeper insights into evolving internationalization patterns.

6. Conclusion

The internationalization of multinational corporations (MNCs) remains a cornerstone of global economic integration, driven by market expansion, resource acquisition, efficiency optimization, and strategic positioning. This study has underscored the complex interplay between economic, regulatory, and institutional factors that influence MNC decisions, highlighting the evolving nature of globalization in response to technological advancements, geopolitical shifts, and macroeconomic trends. One of the key takeaways is that successful international expansion requires alignment between firm-specific advantages and host-country conditions. Theories such as the Eclectic Paradigm, Uppsala Model, and Institutional Theory provide valuable frameworks for understanding why and how firms expand beyond their domestic markets. However, real-world application depends heavily on factors like trade policies, financial regulations, political stability, and exchange rate fluctuations.

The study's analysis of balance of payments (BOP) scenarios reinforced the importance of macro-financial stability in shaping international trade and investment flows. The case of Brazil demonstrated how developing economies can face structural challenges in managing capital inflows, foreign aid, and sectoral resource allocation. This underscores the critical need for domestic resource mobilization (DRM), targeted economic reforms, and strategic public-private partnerships (PPPs) to reduce reliance on external funding and foster sustainable economic growth. Additionally, findings on the Marshall-Lerner condition and J-Curve effect illustrated how exchange rate adjustments impact trade balances, emphasizing that devaluation strategies must be carefully managed to avoid short-term deficits. These insights are particularly relevant in today's volatile global economy, where currency fluctuations, trade disruptions, and shifting investment patterns continuously reshape the international business landscape.

As global competition intensifies and digital transformation accelerates, MNCs and policymakers must adapt to emerging challenges and opportunities. The increasing emphasis on sustainable development, ESG (Environmental, Social, and Governance) considerations, and digital globalization will redefine the criteria for international expansion. Governments must enhance economic policies, strengthen institutional frameworks, and create a business-friendly environment to attract high-value foreign investments while ensuring domestic industries remain competitive.

Ultimately, the future of multinational internationalization will depend on a balanced approach that integrates economic resilience, technological innovation, and policy adaptability. Countries that effectively manage their financial systems, foster innovation, and strategically engage in global trade networks will be best positioned to benefit from the evolving dynamics of international business. Further research should explore the long-term impacts of global financial shifts, post-pandemic economic restructuring, and digital trade transformation to provide deeper insights into the future of MNC expansion.

Conflicts of Interest

The author declares no conflicts of interest regarding the publication of this paper.

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