Online ISSN 2233-5382
JIDB website: http://www.jidb.or.kr
doi:http://dx.doi.org/10.13106/jidb.2023.vol14.no10.1

Prisma Statement: The Strategic Advantages and Disadvantages of Foreign Direct Investments (FDI)

Phouthakannha NANTHARATH [1]

Received: July 15, 2023. Revised: July 24, 2023. Accepted: October 25, 2023.

Abstract

Purpose: In an increasingly globalized world, foreign direct investment (FDI) plays an essential role in the economic improvement of countries. This study aims to delve into the topic of overseas direct investment (FDI) and offer a complete analysis of its strategic advantages and disadvantages. By thoroughly examining the present literature, this study aims to discover and explore the diverse advantages and drawbacks. **Research design, data and methodology:** The information analysis system systematically and rigorously examined the selected studies. The evaluation will follow a thematic technique in which conventional subject matters and styles associated with FDI's strategic benefits and downsides can be recognized and synthesized. Data extraction contained relevant facts from the chosen research, along with the study objectives. **Results:** This study provides the findings of the, which explores the strategic advantages and disadvantages of foreign direct investments (FDI) primarily based on the evaluation of previous research. A comprehensive review of the identified benefits and drawbacks highlights their implications for businesses engaged in FDI. **Conclusions:** In sum, the findings offer valuable insights for practitioners, guiding their decision-making methods in the international commercial enterprise landscape. Organizations can function for fulfillment and sustainable development in the global marketplace by leveraging the advantages and effectively managing demanding situations.

Keywords : Strategic Management, Foreign Direct Investments (FDI), Finance Approach, Screening Methodology

JEL Classification Code: B17, L14, M16, C25

1. Introduction

In an increasingly globalized world, foreign direct investment (FDI) plays an essential role in the economic improvement of countries. FDI involves the direct ownership or management of property in one country through an entity based totally overseas. It encompasses numerous bureaucracies, including mergers and acquisitions,

1 First Author. Faculty, Economics and Fiscal Management, College of Local Administration, Khon Kaen University, Thailand. Email: nantha@kku.ac.th

joint ventures, and greenfield investments, and has become an enormous motive force for international business. As agencies search for new market possibilities, get the right of entry to assets, and make technological improvements, they interact with FDI to amplify their operations beyond home borders.

This study aims to delve into the topic of overseas direct investment (FDI) and offer a complete analysis of its strategic advantages and disadvantages. By thoroughly examining the present literature, this study aims to discover and explore the diverse advantages and drawbacks that groups may additionally come across when undertaking FDI. The research intends to shed light on the strategic advantages of FDI by examining how it can offer corporations a right to enter new markets and customers. By investing in international locations, organizations can tap into larger client bases and expand their operations globally. This expansion opens opportunities for increased income, revenue, and a higher marketplace percentage.

Furthermore, the study will discover how FDI enables businesses to access precious assets and inputs, including herbal reserves, skilled labor, or superior technology. By establishing operations in foreign countries, groups can leverage those assets to enhance their competitive advantage, improve product quality, and drive operational efficiency. On the other hand, the research also aims to spotlight the strategic hazards of FDI (Dikova & Witteloostuijn, 2007).

It will delve into the ability risks and demanding situations organizations may face while engaging in FDI ventures. These demanding situations include exposure to political and regulatory dangers, cultural and operational challenges, and the capacity for dependency in the host country. The study will examine how changes in government policies, financial instability, or cultural variations can impact the profitability and sustainability of FDI ventures. It will discover how businesses can mitigate those dangers and deal with the challenges of working in foreign markets. In addition to analyzing the advantages and drawbacks, the study aims to offer treasured insights for practitioners on successfully navigating those components of FDI.

By analyzing the findings from the literature review, the current author will offer sensible recommendations and techniques for practitioners to make informed decisions and enhance their operational results. The method phase will outline the research technique, statistics collection, and evaluation techniques; the findings section will present the strategic advantages and downsides of FDI; the consequences for practitioners phase will offer practical suggestions primarily based on the findings; and the conclusion will summarize the important findings and their implications for the sphere of FDI.

(1) What are the strategic advantages of foreign direct investments?

(2) What are the strategic disadvantages of foreign direct investments?

(3) How do these advantages and disadvantages impact operations?

(4) What implications can be drawn for managers based on the findings?

Figure 1: The Research Questions

2. Literature Review

Scott-Kennel (2004) explores whether overseas direct funding (FDI) acts as a catalyst for local corporation development. The study investigates the potential positive spillover results of FDI on the growth and competitiveness of nearby firms within the host economy. The findings of Scott-Kennel's study suggest that FDI can substantially impact nearby corporations' improvement. The presence of foreign corporations through FDI can contribute to understanding and generation transfer, managerial knowledge, and admission to international markets, all of which can benefit nearby companies. These spillover effects can result in elevated productivity, innovation, and competitiveness among neighborhood companies. One of the mechanisms through which FDI can act as a catalyst for nearby company development is through knowledge and era switching. Multinational groups (MNCs) often own advanced technologies, studies, improvement talents, and nice practices they can share with neighborhood companies (Mudambi & Mudambi, 2002). This switch of knowledge can help local companies upgrade their technological capabilities, enhance product quality, and enhance their average competitiveness.

Corruption is a huge problem that may affect foreign direct investment (FDI) and its strategic advantages and disadvantages. Its presence in a country can affect the beauty of the funding climate and FDI choices (Brada et al., 2019). Corruption can deter FDI because it will increase uncertainty, introduce extra charges, and undermine the rule of law. When corruption is widespread in a country, overseas buyers may additionally understand the dangers related to their investments. They may be involved in unfair enterprise practices, loss of transparency in decision-making processes, and the capability for extortion or demands for bribes. This can result in a decline in FDI inflows as investors seek stronger and more obvious investment environments.

Moreover, corruption can distort competition and create a choppy gambling environment for home and foreign firms (Kuemmerle, 1999). When corrupt practices allow certain companies to benefit from preferential remedies or steady business advantages through bribery or other illicit means, it hampers honest competition. This can discourage overseas investors who prioritize integrity and ethical business practices, decreasing FDI inflows.

According to a study accomplished by Totev (2005), he tested foreign direct investment (FDI) in Bulgaria and delved into the benefits and drawbacks of investing in the U.S. The research sheds light on the particular benefits and challenges buyers stumble upon, offering insights into the funding climate in Bulgaria. According to Totev's findings, several advantages are associated with FDI in Bulgaria. Firstly, the U.S. offers a strategic location, serving as a gateway to the European Union and the rising markets of Southeast Europe. This provides investors access to a huge consumer marketplace and opportunities for local expansion. Moreover, Bulgaria boasts a nicely knowledgeable and professional team of workers, regularly referred to as a bonus by traders searching to set up operations within the United States. The availability of skilled labor contributes to the competitiveness of Bulgarian industries and enables the switch of understanding and era.

Cooke's (2001) study focuses on the consequences of labor costs and place of work constraints on overseas direct investment (FDI) amongst surprisingly industrialized international locations. The research examines the role of exertion-associated elements in shaping FDI choices, emphasizing the significance of considering exertion fees and place-of-business conditions in attracting FDI. The study's findings underscore the importance of labor-associated factors in influencing FDI choices. Labor charges are a big concern for firms when deciding whether to put money into a foreign U.S. High labor fees can erode the cost competitiveness of a country and deter FDI inflows. On the other hand, nations with lower expenditures can also attract FDI as corporations seek to take advantage of value financial savings and maintain profitability (Beazer & Blake, 2018).

Moreover, place-based business constraints, including labor policies and marketplace flexibility, also play an important role in shaping FDI decisions. Labor marketplace guidelines and the degree of pliability within the labor market impact the splendor of a country for FDI (Kondo, 1995). Excessive exertion guidelines and inflexible labor markets may additionally discourage corporations from investing in a country due to issues related to restrictions on hiring, firing, and labor mobility.

Hoesel (1996) delve into the transformation of economies through foreign direct investment (FDI). The research explores how FDI impacts the restructuring of economies and highlights the essential role played by FDI in driving financial transformation and improvement. The examiner emphasizes that FDI has the ability to act as a catalyst for financial restructuring. When overseas buyers set up operations in the United States via FDI, they bring numerous sources, technology, and managerial knowledge and get the right to enter international markets (Alfaro, 2015). These factors contribute to the restructuring of the nearby economy and its integration into the worldwide monetary system. One of the key mechanisms through which FDI drives monetary transformation is technology transfer. MNCs regularly own advanced technology, which they transfer to nearby firms through numerous channels, including joint ventures, licensing agreements, or supplier relationships. This era switch allows local firms to improve their technological talents, increase productivity, and produce exceptional products (Anyanwu, 2012). As a result, the financial system becomes more technologically advanced and aggressive.

An article by Szanyi (1998) examines the stories of overseas direct investment (FDI) in Eastern Europe, particularly focusing on the advantages and downsides of FDI inside the country. The research provides insights into the specific demanding situations and opportunities related to FDI in Eastern European nations. The article highlights several advantages associated with FDI in Eastern Europe. One of the key benefits is the potential for marketplace entry and growth. FDI brings in foreign capital, technology, and managerial know-how, which could assist nearby corporations in accessing international markets and enhancing their export competencies. This can contribute to monetary growth, job creation, and accelerated competitiveness in Eastern European international locations. However, the examiner also discusses the challenges and drawbacks associated with FDI in Eastern Europe (Luo & Wang, 2012)). One of the primary challenges highlighted is the capability for resource dependence. Eastern European nations may become overly reliant on foreign capital and technology, limiting nearby capability development and preventing long-term financial sustainability (Chaudhuri & Mukhopadhyay, 2014). There is a need to balance the benefits of FDI with improving home skills.

Additionally, the examiner emphasizes the capability for uneven nearby development. FDI tends to concentrate in certain areas or industries, leading to local economic growth and development disparities. Policymakers must ensure that FDI is shipped more calmly throughout areas to avoid exacerbating regional inequalities.

A study by Camara (2023) focuses on the impact of overseas direct investment (FDI) on tax revenue technology in host countries. The research explores the connection between FDI inflows and the fiscal capacity of host nations, shedding light on the capacity effect of FDI on tax sales. The study highlights that FDI may have tremendous and poor implications for tax revenue in host nations. On the one hand, FDI inflows can contribute to accelerated tax sales through diverse channels. When foreign traders set up operations in a host country like the United States, they generate economic activity, create jobs, and contribute to the monetary boom. These factors can lead to higher tax revenues for the authorities through company income taxes, fee-introduced taxes (VAT), and payroll taxes.

Moreover, FDI can stimulate home intake and funding, leading to expanded financial activity and better tax collections (Fung et al., 2022). Foreign buyers may additionally bring in capital and generation that could enhance productivity and competitiveness in the host country. This, in turn, can drive economic growth and generate additional tax sales. However, the examiner also identifies capability-demanding situations and bad implications for tax revenue technology related to FDI. One of the most demanding situations is obtaining tax incentives and exemptions to attract FDI. Host nations frequently offer tax incentives to foreign investors as a way to attract and preserve FDI (Aharoni, 2011). While these incentives can be powerful in attracting funding, they will reduce the tax revenue accumulated by the government. Therefore, it is important for policymakers to carefully lay out and examine tax incentive schemes to ensure stability between attracting funding and preserving tax sales.

Table 1: Broadingcast Effects on the Fresh Food

Necessity that Has to Conduct this Research	Prior Studies
By analyzing the current literature review, the further research should be done, adding sensible recommendations and techniques of FDI strategy for practitioners to make informed decisions and enhance their operational results.	Scott-Kennel (2004), Mudambi and Mudambi (2002), Brada et al. (2019), Kuemmerle (1999), Totev (2005), Cooke's (2001), Beazer and Blake (2018), Kondo (1995), Hoesel (1996), Alfaro (2015), Anyanwu (2012), Szanyi (1998), Luo and Wang (2012), Chaudhuri and Mukhopadhyay (2014), Camara (2023), Aharoni, 2011).

3. Research Design

Various research methodologies were employed in this study to investigate the strategic advantages and disadvantages of foreign direct investments (FDI). Research design, data collection procedures, and data analysis techniques were used to achieve the research objectives. The methodology section aims to ensure the rigor and validity of the research findings and establish a systematic approach to conducting the study.

3.1. Collection Procedures

This study's research layout is based on a complete and systematic and comprehensive literature overview. It entails analyzing and synthesizing existing studies, articles, and guides examining FDI's strategic benefits and disadvantages. The study's design includes a qualitative technique, considering an in-depth exploration of the study's subject matter and identifying rising patterns, topics, and insights (Nantharath et al., 2016; Kang & Hwang, 2017).

The statistical collection processes for this observation contain the systematic identity, choice, and screening of relevant previous research. The content literature review technique might be used to ensure transparency and minimize bias inside the selection system (Temouri et al., 2022). A comprehensive search may be performed in applicable educational databases, with Scopus, Web of Science, and Google Scholar, using suitable keywords associated with FDI, strategic benefits, and strategic dangers. The search approach may be designed to seize many studies published in peer-reviewed journals, conference lawsuits, and different relevant guides (Kang, 2021).

The retrieved studies will go through a second-degree screening process. In the primary stage, the titles and abstracts of the recognized studies can be screened to assess their relevance to the research topic. Studies that meet the inclusion criteria will proceed to the second stage, in which the total-textual-content articles could be thoroughly reviewed to determine their suitability for inclusion within the literature review. The inclusion standards for observer selection may be primarily based on the relevance of the research subject matter, the focus on the strategic benefits and drawbacks of FDI, and the date of publication. Studies that do not meet the inclusion standards, including those focusing totally on specific industries or international locations, studies with insufficient empirical proof, or studies now not available in English, can be excluded from the evaluation.

The information analysis system will systematically and rigorously examine the selected studies. The evaluation will follow a thematic technique in which conventional subject matters and styles associated with FDI's strategic benefits and downsides can be recognized and synthesized (Paul & Feliciano-Cestero, 2021). Data extraction will contain relevant facts from the chosen research, along with the authors, guide year, study objectives, study methods, key findings, and conclusions. This technique will ensure a standardized and evidence-based approach to capturing the important information from each examination. The extracted facts may be synthesized to perceive key themes and patterns associated with FDI's strategic advantages and drawbacks.

3.2. Research Limitations

While this study aims to evaluate the strategic benefits and downsides of FDI comprehensively, inherent limitations must be acknowledged. One dilemma is the ability bias introduced by choice of studies, despite efforts to limit bias through a systematic overview. Additionally, the findings of this examination can be influenced by the pleasantness and relevance of the chosen studies. This review is based totally on the evaluation of the present literature, and no primary facts series concerning human subjects is concerned. Therefore, ethical approval is not required. However, proper citation and acknowledgment of the unique authors and sources could be ensured to maintain academic integrity and recognize intellectual property rights. By employing a systematic and rigorous technique, this study aims to provide strong and reliable findings concerning FDI's strategic advantages and downsides. The subsequent bankruptcy will present the study's findings, outlining the identified advantages and disadvantages based on the analysis of the chosen research studies.

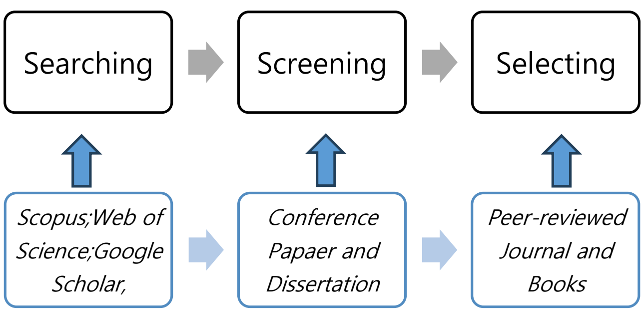

Figure 2: Data Collection Process

4. Findings

This section provides the findings of the, which explores the strategic advantages and disadvantages of foreign direct investments (FDI) primarily based on the evaluation of previous research. A comprehensive review of the identified benefits and drawbacks highlights their implications for businesses engaged in FDI. By synthesizing the findings, this chapter aims to offer treasured insights into the strategic issues associated with FDI and tell practitioners how to navigate the possibilities and challenges offered through worldwide investments.

Numerous key strategic advantages of FDI were identified based on the evaluation of the selected studies. These advantages contribute to the fulfillment and competitiveness of corporations making worldwide investments.

4.1. Access to New Markets

One of the sizable advantages of FDI is the right of entry into new markets that it presents to companies. By making an investment in overseas markets, organizations can tap into formerly untapped purchaser bases and expand their income and sales streams (Moon & Roehl, 2001). This gain permits groups to diversify their marketplace presence, lessen dependence on domestic markets, and leverage the boom capacity of rising economies. The literature evaluation shows that FDI enables companies to conquer change limitations and regulatory restrictions that can restrict marketplace access (Porter, 2015; Szanyi, 1998). By establishing a local presence through FDI, organizations can construct relationships with customers, understand nearby possibilities, and tailor their services or products to meet the unique needs of the foreign market.

4.2. Technology Transfer and Knowledge Acquisition

FDI gives businesses the opportunity to access advanced technology, manufacturing strategies, and managerial knowledge. The literature evaluation highlights that agencies carrying out FDI can benefit from era-switching and know-how acquisition, which could enhance their competitiveness and operational efficiency (Kumar & Rani, 2002). Foreign direct investments facilitate the switch of generations, research and development talents, and innovation practices from advanced international locations to host nations. This transfer of information allows nearby organizations to improve their manufacturing strategies, product quality, and technological competencies (Totev, 2005). Additionally, companies can gain insights into overseas markets, purchaser behavior, and enterprise practices via FDI, expanding their know-how base and fostering innovation (Osano, 2019).

4.3. Economies of Scale and Cost Reduction

FDI allows businesses to obtain economies of scale by consolidating their operations and exploiting synergies among home and foreign markets. Organizations engaged in FDI can reduce prices and improve operational performance by centralizing production, sourcing inputs globally, and streamlining distribution channels (Papadopoulos et al, 2016). The literature analysis indicates that FDI enables groups to optimize manufacturing tactics, take advantage of shared resources, and recognize financial savings via bulk purchasing. By spreading constant prices throughout a larger quantity of manufacturing, businesses can lower unit fees and reap better profitability (Keeley & Matsumoto, 2018). Additionally, by leveraging the advantage of economies of scale, groups can offer competitive expenses to clients and gain an aggressive edge in the market.

4.4. Strategic Disadvantages of Foreign Direct Investments and Political and Regulatory Risks

Alongside the advantages, foreign direct investments are also associated with strategic disadvantages that companies must consider. The analysis of the literature exhibits several key strategic challenges of FDI. The following subsections discuss the three primary strategic disadvantages:

Investing in overseas markets exposes businesses to political and regulatory dangers that can drastically affect their operations and profitability (Lizondo, 1993). The literature assessment highlights that changes in government rules, political instability, and criminal uncertainties in host international locations can pose tremendously demanding situations for groups engaged in FDI. Political and regulatory risks can appear as policy modifications, alternate boundaries, expropriation threats, and destructive felony frameworks (Isobe et al., 2000). Such dangers can disrupt enterprise operations, have an effect on marketplace access, and erode the anticipated returns on investment. Companies want to cautiously investigate and manage those risks by conducting thorough political and regulatory danger evaluations, establishing powerful family members, and diversifying their investments across special markets (Nguyen et al., 2023).

4.5. Cultural and Institutional Differences

Cross-cultural variations and varying institutional frameworks create demanding situations for businesses engaging in FDI. The literature overview emphasizes that agencies want to navigate differences in language, enterprise practices, social norms, and cultural values when getting into foreign markets (Stoian & Mohr, 2016). Cultural and institutional differences can affect various factors of commercial enterprise operations, such as advertising and marketing strategies, human resource management, and negotiation practices. Companies should develop cross-cultural competence, adapt their strategies to the local context, and establish robust relationships with neighborhood companions or stakeholders (Kimani & Scott, 2023). By addressing these challenges, businesses can mitigate the negative effects of cultural and institutional variations and enhance their probabilities of fulfillment in foreign markets.

4.6. Market Volatility and Uncertainty

Foreign markets regularly show higher volatility and uncertainty levels than home markets. The literature review indicates that businesses engaged in FDI face risks related to fluctuating change fees, market demand, economic conditions, and geopolitical elements (Choi et al., 2021). Market volatility and uncertainty can affect sales revenues, manufacturing expenses, and profitability. Companies must cautiously monitor and control marketplace threats via effective threat control strategies, including hedging against forex fluctuations, diversifying purchaser bases, and carrying out thorough marketplace research (Tsang et al., 2007). By being proactive and adaptive, businesses can mitigate the unfavorable effects of market volatility and uncertainty on their FDI operations.

5. Implications

This Drawing from the findings on the strategic advantages and disadvantages of FDI, this section offers practical implications and recommendations for practitioners operating in a global business context. The following subsections discuss the implications based on the identified advantages and disadvantages:

5.1. Leveraging Access to New Markets

Practitioners should recognize the potential benefits of FDI in accessing new markets. To leverage this advantage effectively, companies should conduct comprehensive market research, understand cultural nuances, and tailor their products or services to meet the target market's specific needs (Endo, 2006). Furthermore, forming strategic partnerships with local companies or hiring local talent can provide invaluable insights and enhance market penetration.

5.2. Enhancing Technological Capabilities

Companies should actively seek opportunities for technology transfer and knowledge acquisition through FDI. By partnering with technologically advanced firms or investing in research and development activities, companies can upgrade their technological capabilities, improve product quality, and foster innovation (Chen et al., 2020). Building a culture of continuous learning and knowledge sharing within the organization can further enhance the impact of technology transfer.

5.3. Mitigating Risks and Uncertainties

To navigate the strategic disadvantages of FDI effectively, practitioners should adopt proactive risk management strategies. This involves conducting thorough political and regulatory risk assessments, establishing strong relationships with local stakeholders, and diversifying investments across multiple markets (Anand & Kogut, 1997). Implementing robust market intelligence systems and monitoring tools can help practitioners respond swiftly to market volatility and uncertainties.

5.4. Building Cross-Cultural Competence

Given the challenges of cultural and institutional differences, practitioners should prioritize building cross-cultural competence within their organizations. This can be achieved through intercultural training programs, hiring local talent, and engaging in effective cross-cultural communication. Developing a deep understanding of the cultural context and adapting business strategies accordingly will enhance the success of FDI operations (Brander & Spencer, 1987). These findings have important implications for practitioners engaged in FDI, emphasizing the need to leverage advantages while mitigating risks and challenges. By capitalizing on access to new markets, enhancing technological capabilities, and implementing effective risk management strategies, companies can maximize the

6. Limitations and Conclusions

It highlights areas where the study may have been influenced or restricted, providing transparency and acknowledging the potential impact on the validity and generalizability of the findings. By addressing these limitations, this chapter aims to provide a balanced assessment of the research and guide future studies in this area.

Another limitation concerns the potential bias and quality of the selected studies. Despite efforts to minimize bias through the rigorous screening and selection process, some relevant studies may still need to be included or included. Additionally, the quality and rigor of the selected studies may vary. Including studies with different methodological approaches, sample sizes, and data sources may introduce heterogeneity and impact the overall conclusions. To mitigate this limitation, a thorough assessment of the quality and relevance of the selected studies was conducted during the screening process. Future studies could explore additional strategies, such as conducting a meta-analysis or employing more stringent quality assessment criteria, to enhance the reliability of the findings.

The reliance on existing literature also limits the availability of specific data points and detailed information. While the selected studies provided valuable insights, they may only sometimes provide the granularity or specificity required for a comprehensive analysis of FDI's strategic advantages and disadvantages. This limitation may restrict the depth of analysis and prevent a more fine-grained examination of the factors influencing the outcomes. Future research could consider incorporating primary data collection methods, such as surveys or interviews, to gather more detailed and specific information from companies engaged in FDI.

Time constraints were another limitation faced during the research process. Conducting a thorough literature review and analysis within a specific timeframe can present challenges regarding the depth of coverage and the inclusion of the most recent studies. The research was conducted based on the literature available until the knowledge cutoff date. Therefore, new studies or developments in the field may need to be reflected in the analysis. Future studies could consider conducting periodic updates to incorporate the latest research and ensure the currency of the findings.

Given the broad nature of the research topic, there may be limitations regarding the depth of analysis within the confines of this study. While the chapter on findings provides a comprehensive overview of the strategic advantages and disadvantages of FDI, further examination of specific subtopics or industry-specific considerations may be warranted. Future studies could delve deeper into specific areas of interest or focus on specific industries to provide a more nuanced understanding of the implications of FDI.

Foreign direct investments (FDI) play a critical role in the international enterprise panorama, allowing corporations to extend their operations past domestic borders and tap into new markets. This paper has explored the strategic advantages and disadvantages of FDI, aiming to provide precious insights for practitioners operating in a global commercial enterprise context. The evaluation of the current literature has identified numerous strategic benefits of FDI. Companies achieving FDI gain access to new markets, taking into account market diversification and the exploration of available investor bases. FDI additionally allows generation transfer and understanding acquisition, enhancing competitiveness and operational efficiency (Brooks et al., 2003).

Additionally, economies of scale and fee discounts may be achieved through FDI, leading to multiplied profitability and advanced marketplace competitiveness. However, FDI also comes with strategic hazards and challenges that must be navigated. Political and regulatory risks, cultural and institutional differences, and market volatility pose hurdles that organizations want to address. Effective hazard control techniques, cross-cultural competence, and thorough knowledge of marketplace dynamics are essential for mitigating these demanding situations. The implications for practitioners are clear. Companies must leverage the advantages of FDI by specializing in market entry, technological capabilities, and fee efficiencies (Aharoni, 2010). However, they should also understand the restrictions recognized in this examination, including sample selection bias and fact availability constraints. Future research should address these limitations and discover precise enterprise-targeted analyses, the impact of FDI on local economies, and the position of government regulations in shaping FDI outcomes. Ultimately, this research paper has contributed to the knowledge of FDI by analyzing its strategic advantages and drawbacks (Chang & Rosenzweig, 2001). The findings offer valuable insights for practitioners, guiding their decision-making methods in the international commercial enterprise landscape. Organizations can function for fulfillment and sustainable development in the global marketplace by leveraging the advantages and effectively managing demanding situations.

References

Aharoni, Y. (2010). *Behavioral elements in foreign direct investments. In The past, present and future of international business & management* (pp. 73-111). Emerald Group Publishing Limited.

Aharoni, Y. (2011). *Behavioral elements in foreign direct investment decisions. In The future of foreign direct investment and the multinational enterprise* (Vol. 15, pp. 23-60). Emerald Group Publishing Limited.

Alfaro, L. (2015). Foreign Direct Investment: Effects, Complementarities, and Promotion. In *Partners or Creditors? Attracting Foreign Investment and Productive Development to Central America and Dominican Republic,* ed. Osmel Manzano, Sebastia´n Auguste, and Mario Cuevas, 21–76. Inter-American Development Bank.

Anand, J., & Kogut, B. (1997). Technological capabilities of countries, firm rivalry, and foreign direct investment. *Journal of International Business Studies, 28*, 445-465.

Anyanwu, J. C. (2012). Why does foreign direct investment go where it goes?: New evidence from African countries. *Annals of Economics and Finance, 13*(2), 425-462.

Beazer, Q. H., & Blake, D. J. (2018). The conditional nature of political risk: How home institutions influence the location of foreign direct investment. *American Journal of Political Science, 62*(2), 470-485.

Brada, J. C., Drabek, Z., Mendez, J. A., & Perez, M. F. (2019). National levels of corruption and foreign direct investment. *Journal of Comparative Economics, 47*(1), 31-49.

Brander, J. A., & Spencer, B. J. (1987). Foreign direct investment with unemployment and endogenous taxes and tariffs. *Journal of international economics, 22*(3-4), 257-279.

Brooks, D. H., Fan, E. X., & Sumulong, L. R. (2003). Foreign direct investment: trends, trims, and WTO negotiations. *Asian Development Review, 20*(01), 1-33.

Camara, A. (2023). The effect of foreign direct investment on tax revenue. *Comparative Economic Studies, 65*(1), 168-190.

Chang, S. J., & Rosenzweig, P. M. (2001). The choice of entry mode in sequential foreign direct investment. *Strategic management journal, 22*(8), 747-776.

Chaudhuri, S., & Mukhopadhyay, U. (2014). *Foreign direct investment in developing countries.* A Theoretical Evaluation.

Chen, C., Zhan, Y., Yi, C., Li, X., & Wu, Y. J. (2020). Psychic distance and outward foreign direct investment: The moderating effect of firm heterogeneity. *Management Decision, 58*(7), 1497-1515.

Choi, S., Furceri, D., & Yoon, C. (2021). Policy uncertainty and foreign direct investment. *Review of International Economics, 29*(2), 195-227.

Cooke, W. N. (2001). Labor costs and workplace constraints affect foreign direct investment among highly industrialized countries. *International Journal of Human Resource Management, 12*(5), 697-716.

Dikova, D., & Van Witteloostuijn, A. (2007). Foreign direct investment mode choice: entry and establishment modes in transition economies. *Journal of international business studies, 38*, 1013-1033.

Endo, K. (2006). Foreign direct investment in tourism—flows and volumes. *Tourism Management, 27*(4), 600-614.

Hoesel, V. R. (1996). Taiwan: Foreign direct investment 1115 and the transformation of the economy. In J. H. 1116 Dunning, & R. Narula (Eds.), *Foreign direct invest1117 ment and governments: Catalysts for economic 1118 restructuring* (pp. 280–315). London: Routledge.

Isobe, T., Makino, S., & Montgomery, D. B. (2000). Resource commitment, entry timing, and market performance of foreign direct investments in emerging economies: The case of Japanese international joint ventures in China. *Academy of management journal, 43*(3), 468-484.

Kang, E. (2021). Qualitative content approach: Impact of organizational climate on employee capability. *East Asian Journal of Business Economics, 9*(4), 57-67.

Kang, E., & Hwang, H. J. (2017). Team Management for Better Performance that Sells to Customers: Aligning the Stars. *Journal of Distribution Science, 15*(7), 19-24.

Keeley, A. R., & Matsumoto, K. I. (2018). Investors' perspective on determinants of foreign direct investment in wind and solar energy in developing economies–Review and expert opinions. *Journal of cleaner production, 179*, 132-142.

Kimani, C. J., & Scott, J. (2023). *Managing across Cultures-Professional Level.* Finstock Evarsity Publishers.

Kondo, E. K. (1995). Effect of Patent Protection on Foreign Direct Investment, *The. Journal of World Trade, 29*, 97.

Kuemmerle, W. (1999). The drivers of foreign direct investment into research and development: An empirical investigation. *Journal of international business studies, 30*, 1-24.

Kumar, R., & Rani, M. P. (2002). Foreign direct investment. *Editorial Board, 3*(1), 255-272.

Lizondo, J. S. (1993). Foreign direct investment. In *Determinants and systemic consequences of international capital flows.* A study by the Research Department of the International Monetary Fund. Occasional Paper No. 77. Washington, DC: International Monetary Fund.

Luo, Y., & Wang, S. L. (2012). Foreign direct investment strategies by developing country multinationals: A diagnostic model for home country effects. *Global Strategy Journal, 2*(3), 244-261.

Moon, H. C., & Roehl, T. W. (2001). Unconventional foreign direct investment and the imbalance theory. *International business review, 10*(2), 197-215.

Mudambi, R., & Mudambi, S. M. (2002). Diversification and market entry choices in the context of foreign direct investment. *International Business Review, 11*(1), 35-55.

Nantharath, P., Kang, E., & Hwang, H. J. (2016). Investment Analysis in the Hydroelectric Power Sector of the Lao People's Democratic Republic (Lao PDR*). Journal of Distribution Science, 14*(8), 5-8.

Nguyen, T. X., Hoang, K., Nguyen, C. C., & Bach, T. N. (2023). Do different political connections affect firms' distress risk differently?. *International Journal of Emerging Markets, 18*(2), 376-398.

Osano, H. M. (2019). Global expansion of SMEs: role of global market strategy for Kenyan SMEs. *Journal of Innovation and Entrepreneurship, 8*(1), 13.

Papadopoulos, N., Hamzaoui-Essoussi, L., & El Banna, A. (2016). Nation branding for foreign direct investment: an Integrative review and directions for research and strategy. *Journal of Product & Brand Management, 25*(7), 615-628.

Paul, J., & Feliciano-Cestero, M. M. (2021). Five decades of research on foreign direct investment by MNEs: An overview and research agenda. *Journal of business research, 124*, 800-812.

Porter, M. (2015). *The competitive advantage of the inner city. In The city reader* (pp. 358-371). Routledge.

Scott-Kennel, J. (2004). Foreign direct investment: a catalyst for local firm development? *The European Journal of Development Research, 16*, 624-652.

Stoian, C., & Mohr, A. (2016). Outward foreign direct investment from emerging economies: Escaping home country regulative voids. *International Business Review, 25*(5), 1124-1135.

Szanyi, M. (1998). Experiences with foreign direct investment in Eastern Europe: Advantages and disadvantages. *Eastern European Economics, 36*(3), 28-48.

Temouri, Y., Budhwar, P., Jones, C., Ylönen, M., Pereira, V., & Cobham, A. (2022). Tax havens and international business: A conceptual framework of accountability-avoiding foreign direct investment. *International Journal of management reviews, 24*(3), 309-332.

Totev, S. A. (2005). Foreign direct investment in Bulgaria: advantages and disadvantages to investment. *SEER-South-East Europe Review for Labour and Social Affairs,* (04), 91-104.

Tsang, E. W., & Yip, P. S. (2007). Economic distance and the survival of foreign direct investments. *Academy of Management Journal, 50*(5), 1156-1168.