The Internationalizing Process of MNCs from the Viewpoint of Internationalizing Short-coming

Wei-Hwa Pan, Chi-Hsuan Lin, Horng-Jinh Chang, Wei-Chun Tsai, Wei-Chuan Wang

Abstract
Under the global economy, enterprises have to face competitions on the domestic front as well as from abroad. With factors such as market expansion and increased source of resource, enterprises can no longer afford to focus merely on domestic market, but have to face up to the opportunities and the threats of internationalization. With the growth and international expansion of multinational corporations, what strategies should these multinational corporations adopt? The internal environment of the parent company and the external environment of the host country pose as a series of challenges for multinational corporations during expansion. Previous empirical studies had revealed that there is no clear-cut conclusion in the relationship between internationalization and performance, which is largely due to the fact that the relationship between internationalization and performance is affected by several factors, the influence of investment region’s political and economic environment in particular. Therefore, through the discussions of past literatures on the subject of internationalization, this study looks to further outline the future outlook of internationalization, in the hope of defining a clear research direction for internationalization. This research plans to rely mainly on multinational corporations, set up quality regard making policy as internationalization System of the direction, propose a set of scientific assessment tools (LISREL), combine the theory and practice, build and construct the way of decision taking performance the maximization in the camp as direction, make the MNCs administrator can obtain the decision which concerned the success or failure to propose before making policy.

Keywords: Internationalization, Fishbein Model.

1. Introduction
1.1. Research background
In the academic sector, although the subject of internationalization was raised many, many years ago, till today the number of research conducted in this field has continued to grow. Even to the twenty-first century, there are still many new ideas and new arguments being put forward. It can be said that this is one area which has received considerable attention. But how should internationalization be developed? How to act? What are the intermediate stages?
As in the industry and academic field, there are more and more people looking to explore the story of factory of the world- the rise of Mainland China. Numerous researches and publications on this subject mushroomed, and waves after waves of investment by multinational corporations arrived, looking to develop new markets [1]. But the Mainland is such a unique country, with a population of over 1.3 billion and rich in resources. Coupled with an opening economy and a rapid rise in consumption capacity in the coastal areas, Mainland China has almost unlimited future growth
policies. This makes Mainland China as one of the main battlefields for enterprise internationalization, where the world's top 500 enterprises are jumping onto the bandwagon one after the other. For global multinational corporations, this is an opportunity not to be missed. There is a saying in the business circle “Although investing in Mainland China does not equate to internationalization, it is one of the elements; but if this biggest market of Mainland China is excluded when referring to internationalization, it can not be called internationalization.” Any one of the multinational corporations investing in the Mainland will sympathize with this. This is precisely the reason this article has chosen to focus on both the review and the outlook of internationalization.

In order for Taiwan’s MNCs companies to fully grasp strategic advantages in an international age, internationalization and Fishbein model are indispensable. Due to changes in the international management environment, the growing trade between nations has made the world smaller; internationalization of corporations and regionalization of the globe has become a certain trend. When corporate organization approaches internationalization, the first issue to face is human resources management. In human resources management, issues on the level of culture are most significant and difficult to solve. Many foreign workers or managers must communicate, work with, or even manage and integrate people from different cultural backgrounds. Therefore, the understanding of local culture and values in order to use internationalization to adjust to and decrease differences between cultures will be an important issue as well as key factor to success for MNCs.

The MNCs business is a customer-first industry, the key of which is service, and is people-centered. However, based on related literature from the past, Taiwanese MNCs industries are more concerned with “sales-oriented” behavior rather than “customer-oriented” behavior. On the other hand, in the age of the global village, consumerism is high; with more supply than demand, MNCs industries should further take the “customer-oriented” in their management, in order to create “customer values” and evaluate “customer satisfaction” as a goal. This allows for proactive competition for the customers to make purchases again, to achieve the highest ideal of sustainable corporate management.

Thus, this study seeks to use those in the Taiwanese hotel industry that evaluate internationalization and their strategic management as research subjects, to understand the process of promotion and introduction of performance, to create a reference for Taiwan’s MNCs companies and strategies used in elevating internationalization.

1.2. Research purpose

Management covers the points that have been overlooked, thus elevation of internationalization has been known to be feasible, but the gap between perception and elevation of internationalization – performance, has been overlooked. Thus this study seeks to use the Fishbein theory of reasoned action as the basis, along with the LISREL model, to establish a model for Taiwan’s MNCs company employees to evaluate the performance internationalization, in order to cover the problem. In using observable variables to measure employee attitudes that cannot be directly detected, the main purposes of this study include:

(1) Construct a model that increases the willingness MNCs employee of to accept internationalization and create performance.
(2) Confirm whether the influence of cognitive attitudes, perceived norms of Taiwan’s MNCs company employees on emotional attitudes and subjective norms of measures that evaluate internationalization conforms to the theory of reasoned action.

1.3. Research procedure

This study first primarily verifies the research topic, and then develops the research motivation and purpose. Then, it conducts exploration of related literature, including the collection of academic theory as well as organization of related secondary information from Taiwan’s MNCs companies; from these, research framework and hypotheses are developed. Furthermore, questionnaires are designed from organization of past literature and results from expert interviews, and investigation research. Finally, data compilation and summarization is conducted for the data, and research conclusions and suggestions are proposed.
2. Literature comment

2.1. Internationalization: Definition and Measuring Indicators

In the academic community, internationalization has always been a very important topic. But to date there is still no consensus among the scholars on the correct definition of internationalization. The measuring indicators used to measure the degree of internationalization also differ among scholars. By exploring various literatures, this study looks to clarify the definition of internationalization and various measuring tools, in the hope that it will contribute toward future research on the subject of internationalization and enterprise performance.

The term “internationalization” was first developed in the concept of product life cycle, which referred to a series of process from product development by the enterprise, through to domestic sales and exports, and establishment of overseas subsidiaries. At that time, it was believed that internationalization is a continuous process, a gradual transformation in response to international competition, domestic market saturation, expansion intention, new market development and diversification [2]. This staged process depicted the operational development of an internationalized enterprise, its increasing participation in international operation [3-5], as well as the extent of foreign gains to domestic market [6-8]. In recent years, a growing number of scholars have tried to integrate a variety of viewpoints which regarded internationalization as a phenomenon of response to production factors and non-barrier product distribution, meaning that internationalization is a dynamic process and a degree of resources commitment. Similar to the views put forward by Hitt, Hoskisson, and Kim [9], internationalization referred to the expansion of business operation beyond country borders, that is, sales, manufacturing and R&D operations can take place in different geographic regions or foreign markets.

The more commonly used measuring methods on the degree of internationalization were the three types of indicators summarized by Sullivan [10]:
(1) Performance Attributes (PA): total foreign revenue to total revenue, total export volume to total volume, total foreign profits to overall profits, etc.
(2) Structural Attributes (SA): total foreign assets to total enterprise assets, foreign subsidiaries to total subsidiaries, etc.
(3) Attitudinal Attributes (AA): high-level managers’ international experience in years, extent of international offices network, etc. Sullivan also believed that multiple indicators should be used in order to attain credibility and validity.

After comprehensive research, various measuring indicators of internationalization and definitions developed by past scholars were summarized as shown in table 1.

Table 1. Category of internationalization measuring indicators

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Definition</th>
<th>Relevant Study</th>
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<tbody>
<tr>
<td>PA</td>
<td>OSC</td>
<td>Lu and Beamish[11]*</td>
</tr>
<tr>
<td></td>
<td>OSTS</td>
<td>Sullivan[10]*</td>
</tr>
<tr>
<td></td>
<td>OCC</td>
<td>Lu and Beamish[11]* : Thomas and Eden[12]*</td>
</tr>
<tr>
<td></td>
<td>FRTR</td>
<td>Dunning[17]</td>
</tr>
<tr>
<td></td>
<td>FATA</td>
<td>Sullivan[10]* : Thomas[19]</td>
</tr>
<tr>
<td></td>
<td>Entropy</td>
<td>Goydke [20]</td>
</tr>
<tr>
<td>AA</td>
<td>TMIE</td>
<td>Sullivan[10]*</td>
</tr>
<tr>
<td></td>
<td>PDIO</td>
<td>Sullivan[10]*</td>
</tr>
</tbody>
</table>

Table 1 Notes: Overseas Subsidiaries Count (OSC); Overseas Subsidiaries to Total Subsidiaries (OSTS); OCC Overseas Country Count; FSTS Foreign Sales to Total Sales; FRTR Foreign Revenue to Total Revenue Ratio; ESR Export Sales Ratio; FATA Foreign Assets to Total Assets; Entropy measurement of manufacturer’s average dispersion of foreign operations in different regions; TMIE Top Management International Experience; PDIO Psychological Dispersion of International
2.2. Behavior intent theory

Various scholars have proposed behavior intent theories with different characteristics. The most well-known is the Fishbein model by Fishbein and Ajzen [21]. In the next section, behavior intent theory and theory of reasoned action proposed by Fishbein and Ajzen will be discussed.

(1) Fishbein behavior intent theory
They proposed the Fishbein behavior intent theory; this model is used to predict, interpret, and change certain behaviors.
There are two premises of this model; the first are emotions or attitudes for certain behavior. Fishbein believes that individuals can sense whether they like or dislike the results of certain actions, and this produces attitudes for the behavior. In other words, the individual would have beliefs regarding the profit or behavior result, and make evaluations based on those beliefs. The second premise are subjective norms: Fishbein believes that individuals can perceive what other people think about what the individual should or should not do. In other words, the individual has beliefs on whether others expect the individual to carry out the action and whether the individual has the desire to obey these expectations.

(2) Theory of reasoned action
In order to further explain and predict variables, they use the Fishbein behavior intent theory as the primary framework, and add demographic variables, influence of external variables such as the attitudes and personality traits of objects, forming the theory of reasoned action. In other words, the path from attitudes and subjective norms to behavior intent would change its function with demographic variables and personality traits.
Fishbein behavior intent theory and theory of reasoned action are widely used. Other than on purchasing behavior of consumers, it can also be applied in behaviors such as donating blood, abortions, and exercises of patients with back pain. However few studies apply Fishbein behavior intent theory and theory of reasoned action on promotion of internal systems in corporations. Thus, it is worth considering whether the Fishbein model can be applied on the promotion of internal systems in companies.

2.3. Research framework and hypothesis

This study seeks to understand the cognitive attitudes, emotional attitudes, perceived norms, subjective norms of Taiwan’s MNCs company employees in the systems of internationalization elevation. Thus, the variables in this study use the questionnaire method to collect samples in order to understand the opinions of Taiwan’s MNCs company employees.

The theory of reasoned action is primarily used to explain and predict personal behavior intent decisions; the primary views are summarized. Further, based on literature review and the research framework of this study, this study proposes the following hypotheses:

(1) This model is suited to elevation of the performance (H1).
(2) Cognitive attitudes would influence emotional attitudes (H2).
(3) Cognitive norms would influence subjective norms (H3).
(4) Emotional attitudes would influence elevation of performance (H4).
(5) Subjective norms would influence elevation of performance (H5).

3. Research design and method

3.1. Research method

Based on the research purpose and the needs of testing the research hypotheses, this study uses SAS and LISREL software as tools for data analysis; related data analysis methods are as follows:

(1) Descriptive statistical analysis
Descriptive statistical analysis for individual variables is used to calculate the mean, standard
deviations, and others for each variable.

2) Reliability analysis
Reliability testing is to measure the internal consistency of the elements; generally it uses Cronbach’s alpha (α) and the correlation coefficient between the categories to the items.

3) Test of causal relationship between the aspects-LISREL model
Structural equation model is a statistical model that uses multiple linear models to show the relationship between analytical variables. It primarily analyzes the unobservable latent variables, to explore the association between variables. The purpose of the structural equation model primarily includes the following: to use the logical relationship between multiple variables to construct a statistical model with high goodness of fit; and to produce strategic contents based on the structural coefficients. The logical relationship between variables could be manifested through system relationships.

3.2. Questionnaire design

After establishment of framework, variables, hypotheses, and statistical models in the previous sections, this section explains the process and content of questionnaire design. Well-designed questionnaires can result in data with better quality. In order to achieve more comprehensive questionnaires, upon completion of questionnaire design there was pre-testing, as a basis for modification and improvement.

4. Empirical analysis

4.1. Sample structure analysis

This study uses as its research subjects the members who have participated in internationalization symposia from the case companies. The time of this study is November 2011, 245 questionnaires were released, 221 were retrieved; 209 valid questionnaires are valid; Analysis is conducted through the rating and comment given by the customers on the hotel website.

4.2. Reliability and validity

The questionnaire of this study refers to past questionnaires relating to internationalization for testing and modification, thus it has conformity of practicality and objectivity; analysis of reliability and validity is as follows.
Reliability refers to accuracy and precision of the measurement tool. In general, reliability includes stability and consistency of the test results. Stability refers to retest reliability, meaning the correlation and degree of consistency of two results from one measurement tool; consistency refers to the internal consistency of the measurement tool.

Usually, the method for measuring reliability is to use the Cronbach’s $\alpha$ coefficient to measure consistency of internal items in the questionnaire. Testing of this study for the questionnaire also uses this method to ensure consistency. If the $\alpha$ value is lower than 0.9, it is low reliability and would be rejected. If $\alpha$ is greater than 0.95, then reliability is quite high. If $\alpha$ is between 0.9 and 0.95, it is acceptable. $\alpha$ values of items in the questionnaire are generally greater than or close to 0.95; those lower than 0.9 are rejected. This research $\alpha$ is 0.91, it is acceptable.

Validity refers to whether the measurement tool can test the desired characteristics and the extent to which they can be detected and based on literature review. Validity can be classified into three types: content validity, criterion-relative validity, and construct validity.

This study uses questionnaires relating to internationalization as a basis for development, and has made repeated discussions with internationalization elevation teams from Taiwan’s MNCs companies for modification. For example, in terms of perceived norms, since it is considered that not all employees can come into contact with these reference groups, thus we add the row “has not come into contact with this group.” In terms of implementation problems, since it was considered that generally workers are not deeply involved in the elevation of internationalization, only workers who participated in designing the elevation of internationalization were permitted to fill it out. This questionnaire has undergone repeated discussion in order to correctly detect the concepts to be measured. Therefore, the measurement tools in this study should also conform to requirements of validity.

4.3. LISREL model analysis

This section primarily discusses the causal relationship between cognitive attitudes, emotional attitudes, perceived norms, emotional norms, and performance in the model to evaluate performance internationalization. This study uses the LISREL model as an analytical method for further discussion. First, the relationship model of internationalization aspects of cognitive attitudes, emotional attitudes, perceived norms, subjective norms, and performance is constructed. Then model test and analysis are conducted. Finally, testing of the research hypotheses is conducted.

According to the previous LISREL conceptual framework, this study establishes an initial overall model to form the relationship of various manifest variables of behavior variables between behavior variables. Numbers in the diagram are symbols based on the LISREL statistical model, all variables can be divided into latent variables and manifest variables; The source of variables is collection of data through questionnaires, the source of each latent variables (behavior variables) is from measurement of the manifest variables to which they belong.

According to the analytical results, this study modifies the original model to evaluate performance internationalization. The modified model to evaluate performance internationalization is shown in Figure 1. Below, the two aspects of overall model fit and preliminary fit criteria will be used to measure the goodness of fit of the modified model to evaluate performance internationalization.

This study uses the LISREL software, and uses the maximum likelihood method to conduct parameter calibration. This study will use overall model fit and preliminary fit criteria to measure goodness of fit of the model after modification.

One of the most important purposes of using the LISREL model is to evaluate the goodness of fit for the overall model. Primarily it evaluates from various perspectives what sorts of distance there is between theoretical models and practical observation. In using related software, the program usually produces indicators for determination.

Goodness of fit index (GFI) and adjusted goodness of fit index (AGFI), unlike the $\chi^2$ statistic, is not affected by sample size, and has broader requirements than $\chi^2$ for status quo. However, the statistical distribution of GFI cannot be known, thus there is no basis to compare whether the fit is good; it can only be subjectively determined as better if closer to 1. It believes that using the goodness of fit index of over 0.95 seems too conservative, and that it is acceptable above 0.85. Thus, this study uses the view, and uses GFI and AGFI to measure goodness of fit of the overall model.

Table 2 shows that the goodness of fit of the modified model to evaluate performance internationalization is better than that before modification. In the aspect of cognitive attitudes, T values
of the eight benefits are greater than 1.9169, and reach a level of significance. This means that the eight benefits are all important factors that affect cognitive attitudes. Of which, the correlation is strongest with “measure that evaluate internationalization are helpful for self-perception of culture.”

In the aspect of perceived norms, T values of the three reference groups are all greater than 1.9169 and reach a level of significance. This means that opinions of the three reference groups are all important considerations that affect perceived norms; of which the correlation is strongest with “department directors.”

In the aspect of emotional attitudes, T values of both variables are greater than 1.9169, and reach a level of significance. This means that both variables are important factors that affect emotional attitudes. Of which, the correlation is strongest with “personal sense that measures used to evaluate internationalization are beneficial.”

In terms of subjective norms, the T value of both variables is greater than 1.9169, and reaches a level of significance. This means that both variables are important factors that affect subjective norms; of which, the correlation is strongest with “other people’s feelings support measures that evaluate internationalization.”

In the aspect of performance, the T values of both variables are greater than 1.9169, and reach a level of significance. This means that both variables are important factors that affect performance; of which, the correlation is strongest with “active participation in promotion of measures to evaluate internationalization.”

For the constructed model for elevation of performance internationalization, test results of overall goodness of fit and variable relationship are shown in Table2, Table3 and Table4. The model’s overall goodness of fit conforms to requirements; relationship among behavior variables can be established.

<table>
<thead>
<tr>
<th>Table2. Overall model fit</th>
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<tbody>
<tr>
<td><strong>Goodness of fit index of overall model</strong></td>
</tr>
<tr>
<td>GFI</td>
</tr>
<tr>
<td>AGFI</td>
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<tr>
<td>X² value</td>
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<table>
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<tr>
<th>Table3. Test of hypotheses H1</th>
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<tbody>
<tr>
<td><strong>Hypothesis details</strong></td>
</tr>
<tr>
<td>H1 This model is suited to the performance</td>
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</table>

<table>
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<th>Table4. Test of hypotheses H2-H5</th>
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<tr>
<td><strong>Hypothesis details</strong></td>
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<tr>
<td>H2 Cognitive attitudes would influence emotional attitudes</td>
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<tr>
<td>H3 Cognitive norms would influence subjective norms</td>
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<td>H4 Emotional attitudes would influence elevation of performance</td>
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<td>H5 Subjective norms would influence elevation of performance</td>
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</table>

5. Conclusion

This study sought to construct a model to evaluate performance internationalization. Even though the research purposes were achieved, but it is not perfect due to various limitations; room for future research was also discovered. Here, the research findings and strategic content are summarized, and contributions are described. Finally, the research limitations and suggestions for future research are offered.
5.1. Research findings

Here, the research findings are explained from the difference analysis of demographic variables on various aspects, model to evaluate performance internationalization, problems in implementing elevation of internationalization, and benefits of implementing elevation of internationalization [22]. Overall, the goodness of fit of the constructed model is acceptable, thus it can be used to explain the influencing factors that evaluate performance internationalization, achieving the research purpose of using the Fishbein theory of reasoned action as a basis to construct a model that evaluates performance internationalization [23].

As defined by the model, subjective norms can be determined by cognitive norms. It can also be seen that the correlation coefficient is not large between these two variables; this phenomenon could be due to the opinion leadership characteristic of the matrix [24].

In terms of cognitive attitudes, department directors are the most influential reference group; senior directors and department colleagues have less influence [25]. Therefore, when Taiwan’s MNCs companies promote elevation of internationalization, they should devote their efforts to seeking approval of department directors [26].

5.2. Research contributions

Through the process of literature review and the empirical exploration of MNCs, after organization and summarization, this study has the following features and contributions.

According to the fact that the relationships between aspects are all positive numbers, the elevation of performance internationalization can be deemed rational behavior. Preferences are related to management efficacy, and the opinions of the reference group would influence personal performance.

The Fishbein theory of reasoned action is complemented with the LISREL model for application in elevating the performance internationalization. In the past there were no studies that use the Fishbein model on promotion on internal training systems within MNCs companies. This study also uses the LISREL statistical method to conduct testing for the model itself, to construct a model for the MNCs companies to evaluate performance internationalization.

5.3. Research limitations

Even though the purpose of this study has been achieved, however, some difficulties and obstacles were encountered in data collection and processing. These limitations are explained below.

The model established by this study is somewhat different from the original Fishbein model, because it does not establish a linear combination and regression as in the Fishbein model, thus it could not be said that the established model is better; but goodness of fit of the established model is acceptable.

The primary purpose of this study is to have in-depth understanding of Taiwan’s MNCs company employees’ acceptance of elevation of internationalization, as well as the efficacy and problems of this system. It is hoped that this study can be used as a reference for Taiwan’s MNCs companies and other corporations that seek to introduce elevation of internationalization. However, this study only took one year, thus if study time can be extended for this study, it would be even more valuable.

5.4. Suggestions for future research

In exploration of the economic benefits of elevating internationalization, since Taiwan’s MNCs companies have only begun to introduce elevation of internationalization, and it is still in the planning and designing stage, this study primarily seeks to explore the management benefits of elevation of internationalization.

According to the research findings and research limitations, the following suggestions can be provided for future study, to allow application of the Fishbein model in enhancing performance internationalization, so that it has greater theoretical value and practical contribution [27].

It is suggested that future studies can use the Theory of Planned Behavior (TPB) for empirical study to explore results of after internationalization has been evaluated, in order to further verify that internationalization can enhance corporate competitiveness [28].
6. References


