

Abstract: This paper examines multinational firms from the perspective of the theory of boundaries of firms using the property rights approach. While previous literature relies mostly on "binary" comparisons (the multinational firm vs. some other entry mode), this paper presents a unified framework from which to choose the optimal foreign market entry mode from exporting, contract manufacturing, the multinational firm, and technology licensing. We also show that the multinational firm is the prevailing foreign market entry mode between developed countries under asymmetric information.

Paper link: <http://www.fba.nus.edu.sg/department/bp/bizcjh/paper.htm>