

Good entering foreign markets essay example

[Business](#), [Company](#)



Chapter Summary. The advantage of a Greenfield venture in a foreign country is that it gives the firm much greater ability to build the kind of subsidiary company that it wants. For example, it is easier to build an organization culture from scratch than it is to change the culture of an acquired unit.

The article " Firm-specific advantages, entry modes, and performance of Japanese FDI in Thailand" examines the influence of multinational enterprises specific advantages and entry mode choice, on performance of their overseas subsidiaries . The article provides an example of a Japanese based Foreign Direct Investment (FDI) located in Thailand. A few Japanese companies set up new entities in Thailand. The entry methods for new entities that initiate investments are international joint venture (IJV) and Greenfield venture are restricted to control the advantages carried in subsidiaries, such as merger. The new establishments require time to learn and prove themselves; however it is fruitful to provide the new entity an opportunity to prove their ability. The new subsidiary's performance was related to the specific features of the Japanese parent company that is a main Japanese shareholder in that subsidiary. In cases of Greenfield venture, the subsidiary performance rises to be inadequate if the parent company is short of specific advantages.

FDI entries with at least 95 percent Japanese ownership are categorized as Greenfield investment . The study in this article was conducted using the Japanese subsidiaries in Thailand only. Although the entry mode, either Greenfield venture, or IJV has dissimilar performance profile, the performance of these subsidiaries is also impacted by the relation between

the parent company's organization culture, and the choice of entry. The existing culture in Japanese firms are likely to impact the performance of its subsidiaries in Thailand, because it is possible to transfer the culture from the parent company to the subsidiary levels through the internalization process.

Works Cited

Siripaisalpipata, Pimonwan and Yasuo Hoshino. " Firm-specific advantages, entry modes, and performance of Japanese FDI in Thailand." *Japan and the World Economy* 12. 2000 (1999): 33-48. Document. .