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Article

Creating Value in International Expansion: Understanding Institutional Constraints and Leveraging Organizational Resources

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Abstract: The dynamic nature of international business necessitates a strategic approach to achieve sustainable value creation. This paper supports the hypothesis that understanding institutional constraints and leveraging organizational resources provides the foundation for sustainable value creation during international expansion. These elements provide a solid foundation for firms seeking to expand internationally by enabling them to effectively navigate the complexities of foreign markets. Using the context supplied by Peng (2023), the subsequent sections and subsections delve into critical facets of international expansion, including market integration, the role of entrepreneurial firms, entry strategies, supply chain establishment, multinational strategies, and the impact of global trade and foreign direct investment (FDI).

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1. Introduction

The ability for any business to be successful lies in its capability to create a competitive advantage via value creation. This value must be sustained to allow for continued competitive advantage. According to research by Pirson [1], value creation is sustainable “if constant capital stocks or at least constant capital services over time are ensured” which includes human, man-made, natural, and social capital. Two core perspectives can be utilized as the framework to aid organizations in their quest for value creation. An institutional-based view states that the informal cultures, norms, and values, alongside the formal regulations and laws governing business determine the success of firms globally [2]. A resource-based view specifies that a firm’s internal resources and capabilities determine its success when competing on an international scale [2]. We hypothesize that understanding institutional constraints and leveraging organizational resources provides the foundation for sustainable value creation during international expansion. We support this hypothesis by evaluating six value creation strategies utilized by corporations with relevant business examples highlighting the importance of understanding institutions and developing firm-specific capabilities and resources for successful international expansion.

2. Integration into Foreign Markets

Integrating into foreign markets requires a comprehensive understanding of macro-environmental factors and micro-level industry dynamics. Institutional theory suggests that a foreign market’s regulatory, cognitive, and normative pillars significantly influence how firms operate and compete strategically [3]. For example, IKEA’s market entry strategies often involve significant adjustments to product lines to meet local tastes and preferences, illustrating the importance of cultural sensitivity and adaptability. Similarly, Starbucks’ expansion into China demonstrated the value of modifying store layouts and product offerings to align with local consumer behavior, enhancing the brand’s appeal and market penetration. Leveraging organizational resources, such as international experience and local market knowledge, enables firms to align their strategies with these institutional frameworks, facilitating smoother market integration [2].

According to Peng [2], the modern-day regional and global economic integration frameworks evolved following the Second World War. 1948 saw the creation of the General Agreement on Tariffs and Trade (GATT), which later evolved into the World Trade Organization (WTO). In 1951, post-war Europe started regional integration that led to the modern-day European Union (EU) and the common currency, the Euro, managed by the European Central Bank (ECB). These global and regional cooperation examples were replicated worldwide via various treaties, and examples include G7, G20, ASEAN, OPEC, USMCA, BRICS, Belt and Road Initiative, and MERCOSUR [4].

In the context of a firm, global and regional integration are complementary strategies used to optimize operations across different markets. Global integration focuses on standardizing products and processes to achieve economies of scale, while regional integration emphasizes adapting to local preferences and regulations [5]. Effective use of organizational resources, such as advanced information technology and regional management centers, supports these integration efforts, enhancing operational efficiency and local responsiveness [6]. For instance, McDonald's employs a global brand strategy while adapting its menu to regional tastes, showcasing the effectiveness of a global approach. Additionally, Toyota's production system exemplifies integrating global quality standards with regional supply chain adaptations, ensuring efficiency and responsiveness to local demands.

Entrepreneurial firms play a crucial role in international expansion by acting as catalysts for innovation and market entry. These firms leverage their unique resources, such as entrepreneurial orientation and innovative capabilities, to identify and exploit international opportunities [7]. For example, Alibaba (阿里巴巴), Lyft, Uber, and DiDi Chuxing (滴滴出行)

The choice of how to enter a foreign market is a critical decision influencing a firm's success abroad. This decision is contingent upon a firm's resource availability, the degree of market uncertainty, and the institutional context of the target market [8]. Strategic alliances, joint ventures, and wholly owned subsidiaries are common entry modes that offer various levels of control and resource commitment, influencing the firm's ability to leverage local knowledge and adapt to institutional constraints [9]. For example, eBay's acquisition of local companies facilitated its entry into new markets by leveraging existing platforms and customer bases. Conversely, Walmart's direct entry into Brazil, without adequately understanding local retail dynamics, led to challenges in establishing a strong market presence.

3. Establishment of Global and Regional Supply Chains

Establishing global value chains and regional supply chains is fundamental to achieving efficiency and responsiveness in international operations. Firms must strategically locate their activities to leverage comparative advantages, such as lower labor costs or access to raw materials, while also considering the institutional and logistical challenges of operating in diverse regions [10]. Effective supply chain management, supported by advanced logistics and information systems, enables firms to coordinate and optimize their global and regional operations [11]. Apple Inc.'s global supply chain, renowned for its efficiency and innovation, relies on a carefully orchestrated network of suppliers and manufacturers across various regions, demonstrating the strategic use of organizational resources in a complex international context. Similarly, Zara's fast fashion model, leveraging a responsive and adaptable supply chain, illustrates the importance of regional integration in achieving rapid market responsiveness. This paper borrows the following three areas of focus from Peng [2] in support of the hypothesis.

Multinational corporations (MNCs) must align their strategy, structure, and innovation processes to thrive in the global market. This alignment involves leveraging organizational resources to foster a culture of innovation while adapting to the strategic demands of different markets [2]. Institutional theory underscores the importance of understanding local regulations and norms to navigate the complexities of global innovation and strategy implementation [2,12]. For example, General Electric's diversified business units are structured to allow for both global coordination and local responsiveness, highlighting an effective alignment of strategy and structure.

International trade is pivotal in the global economy, offering firms opportunities to expand their market reach. Understanding international trade's legal and regulatory frameworks is crucial for firms to

effectively navigate tariffs, trade barriers, and agreements [13]. The success of German automotive manufacturers in exporting high-quality vehicles worldwide exemplifies how firms can leverage superior technology and brand reputation to succeed in international trade.

Leveraging organizational resources, such as global trade management systems, helps firms optimize their trade processes and comply with international regulations [14]. Foreign Direct Investment (FDI) is a strategic tool for firms seeking to establish or expand their presence in foreign markets. FDI allows firms to access local resources, navigate institutional constraints, and build local market knowledge [15]. Tesla's investment in manufacturing facilities in China and Germany exemplifies strategic FDI to access new markets and production efficiencies.

Likewise, Nestlé's global network of production and R&D facilities illustrates how FDI can tap into local market insights and resources, reinforcing the significance of strategic investments in achieving international expansion objectives. Understanding the determinants of FDI, such as market size, labor costs, and political stability, enables firms to make informed investment decisions and leverage their organizational resources for sustainable value creation [16].

4. Social Value Creation

Another method for multinational organizations to create value is through social value creation. Social value creation is defined as a "strategy that combines a unique set of corporate assets (including innovation capacities, marketing skills, managerial acumen, employee engagement, scale) in collaboration with the assets of other sectors and firms to co-create breakthrough solutions to complex economic, social and environmental issues that impact the sustainability of both business and society" [17]. This concept is distinct from corporate social responsibility in that it leverages *current* organizational capabilities to *strategically* implement value-creating solutions [17]. Social value creation can be utilized as a business model to sustain a competitive advantage through differentiation, especially when expanding internationally [17].

The ability to create social value comes from a social entrepreneurial mindset. A social entrepreneur explores and exploits opportunities to create wealth based on societal needs, often creating solutions that are more effective and cheaper than government services [18]. Social entrepreneurs must have a robust understanding of institutions, both formal and informal, to develop effective business models. Additionally, social entrepreneurs must create value through rare and hard-to-imitate resources that are organizationally embedded to establish a competitive edge [2]. Opportunities for social entrepreneurship stem from existing need gaps in society, which are not limited to a certain geographic area but rather can be explored globally, as market failures occur everywhere [19].

A deep understanding of formal and informal global institutions can make or break a social business venture's success. In culturally distant countries, the social issues addressed by the organization may not be as relevant, therefore expanding into that market is inappropriate. For example, the company Seventh Generation provides sustainable cleaning products to its customers, a need that is not as significant in Angola where half the population does not have access to clean drinking water [20]. On the other hand, some businesses have been able to expand into different international markets by filling a broader social need. We Care Solar provides portable solar suitcases that equip healthcare workers with power and lighting to use medical equipment [21]. The company currently operates in 32 different countries in four different regions around the world but started by serving only Nigeria [21]. We Care Solar's use of a force-field analysis, defined as "[identifying] the driving forces that positively influence a movement toward change as well as the restraining forces that will prevent movement," allowed them to develop appropriate strategies for expansion which has led to global success. By understanding the institutional constraints including the formal regulatory structures that govern business within Africa and surrounding regions as well as the informal cultures and norms practiced by the people, We Care Solar has grown into a thriving global business.

In addition to institutional regulations, the VRIO framework is essential to consider when scaling social ventures. When expanding internationally, firms must focus on creating both social and financial value for success [1]. If the expansion does not add value (V), it will reduce the company's value and its ability to operate. The firm's resources also need to be rare (R), hard to imitate (I), and

organizationally embedded (O) for any type of competitive advantage [2]. IBM is a company that exemplifies this concept. IBM has been able to utilize its technological expertise and global business understanding to create the Corporate Service Corps (CSC) dedicated to expanding their technology to emerging markets [17]. In Nigeria, IBM implemented 5 different projects relating to improving government IT systems. The company's capability to build strong relationships with local leaders eventually led to the firm securing a \$1.2 million service contract in West Africa [17]. IBM's resources are valuable, as shown by its financial success within emerging markets, rare, hard-to-imitate, and organizationally embedded, leading to a sustained competitive advantage through the employment of social value creation.

5. Corporate Social Responsibility

Analogous to social value creation, for firms to build sustained value, organizations must consider corporate social responsibility (CSR). CSR is the consideration of, and response to, issues beyond the narrow economic, technical, and legal requirements of a firm to accomplish social benefits along with the traditional economic gains that the firm seeks [2]. CSR is a self-regulating business model in which firms build a sustainable business for their investors, stakeholders, and the public [22]. CSR can be broken down into four subcategories: Environmental, ethical, philanthropic, and financial [22]. A successful firm should consider all four of these subcategories of CSR and incorporate them into their business's strategy.

Environmental social responsibility is important for firms to adopt to protect the planet's ecological future. Natura is Brazil's largest direct-to-consumer cosmetic company (Peng, 2023). Natura sells products that are 70% plant-based and 10% from the Amazon region (Peng, 2023). Natura has seen the demand for environmentally friendly products and has capitalized. Being a direct sales company Natura employs 1.2 million direct sales agents to bring their products into the homes of millions of Brazilians (Peng, 2023). The argument that being environmentally friendly comes at a large cost to firms is prevalent in business. To avoid the overhead of a storefront Natura's environmental footprint is much smaller than its brick-and-mortar competitors, and at the same time, this realizes a huge cost savings for them. Starbucks has laid out an initiative to achieve 50% reductions in greenhouse gas emissions by, water consumption, and waste by 2030 [22]. Starbucks recently let customers bring in their own coffee containers to fill at the store. This reduces the cost of the product for Starbucks while eliminating waste significantly. Firms need to think creatively to take advantage of environmentally friendly initiatives that can save the company money too.

A firm's ethical responsibilities are embodied in fair and ethical treatment of employees and customers. Natura has risen to such high popularity in Brazil because they are one of the only beauty companies that makes products for Black customers. Mainstream firms have ignored the special needs of the Black community when it comes to hair care. However, Natura has capitalized on a large segment of Brazil's population and is recognized throughout the world for its unique products [2]. The Home Depot is committed to ethically treating their employees. They offer annual training for employees to further advance their careers. They also offer above-minimum wage pay for employees to entice hard workers focused on the customer service they are known for of the Black community when it comes to hair care. However, Natura has capitalized on a large segment of Brazil's population and is recognized throughout the world for its unique products (Peng, 2023). The Home Depot is committed to ethically treating their employees. They offer annual training for employees to further advance their careers. They also offer above-minimum wage pay for employees to entice hard workers focused on the customer service they are known for (Fernando, 2023). Focusing on treating employees and customers ethically can help improve a company's brand recognition. In Brazil, Natura is a company that is thought of in high regard because of its treatment of its front-line sales team and customers. Being able to set their own schedule is important to Brazilian housewives with hectic schedules, making Natura an attractive employer.

Philanthropic responsibility is an important pillar of CSR. Companies need to establish a footprint in the community they serve. Rose Medical Center has established a community team that focuses on how they can give back to the community they serve in a meaningful way. Last year they helped build homes for Habitat for Humanity, collected food for Food for Thought, and helped organize donations to Project Cure. Rose is

known for their philanthropic endeavors within the community and receives great brand recognition. Microsoft might be a company that makes computer software, but they are also known for being one of the most charitable companies in the world. Microsoft encourages its employees to give to charity by matching their donations. Microsoft was able to donate \$142 million to charity last year with a substantial portion coming from their employees and its match program. These financial programs not only help the greater community, but they give their employees a sense of philanthropic satisfaction by being able to participate.

Last, a firm's financial responsibility is the most important pillar of CSR. A firm might have lofty goals of being environmentally responsible, philanthropic, or operating in ethical ways, however, if they do not consider their financial responsibility these endeavors will be doomed to fail. Natura is investing in research and development to expand its natural line of beauty products. They are known for their use of natural ingredients in their line of products, and their investment in future lines will keep this environmental pillar of CSR strong. Chick-fil-A has recently gotten rid of their Styrofoam cups from their restaurants to be more environmentally friendly by developing a novel paper cup that has the same insulating properties as the Styrofoam counterpart (Fernando, 2023). This financial commitment to bettering the environment is something that sets Chick-fil-A apart from its competitors. At Rose Medical Center a diversity, equity, and inclusion council has been formed. This is a multidisciplinary council that Rose pays its employees to take part in. This council has brought a sense of diversity and inclusion to the hospital, and it would not have been possible without the financial investment to fund it. CSR might be looked at as another expense by companies, however, it should be looked at as an investment in the community, environment, employees, and customers. This investment will pay off long-term with engaged employees and a brand known for operating in a socially responsible way.

6. Strategic Alliances

While leveraging organizational resources, one path toward value creation involves entering and capitalizing on strategic alliances. At its core, strategic alliances can be defined as "relatively enduring interfirm cooperative arrangements, involving flows and linkages that use resources and/or governance structures from autonomous organizations for the joint accomplishment of individual goals linked to the corporate mission of each sponsoring firm" (Vaidya, 2011). To put it in different or more simplistic terms, strategic alliances are the "pooling of specific resources and skills by the cooperating organizations to achieve common goals, as well as goals specific to the individual partners" (Vaidya, 2011). Strategic alliances between organizations seek to achieve economic growth, profitability, operational efficiency, and expansion, as well as the development of new technologies (Babu, Dey, Rahman, & et.al, 2020). Why and how is it possible to achieve such value creation using strategic alliances? While the main reasons for aligning have been for profit or market expansion, three principal theories explain the benefits of strategic alliances—transaction cost economics, organizational theory, and business strategy (Vaidya, 2011).

The first theory involves transaction cost economics, or the proactive approach to create new products, opportunities, and technologies, and explore new global markets and business endeavors (Vaidya, 2011). With the emphasis on "new," transaction cost economics estimates that strategic alliances are designed to achieve both minimum cost arrangement, but also innovation and development across business channels. The second theory, or organization theory, can be referred to as the "resource dependency approach"—or the dependency on partners to attain resources a company may need and to reduce uncertainty or instability the company may face when challenged with a lack of resources (Vaidya, 2011).

Finally, the third theory involves strategic competitive initiatives within a firm. Alliances are formed as a "defensive mechanism" not only to combat uncertainty but to achieve market growth. As motives for formation, strategic alliances are aimed to achieve an international market entry, or the pooling of complementary resources with an international participant. These international partners can not only provide increased market reach but can assist in thwarting painful and cumbersome regulatory environments in foreign, but profitable, markets (Vaidya, 2011). But in the same vein, strategic alliances can protect home "turf," essentially diverting competitors away from a strengthened home footprint and preventing competitive expansion domestically (Vaidya, 2011). Furthermore, alliances, when done well, can improve resource use efficiency by way of reducing manufacturing costs and

promoting streamlined productivity (Vaidya, 2011). Pooling R&D resources and sharing industrial square footage and equipment can increase margins and reduce unnecessary spending (Vaidya, 2011).

While all these motivations are undoubtedly the goal of global strategic alliances, overall, it makes sense to enter an alliance if it assists the company in achieving new standards for the industry and if those standards provide an advantage to the company (Najaf, Najaf, & Shah, 2017). The value creation or benefits that a company may acquire from an alliance are achieved through three factors: partner selection, alliance structure, and alliance management (Najaf, Najaf, & Shah, 2017). In partner selection, a good partner must have the expertise and proficiencies that a company desires but currently lacks. There must be a shared agenda, shared vision, and a sharing of knowledge that is unlikely to harm the other (Najaf, Najaf, & Shah, 2017). When looking at strategic alliances through an institutional-based view, companies seeking to create an alliance must choose a partner that embodies similar value structures and organizational priorities. Two companies that are vastly different in culture, organizational structure, and institutional framework will undoubtedly find themselves in an unhealthy relationship—where the balance of power and understanding is skewed in favor of one or the other (Peng, 2023). Performing necessary due diligence in the partner selection phase is extremely important for the longevity and success of the strategic alliance (Peng, 2023).

However, even with a partner that is “unlikely” to abuse power differentials or opportunistically abuse knowledge-sharing, the alliance structure must assess risk and protect against a partner’s opportunism (Najaf, Najaf, & Shah, 2017). Shielding assets and insulating secretive technologies can be done through contractual provisions in alliance agreements, essentially “walling off” information to prevent knowledge outflow to even the most trustworthy partners (Najaf, Najaf, & Shah, 2017).

Once a partner has been selected and an alliance structure is approved, the third factor in determining whether an alliance will create value is the management of the alliance (Najaf, Najaf, & Shah, 2017). To increase partnership benefits, companies must build and foster strong interpersonal relationships among managers from both alliance partners (Najaf, Najaf, & Shah, 2017). By encouraging and embracing cultural differences, managers can build trust, create friendships, and facilitate accord between what might have been rival corporations (Najaf, Najaf, & Shah, 2017). Using this trust and knowledge, managers within each organization should educate employees as to the partner’s strengths and faults and make employees aware of how the sharing of skills will benefit each respective partner (Najaf, Najaf, & Shah, 2017).

This is not to say that every alliance that succeeds in partner selection, alliance structure, and alliance management will see profits. There are significant disadvantages to alliances—primarily asymmetric cooperation (Liu, 2009). Most strategic alliances only focus on short-term advantages, instead of future economic advantages (Liu, 2009). The concept of the “honeymoon” period, or the idea that time must pass before the results of a partnership are realized, must be considered (Meschi, Metais, & Shimuzu, 2017). As the length of the partnership is extended, the honeymoon period subsides, allowing for a more accurate assessment of the effects of the partnership (Meschi, Metais, & Shimuzu, 2017). The beginning stages of an inter-organization relationship involve a “psychological commitment,” and for this reason, negative information in addition to negative outcomes are ignored, set aside, or disregarded entirely (Meschi, Metais, & Shimuzu, 2017). This certainly limits value creation, as decisions to acquire an organization using short-term assessments may involve skewed, biased, and inflated evaluations of the partnership—increasing the risk of failure (Meschi, Metais, & Shimuzu, 2017).

An appropriate time duration focusing on long-term achievements, proper and vetted partner selection, selection of appropriate governance mechanisms and structures, and effective management of such mechanisms will, when done correctly, enhance value creation for an organization (Gulati, Lavie, & Singh, 2009).

7. Advantages of Industrial Engineering Principles

Another method, although perhaps not as common, utilized by firms to create value is the application of industrial engineering principles in firm operations. Industrial engineering can be defined as “a bridge built between technology and management” and is “concerned with value creation aiming at specific goals

through the methodologies of design and planning, operation and maintenance, as well as assessment and improvement" (Bilge, Seliger, Badurdeen, & Jawahir, 2016). Industrial engineering principles themselves lack specificity, meaning they can be utilized to the advantage of firms in a wide array of forms. Some specific industrial engineering principles that allow firms to create value include training implementation and education, productivity management, and adherence to various institutional and resource-based views of international business.

First, firms can implement knowledge management infrastructure within their organization to create value during international expansion. Based on the previous definition, integrating vital education into firms allows for proper assessment and improvement of firm practices and goals. "Going global" requires the effective application of tacit and explicit knowledge across all departments. Tacit knowledge is defined as "knowledge that is noncodifiable, requiring hands-on practice" (Peng, 2023).

Explicit knowledge is the opposite, defined as "knowledge that is codifiable" (Peng, 2023). One method in which department managers can utilize knowledge management to achieve value is through effective training and educational opportunities organized within the firm. Training about industrial engineering principles adds value by "transferring knowledge to new situations for the purpose of interpreting data, which improves competence and later becomes a principle for decision-making in similar matters" (Bilge, Seliger, Badurdeen, & Jawahir, 2016). Hence, improving firm stakeholder education in industrial engineering principles encourages new methods of interpreting and responding to data, further preparing firm employees and management to make valuable, rare, and hard-to-imitate choices that benefit the expansion of the firm.

Second, an industrial engineering principle known as productivity management can be utilized to create sustainable value for firms during international expansion. Productivity management coexists with operation and maintenance goals highlighted in the previous definition of industrial engineering. More specifically, firm managers can utilize supply chain management, defined as "activities to plan, organize, lead, and control the supply chain" (Peng, 2023). Firm managers can effectively create value for themselves through their supply chains by focusing on the Triple As in supply chain management.

The Triple As are known as agility, adaptability, and alignment (Peng, 2023). Types of supply chains can vary in style and methodology across firms. Thus, a firm's methods utilized to effectively be agile, adaptable, and aligned are not a "one-size-fits-all" format. For example, the supply chain utilized by a hospital vs. a cereal company varies immensely. Industrial engineering principles adhering to productivity management within the supply chain help firms to successfully create value as they pursue international expansion. An example of this success is highlighted in a study done by Cook et. al.: "Creating a focused-factory model within a solution shop, by applying industrial engineering principles and health IT tools and changing the model of work, was very effective in both improving quality and reducing costs" (Cook, et al., 2014). Firms that practice productivity management allows firms to better create firm-specific value for their production, including their supply chains, when focusing on international expansion.

Lastly, to successfully create sustainable value, firms must adhere to various institutional and resource-based views of international business. From an industrial engineering standpoint, firms must adhere to the formal and informal rules of the game surrounding technology and management principles. "Most countries impose restrictions, ranging from taboos in advertising to constraints on the equity level held by foreign retailers and 3PL providers" (Peng, 2023). Industrial engineering techniques such as streamlining production methods and supply chains to reduce waste, which improves adhering to environmental constraints, is an example of following formal institution-based views. In addition, paying attention to cultural norms and values, a more informal institution-based view, is also key. Firms can achieve this via industrial engineering techniques such as the development of the firms' supply chain. More specifically, firms can focus on production processes, such as breaks for religious worship in certain countries. Keeping cultural norms and practices into account is vital in creating sustainable value when pursuing the global expansion of firms. From a resource-based point of view, industrial engineering principles are useful to adhere to the VRIO framework. "VRIO comes together as a package to influence the effectiveness of marketing and supply chain management" (Peng, 2023). With industrial engineering principles in mind, effective management of resources within various departments, such as marketing

and production, helps firms to create valuable, rare, and hard-to-imitate products and services when pursuing international expansion.

Industrial engineering principles are an advantageous aspect of value creation during international expansion for firms. Without them, firms would struggle to succeed. Industrial engineering principles allow firms to achieve goals through management of design, planning, operation, maintenance, assessment, and improvement through implication of education and training, production management, and adherence to institution and resource-based views of international business.

8. Conclusion

The points discussed above support this paper's hypothesis with real-world examples regarding the importance of a nuanced approach to international expansion, highlighting the critical interplay between institutional knowledge and resource leverage. Various facets of international business theory [2] and practice support the hypothesis that *understanding institutional constraints and leveraging organizational resources lays the foundation for sustainable value creation in international expansion*. From integrating into foreign markets to navigating international trade and FDI, firms that strategically align their resources with the institutional and operational demands of global expansion are better positioned to achieve long-term success.

Focusing on treating employees and customers ethically can help improve a company's brand recognition. In Brazil, Natura is a company that is thought of in high regard because of its treatment of its front-line sales team and customers. Being able to set their own schedule is important to Brazilian housewives with hectic schedules, making Natura an attractive employer.

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Last, a firm's financial responsibility is the most important pillar of CSR. A firm might have lofty goals of being environmentally responsible, philanthropic, or operating in ethical ways, however, if they do not consider their financial responsibility these endeavors will be doomed to fail. Natura is investing in research and development to expand its natural line of beauty products. They are known for their use of natural ingredients in their line of products, and their investment in future lines will keep this environmental pillar of CSR strong. Chick-fil-A has recently gotten rid of their Styrofoam cups from their restaurants to be more environmentally friendly by developing a novel paper cup that has the same insulating properties as the Styrofoam counterpart [22]. This financial commitment to bettering the environment is something that sets Chick-fil-A apart from its competitors. At Rose Medical Center a diversity, equity, and inclusion council has been formed. This is a multidisciplinary council that Rose pays its employees to take part in. This council has brought a sense of diversity and inclusion to the hospital, and it would not have been possible without the financial investment to fund it. CSR might be looked at as another expense by companies, however, it should be looked at as an investment in the community, environment, employees, and customers. This investment will pay off long-term with engaged employees and a brand known for operating in a socially responsible way.

9. Strategic Alliances

While leveraging organizational resources, one path toward value creation involves entering and capitalizing on strategic alliances. At its core, strategic alliances can be defined as "relatively enduring interfirm cooperative arrangements, involving flows and linkages that use resources and/or

governance structures from autonomous organizations for the joint accomplishment of individual goals linked to the corporate mission of each sponsoring firm" [23]. To put it in different or more simplistic terms, strategic alliances are the "pooling of specific resources and skills by the cooperating organizations to achieve common goals, as well as goals specific to the individual partners" [23]. Strategic alliances between organizations seek to achieve economic growth, profitability, operational efficiency, and expansion, as well as the development of new technologies [24]. Why and how is it possible to achieve such value creation using strategic alliances? While the main reasons for aligning have been for profit or market expansion, three principal theories explain the benefits of strategic alliances—transaction cost economics, organizational theory, and business strategy [23].

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Finally, the third theory involves strategic competitive initiatives within a firm. Alliances are formed as a "defensive mechanism" not only to combat uncertainty but to achieve market growth. As motives for formation, strategic alliances are aimed to achieve an international market entry, or the pooling of complementary resources with an international participant. These international partners can not only provide increased market reach but can assist in thwarting painful and cumbersome regulatory environments in foreign, but profitable, markets [23]. But in the same vein, strategic alliances can protect home "turf," essentially diverting competitors away from a strengthened home footprint and preventing competitive expansion domestically [23]. Furthermore, alliances, when done well, can improve resource use efficiency by way of reducing manufacturing costs and promoting streamlined productivity [23]. Pooling R&D resources and sharing industrial square footage and equipment can increase margins and reduce unnecessary spending [23].

While all these motivations are undoubtedly the goal of global strategic alliances, overall, it makes sense to enter an alliance if it assists the company in achieving new standards for the industry and if those standards provide an advantage to the company [25]. The value creation or benefits that a company may acquire from an alliance are achieved through three factors: partner selection, alliance structure, and alliance management [25]. In partner selection, a good partner must have the expertise and proficiencies that a company desires but currently lacks. There must be a shared agenda, shared vision, and a sharing of knowledge that is unlikely to harm the other [25]. When looking at strategic alliances through an institutional-based view, companies seeking to create an alliance must choose a partner that embodies similar value structures and organizational priorities. Two companies that are vastly different in culture, organizational structure, and institutional framework will undoubtedly find themselves in an unhealthy relationship—where the balance of power and understanding is skewed in favor of one or the other [2]. Performing necessary due diligence in the partner selection phase is extremely important for the longevity and success of the strategic alliance [2].

However, even with a partner that is "unlikely" to abuse power differentials or opportunistically abuse knowledge-sharing, the alliance structure must assess risk and protect against a partner's opportunism [25]. Shielding assets and insulating secretive technologies can be done through contractual provisions in alliance agreements, essentially "walling off" information to prevent knowledge outflow to even the most trustworthy partners [25].

Once a partner has been selected and an alliance structure is approved, the third factor in determining whether an alliance will create value is the management of the alliance [25]. To increase partnership benefits, companies must build and foster strong interpersonal relationships among managers from both alliance partners [25]. By encouraging and embracing cultural differences, managers can build trust, create friendships, and facilitate accord between what might have been rival corporation [25]. Using this trust and knowledge, managers within each organization should educate employees as to the partner's

strengths and faults and make employees aware of how the sharing of skills will benefit each respective partner [25].

This is not to say that every alliance that succeeds in partner selection, alliance structure, and alliance management will see profits. There are significant disadvantages to alliances—primarily asymmetric cooperation [26]. Most strategic alliances only focus on short-term advantages, instead of future economic advantages [26]. The concept of the “honeymoon” period, or the idea that time must pass before the results of a partnership are realized, must be considered [27]. As the length of the partnership is extended, the honeymoon period subsides, allowing for a more accurate assessment of the effects of the partnership [27]. The beginning stages of an inter-organization relationship involve a “psychological commitment,” and for this reason, negative information in addition to negative outcomes are ignored, set aside, or disregarded entirely [27]. This certainly limits value creation, as decisions to acquire an organization using short-term assessments may involve skewed, biased, and inflated evaluations of the partnership—increasing the risk of failure [27].

An appropriate time duration focusing on long-term achievements, proper and vetted partner selection, selection of appropriate governance mechanisms and structures, and effective management of such mechanisms will, when done correctly, enhance value creation for an organization [28].

10. Advantages of Industrial Engineering Principles

Another method, although perhaps not as common, utilized by firms to create value is the application of industrial engineering principles in firm operations. Industrial engineering can be defined as “a bridge built between technology and management” and is “concerned with value creation aiming at specific goals through the methodologies of design and planning, operation and maintenance, as well as assessment and improvement” [29]. Industrial engineering principles themselves lack specificity, meaning they can be utilized to the advantage of firms in a wide array of forms. Some specific industrial engineering principles that allow firms to create value include training implementation and education, productivity management, and adherence to various institutional and resource-based views of international business.

First, firms can implement knowledge management infrastructure within their organization to create value during international expansion. Based on the previous definition, integrating vital education into firms allows for proper assessment and improvement of firm practices and goals. “Going global” requires the effective application of tacit and explicit knowledge across all departments. Tacit knowledge is defined as “knowledge that is noncodifiable, requiring hands-on practice” [2].

Explicit knowledge is the opposite, defined as “knowledge that is codifiable” [2]. One method in which department managers can utilize knowledge management to achieve value is through effective training and educational opportunities organized within the firm. Training about industrial engineering principles adds value by “transferring knowledge to new situations for the purpose of interpreting data, which improves competence and later becomes a principle for decision-making in similar matters” [29]. Hence, improving firm stakeholder education in industrial engineering principles encourages new methods of interpreting and responding to data, further preparing firm employees and management to make valuable, rare, and hard-to-imitate choices that benefit the expansion of the firm.

Second, an industrial engineering principle known as productivity management can be utilized to create sustainable value for firms during international expansion. Productivity management coexists with operation and maintenance goals highlighted in the previous definition of industrial engineering. More specifically, firm managers can utilize supply chain management, defined as “activities to plan, organize, lead, and control the supply chain” [2]. Firm managers can effectively create value for themselves through their supply chains by focusing on the Triple As in supply chain management.

The Triple As are known as agility, adaptability, and alignment [2]. Types of supply chains can vary in style and methodology across firms. Thus, a firm’s methods utilized to effectively be agile, adaptable, and aligned are not a “one-size-fits-all” format. For example, the supply chain utilized by a hospital vs. a cereal company varies immensely. Industrial engineering principles adhering to productivity management within the supply chain help firms to successfully create value as they pursue international expansion. An example of this success is highlighted in a study done by Cook et. al. [30] “Creating a focused-factory

model within a solution shop, by applying industrial engineering principles and health IT tools and changing the model of work, was very effective in both improving quality and reducing costs". Firms that practice productivity management allows firms to better create firm-specific value for their production, including their supply chains, when focusing on international expansion.

Lastly, to successfully create sustainable value, firms must adhere to various institutional and resource-based views of international business. From an industrial engineering standpoint, firms must adhere to the formal and informal rules of the game surrounding technology and management principles. "Most countries impose restrictions, ranging from taboos in advertising to constraints on the equity level held by foreign retailers and 3PL providers" [2]. Industrial engineering techniques such as streamlining production methods and supply chains to reduce waste, which improves adhering to environmental constraints, is an example of following formal institution-based views. In addition, paying attention to cultural norms and values, a more informal institution-based view, is also key. Firms can achieve this via industrial engineering techniques such as the development of the firms' supply chain. More specifically, firms can focus on production processes, such as breaks for religious worship in certain countries. Keeping cultural norms and practices into account is vital in creating sustainable value when pursuing the global expansion of firms. From a resource-based point of view, industrial engineering principles are useful to adhere to the VRIO framework. "VRIO comes together as a package to influence the effectiveness of marketing and supply chain management" [2]. With industrial engineering principles in mind, effective management of resources within various departments, such as marketing and production, helps firms to create valuable, rare, and hard-to-imitate products and services when pursuing international expansion.

Industrial engineering principles are an advantageous aspect of value creation during international expansion for firms. Without them, firms would struggle to succeed. Industrial engineering principles allow firms to achieve goals through management of design, planning, operation, maintenance, assessment, and improvement through implication of education and training, production management, and adherence to institution and resource-based views of international business.

11. Conclusion

The points discussed above support this paper's hypothesis with real-world examples regarding the importance of a nuanced approach to international expansion, highlighting the critical interplay between institutional knowledge and resource leverage. Various facets of international business theory [2] and practice support the hypothesis that *understanding institutional constraints and leveraging organizational resources lays the foundation for sustainable value creation in international expansion*. From integrating into foreign markets to navigating international trade and FDI, firms that strategically align their resources with the institutional and operational demands of global expansion are better positioned to achieve long-term success.

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