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Re-interpreting Ownership Advantages and Re-categorizing Investment Motivations of Multinational Corporations: From the Perspective of Imbalance Theory

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As opposed to the conventional type of asset exploitation-based foreign direct investment (FDI), this paper illustrates why firms invest abroad based on Moon and Roehl's (2001) imbalance theory. Firms invest to complement their disadvantages and enhance their position in international business. Thus, by extending the imbalance theory, this paper shifts our focus on sources of competitiveness from monopolistic asset to complementing capability for firms' disadvantages. The complementary capability can be categorized into four, which are agility, benchmarking, convergence and dedication. Based on the perspectives of both exploiting advantages and complementing disadvantages, this paper re-categorizes FDI motivations to factor seeking, demand seeking, related-and-supporting-sector seeking and business context seeking.

Keywords: OLI paradigm, ownership advantage, imbalance theory, unconventional FDI, FDI motivations

1. INTRODUCTION

Dunning's OLI paradigm was developed based on firms from developed countries and those that have proprietary assets over other competitors in host countries. However, his theory has limitations in explaining the upward investment trend of new multinational corporations (MNCs) from developing countries as they do not possess any specific firm advantages compared to the leading firms in developed countries. In order to better explain the new trend, Moon and Roehl (2001) introduced the imbalance theory which explains firms' internationalization path from the perspectives of firms from both developing and developed countries. Firms invest abroad not only to exploit their competitive assets, but also to complement their critical disadvantages.

Although the imbalance theory was developed to explain unconventional FDI based on the imbalances of firm's asset portfolio, this theory can be applied to the entire value chain activities of the firm (Yim, 2013). Firms face continuous disruptions in their value chain and they grow through complementing any disadvantages. The imbalance theory can also be applied to host country's perspective in explaining why governments try to attract FDI despite some of the problems that can come from MNCs' presence in their countries.

Firms from developing countries do not have superior ownership advantages, but they may have complementing capabilities to overcome their critical disadvantages. Their advantages can be drawn from Moon (2013; 2014) who explained the critical success factors of latecomers in the industry. These advantages have become very crucial in rapidly changing environments as firms' prosperity has become a matter of adaptation to changing environments than developing a superior resource. Here, we extend the original underlying assumption of the imbalance theory and emphasize that firms from developing countries have "different" types of ownership advantages from the conventional perspective.

With increasing FDI flows from emerging economies, FDI motivations have become more diverse than market-seeking, resource-seeking, efficiency-seeking and strategic-asset-seeking. Thus, while extending Dunning's FDI motivations, this paper categorizes them from both the conventional (OLI paradigm) and the new perspectives (the imbalance theory). By reorganizing some of the examples and methodologies set by Moon (2007), this paper presents four FDI motivations that are factor-driven, market-driven, related and support industries-driven and business context-driven.

This paper is organized as follows. First, this paper illustrates the theoretical development from Dunning's OLI paradigm, the backbone of the FDI theories, to an extended logic of the imbalance theory. Second, this paper demonstrates how we can reconcile the most conflicting aspect between the OLI paradigm and the imbalance theory by reinterpreting the ownership advantages of the firm. Third, this paper illustrates four motivations of firms from both the conventional and the new perspectives by presenting real world case studies.

2. LITERATURE REVIEW: FROM OLI PARADIGM TO IMBALANCE THEORY

The studies on FDI have burgeoned based on the investment development paths. As countries become more industrialized or developed, their firms also build up their competencies. This is why MNCs from developed countries have more advanced assets than those from developing countries. Earlier studies of FDI thus are based on the MNCs from developed nations that have advantages over firms in host countries, mostly in developing countries. MNCs generate rents from exploiting their advantages and building monopolistic status in foreign countries.

This perspective was developed into the OLI paradigm by John Dunning, which became the backbone of FDI theories. The tripods of the OLI paradigm represent ownership advantage, location advantage, and internalization advantage. When firms invest abroad, they are put in a relatively disadvantageous position compared to the local firms in the host country because of the unfamiliarity with the host country's business environment. This requires the investing firm to have a superior firm-specific advantage (ownership advantage) that can outweigh disadvantages of doing business abroad. Thus Dunning's theory was developed to stress the exploitation of ownership advantages prior to location and internalization advantages.

However, MNCs from developing countries take on different features from those of developed firms. First, they do not have the critical advantages that outweigh the liability of foreignness, particularly when they invest in more developed regions. Second, despite their disadvantageous positions, firms from developing countries invest both in developing and developed countries. Thus, in later years, even though Dunning and subsequent scholars distinguished asset augmentation type from asset exploitation type of FDI, building firm advantages from scratch in a foreign location was not explainable and contradicted with the underlying logic of the OLI paradigm (Moon, 2004a; 2004b).

In order to better explain both features of upward and downward investments, Moon and Roehl (2001) contended the underlying assumption of the OLI paradigm, by arguing that firms without ownership advantages can also invest abroad, and presented the "imbalance theory". As opposed to the conventional perspective on rent yielding FDI, Moon and Roehl (2001) insisted that the motivations of outward FDI from developing countries are not to exploit the existing resources but to complement what they lack at the current status.

The imbalance theory is found in Penrose's (1959) idea on "the imbalance in firm resource portfolio". Although Penrose (1959) herself did not pay much attention to FDI, Moon and Roehl (2001) explained that any affluence or deficiency of resources will motivate firms to go abroad in order to maintain the "balance" between the optimal level of output versus input. Firms with ownership advantage will go abroad to exploit their competitive and abundant resources (Moon, 2004a; 2004b) and those with critical disadvantages will also venture abroad to complement their shortage in resources such as technology, brands, distribution networks and market position.

Taking an example of two MNCs from Korea, Samsung Electronics Co. Ltd. (SEC) and LG Electronics (LGE), SEC had a larger market share than LGE in the domestic market by having competitive assets in semiconductor business. If we were to analyze this case from the conventional perspective of FDI, because SEC had relatively a stronger position at home, it is likely to invest abroad more than LGE. However, Moon and Roehl (2001) found that LGE invested more than SEC in Silicon Valley. LGE was more active in foreign investment in order to compensate for its disadvantageous position at home and not to lose its technological and market position against SEC.

Some may argue that this can be explained by the "location advantage" of the OLI paradigm. Firms invest in Silicon Valley to exploit technology-related location advantages. Yet the OLI paradigm assumes that the condition of having a superior ownership advantage has to be met before looking for location advantages. Even asset-augmentation perspective can only explain up to the point why both firms invested in Silicon Valley, but cannot explain why LGE invested more than SEC in Silicon Valley.

With regard to the country-of-origin effects, the imbalance theory also illustrates why MNCs choose to go abroad beyond the motivations of asset, market, efficiency or strategic asset seeking, presented by Dunning (1997; 1998; 2000). MNCs from less developed nations are perceived to be "inferior" regardless of their actual competencies as consumers reflect the image of a country on products (Bilkey and Nes, 1982). Whereas consumers, particularly in developed countries, are likely to show more favorable attitudes towards domestic rather than foreign products, studies have shown that there exists hierarchy of psychic effects among countries (e.g., Han and Terpstra, 1988). Simply put, products – made in, sourced from or branded by developing countries—will be less favored than the products from developed countries. The customers tend to evaluate them negatively than their actual quality and associate it with their psychic distance.

General explanation of this behavior is that the consumers are less informed and less familiar with foreign products (Han and Terpstra, 1988). In order to overcome the disadvantages of home country image, firms from developing countries increase their investments abroad in more developed countries to establish a good brand name. This was the case of the Korean firms in the past, where they tried to demarcate their country from their firm image; Korean firms did not emphasize their country-of-origin, rather portrayed themselves as "countryless".

3. RE-INTERPRETATION OF IMBALANCE THEORY

Firm's motivation of going abroad stretches far beyond the exploitation of its own resources. Although Dunning (1993; 2000) himself has incorporated the concept of asset augmentation in his OLI paradigm, the imbalance theory takes a more proactive approach of exploring new foreign sources which are critically lacking in maximizing the firm competitiveness. In this respect, the imbalance theory is meaningful in several ways. First, it embraces the concept of dynamic perspective on a firm's resource exploitation and exploration process. Firms with ownership advantage will go abroad when they have significant ownership advantages. Firms will also venture abroad to complement their shortages in resources. Any imbalances created in firm's growth will thus constantly motivate firms to invest abroad.

In this respect, the imbalance theory gives insights to why firms need to constantly upgrade and complement their assets. Once firms take monopolistic position, they tend to fall into competency traps (Leonard-Barton, 1992) or success syndrome (Tushman and O'Reilly, 1996) as they are likely to continue focusing on what they have been good at. On the other hand, when firms fail, they tend to change their businesses or investments without giving enough concentration of resources and efforts to make them work.

Yet, any competitive resources can lose value at any time. Firms' growth is a matter of how firms can exploit their competitive assets but at the same time complement what they are critically lacking in order to respond to industry changes. This aligns with the logic set out by March (1991) in finding balances between exploitation and exploration. Exploitation is about increasing efficiency, control and certainty through refining firms' resources. Exploration is about innovation, autonomy and embracing variations through searching and discovering new resources and knowledge. March (1991) explained that it is important to maintain a balance between the two in order to stimulate learning capability of the organization. Many subsequent studies have been conducted in search of ambidexterity of the firm, being capable of doing both things at the same time, or in time series (e.g., Raisch, Birkinshaw and Probst, 2009; He and Wong, 2004; Andriopoulos and Lewis, 2009). The balancing activity not only promotes firms to proactively shape business activities but also provides sources to constantly build new competencies of the firm through stimulating learning and innovation capabilities of the firm.

Moreover, the imbalance theory is useful in explaining why some firms show similar FDI strategies. A similar explanation from prior studies is based on the oligopolistic reaction to competitors' investment (e.g., Knickerbocker, 1973). Because they have to compete against their rivals, they invest in similar resources abroad or preoccupy before others. So if one competitor invests in another country, the other has to do the same. Yet, this explanation is based on the leading firms or firms from developed countries. It does not compare why the late-movers or the followers in the industry can take similar paths with the (leading) firms that may have different advantages. The imbalance theory, focusing on the disadvantages of the firm, embraces why the followers in the industry (not only necessarily from developing countries) take similar routes in FDI as the leaders do—to emulate the leaders by acquiring similar resources in which they critically lack at the current status. During the 1990s, Korean firms showed similar geographical portfolio of FDI as the Japanese firms did in the past. They were able to rapidly catch-up Japanese firms in terms of market share and sales.

On the other hand, the imbalance theory applies similarly to the host country's strategy of attracting FDI. Whereas location advantages were only assessed from the investing firms' perspective, Yim (2013) explained why some countries need to attract MNCs despite the negative impacts coming from MNCs' presence. Because developing countries have some critical disadvantages in their locations, host governments need to bring in MNCs to solve these problems which are the barriers to enhancing their competitiveness. The MNCs are indeed the most effective driver of changing and upgrading industry structures.

The home country image as a less developed country will also drive a critical motivation for firms from developing countries to invest in developed countries. Other home disadvantages include difficult institutional environment and inefficient or missing market mechanisms (Ghemawat and Khanna, 1998; Cuervo-Cazurra and Genc, 2008). Whereas conventional FDI studies do not explicitly incorporate home disadvantages for FDI, the imbalance theory expands our view on FDI motivations and the role of disadvantages on firms and countries.

Although the imbalance theory was mainly developed based on the imbalances in the "portfolio" of firm resources and strategic assets, this perspective can be applied and extended to the "entire value chain" of firm operations (Yim, 2013). If there are imbalances in performances of firm operations, throughout the time, and among the businesses and subsidiaries, they can critically hurt the entire operation of the firm. Some businesses evolve faster or slower than others. Particularly, technology-oriented firms that have been intensively investing in R&D face difficulties in producing them, as the manufacturing subsidiaries are not well-informed or cannot catch-up the recent technological development. They may need to train workers to produce the upgraded version of the product, or invest largely in machines and facilities to produce them which become a big obstruct in fast changing environments.

This was the case for a Korean automaker, Hyundai Motors. To overcome such obstacles, Hyundai Motors held seminars and training across all subsidiaries annually to overcome imbalances in knowledge level. Trust building across businesses and subsidiaries helped the employees' exchange and transfer knowledge faster, skipping technical procedures to exchange data across departments. Thus, addressing any imbalances in value chain has helped the company engage in knowledge sharing more efficiently and effectively across regional subsidiaries in which their "routine" of knowledge sharing has become one of their competitive assets to firm operation.

4. TWO PERSPECTIVES ON OWNERSHIP ADVANTAGES

The core difference between the conventional perspective and the imbalance theory on FDI lies in the ownership advantage. The concept of ownership advantage derives from the theory of market failure.[1] Hymer [1976(1960)] described that because there are resources that are accessible to only a few firms, they become the sources of monopolistic rent seeking behavior of MNCs. Firms try to maximize their monopolistic rents and maintain their monopolistic position which makes the market more uncompetitive.

Dunning, who developed the OLI paradigm based on Hymer's monopolistic asset perspective, claimed that firms need to possess ownership advantages that can overcome any cost of foreignness (Dunning, 1958; Dunning and Lundan, 2008). After Dunning acknowledged the difference between structural market failure and transaction-cost market

[1] Prior studies of neo-classical theories assume perfect resources accessibility and no resource mobility across national borders, yet FDI theories are based on imperfect market system where factor mobility is possible across national borders. Hymer contributed largely by incorporating this in his doctoral dissertation in 1960 which was published in 1976, describing market failure, mainly focused on structural market failure. He did not however, explicitly distinguish structural market failure from transaction-cost market failure (Dunning and Rugman, 1985).

failure, he incorporated it under the ownership advantage and extended it to internalization advantage. This is why the OLI paradigm was later criticized for the three tripods being not mutually exclusive.

Monopolistic assets help firms take the leading position by raising entry barriers in the market, which are interpreted under the context of “superior resources” vis-à-vis rivals in which superior resources were described as knowledge-intensive technological or organizational resources. However, as opposed to the concept of superiority, the Penrosian approach focused on the balanced sequence of resource development, use, acquisition and absorption (Rugman and Verbeke, 2002). This is why Moon and Roehl (2001) explained that firms from developing countries do not have substantial ownership advantages, meaning that these firms do not have superior resources vis-à-vis their rivals from developed countries. Rather, their capability lies in their balancing activity of any imbalances in asset portfolio, which was largely undervalued in the conventional perspective on proprietary assets.

As the UNCTAD global survey in 2006 reported in the World Investment Report (WIR), three-quarters of the competitive advantages of MNCs from developing countries are not from conventional perspective of ownership advantages (e.g., superior technology), rather they arise from production processes capabilities (35% of responses), networks and relationships (28%), or an effective organizational structure (13%). Thus, we can re-interpret the concept of ownership advantage and emphasize that the capabilities of the firms from developing countries should be regarded as “different” sets of ownership advantages that have become more valuable in high velocity environments. This can be easily seen from the rising stream of academia in evolutionary perspective of firm resources, including dynamic capability, absorptive capacity, combinative capability, and so on.

The following illustrates capabilities of firms from developing countries which were evaluated as secondary or peripheral capabilities to gain competitive advantages. Yet they have increasingly become crucial in strategic management and organizational studies in general. The global economy is no more as stable as it has been in the past, thus a shift towards a dynamic perspective in finding sources of competitive advantages is not only confined to a few emerging firms but applies to MNCs in general (e.g., Teece, Pisano and Shuen, 1997). These capabilities also better explain how latecomers in the industry can catch up and find favorable competitive position in the market.

4.1 Overcoming Capabilities

Cuervo-Cazurra and Genc (2008) found that MNCs from developing nations have better operating skills under “difficult” governance conditions of developing countries than those from developed countries because they are more familiar with these situations back in home country, whereas MNCs from developed countries are not familiar with those situations. Developing country MNCs build resilience to difficulties and they know how to work-around anti-market barriers in doing businesses. For example, firms that come from a country with a high corruption are likely to know better than MNCs from developed countries in working with corruption and government officials in the host country. The World Bank (2005) also reported that MNCs from developing countries have an edge in other developing countries as they are culturally similar or they are geographically closer to each other. Such familiarity reduces hidden and overhead costs in business operations.

4.2 Operational/Execution Capabilities

MNCs from emerging economies have taken different paths in firm evolution from those of developed economies. Because underdeveloped countries have no well-institutionalized infrastructure and high market imperfection, firms have diversified into multiple businesses to expropriate rents that are coming from underdeveloped industries. MNCs grew out of the ability to set up new business ventures across a variety of industries quickly and at a low cost (Guillen, 2000). Through such experiences, these firms have built competencies in effectively setting up subsidiaries abroad and repeatedly entering a variety of industries (Amsden and Hikino, 1994).

Thus, they share resources across subsidiaries and firms which can help them build the overall and diverse knowledge over various projects, operations and businesses. For example, because there were not many skilled managers in Korea, the top management team members were circulated across various subsidiaries upon their start-up and built diverse networks within the firm. This was how Samsung Group, the Korean conglomerate was able to effectively diversify and establish new subsidiaries due to the project execution capabilities of the managers (Amsden and Hikino, 1994). Overall, we can see that the cost per unit of subsidiary incorporation reduces with an increase in experiences. This has helped the firm have portfolio of expertise for constant upgrade and expansion of the firm.

4.3 Networking Capabilities

A strong network-building of firms has become a competitive source for latecomers (Yiu, Law and Bruton, 2007). Because these MNCs are conglomerates that have diversified into various industries, they share important information and experience from peer members who have undertaken international expansion. They are also vertically integrated and form a strong relationship with international suppliers and clients. This helps the investing firms enhance the bargaining power of the entire business network over the host country government and establish market legitimacy in the local markets (Yiu *et al.*, 2007).

Moreover, firms gain precious information from other institutions at home where they have built close relationships. Guillen and Garcia-Canal (2009) specified that they have better political capabilities as they evolve in close connections with the government and political institutions. This capability helps firms better understand and deal with different situations in host countries than the Western firms that are not familiar with the host country environments.

These capabilities were understood to be unique to successful latecomers in the industry. Yet, as the environment has become more volatile, these capabilities have been reorganized by Moon (2013; 2014) as new sources of competitive advantage. He implied that they should be extended to be applicable to the leading MNCs because the competitive sources do not lie in "what" resources but in "how" firms upgrade and manage these resources in the long run.

5. RE-INTERPRETATION OF OWNERSHIP ADVANTAGE: COMPLEMENTING CAPABILITIES

Firm capabilities from developing countries lie in overcoming disadvantages of both internal and external factors and balancing out any disruptions in business activities through time (Moon, 2004b; Moon and Roehl, 2001). These features have become the drivers for firms' growth. While incorporating firm capabilities set out by previous scholars in the section above, this paper links latecomer's competitive advantages set out by Moon (2013; 2014) with "different" ownership advantages of firms when investing abroad. He incorporated some of the missing variables of latecomer's competitive advantages and reorganized them to four which are agility, benchmarking, convergence and dedication.

Agility comes from speed competitiveness. Agility is required in every activity of the value chain and across the value chain. Each operation needs to be speedy and precise and each of them has to conform to finding a balance across its value chain activities to maintain efficiency. If one value activity grows faster than other activities, the entire outcome will not reach its full potential. Agility has particularly become important in fast changing environments as an independent source of competitiveness as firm productivity is not only constrained by the minimum level of input costs but also with opportunity costs coming from lead time.

Benchmarking capability has not been considered as an aspect of competitiveness. Porter (1996) explained that doing things differently from others to deliver a unique value is a strategy, whereas enhancing operational effectiveness is not. However, Moon (2013; 2014) explained that when firms learn from each other, firms can constantly develop and find sources of competitiveness. It is also because today's international business is so complicated and highly interdependent that rather than bringing disruptions to the industry, bringing compatible yet complementary assets to existing global standard provides sustainable advantages. Thus, by having a high learning competitiveness by emulating the global standard, firms can continuously sustain their competitive advantages.

Convergence is mixing and creating synergistic effects. Whereas the conventional perspective on firms from developing countries explains that they are diversified into multiple and unrelated businesses, Moon (2013; 2014) reinterpreted that these firms build capabilities to converge diversified businesses into one unit which creates synergistic effects. He argued that the benefits can in fact outweigh the costs coming from (unrelated) diversification as firms build diverse knowledge and experience that can be shared and utilized across units. They combine and reconfigure resources for different purposes so that businesses can become more resilient to different business contexts.

Lastly, motivation of workers in firms of developed countries was emphasized by giving incentive systems and making workers to aspire for a superior compensation. However, motivation in firms of emerging economies, particularly in South Korea, was rather stimulated by setting clear goal sets with an emphasis on disadvantageous situation of the firm. For example, Hyundai Motors and Samsung Electronics set artificial crises to alert employees even after they gained competitive advantages. This is to put an emphasis on addressing new challenges that may lie ahead of them and complementing any disadvantages vis-à-vis their (potential) rivals, instead of compensating for what they have done well in the past and promising incentives to the best performances of employees. Thus firms have created a clear goal-setting of business and promoted a higher dedication of workers to achieve such goals, which have become the fundamental drive for firms' growth and sustainability.

Overall, the capabilities that are illustrated as unique to the MNCs from emerging economies, particularly the successful Asian firms, have gained attention as the success factors of the MNCs in general. As the competitive landscape has been changing rapidly, the dynamic perspectives on firm capabilities have become crucial. In high velocity environments, learning capability (i.e., absorptive capacity) and synergy creation capability (i.e., combinative capability) were emphasized to adapt to changing environments within a limited time period (i.e., economies of speed). The motivations of workers and goal settings have been largely emphasized by organizational scholars to increase learning and operational capabilities (e.g., Taylor, 1911[1967]). Therefore, it is very interesting to note that Asian firms have created sustainable advantages without advanced technology and innovation, but with different kinds of capabilities that have gained more attention in international business.

6. MOTIVATIONS FOR FDI

With an extended view on FDI from asset exploitation to asset complementation and on firm-specific assets, FDI motivations can also be further extended. Dunning's FDI motivations are categorized as market-seeking, resource-seeking, efficiency-seeking and strategic-asset seeking. However, Dunning's motivations are mainly focused on gaining greater rents. By applying the concept of the diamond model (Porter, 1990; Moon, Rugman and Verbeke, 1998), a more rigorous analysis on firm motivation can be drawn. It is because firm activities are not only concerned with resource building and market expansion, but also with strategic reasons to enhance their competitive position and to deal with risks and opportunities coming from related and support industries. The FDI motivation can thus be categorized to four: factor-seeking, market-seeking, related and supporting sector-seeking and strategic business context-seeking.[2]

First, the (input) factor-seeking FDI refers to resources, both tangible and intangible, which are critical for firm operations and productions. These factors can be subcategorized to basic and advanced factors where basic factors are related to country-specific assets such as natural resources and unskilled workers, while advanced factors are firm-specific assets such as skilled managerial capabilities and technology. This was extended from Dunning's resource and strategic-asset seeking motivations. The resource seeking is renamed under the basic factor conditions, and strategic-asset seeking under the advanced factor conditions.

The factor seeking can be both to exploit firm-specific resources and to complement its disadvantages in host countries. For example, LGE purchased a 5 per cent share of Zenith (US) in 1991. The investment purpose was to acquire flat screen TV and multimedia technologies, the brand name and access to the US market to compete in digital technology market. LGE increased its stake to 57.7 percent in 1995 and acquired the company in 1999 (Moon, 2007).

Second, the market-seeking FDI refers to market expansion, according to the conventional FDI perspective. However, as Porter (1990) explained, understanding the most sophisticated market stimulates firms to innovate and find competitive sources. In order to learn sophisticated tastes of consumers in diverse areas, firms strategically invest in the most sophisticated market of the world. For example, Amore Pacific, a Korean cosmetic company, invested in France in order to learn the sophisticated French cosmetic market.

Third, the related-and-support-sector seeking FDI has become increasingly important. When firms invest abroad, interdependent firms follow in order to complement operations

[2] Some of the examples of this section are abstracted and extended from Moon and Roehl (2001) and Moon (2007).

with each other in foreign locations. This type of motivation can be sub-categorized into two: the host country related-and-supporting sectors, or partnered firms' related-and-supporting sectors. The former refers to firms choosing a certain location over others to take advantage of the support sectors in the host country. For example, a Korean firm, Choong-ang Plastic Engineering that manufactures polyester tarpaulin bag for cement products established manufacturing facilities in Guangdong Province of China because of the advantage coming from the province's transportation and financial infrastructure. On the other hand, the latter refers to firm's investment in order to support its related firms from home countries. For example, Wooribank, a Korean commercial bank, invested abroad to make Korean firms in foreign locations have an easier access to financial support. Also, as Hyundai Motors expanded its operations abroad, a number of part suppliers also followed the route. This type of follow-the-partner FDI strategy can also be found in other manufacturing and service industries.

The fourth motivation of FDI is the strategic business context-seeking FDI. This FDI motivation is missing in the conventional FDI theory but can be understood in the context of business competition. For example, SEC and LGE tend to engage in similar activities in similar locations just for strategic purposes. This is to keep each other in check or offset the advantage of its competitors for going abroad.

More recently, firms have been investing in strategic locations to portray a certain image of a firm's product or to secure strategic locations. Hyundai Motors incorporated a factory in the US not only to serve the US market more efficiently but also to build an image that Hyundai cars are manufactured in the US. The preferential treatment (e.g., tax reduction) has also motivated firms to choose a certain location over others. Alabama's tax incentive system was one of the strategic reasons for Hyundai Motors' FDI. Strategic purposes can also be related to political and social pressure at home. For example PulmuOne, a Korean food processing company, built its business in the US to avoid various regulations on food processing industry enforced by the Korean government. Another Korean company, SeA International, established a factory in Guatemala to overcome quota restrictions imposed in home market.

This categorization, while looking into external and internal, as well as direct and indirect factors, shows a more comprehensive yet systematic analysis of FDI motivations. We can see that Dunning's definitions of resource-seeking and strategic asset-seeking FDI are under the categorization of the (input) factor-seeking. Efficiency-seeking, which is examined in terms of labor cost reduction, can also be categorized under factor-seeking. Dunning's market-seeking FDI is similar to the category of market-seeking, but missing the aspect of learning market sophistication. Thus, Dunning's categorization is limited in scope and covers only two subsets of the four categories of this new framework. This categorization, extended and revised from Moon's (2007) analysis, incorporates a more comprehensive and various motivations of FDI, from both asset exploitation and asset complementation perspectives.

7. CONCLUSION

This paper examined different paths of FDI and presented an extended perspective on what motivates firms to invest abroad. Firms invest abroad to balance out any of their affluence or deficiency in the system. This is because firms invest not only to exploit their advantages but to complement their critical disadvantages. Thus FDI motivations can be extended and re-organized into four aspects, which are factor seeking, market seeking, related-and-support-industry seeking and (strategic) business-context seeking. This categorization shows an integrated picture of how firms act to complement or allocate their resources in the case of discrepancies in the entire value chain activities.

This paper also contributed by bridging the gap between the OLI paradigm and the imbalance theory by reinterpreting ownership advantage. By linking ownership advantage with four success factors presented by Moon (2013; 2014), this paper emphasized different types of firm advantages that may be crucial for MNCs from developing countries as well as the leading firms in high-velocity global marketplace.

As Darwinism theory explains the rational selection and survival of the fittest, it is not the strongest and the most differentiated resources that make the firms grow, but the ability to complement and adapt to the changing environments. Thus the logic of imbalance theory of the firm, together with new sources of capabilities of how to redress imbalances, can better explain FDI motivations and sources of firm competitiveness than the conventional theories of FDI.

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