

Table 2-3: Summary of Empirical Literature Review Related to Degree of Multinationality (DOM) and Performance

| Empirical Studies | Measure of DOM | Measure of Performance | Sample and Time Period | Statistical Technique | Key Control Variables | Relationship between DOM and Performance |
|---------------------------|--|--|--|---|---|---|
| Rugman (1976) | FSTS | Variance of ROE | Fortune 500 (1960-1969) | OLS regression | - Firm size - Industry effect | Negative on variance of ROE (means positive relationship between DOM and performance) |
| Michael and Shaked (1986) | - FSTS (20% cut-off point) - No. of countries a firm has direct capital investment (6 countries as cut-off point) | Risk-adjusted returns: - Sharpe measure - Treynor measure - Jensen measure | 58 U.S. MNEs and 43 U.S. non-MNEs (1973-1982) | Comparative (MNE vs. non-MNE): t-test | None | Negative |
| Buhner (1987) | FSTS | - ROE - ROA - Risk-adjusted returns, Jensen measure | 40 large west German corporations of the top 300 firms in Western Germany (1966-1981) | GLS regression and partial correlation | - Firm size - Growth - Financial leverage - Product diversity - Owner-control (a party owned more than 25% of the equity) | Positive |
| Grant (1987) | FSTS | - Pre-tax, pre-interest return on net asset (RONA) - Sales growth - ROE - ROS | 304 British-owned manufacturing firms from "Times" 500 list of Britain largest companies (1972-1984) | Multivariate regression (FSTS is lagged by 4 years) | - Firm size - Industry effect | Positive |

Table 2-3: Summary of Empirical Literature Review Related to Degree of Multinationality (DOM) and Performance (continued)

| Empirical Studies | Measure of DOM | Measure of Performance | Sample and Time Period | Statistical Technique | Key Control Variables | Relationship between DOM and Performance |
|-------------------|----------------|------------------------|------------------------|-----------------------|-----------------------|--|
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| Daniel and Bracker (1989) | FSTS, FATA | ROS, ROA | 116 U.S. firms from the eight largest industry groups in "Forbes" 1984 (1974-1983) | ANOVA: six intervals (0-10; 10-20; 20-30; 30-40; 40-50; 50 and above) | - Industry effect | Inverted J curve (turning point at 50% and above) |
| Geringer, Beamish and daCosta (1989) | FSTS | ROS, ROA | 100 largest MNEs from the U.S. and Europe (total of 200 MNEs) in the "World Directory of Multinational Enterprises, 1982-1983" (1977-1981) | ANOVA: five intervals (0.1-19.9; 20.0-39.9; 40.0-59.9; 60.0-79.9; 80.0-99.9) | - Continent of origin - Concomitant effects (e.g. differences in accounting practices employed) | Inverted J curve (turning point at 60.0-79.9%) |
| Collins (1990) | FSTS, FATA | Risk-adjusted returns: - Sharpe measure - Treynor measure - Jensen measure | 133 U.S. firms from the "Fortune 500" (1976-1985) | Comparative: t-test between - Domestic firms - MNEs invest in developed countries - MNEs invest in developing countries | None | - Negative relationship for MNEs invest in developing countries - No significant relationship for MNEs invest in developed countries - No significant relationship for firms with no significant international operation |
