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Features Of Internalization and Foreign Direct Investment Through An Thailand'S Entrepreneur Perspective

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Abstract

The objective of this study was to understand the effect of indicators on the characteristics of internalization towards the form of foreign direct investment, by considering the indicators of structural features and performance characteristics of 125 Thai business units that invest in CLMV from the Thai investment database listed on the Stock Exchange of Thailand. The study utilized average statistics, standard deviation, frequency, percentage, and tested with normal regression with the least-squares technique. It was found that the marketing expenditure variable and sales of foreign companies are the most important factor in the structural characteristics of Thai businesses that invest, more than other factors such as research and development costs, and profits abroad. Other variables such as foreign assets to total assets ratio, and the foreign country branch to total branch ratio is also key factor in performance characteristics in international business management. In attracting investment in Thai businesses in the CLMV, it was found that the factors of foreign investment proportion, right to take repatriated profit, ownership, political/institutional instability, the competitive environment can significantly explain the variation of the dependent variable. For the challenge in investing in CLMV, the factor of regulatory constraints is significantly more important than other factors.

Keywords: internationalization, Foreign direct investment, CLMV, Thailand

Introduction

Based on the concept of Dunning (1980), foreign investment arises from competitive advantages in three areas: ownership, location, and internationalization. These advantages will reduce the risk of high investment, especially for business units with significant assets and skills required to negotiate with the government (Lecraw, 1984; Vernon, 1983). The management advantage of an organization or institution (Hood and Young, 1979) led to the expansion of foreign investment. Taking over or supervising the assets of a business unit will affect the uptake of resources with high marketing costs, patent enforcement, and contracts, which will achieve economies of scale (Leontiades, 1985). Influence on foreign direct investment is a key feature of any organization's overseas business activities (Wolniak, 2020) and is a dynamic process that influences investment patterns abroad such as exports, licensing, franchises, joint ventures, or foreign direct investments. Internationalization is the attitude and behavior of entrepreneurs who must manage their business to be internationalized (Michelle, and Byoungo, 2014) under different investment objectives such as seeking resources, seeking markets, seeking production efficiency, and seeking strategic assets. In seeking resources investment, the country will make vertical investments to find overseas resources. On the other hand, if the country needs new markets, they will make horizontal investments to find overseas markets, (Dunning, 1993).

From what was said at the outset that Internationalization is the process of developing a business unit. Most develop in the context of an area/culture, and international agreements/contracts (Johanson; Vahlne, 1977). Countries with low physical distance will enter the international market with low relevance, ie, exports with low foreign management. An international investment model is the management of an organization that makes a company's products, technology, skills, personnel, or other resources possible to enter a foreign country (Root, 1994). Different objectives and risk environments affect the decision of the business unit to enter the international market with an export model, contracts model (Root, 1994; Pan and Tse, 2000; and Eicher and Kang, 2003), subsidiary investments model or sole acquisitions and investments model (Brouthers and Hennart, 2007).

The process of corporate stepping to a global level, therefore, affects the decision to relocate or change the location of foreign investment and affects the control of overseas production activities (Ellis, 2008). It can be used to restructure the market using a global approach (Dean, et al., 2000) and address the problem of differences between host domestic and foreign institutions of foreign-controlled companies. There are discussions regarding the total value and trading volume within each representative company and its subsidiaries or distributors (Sadler and Chetty, 2000). The target market for overseas investments is determined by the increase in value and the total internal trading volume of each company, increasing the relationship of knowledge levels (Johanson and Vahlne, 2002), as well as international strategies for tackling global markets (Moen and Servais, 2002).

This is because foreign direct investment is very important to the country's economy. For example, to help restructure the economy to be competitive and to drive growth through the global economy, to help restructure more balanced and stable finances, to help create full employment, and to help create opportunities for the country to have more trade and investment (Bank of Thailand, 2020a).

For this reason, Thailand had restructured its economy from foreign investment recipient to investor. In 1993 the country shifted its structure and established the Bangkok International Banking Facility (BIBF), resulting in huge overseas investments, especially real estate, constructions, electronic components, and financial services. After the economic crisis in 1997, the economy has shifted into the manufacturing industry, especially food and sugar manufacturing. Current investment ranking went from natural resources such as mining, agriculture, petrochemical, automotive and electrical parts, construction materials, to the services sector. This resulted in Thailand increasing its foreign investment from 551.4 million USD to 14,016.9 million USD in 2019. One-third of Thailand's foreign investment between 2016-19 happened in ASEAN countries: Singapore, Malaysia, Vietnam, Myanmar, and Laos, respectively. The investments are done to solve the labor, raw materials, and energy shortage, as well as expand Thailand as the hub of the Asia-Pacific region. (Bank of Thailand, 2020b), see Figure 1.

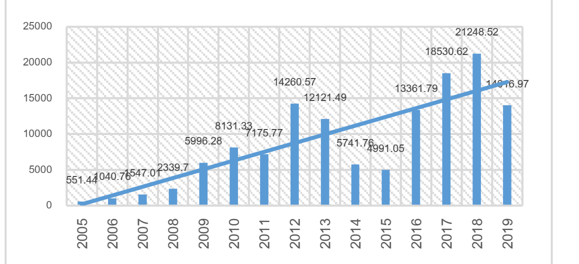

Figure 1: Thai foreign direct investment, during 2005-2019
Source: Bank of Thailand, (2020).

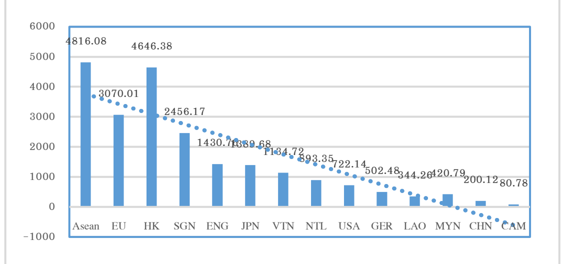

Figure 2: Thai outflow direct investment, during 2005-2019
Source: Bank of Thailand, (2020).

In addition, it was found that Thailand invested in CLMV countries as high as 79% of total foreign investment, with 36% invested in Vietnam (55 companies out of 152 companies with registered capital in the ASEAN region), followed by Myanmar. Indonesia, Laos, and Singapore. Cambodia's investment growth rate was as high as 76%, followed by Laos, Myanmar, and Vietnam, up 54.0%, 34.2%, and 37.1%, respectively (see Table 2). Average full-year investment value increased from $395.02 million to $1,000.002 million in 2010-2014 and $2,089.2 million from 2015-2019 onward. Vietnam was the most invested country, followed by Myanmar, Laos, and Cambodia, followed by No. Consider Figure 3.

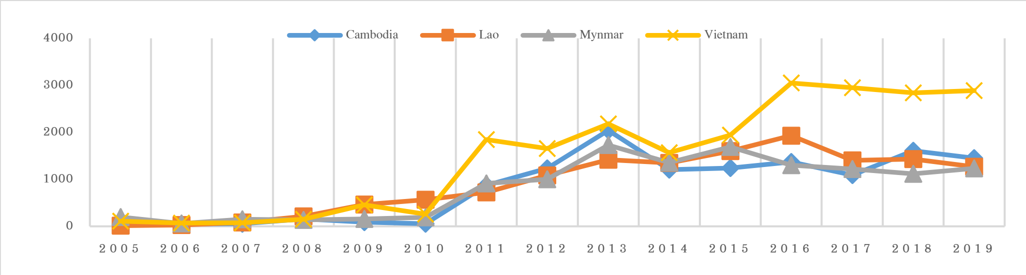

Figure 3: Thailand's investment in CLMV between the years, 2005-2019.
Source: Bank of Thailand (2020b)

The average value of Thai investments in CLMV countries increased from $395 million in 2005-2009 to $1 billion in 2010-2014 and $2,089 million during 2015-2019. Invest in the financial, electricity, trade, construction, and mining sectors. Consider Table 1.

Table 1: Thai Direct Investment in CLMV Classified by Country/Economic Zone (US $)

Country	2005-2009	2010-2014	2015-2019	2018	2019
Vietnam	75.248	272.246	1019.306	1127.820	1134.720
Laos	108.794	237.148	420.092	380.910	344.260
Myanmar	174.424	408.246	491.670	346.110	420.790
Cambodia	36.536	82.362	158.132	236.470	80.780
CLMV	395.002	1000.002	2089.200	2091.310	1980.550

Source: Bank of Thailand (2020a)

Although the value of Thai foreign investment to CLMV countries has increased, Thailand still faces continuous high investment value problems. This is due to the advantage of not being able to internally adopt the characteristics of internationalization that influence foreign direct investment, which is a key feature of every organization's overseas business activities.

Most researchers studied the decision process of a company's investment style, foreign expansion, corporate performance in foreign investment, the ability to invest abroad, and competitive advantages in the global market and foreign market access patterns, etc. (Brouthers and Hennart, 2007; Peng, et al., 2009). Yet, there is little research regarding Internationalization of Business Units Internationalization, despite internationalization affecting production and high economic growth (Marin, 1992). For example, New Zealand is a small country with an open economy that can be internalized (Cartwright, 1993). Better knowledge management will significantly reduce the production process and make it international (Knight and Cavusgil, 1996 Bijmolt and Zwart, 1994). However, there is no research to study the characteristics of internationalization, the development of business units investing abroad to be internationalized, and indicators of the important characteristics of Thai companies investing in CLMV towards foreign investment.

Therefore, this article will study the internationalization of Thai business units and investments in CLMV to answer two research questions: i) What are the characteristics of Thai overseas companies investing in CLMV? and what determines the international characteristics of Thai companies to invest in CLMV? ii) What is the problem of Thai companies investing in CLMV? In the next section, we will learn about the concept of a related theory that describes the characteristics of the strategy, variables Determining the characteristics of Thai companies investing abroad, and research results and recommendations, respectively.

Methods and Materials

This research uses population groups from the database of companies listed on the Stock Exchange of Thailand in 2020, namely the food, consumer, finance, real estate, construction, natural resources, and services industry. A total of 125 companies investing in CLMV countries are Cambodia, Laos, Myanmar, Vietnam. Only 96 companies responded to the survey, a response rate of 49.23%, which is an acceptable statistically significant proportion. The postal questionnaire was divided into 3 parts. The first part was the questionnaire on the personal data of the respondents including gender and age. The second part was about the companies that invest in foreign countries. The final part is about the factors that determine the investment in foreign countries, the nature of the company's management structure, and the company's foreign investment challenges. Opinion was measured as a Likert level value. Data were analyzed using mean statistics, standard deviation, and percentage, and use the regression equation to Find the importance of variables.

Relevant Documents and Research

In this topic, theories and concepts of offshore investment will be discussed. Starting from the competitive advantage under the internal environment of Thai businesses investing abroad and the environment in CLMV countries (Cambodia, Laos, Myanmar, and Vietnam) that attracts Thailand to invest can be explained by Barney's (1991) Resource-Based Perspective Theory (RBV). It states that countries that have scarce specific resources that cannot be copied or replaced will be more attractive than other locations because the lack of these specific resources would be a significant obstacle and higher risk to the investment. Having different resource factors will also result in different foreign investments and management (Johanson and Vahlne, 2009). Foreign investment with a large number of subsidiaries (acquisitions) in other countries will need additional resources such as finance, technology, people, corporate culture, innovation, reputation, and has a positive network relationship to enter the markets. In large-scale foreign investment, the company must become highly internationalized (Johanson and Vahlne, 1977). CLMV has a lot of natural resources advantages. Cambodia has forests, crude oil, and natural gas. Myanmar also has forests, minerals, natural gas, and oil. Vietnam has energy, oil, natural gas, and mining. Lastly, Laos has tin, gypsum, lead. , copper, rock, salt, iron, lignite, coal, zinc, gems/marble, and oil, among others. In addition, these countries have abundant resources of working age, low cost, diligence, moderate skills workers, which can also be converted to food and processing industry and consumer goods market (Bank of Thailand) for Thailand.

The competitive advantage of a business unit from Porter's Theory (1980) is an important factor in determining offshore investment. Before investing in a foreign country, competitive advantages such as the industry environment, market conditions, trading conditions, services of competitors and sellers, barriers to entering the market of new competitors, bargaining power of sellers/suppliers, bargaining power of buyers, and products and services substitutions must all be considered. These factors enable the subsidiary to develop into a foreign investment, as well as develop technological processes to create industrial expansion (Peng, 2009). Industry environment is a survey that includes the countries' technological resources, internationally-known brand products, and economic potential. A key component of industrial factors is research and development (R&D) expenditure, advertising, public relations, and communications (Birkinshaw, et al., 1998; Kogut and Singh, 1988). The strongest CLMV country indicates that Cambodia has a highly expanding economy, measured by a GDP growth of 6.8% in 2019, with internal and external FDI growing by 12.05% (Bank of Thailand, 2020b). Vietnam's GDP grew by 7.0%, and internal and external FDI grew by 7.0%. 11.1 This gives Vietnam the potential to attract the majority of foreign investment in CLMV at 73% within the region's FDI, particularly in middle-technology manufacturing and processing businesses such as electronics, textiles, and food processing. (Bank of Thailand, 2020b) Myanmar's GDP grew by 6.8%, with FDI increasing by 8.82% as a result of continuous economic reforms. The majority of investments are made in the energy industry, especially oil and gas. GDP of Laos grew at 6.2% (Asian Development Bank, 2021; Bank of Thailand, 2020b) with FDI and external growth of 5.94% with foreign investment in the production of hydropower, mining, agricultural industry, and domestic FDI tourism services repatriated as remittances instead of foreign investments, driving Laos economy to grow 7.3%.

From the concept of foreign investment advantage of Dunning (1981) dictated that

1) Ownership advantages such as copyright, production knowledge, marketing

ability, or other arrangements with the economy, size, financial strength. and different products will create a marketing effort.

2) Location advantages such as natural resources, labor costs, tax incentives, and the huge market, influence foreign investment decisions.

3) internationalization advantage; To achieve the objectives and goals of operating in the international market, see details as follows.

Location advantage influences the institutional environment and affects the efficiency of organizational management and organization selection (Meyer; Rowan, 1977; Dimaggio and Powell, 1983; Oliver, 1991; XU and Shenkar, 2002. The institutional environment makes business units international.

On the ability to access resources such as finance, technology, and social resources, the business unit will have to choose the right environment to manage the enterprise legally, or by a form to enter the international market. This affects investments, such as joint ventures, because organizations must recognize the responsibility of companies abroad, both in the new production unit, self-investment, or its subsidiaries (Suchman, 1995). In addition, the government's promotion policies, such as the right to lease land, corporate tax exemption, raw materials tax exemption in production equipment and machinery must also be taken into account. Regarding domestic operational facilities, most CLMV countries have a 100% investment promotion policy in most businesses, full profit repatriations, and long period property owners.

In Cambodia, the land lease exemption tax is exempted for up to 99 years, the land can be used as collateral for loans, as well as investors' product pricing guarantees, can import skilled labor from abroad, and receive equal treatment for foreign investors. Vietnam made exemption of import duty on machinery and raw materials used in the production of exported goods, reduction of corporate tax from 25.0% to 22.0%, reduction of the import tax rate from 30% to 0, and under the ASEAN Free Trade Agreement, it grants Up to 50 to 70 years of land lease for specially promoted projects. In Burma, except Businesses that invest in natural resources that have an impact on the environment, such as agriculture, livestock, fishery, and some businesses that require approval from a joint venture in proportion to their investment, can lease land for a maximum of 70 years. Laos provides equal benefits to both domestic and foreign investors. Providing a full range of services to reduce the investment project approval process. It promotes investment by tax exemption for ten years for investment in rural areas Whereas investments in cities are exempt from capital gains tax for only one year. Foreign investors authorized to invest more than USD 5 billion will be entitled to own residential land for the duration of the investment program (50-99 years).

International Advantage Factors is an important factor used by management to formulate policies, plan and coordinate functions. From the literature, there are six forms of internationalization: innovative, hierarchical, accelerated, networked, holistic, and strange internationalization. The most popular form of internationalization is the order of entry into foreign markets, also known as the Uppsala model (Johanson and Vahlne, 1977). This model is popular for small countries that do not have the opportunity to go international. It will use the form of informal cooperation in the international market, exporting through independent agents (by agreeing with representatives of foreign organizations), and the establishment of trade branches or production branches in foreign countries. It is an important factor for foreign investment due to the different international standards. This will result in different investment styles and result in a reduction in the employment of foreign workers at the same time (Sullivan, 1994; Ramaswamy, et al., 1996).

Internalization can be measured in many dimensions. For example, the dimension of company participation is measured by the ratio of foreign sales to total sales, the ratio of foreign assets to total assets, and the ratio of foreign employment to total employment (UNCTAD, 1995). The spread dimension of transnational activity is measured by the sales amplification or network distribution index. (Ietto-Gillies, 1998), the number of countries of the company, and the number of foreign countries in which the company has foreign-invested subsidiaries. (Johanson, J., and Vahlne, J. (1977). The distribution of company operations is positively correlated with the physical distance between domestic and foreign companies (Sullivan and Bauerschmidt, 1990).

This study used indicators, namely structural features. and performance characteristics, supported by Perlmutter and Heenan (1979); Sullivan (1994) as follows:

1. Performance indicators measure what is happening abroad (Vernon, 1971). For example:

- The level of success or failure of the organization in 1 year
- Percentage of overseas operating income of total sales (Daniels and Bracker, 1989; Geringer, et.al., 1989; Stopford and Dunning, 1983; Caves, 1982).
- The proportion of working capital and turnover from the operations of subsidiaries located abroad (Perlmutter, 1969).
- Percentage of foreign investment or distribution of the company's shareholders' equity in doing business globally. (Perlmutter and Heenan, 1979) (Hedlund, 1986; Bartlett and Ghoshal, 1989; Marginson and Sisson, 1994;
- Sales growth rate (Ietto Gillies, 1998)
- The cost of research and development (R&D) activities
- Marketing and advertising expenses (Franko,1989; Caves, 1982; and Keown, et.al., 1989)
- The proportion of a company's marketing activities (Sullivan and Bauerschmidt, 1989).
- Percentage of overseas sales to total sales (Eppink and Rhijin, 1988)
- Percentage of foreign profit to total profit

2. Structural indicators measure the relationship to participation in resources available abroad at a given time (Stopford and Wells, 1972, UNCTAD, 1995).

- The proportion of the investment is offshore non-capital contributions (e. g. strategic alliances, franchises, etc.).
- The proportion of value-added abroad.
- The proportion of overseas procurement.
- The proportion of foreign employees.
- Percentage of foreign assets to total assets (Daniels and Bracker, 1989).
- Percentage of the number of foreign subsidiaries of all subsidiaries (Stopford and Wells, 1972, Vernon, 1971).
- The number of international experience periods of senior company managers (Sullivan, 1994).

Therefore, this study will tackle the internationalization of companies that determine foreign investment in Thailand. The structural characteristics of a business unit are measured by three variables (Sullivan, 1994). 1) Foreign assets as % of total assets, 2) Overseas branches as % of the total of all subsidiaries or the ratio of foreign-affiliated companies to all subsidiaries, 3) Years of overseas operations and the number of samples or international experience of senior management and international characteristics. International business operations are measured by 5 variables: 1) Overseas sales as a % of total sales, 2) R&D expenditure as a % of total expenditure, 3) Advertising expenditure as %. of the company's total expenditures, 4) exports as % of total sales, 5) foreign profits as % of the company's total profits. A model of internationalization characteristics that affect international investment was obtained as follows: International Investment = Subsidiary Sales + R&D Expenditure + Advertising Expenditure + Export Sales + Profit Overseas +Overseas assets + Number of branches abroad + Overseas operation period

Results

Nearly half of the sample population of this study are male. 36.5% were between 41-50 years of age. About 32.3% had a postgraduate degree. Most of the interviewees had supervisory positions in foreign countries. More than half are executive directors, at 28.1%, and senior management at 22.9%, respectively.

General characteristics of Thai companies investing in CLMV were found that the type of business that invested the most was financial business at 19.8%, followed by food business and service business at 18.8% and 17%, respectively. A sample of respondents working abroad with 10 or more the total number of employees is, as high as 33.3%. Most of the Thai businesses have been in operation for more than 10 years, of which only 29.2% are less than ten years. The average growth rate of the company representing a percentage of net income is greater than 10%.

For the majority of Thai respondent companies investing in CLMV countries, 46.9% had the objective to search for new markets, followed by seeking raw material resources and labor at 20.8%, and efforts to increase productivity at 15.6%. As for the form of foreign investment, it was found that the most popular form of investment at 31.3% is invested in the licensing model, followed by joint ventures with local companies, and the sole investment model in the form of branches (see Figure 4). The number of branches abroad of the sample group found that 53.2% had more than 16-20% of foreign branches or 18.8% of all subsidiaries. This was followed by 26-30% at 17.7% and between 21-25% at 16.7% respectively. Over the period of overseas operations, it was found that **19.8 %** of the sample had operated abroad. More than **30%** of all experiences were followed by **18.8%**. Companies that operated around a **26-30%** range and between **16-20%** and between **21-25%**, up to **16.7%**, respectively.

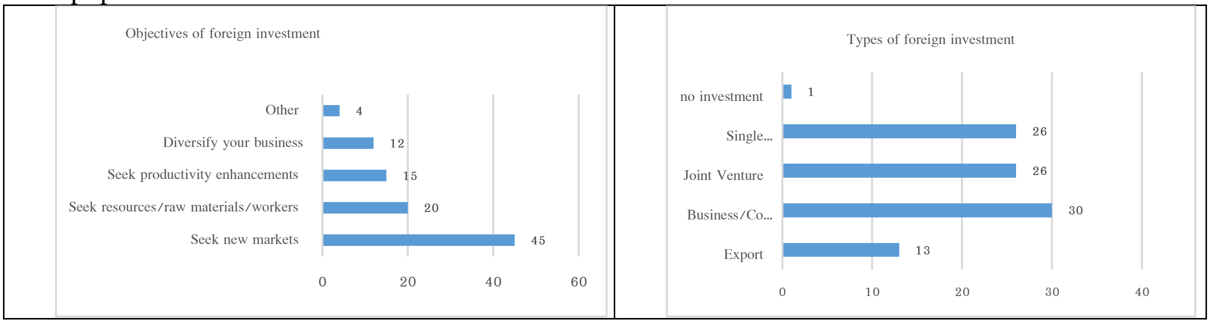

Figure 4 objectives and patterns of foreign investment of respondents

Regarding the internationalization characteristics of Thai business units that invest in CLMV, considering the efficiency of operations, it was found that the proportion of sales of Thai business units as a percentage of total sales, research and development expenses of the company's total expenses, advertising expenses of the company's total expenses, and the unit's exports Business, all components accounted for 21-25% (see Figure 5).

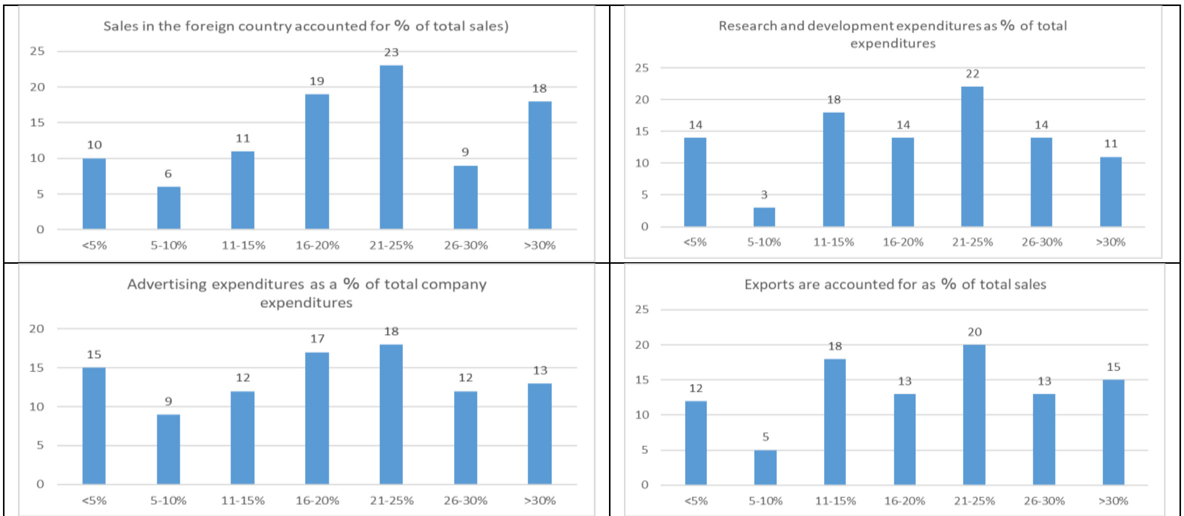

Figure 5: performance measurement management of respondents

Structural features of Thai business units that are managed overseas are found that most of them have foreign assets reaching 30 percent of total assets, foreign profits between 16-20 percent, several branches in International are between 16-20%, and most companies have more than 30 years of experience. (Figure 6)

Figure 6 the overseas management structure features of respondents

When considering an investment in various forms with the internalization feature mentioned above, it was found that with JV investment, Thai companies gave priority to all attributes at the 11-20% level. The WOS investment gave importance to all components at the 21-30% level, except for the top Exports characteristics which accounted for a percentage of total sales in the range of 11-20%. As for the Thai investment license, all attributes were prioritized in the 11-20% level, except exports as a percentage of sales total and foreign assets at the level of 21-30%, see Table 2.

Table 2 shows the characteristics of the internationalization of the organization and the foreign investment model.

		Investment Style					
Factors	Level	Exp (n=40)	LS (n=92)	JV (n=83)	WOS (n=82)	No-inv (n=3)	**Chi-Square** (sig)
Features of International Management Performance							
Sales in the foreign country accounted for % of total sales	<20 %	24	61	29	28	0	88.018
	21-30 %	6	24	35	33	3	(.000)
	> 30 %	10	7	19	21	0	
R and D expenditures as % of total expenditures	< 20 %	25	58	32	36	0	150.131
	21-30 %	12	34	31	34	3	(.000)
	> 30 %	3	0	20	12	0	
Advertising expenditures as a % of total expenditures	< 20 %	31	67	32	35	0	88.801
	21-30 %	9	16	28	37	0	(.000)
	> 30 %	0	9	23	10	3	
Exports are accounted for as % of total sales	< 20%	21	52	35	42	0	90.725
	21-30 %	12	31	30	28	3	(.000)
	> 30 %	7	9	18	12	0	

Foreign profit as a % of the total profit of the company	< 20 % 21-30 % > 30 %	21 6 13	64 25 3	41 26 16	38 35 9	0 3 0	97.148 (.000)
Features of the Internationalization Management Structure							
Foreign assets accounted for as % of total assets	< 20 % 21-30 % > 30 %	25 6 9	45 28 9	41 28 14	32 31 19	0 3 0	77.046 (.000)
Branch in overseas a % of the total of all branch companies	< 20% 21-30 % > 30 %	28 9 3	56 31 3	41 23 19	26 41 15	0 3 0	112.015 (.000)
The period of operation in foreign countries is several years	< 20 % 21-30 % > 30 %	27 6 7	55 25 12	24 29 30	23 46 13	3 0 0	108.981 (.000)

Source: authors

In Table 2, variables describing the performance characteristics of international management of Thai overseas investment business units are presented. It is the company's sales, the value of research and development expenses, marketing expenses, export value, and overseas profits. Structural features are the number of assets, the number of overseas branches, and the operating hours in these foreign countries, which will be further considered. These are important factors in Thai investment in CLMV, considering the relationship between foreign investment styles, and the nature of business units that invest in foreign countries. It was found that there was a significant correlation, at 95% confidence, consider Table 3.

Table 3 shows a correlation between the pattern of investing abroad and the internal characteristics of business units investing abroad

Correlations				
			Investment Style	**International Characteristics**
Spearman's Rho	Investment Style	Correlation Coefficient	1.000	.338 **
		Sig. (2-tailed)	.	.001
		N	96	96
	International Characteristics	Correlation Coefficient	.338 **	1.000
		Sig. (2-tailed)	.001	.
		N	96	96

**Correlation is Significant at 0.01 Level (2-tailed)

Testing the internationalization characteristics of Thai companies investing in CLMV with their investment style. Three models were tested: Model 1 considered only variables, structural features of business units. Model 2 considers only variables, performance characteristics of operations. Model 3 takes into account all variables of internalization using the normal regression technique with the least square technique that the selection of independent variables into the model is reliable and showing the factors that determine the form of investment Test independent variable hypothesis with a t statistic.

The results of the analysis are shown in Table 4. In Model 1, the structural internalization characteristics of Thai business units were considered, ie, foreign assets variables. The number of branches opened in foreign countries and the duration of operations abroad affect the business model will depend on various factors. Several branches opened in foreign countries and period of operation abroad significant that can be described The variation of the dependent variable was 36.5%.

Model 2 considers the variables that are the performance characteristics of Thai businesses such as sales of foreign companies, the value of research and development expenses, value of marketing expenses, export sales, foreign profits. country, but there are variables such as overseas company sales, the value of marketing expenditures, export sales, which could account for the significant variation of dependent variables. It was increased from Model 1 to 40.2%.

Model 3, adding variables related to the internationalization characteristics of Thai business units to be foreign assets, several branches opened in foreign companies, and duration of operations abroad. Performance characteristics of Thai businesses are variables of overseas company sales, the value of R&D expenditure, the value of marketing expenditure, export volume, overseas profits affecting investment style, and variable value of investment expenditure, advertising, export sales, number of branches opened overseas, period of operation abroad. These variables can explain various forms of Thai investment significantly, up to 49.8%, significantly at the 0.05 level, see Table 4.

Table 4 Multiple regression analysis of internalization and investment style

	Investment Characteristics		
Variable	Model 1	Model 2	Model 3
Constant*	10.846*	12.227*	9.191*
Sales in the foreign country accounted for % of total sales.		1.973*	.560
Research and development expenditures as % of total expenditures		.472	1.217
Advertising expenditures as a % of total company expenditures		3.616*	3.237*
Exports are accounted for as % of total sales		-2.594*	-3.870*
Foreign profit as a % of the total profit of the company		-.212	-.750
Foreign assets accounted for as % of total assets	-1.259		-1.326
Branch in overseas a % of the total of all branch companies	3.128*		2.281*
The period of operation in foreign countries is several years	2.889*		3.823*
R RSq SEE F Sig.	.365 .133 .97173 15.171 .000[b]	.402 .162 .95880 11.359 .000	.498 .248 .91295 11.989 .000

Note: *= p<.05
Investment style = Export, Licensing, joint ventures, WOS, no inv

The results obtained from the internalization characteristic estimation factor on the investment style. It may be presented in the form of an equation as follows:

FORMINV2 = constant + 0.044 FSALETL3 + 0.129 RDEVEXP3 + 0.326 ADTEXPS3* - 0.316 EXPSALE3*
(9.191) (.560) (1.217) (3.237*) (-3.870*)
-0.076 PRFTPRF3 –0.138 FASTAS3 + 0.215 FBRHTBR3* + 0.281 FOPRTN3 *
(-.750) (-1.326) (2.281*) (3.823*)

Assign variable FORMINV = form of foreign investment, FSALETL3 = overseas sales as a % of total sales, RDEVEXP3 = R&D expenditure as % of total expenditure, EXPSALE3 = exports. % of total sales PRFTPRF3,= foreign profit % of total profit of the company FASTAS3= foreign assets % of total assets FBRHTBR3= foreign branch % of total subsidiary FOPRTN3 = period Overseas operations ADTEXPS3= Advertising expenditure as % of total company expenditure.

foreign investment = +0.044 subsidiary sales + 0.129 R&D expenditure + 0.32 advertising expenditures + 0.316 exports
(.560) (1.217) (3.237*) (-3.870*)
- 0.076 overseas profit -0.138 offshore assets+ 0.215 foreign branch + 0.281 period Overseas operations
(-.750) (-1.326) (2.281*) (3.823*)
(R =.498 R Sq = .248 SEE = .91295 F=11.989 Sig.= .000)

Regarding problems and obstacles of Thai companies investing in CLMV, political uncertainty is the most important factor. This is followed by the constraints of the country's rules/regulations such as land ownership laws, cultural differences in language, currency fluctuations, and competitive understanding in the host country. After that, Economic uncertainty such as capital constraints, lack of financial support, low- interest capital, tax incentives to encourage entrepreneurs to expand overseas, etc.

Table 5 Levels of Thai investors' opinions on investment determinants and problems that Thailand invests in CLMV countries

Variable	Level	Investment Style					Pearson
		Exp (N=40)	LS (n=92)	JV (n=83)	WOS (n=82)	No-Inv (n=3)	Chi-square (sig)
Rule/ restrictions Regulation of the country	Low moderate high highest	3 9 15 13	0 33 29 30	0 19 26 38	0 13 35 34	0 0 3 0	36.860 (.000)
High cultural differences	Low moderate high highest	3 15 22 0	6 27 28 31	4 22 34 23	7 6 39 30	0 3 0 0	43.652 (.000)
Political/Institutional Instability	Lowest Low moderate high highest	0 0 6 21 13	0 12 19 22 39	4 0 18 27 34	0 3 4 33 42	0 0 0 3 0	53.650 (.000)
Economic instability	Lowest Low moderate high highest	0 3 15 12 10	0 6 27 12 47	0 3 26 30 24	3 4 3 33 39	0 0 3 0 0	59.772 (.000)
Company operating costs	Lowest Low moderate	0 3 12 15	0 9 27 25	4 0 9 45	3 4 7 38	0 0 3 0	51.645 (.000)

	high highest	10	31	25	30	0	

Model testing of investment attraction factors of Thai companies investing in CLMV and problems encountered in CLMV investments and investment patterns are divided into 6 models. As shown in the table, it was found that Foreign investment pays significant attention to these variables: The proportion of investments abroad, Right to take profits/ profits back to the country, Property ownership, Government investment promotion policy, and Competitive environment. Such variables can describe the volatility of a foreign investment in Thailand by 38.9%. The problem with Thailand's investment in the CLMV focuses on the factors Regulatory restrictions / national regulations that can explain the significant increase in investment volatility: Significantly 38.9% at the 0.05 level, see Table 6.

Table 6. Layered regression analysis Investment Determinants Problems and obstacles in investment

	Investment Style					
Factors that attract foreign investment	Model 1	Model 2	Model 3	Model 4	Model 5	Model 6
(Constant)	3.634*	3.634*	3.686*	3.822*	3.744*	3.825*
The proportion of investments abroad	2.051*	2.055*	2.235*	2.137*	2.180*	2.418*
Right to take profits/ profits back to the country	-3.297*	-3.375*	-3.483*	-3.394*	3.914*	-4.264*
Property ownership	3.466	3.481*	3.493*	3.422*	3.333*	3.348*
Tax rights	-.904	-.905	-.887	-.823		
State policy on product prices/production	.194	.192				
Government investment promotion policy	1.546	1.723	1.849	1.921	1.762	2.637*
Absorption of increased talent/knowledge	-.030					
Local resources / organizational capacity	.657	.688	.793			
Competitive environment	-2.680*	-2.762	-2.770	-2.668*	2.812*	-2.442*
Overseas institutional environment	1.291	1.303	1.301	1.386	1.500	
Problems in investing abroad						
Regulatory restrictions / national regulations	2.257*	2.302*	2.309*	2.429*	2.376*	2.261*
High cultural differences	1.214	1.217	1.203	1.234	1.368	1.357
Political / institutional instability	.494	.495	.494	.381	.372	.424
Economic instability	.047	.048	.090	.152	.149	.181
Company operating costs	-1.809	-1.813	-1.827	-1.786	1.759	-1.424
R	.402	.402	.402	.400	.397	.389
R Square	.162	.162	.162	.160	.158	.151
Std. Error of the Estimate	.97551	.97380	.97216	.97153	.97098	.97308
F	3.658	3.933	4.247	4.555	4.913	5.157
sig	.000	.000	.000	.000	.000	.000

Conclusion and Suggestions

1. The internal adaptation of Thai companies investing in CLMV to internationalization will reduce technology risks, service quality, and operating costs. This adjustment will influence investment patterns (Hill; Hwang; and Kim, 1990). This is consistent with research by (Williamson, 1985; Anderson; and Weitz, 1986) that low-regulated investments have higher operating costs. Ownership investment in a business unit asset merger model reduces the risk of foreign uncertainty. Investing in joint ventures reduces the risk of moving around businesses that require unique knowledge sharing and creates more management profit opportunities.

2. Thai investments in CLMV countries focus on internal adaptation to internationalization. Features of International Management Performance are the value of advertising expenditure and the total output. Features of the Internationalization Management Structure are the length of operations abroad, and the number of branches that the company has opened abroad. The indicators listed above can describe Thai investment in various forms significantly more than others, namely overseas company sales, value of R&D expenditures, overseas profits, and the number of foreign assets of the company.

3. Competitive environment, government Investment Promotion Policy, and the environment of institutions abroad are important for Thai overseas investment companies in the CLMV countries. If the company chooses a highly regulated model, it will make it more efficient. This is consistent with the research (Anderson; and Coughlan, 1987; Coughlan, 1985). When a business unit has a skill ownership advantage, it chooses a more directed or regulated model to be more efficient. Entering the overseas market, CLMV attaches great importance to Industry-specific factors, organizational or institutional management factors, and country-specific factors, consistent with the research of (Hood; and Young, 1979). Controlling or supervising the assets of business units involved in overseas expansion affects the absorption of resources causing high marketing costs by enforcing patents and enforcing contracts to achieve economies of scale (Leontiades, 1985). Ownership and environmental advantages with high investment risk will affect the business unit, especially the one that has significant assets, and the skills they need in the market can negotiate with their country's governments for ownership that reduces investment risks (Lecraw, 1984; Vernon, 1983).

4. Problems of Thai companies investing in CLMV are political instability, institutional problems, national regulatory constraints, economic instability, and high cultural differences, respectively.

Recommendations of this research

1. Pay attention to the company's overseas sales factor as a percentage of total sales, and the duration of operations abroad, ie.the company's overseas experience. This requires sufficient knowledge, competence, funding, and experience in management.

2. The organization can be highly competitive by exploring the competitive advantages that Thailand can gain from CLMV countries

3. The organization should develop information about the country of investment, such as regulations, economic conditions, political trade agreements, investment promotion policies of the country, and the proportion of the country's social population.

4. The Thai government should reduce challenges and obstacles for companies investing abroad by supporting higher investments and opportunities abroad. The Thai government should negotiate with foreign countries about reducing international legal and regulatory restrictions such as transfers of profits, finances, and trade negotiations with foreign countries for mutual economic benefits.

5. The contribution of this research: The discovery of a measure of internalization that determines the internal adaptation of Thai organizations investing in CLMV to the determination of Thai foreign investment. This can be used to define the target audience and foreign investment strategy to expand to other markets such as China, Singapore, and Japan.

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