A Paradigmatic Reassessment of Transaction Cost Economics in Multinational Enterprise Strategy

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Abstract. This study delves into the intricate dynamics of transaction cost economics within the realm of multinational enterprise (MNE) strategy. Using a robust analytical framework, we explore the underpinnings of decision-making processes influenced by cost management. By investigating longitudinal case studies, we identify significant shifts in strategic paradigms. The findings suggest a profound re-evaluation of classical assumptions, proposing novel approaches to cost-driven strategy formulation. Our conclusions illuminate potential pathways for enhancing competitive advantage in global contexts.

Keywords: Transaction Cost Economics, Multinational Enterprise Strategy, Strategic Management, Global Markets, Operational Efficiency, Cost Management, Competitive Advantage, Regulatory Landscapes

Introduction

In the evolving landscape of international business, the strategic management of transaction costs in multinational enterprises (MNEs) has garnered significant attention. Transaction cost economics (TCE), a theory initially proposed to explain firm boundaries and inter-firm contracts, serves as a crucial lens through which MNEs can adapt to complex global markets. The relevance of TCE today is underscored by the pervasive need for MNEs to optimize operational efficiencies and sustain competitive advantage amid fluctuating economic conditions and regulatory landscapes projected for 2024-2026. Despite its foundational role, traditional applications of TCE often overlook the dynamic and multi-faceted elements of MNE strategies. This investigation seeks to fill this gap by offering a new paradigmatic framework that re-evaluates the strategic implications of transaction costs. Through comprehensive longitudinal case studies, this paper aims to showcase how evolving cost structures and regulatory environments necessitate a strategic realignment within MNEs. The structure of this paper is as follows: Section 2 provides a detailed literature review on transaction cost economics and its historical application in MNE strategy. Section 3 outlines the methodology and case study approach employed. Section 4 discusses the findings, highlighting key shifts in strategy formulation. Finally, Section 5 draws conclusions and suggests implications for future research.

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