

Original Article

# Factors Driving Enterprises’ Internationalization in Asean-5

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**Abstract** - This study aims to determine the main factors that drive the internationalization of companies in Indonesia, Malaysia, the Philippines, Thailand, and Singapore. This study uses the balanced panel data random effect method with annual data for 2012-2019. The results of this study prove that the company's internal and external factors are important determinants of the company's internationalization performance. First, it was found that the company's performance, size, and growth of its intangible assets are the internal factors that most encourage the company's internationalization performance. Second, it is found that industry characteristics are the company's external factors that most drive the company's internationalization performance. Third, when viewed from both internal and external factors, the factors that most encourage the level of internationalization are the characteristics of the industry, especially the manufacturing industry. Thus, foreign sales of goods and services from ASEAN-5 are still dominated by manufacturing companies.

**Keywords** - Internationalization, ASEAN-5, Internal factors, External factors.

## 1. Introduction

Globalization happening worldwide has spread very fast and has provided opportunities for people worldwide to compete directly in the global economy. This phenomenon is not only a movement of goods and international investment flows but also a phenomenon that provides broad benefits to each country's economy through increased production capacity and new opportunities open to everyone. (Erixon, 2018). This phenomenon also gives every company in this

century the option to internationalize by focusing on international market penetration. One of the activities that support the internationalization process is export. The export strategy is also often a catalyst that has a positive impact on the company's performance so that it can contribute to improving the economic performance of an economy. (Kilavuz & Altay Topcu, 2012)

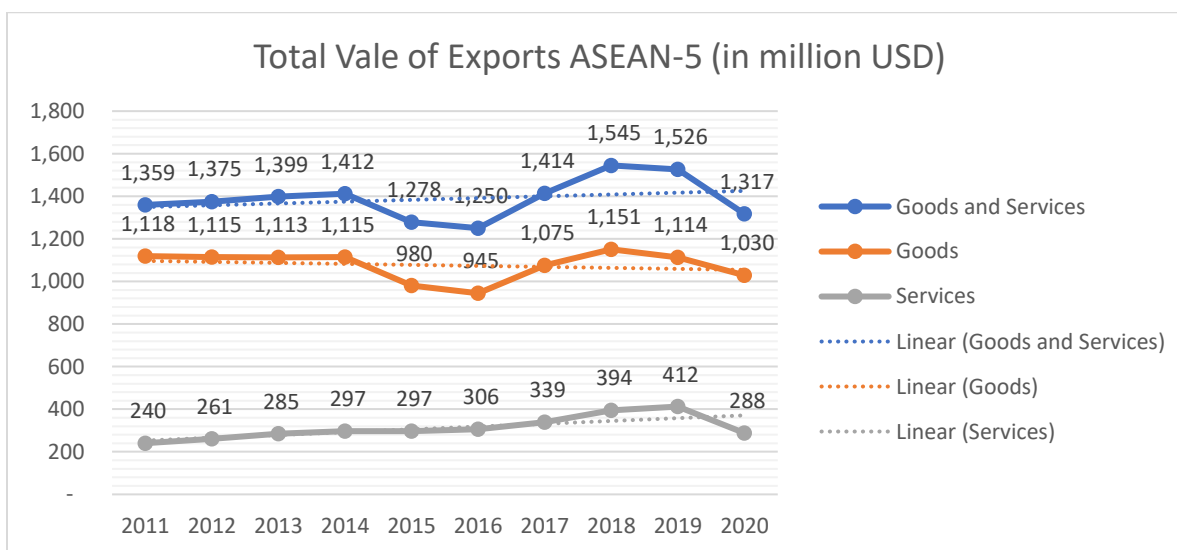


Fig. 1 Total Value of Exports of Goods and Services ASEAN-5 2011-2020

Source: The ASEAN Secretariat, 2021 (Author's processed results)



The number of companies that use exports to expand their business abroad is reflected in data on the total exports of goods and services of an economy, especially the ASEAN economy. As depicted in Figure 1, the total number of goods and services exported by companies in ASEAN, especially in ASEAN-5 countries (namely Indonesia, Thailand, Singapore, Malaysia, and the Philippines), tends to fluctuate but has an increasing trend from year to year.

The trend of increasing internationalization activities through exports cannot be separated from the influence of several factors, both company internal and external factors. Five internal factors have proven influential in encouraging the company's internationalization. The first factor is the company's performance. A study that analyzes the impact of company performance on company internationalization proves that company performance positively affects company internationalization. (Grant, 1987; Jung & Bansal, 2009; Tallman & Li, 1996). The other internal company factor is foreign ownership of domestic companies. Foreign ownership is proven to increase the internationalization of companies, while domestic or state ownership shows the opposite result. (Hobdari et al., 2011; Singla et al., 2017). The third internal factor that affects the internationalization of the company is the age and size of the company. Successful internationalization is influenced by the capabilities and resources of the company itself. (Cui & Xu, 2019). Capabilities and resources are elements that are closely related to age. At the same time, young firms have limited access to fewer resources and capabilities than older firms. (Carr et al., 2010). The next factor is the growth of intangible assets. Intangible assets facilitate companies' internationalization because they help them deal with foreign debt. (Mohr & Batsakis, 2014). The last factor that influences is the company's capital investment level. Firms with significant capital investments have high fixed costs and are more likely to expand into foreign markets. (Vithessonthi, 2016). On the other hand, the company's internationalization level is influenced by several external factors. The first factor is the level of leverage of the company. The study's results found that corporate leverage can negatively impact the company's level of internationalization. (Bernini et al., 2015; Kim (KILF), 2016). The second factor is the characteristics of the industry. The characteristics of different industries were found to have different influences on the pattern of companies within them when internationalizing. (Andersson, 2004). Another factor is the growth of the domestic market. The domestic market also influences the internationalization of the company. Firms located in emerging markets tend to behave differently than firms operating in large, mature markets. (Elango, 1998).

These internal and external factors are common factors that drive the internationalization of companies. Even though internationalization occurs worldwide, companies from developing countries' motivations for internationalizing are entirely different compared to companies in developed countries. (Gaur & Kumar, 2010). Studies on the factors driving internationalization are generally conducted on companies in developed countries. This makes the need for further research in developing countries because research on the factors driving internationalization has not been studied, considering that many developing countries have increased internationalization through exports, especially in Southeast Asia. To cover the gap that occurs on the topic of internationalization which has previously been widely studied in developed countries, this study tries to enrich the literature by filling the research gap. In addition, this study tries to focus on the activities of state companies that are members of ASEAN in the product export process to develop more evidence regarding the internationalization process in companies in countries that are members of ASEAN, especially countries that are members of ASEAN-5 (Indonesia, Thailand, Malaysia, Singapore, Philippines) by IMF (2021) classification which is the five countries with the largest economic size in ASEAN based on the value of Gross Domestic Product (GDP) (IMF, 2022; Times, 2020). This is done to see the main determinants driving companies' internationalization in ASEAN-5 countries. Thus, the author wants to write a thesis titled *Main Factors Driving Internationalization in Companies in ASEAN-5 Countries for the 2012-2019 Period*.

## **2. Theoretical Review**

### **2.1. Internationalization Performance**

Internationalization is the stage of increasing the company's activities in international operations (Welch & Luostarinen, 1988). This stage also includes the creation of trade relations that transcend national and regional borders.

### **2.2. Company performance**

Company performance is defined as the results achieved through the organization's effectiveness, including operational and financial results (Santos & Brito, 2012).

### **2.3. Foreign Ownership**

Phung & Mishra (2016) defines foreign ownership or foreign investors as the number of shares owned by foreigners, individuals, and institutions.

### **2.4. Company Age**

The company's age is one measure commonly used in observing the extent to which the company under study can survive.

### 2.5. Company Size

Company size is a measure that indicates the amount of experience the company has gained from year to year since the company was founded to date and showed the ability and level of risk in managing investments provided by stockholders to increase the value of these investments. (Marberya & Suaryana, 2009).

### 2.6. Intangible Assets

Intangible assets are defined as rights or competitive advantages that a company obtains as a result of long-term ownership of assets that do not have a physical form (Weygandt et al., 2012)

### 2.7. Capital Investment

Capital investment is defined by Sadono (2005) as capital goods and tools used for the production process that had previously been budgeted for the production of goods and services.

### 2.8. Industry Characteristics

Industry characteristics are defined as a system that categorizes companies by looking at the similarities between companies within each industry (Ambarwati, 2016).

### 2.9. Leverage

Leverage is defined as the use of assets and resources by companies that have fixed expenses to increase the company's profit potential (Sartono, 2008)

### 2.10. Domestic GDP Growth

GDP growth is defined as an increase in an economy's capacity to provide for the needs of the community, such as the need for economic goods in the long term (Kuznets, 1973).

## 3. Research Hypothesis Development

In forming the research hypothesis, this study refers to the research model conducted by Arjona et al., Eglantina Hysa, Marian Catalin Voica, Mirela Panait, and Otilia Manta entitled "Internationalization of Large Companies from Central and Eastern Europe or the Birth of New Stars." The hypothesis formed and proposed by the researcher is intended to see what are the main determinants that drive the internationalization of companies in ASEAN-5 countries.

H1: Company performance has a positive and statistically significant effect on the internationalization performance of large companies in ASEAN-5 countries.

H2: Foreign ownership has a positive and statistically significant effect on the internationalization performance of large companies in ASEAN-5 countries.

H3: Company age has a positive and statistically significant effect on the internationalization performance of large companies in ASEAN-5 countries.

H4: Firm size has a positive and statistically significant effect on the internationalization performance of large companies in ASEAN-5 countries.

H5: Growth of the company's intangible assets has a positive and statistically significant effect on the internationalization performance of companies in ASEAN-5 countries.

H6: Capital investment has a positive and statistically significant effect on the internationalization performance of large companies in ASEAN-5 countries.

H7: Leverage has a negative and statistically significant effect on the internationalization performance of large companies in ASEAN-5 countries.

H8: Domestic market growth has a negative and statistically significant effect on the internationalization performance of large companies in ASEAN-5 countries.

H9: Industry characteristics have a positive and statistically significant effect on the internationalization performance of large companies in ASEAN-5 countries.

## 4. Research Methods

This study was designed as a descriptive study that aims to explain the primary factors driving the internationalization of companies conducting their business activities in the ASEAN-5 countries: Indonesia, Thailand, the Philippines, Singapore, and Malaysia (IMF, 2021), which are the five countries with the largest economic size in ASEAN based on the value of Gross Domestic Product (GDP) (IMF, 2022; Times, 2020). The data used is secondary data (Çela et al., 2021). Referring to previous research, data are sourced from Thomson Reuters Datastream and the World Bank. The researcher uses two research models to see the influence of internal factors on the company's internationalization level. In the first model, the researcher focuses on the effect of the company's internal independent variables (size, age, performance, foreign ownership of the company, capital investment, growth of intangible assets), which is tested on the dependent variable of the degree of internationalization (DOI). The second model includes the influence of the company's external independent variables (leverage, domestic GDP growth, type of industry) in the dependent variable degree of internationalization (DOI) test. Here are the models:

**Model 1** (3.1)  
 $DOI_{i,t} = \beta_0 + \beta_1 SIZE_{i,t} + \beta_2 AGE_{i,t} + \beta_3 LROA_{i,t} + \beta_4 FO_{i,t} + \beta_5 CI_{i,t} + \beta_6 GIA_{i,t}$

**Model 2** (3.2)  
 $DOI_{i,t} = \beta_0 + \beta_1 SIZE_{i,t} + \beta_2 AGE_{i,t} + \beta_3 LROA_{i,t} + \beta_4 FO_{i,t} + \beta_5 CI_{i,t} + \beta_6 GIA_{i,t} + \beta_7 LEV_{i,t} + \beta_8 GDPID_t + \beta_9 GDPHT_t + \beta_{10} GDPMY_t + \beta_{11} GDPST_t + \beta_{12} GDPFH_t + \beta_{13} DMANUFACTURE_i + \beta_{14} DUTILITIES_i + \beta_{15} DFINANCE_i$

With:

$DOI_{i,t}$  = degree of internationalization of company *i* in the year of *t*  
 $\beta_0$  = intercept  
 $\beta_{1,2,\dots,15}$  = coefficient of each independent variable  
 $SIZE_{i,t}$  = company size *i* in the year of *t*  
 $AGE_{i,t}$  = company age *i* in the year of *t*

$LROA_{i,t}$  = company performance *i* in the year of *t*  
 $FO_{i,t}$  = company's foreign ownership *i* in the year of *t*  
 $CI_{i,t}$  = company's capital investment *i* in the year of *t*  
 $GIA_{i,t}$  = company's growth of intangible assets *i* in the year of *t*  
 $LEV_{i,t}$  = company's leverage *i* in the year of *t*  
 $GDPID_t$  = Growth of GDP Indonesia in the year of *t*  
 $GDPHT_t$  = Growth of GDP Thailand in the year of *t*  
 $GDPMY_t$  = Growth of GDP Malaysia in the year of *t*  
 $GDPST_t$  = Growth of GDP Singapura in the year of *t*  
 $GDPFH_t$  = Growth of GDP Filipina in the year of *t*  
 $DMANUF_t$  = dummy variable of the company *i* with manufacturing industry characteristics  
 $DUTIL_t$  = dummy variable of the company *i* with utility industry characteristics  
 $DFIN_t$  = dummy variable of the company *i* with financial industry characteristics

### 5. Research Result

Table 1. Average of Each Variable in Each ASEAN-5 Negara

Variable	Indonesia	Thailand	Malaysia	Singapura	Filipina
DOI	.086	.176	.269	.423	.121
LROA	.092	.081	.043	.049	.078
FO	.247	.087	.062	.11	.03
AGE	3.57	3.586	3.65	3.396	3.879
SIZE	8.395	7.51	9.196	9.72	8.082
GIA	.297	.457	.21	.147	.657
CI	.052	.054	.029	.048	.062
LEV	.254	.274	.214	.265	.298

Source: Processed by researchers (2022)

When viewed from the internationalization performance variable (DOI), Singapore has the highest average company internationalization performance among ASEAN-5 countries, followed sequentially by Malaysia, Thailand, the Philippines, and Indonesia. So it can be concluded that Singapore has the most companies selling their products abroad compared to other ASEAN-5 countries. Second, judging from the company performance variable (LROA), Indonesia has the highest average company performance among ASEAN-5 countries, followed sequentially by Thailand, the Philippines, Singapore, and Malaysia. Third, when viewed from the foreign ownership (FO) variable, Indonesia has the highest average foreign ownership among ASEAN-5 countries, followed sequentially by Singapore, Thailand, Malaysia, and the Philippines. Fourth, when viewed from the company age variable (AGE), the Philippines is the country with the oldest average company age among ASEAN-5 countries, followed sequentially by Malaysia, Thailand, Indonesia, and Singapore. Fifth, when viewed from the company size variable (SIZE), Singapore has the largest average company

size among ASEAN-5 countries, followed sequentially by Malaysia, Indonesia, the Philippines, and Thailand. Sixth, when viewed from the intangible asset growth variable (GIA), the Philippines has the highest average intangible asset growth among ASEAN-5 countries, followed sequentially by Thailand, Indonesia, Malaysia, and Singapore. Seventh, when viewed from the capital investment (CI) variable, the Philippines has the highest average capital investment among ASEAN-5 countries, followed sequentially by Thailand, Indonesia, Singapore, and Malaysia. Finally, when viewed from the leverage variable (LEV), the Philippines has the highest average leverage among ASEAN-5 countries, followed sequentially by Singapore, Thailand, Indonesia, and Malaysia.

From the regression analysis results using the GLS method, it was found that all hypothesized internal and external factors proved significant in influencing the company's internationalization level. However, not all these factors support this.

**Table 2. Regression Test Results Model 1 Using the Random Effect Method**

<b>Dependent Variable</b>	<b>Degree of Internationalization (DOI)</b>	
<b>Independent Variable</b>	<b>Coef.</b>	<b>Prob.</b>
<b>LROA</b>	0,0820917	0,062*
<b>FO</b>	-0,1044717	0,009***
<b>AGE</b>	-0,1253435	0,003***
<b>SIZE</b>	0,0239131	0,002***
<b>GIA</b>	0,0035187	0,006***
<b>CI</b>	-0,202678	0,004***
<b>Observation</b>	1,320	
<b>R-Square</b>	0,0922	
<b>Prob &gt; F</b>	0,0000	
*Significant on the 10% level		
**Significant on the 5% level		
***Significant on the 1% level		

Source: Processed by researchers (2022)

**Table 3. Results of Model 2 Regression Test Using Random Effect Method**

<b>Dependent Variable</b>	<b>Degree of Internationalization (DOI)</b>	
<b>Independent Variable</b>	<b>Coef.</b>	<b>Prob.</b>
<b>LROA</b>	0,0716604	0,109
<b>FO</b>	-0,0922311	0,019**
<b>AGE</b>	-0,1349894	0,001***
<b>SIZE</b>	0,0201171	0,006***
<b>GIA</b>	0,0030595	0,016**
<b>CI</b>	-0,1718478	0,014**
<b>LEV</b>	-0,0882832	0,013**
<b>GDPID</b>	-2,580323	0,000***
<b>GDPH</b>	-1,226116	0,000***
<b>GDPMY</b>	-0,0163375	0,988
<b>GDPSG</b>	-1,158414	0,050**
<b>GDPPH</b>	-1,265429	0,096*
<b>DMANUFACTURE</b>	0,1551891	0,000***
<b>DUTILITIES</b>	-0,030912	0,548
<b>DFINANCE</b>	-0,0697259	0,233
<b>Observation</b>	1,320	
<b>R-Square</b>	0,2482	
<b>Prob &gt; F</b>	0,0000	
*Significant on the 10% level		
**Significant on the 5% level		
***Significant on the 1% level		

Source: Processed by researchers (2022)

Based on the results of research on two models, it shows that the variables associated with the company's internal characteristics such as company performance, foreign ownership, age, size, intangible asset growth, and company capital investment together have a significant effect on the level of internationalization of companies in ASEAN- 5. The results of the regression test show that three of the six variables positively affect the company's internationalization level, such as the company's performance, size, and growth

of the company's intangible assets. Other variables negatively affect the company's internationalization level, such as foreign ownership, age, and capital investment variables. This indicates that the factors that can encourage internationalization in ASEAN-5 countries when viewed from the company's internal factors alone are company performance, size, and growth of the company's intangible assets.

While the variables that become internal and external factors of the company, such as company performance, foreign ownership, age, size, growth of intangible assets, company capital investment, leverage, domestic market growth, and industry characteristics together have a significant effect on the level of internationalization of companies in the country, ASEAN-5, except for the company's performance factor, has no significant effect when considering the company's external factors. The testing results for internal factors and external factors that affect the level of internationalization show the exact influence of internal factors when the test includes only internal factors. On the other hand, external factors that positively affect the level of internationalization of companies are only industry characteristics.

## 6. Discussion

The aspect of company performance that affects the company's internationalization performance, based on the results of the study, shows that the findings in model 1 are in line with the reference journal (Çela et al., 2021), whose research proves that the company's performance has a significant positive effect on the level of internationalization of the company. These results are also supported by the resource-based view theory, which argues that the company's performance has a positive influence on the internationalization of the company because the company's internal resources create a competitive advantage for the company. (Hitt et al., 1997) and later motivate companies to expand in international markets (Barney, 2015). However, the results in model 2 do not match the reference journal (Çela et al., 2021), whose research proves that the company's performance has a significant positive effect on the company's internationalization level. However, the results of this test follow the findings by Cieslik et al. (2014). They found a positive relationship between the company's performance and the level of internationalization, which was not significant.

The aspect of foreign ownership of the company that affects the internationalization performance of the company, based on the results of the study, shows that the results of this test are not in line with the reference journal (Çela et al., 2021), whose research proves that the company's performance has a significant positive effect on the level of internationalization of the company. However, the result can be explained by the finding from Dixon (2006), who found that ASEAN-5 countries tend to inhibit foreign-owned companies through regulations that limit the growth of foreign-owned companies and affect the overall business environment, so in this case, companies with domestic ownership benefit more than companies with foreign ownership. On the other hand, the results of this test are in line with the findings by Sousa et al. (2021), which state that foreign ownership has a negative effect on the level of internationalization of companies if the company operates in

an economy controlled by the state so that it can limit the operations of foreign-owned companies to expand.

The aspect the age of the company affects the internationalization performance of the company based on the results of the study shows that the results of this test are not in line with the reference journal (Çela et al., 2021), whose research proves that the age of the company has a significant positive effect on the level of internationalization of the company. However, the results of these tests can be explained by research conducted by Behmiri et al. (2019), who finds evidence that among firms in ASEAN-5, if the observed firms are exporters, higher age improves their export performance; however, if not an exporter, then increasing age will reduce the possibility of becoming an exporter. This can be due to the reason that the age of the company can be associated with rigid thinking, inflexibility, and the failure of the company to change strategy or behavior (Love et al., 2016).

The aspect of company size that affects the company's internationalization performance, based on the results of the study, shows that the results of this test are in line with the reference journal (Çela et al., 2021), whose research proves that the size of the company has a significant positive effect on the level of internationalization of the company. These findings are also proven by previous studies (Javalgi et al., 1998; Thrassou et al., 2020), which prove that the greater the company's physical size measured in terms of the number of employees, the greater the company's sales in foreign markets.

From the aspect of the growth of the company's intangible assets that affect the company's internationalization performance, based on the research results show that the results of this test are in line with the reference journal (Çela et al., 2021) (However, the reference journal found insignificant test results) that the growth of the company's intangible assets has a positive effect on the level of internationalization of the company. The test results are also in line with research by Autio et al. (2000), which highlights the importance of the growth of intangible assets to increase the speed of internationalization of most young companies, especially companies that use high technology in their business processes.

The aspect of the company's capital investment that affects the internationalization performance of the company, based on the results of the study, shows that the results of this test are in line with the reference journal (Çela et al., 2021), whose research proves that the company's capital investment has a significant negative effect on the level of internationalization of the company. The test results are also in line with research by Vithessonthi (2017), which explains that the negative effect of capital investment on the level of internationalization is mostly driven by (1) large companies, (2) companies with large fixed assets, and (3) companies with negative sales growth rates.

The aspect of company leverage that affects the company's internationalization performance, based on the results of the study, shows that the results of this test are in line with the reference journal (Çela et al., 2021) (However, the reference journal found that the test results were not significant) that leverage harmed the level of internationalization of the company. The results of this test are also in line with the findings of Kim (2016), who found that companies with limited financial performance did not necessarily add external financing to expand. This is because the international market has differences in preferences, product standards, and regulations, so it becomes a major obstacle for companies trying to enter the international market. As international markets are full of uncertainty and difficult for lenders to monitor, the cost of debt may be higher in terms of financing an internationalizing company (Feenstra et al., 2014)

The aspect of domestic market growth that affects the company's internationalization performance, based on the results of the study, shows that the results of this test are in line with the reference journal (Çela et al., 2021), whose research proves that the growth of the domestic market has a significant negative effect on the level of internationalization of the company. The results of this test are also in line with research conducted by Elango (1998), who found evidence that companies operating in the domestic market of developing countries have different behavior from companies

operating in the domestic market of developed countries with the argument that companies in developing countries have less incentive to expand abroad when domestic demand increases. As a result, the greater domestic market growth is predicted to hinder the company's internationalization.

Finally, from the aspect of the company's industry characteristics that affect the company's internationalization performance, based on the results of the study, it shows that the results of this test following the reference journal (Çela et al., 2021) found evidence that companies engaged in the manufacturing industry had a significant positive effect on the internationalization performance of the company. However, other industry characteristics, such as utilities and finance, negatively affect the company's internationalization performance. The invention can explain by Javalgi et al. (2000), who argue that the effect and relevance of the characteristics of firms on export trends differ by industry.

### 7. Summary of Hypothesis Testing Results

From the results of regression testing models 1 and 2, which tested the independent variables of the company's internal and external factors on the dependent variable of the degree of internationalization, conclusions can be drawn regarding the proposed hypothesis. The following is a summary of the results of hypothesis testing in Table 4.

Table 4. Summary of Hypothesis Testing Results

No	Hypothesis	Result	Significance
H1	Company performance has a positive and statistically significant effect on the internationalization performance of large companies in ASEAN-5 countries	H0 is rejected in model 1, and H0 is not rejected in model 2	Significant at 10% (Model 1) and not significant (Model 2)
H2	Foreign ownership has a positive and statistically significant effect on the internationalization performance of large companies in ASEAN-5 countries	H0 is not rejected	Significant at 1% (Model 1) and 5% (Model 2)
H3	Company age has a positive and statistically significant effect on the internationalization performance of large companies in ASEAN-5 countries	H0 is not rejected	Significant at 1% (Models 1 and 2)
H4	Firm size has a positive and statistically significant effect on the internationalization performance of large companies in ASEAN-5 countries	H0 is rejected	Significant at 1% (Models 1 and 2)
H5	Growth of the company's intangible assets has a positive and statistically significant effect on the internationalization performance of large companies in ASEAN-5 countries	H0 is rejected	Significant at 1% (Model 1) and 5% (Model 2)
H6	Capital investment has a positive and statistically significant effect on the internationalization performance of large companies in ASEAN-5 countries	H0 is not rejected	Significant at 1% (Model 1) and 5% (Model 2)
H7	Leverage has a negative and statistically significant effect on the internationalization performance of large companies in ASEAN-5 countries	H0 is rejected	Significant at 5% (Model 1)

H8	Domestic market growth has a negative and statistically significant effect on the internationalization performance of large companies in ASEAN-5 countries	H0 is rejected	Significant at 1%
H9	Industry characteristics have a positive and statistically significant effect on the internationalization performance of large companies in ASEAN-5 countries	H0 is rejected	Significant at 1%

Source: Processed by researchers (2022)

## 8. Conclusion

The results of statistical tests and GLS regression analysis of the study resulted in the following conclusions:

1. Companies in ASEAN-5 countries tend to be encouraged to internationalize if their internal aspects, such as high company performance, large company size, or high growth of intangible assets, but on the contrary, if the company has a high portion of foreign ownership, old age, or a high amount of capital investment, the company tends not to want to expand its business activities abroad.
2. On the other hand, if companies in ASEAN-5 countries are engaged in the manufacturing industry sector, then these companies tend to be encouraged to internationalize. Conversely, if the company has a high level of leverage and is in a fast-growing economy. The company is more likely not to expand overseas and expand its business activities by focusing on the home market.
3. From the coefficient value on the company's internal factor testing, the factor that most drives the company's level of internationalization quantitatively is its performance because it has the highest positive coefficient value. Meanwhile, in testing internal and external factors together, the factors that most encourage the level of internationalization are the characteristics of the industry, especially the manufacturing industry. This indicates that manufacturing companies still dominate foreign sales of goods and services from ASEAN-5. This finding confirms the results from the reference journal (Çela et al., 2021), which found that firms from the manufacturing industry were the main drivers of the internationalization of transitional economies.

## 9. Recommendation

### 9.1. For Government

This research is expected to encourage regulators in ASEAN-5 countries to start improving regulations, incentives for companies that export, and project plans to improve the country's economic performance, mainly through exports. In addition, the government can promote other industrial sectors besides manufacturing so that non-

manufacturing companies can compete with products from abroad and become other export drivers besides the manufacturing industry sector.

### 9.2. For Academics

In addition, the results of this study are expected to add insight to knowledge and provide benefits for further research in the future that discusses the factors driving the internationalization of companies through exports in ASEAN-5 countries. By considering the limitations in this study, further researchers can use a narrower area (niche) to see consistency between countries or expand the scope of research to broadly describe the factors driving companies' internationalization. On the other hand, further research is expected to include capital control factors in export trade in ASEAN-5 so that it can describe the actual economic conditions. Another factor, namely the implementation of international cooperation such as the General Agreement of Trade in Services by the WTO, was not included in this study, so further research is hoped to include these factors. Further research is also expected to determine the differences between the driving factors of internationalization before and after the implementation of the ASEAN Economic Community program more clearly by adding a dummy variable. Further research can also use other internationalization measures that better describe the company's internationalization process to obtain more comprehensive research results.

### 9.3. For Companies

The results of this study are expected to provide an overview and be a guide for companies in ASEAN-5 countries in trying to expand their business activities abroad through exports by considering factors that can encourage internationalization performance, such as trying to increase company performance, increasing company size through adding company employees and trying to increase the number of intangible assets to provide a competitive advantage in exporting. Moreover, companies can reduce factors that hinder internationalization performance, such as foreign ownership, capital investment, and leverage.



#### 9.4. For Investors

Finally, the results of this study are expected to be a guide for investors who want to invest in export-oriented companies to choose companies with high performance, size,

and growth in intangible assets and avoid companies with foreign ownership, capital investment, and high leverage. To get investment returns following the investment target.

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