

**MOTIVES OF FOREIGN MULTINATIONAL FIRMS INVESTING IN  
INDIA : A COMPARISON BETWEEN MANUFACTURING AND  
SERVICES SECTOR**

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**Abstract**

*The study aims to determine the principal motives of inward foreign direct investment, by foreign multinational companies, in India. The study also seeks to ascertain if the motives of inward foreign investment of multinational firms differed between the manufacturing sector and the services sector. The paper employed a survey approach, to collect data about the motives and benefits of inward foreign direct investment, in India. Statistical tools, like confirmatory factor analysis, independent sample t-test, were used. The study identified that the market-seeking, resource-seeking, and efficiency-seeking motives differed significantly between the manufacturing sector and service sector firms. However, the study concluded that the strategic asset-seeking motive of foreign direct investment, in India, was not significant.*

**Keywords:** *Foreign Direct Investment, Multinational Corporations, Motives of investment, internationalization, manufacturing, and services sector*

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## 1. Introduction

One of the key questions of international business is, why do firms engage in foreign direct investment? (Hereinafter FDI). What drives foreign multinational firms to invest in a particular location? And whether investment motives differed between manufacturing and services sector? Economic theory posits that the multinational corporations (hereinafter MNC's) are influenced by a number of closely connected factors while investing abroad. The analytical framework presented by John H. Dunning, the eclectic paradigm, has been most helpful in accommodating economic theories, explaining FDI under one umbrella. **Dunning (1998)** suggested four motives for a firm to engage in FDI viz., resource seeking, market seeking, efficiency-seeking, and strategic-asset seeking. **Dunning (2008)** further postulates that the locational preference of foreign investors depends on the motives of investment and whether it is a new or sequential one. **Gabriel R.G. Benito (2015)** demonstrated that motives continue to remain relevant while analyzing various aspects of the internalization of the firm. Generally, host countries, that provide what MNCs are seeking, and whose policies are most beneficial to MNC activities, have greater probability of attracting FDI. The study aims to conduct a firm-specific study, on managerial perceptions affecting the motives of inward FDI in India, based on Dunning's eclectic paradigm. **Fallon and Cook (2013)** suggested that statistically significant differences exist between the strategic determinants and specific motives, that attract the manufacturing and non-manufacturing FDI inflows, into UK. This paper also aims to identify differences between the strategic motives in manufacturing and services FDI in India.

## 2. Review of Literature

The process of internationalization and its motives have been researched extensively. **Hymer (1976)** proposed the industrial organization theory of FDI/MNEs, according to which the firms undertake FDI to overcome competition and the monopolistic advantages of a firm encourage it to overcome the additional costs of doing business abroad. **Rugman (1980)** propounded that if transaction prices are high due to market imperfections like those created by government restrictions or owing to firm specific advantages, firms find it beneficial to engage in FDI. **Dunning (1980)** combined the insights of these theories and proposed an eclectic theory of FDI. Dunning argued that the FDI, by MNEs, depends on ownership-specific advantages in a transnational corporation, the presence of location-specific advantages in a host country and the presence of internalization advantages. Further, these location determinants have been grouped into four principal motivations viz., market-seeking, resource-seeking, efficiency-seeking, and strategic-asset seeking. **Dunning and Rojec (1993)** contend that the former two motives characterize the initial investment while the latter two motives denote sequential FDI. The first three motives are asset-exploiting, and the last motive is asset-augmenting, i.e., it seeks to protect or enhance the existing asset by acquiring a new asset. In general, developing countries tend to attract asset-exploiting motives and they rarely attract asset-augmenting FDI (**Narula and Dunning, 2000**). Several scholars have analyzed the motives of FDI worldwide, which varied over the different regions of the world. **Kudina and Alina (1999)** surveyed significant foreign investors in Ukraine and established that the dominant motive for investment is market-seeking, with the other motives being insignificant. **Sethi et al. (2003)** have postulated

that the liberalization of Western European and Asian regions and improvements in infrastructure have led to a shift in efficiency-seeking US FDI in the area. **Moran (2006)** contended that the developing countries would benefit more if they attract efficiency-seeking FDI. **Majeed and Ahmad (2008)** mentioned that the development of human capital can be instrumental in attracting efficiency-seeking FDI in developing countries. Strategic asset-seeking has become an important strategic intent, motivating FDI (**Dunning and Lundan (2008)**). **Cui et al. (2014)** investigated the level of strategic-asset seeking purpose in internationalizing emerging economies firms. Further, the literature reviewed underlying major motives of investment in India. **AT Kearney Report (2004)** suggests that in the services sector, FDI inflows are attracted by India's endowments of skilled labour and presence of financial and legal institutions fashioned after those in developed countries. **Balasubramanyam and Sapsford (2007)** stated that the attraction of India's capital intensive manufacturing sector to FDI is its endowment of scientific and technical expertise, which enables it to assimilate imported know-how. **Zheng (2013)** suggested that based on India's resource endowment pattern and the level of economic development, it should attract more efficiency-seeking FDI. **Chopra and Sachdeva (2014)** suggested that India has emerged as an attractive destination to FDI in services but has failed to evolve a manufacturing hub that has a greater economic benefit. This fact was further validated by **AT Kearney Survey (2017)**, who found India's emerging international competitive advantage and the corresponding opportunities for MNCs, lies not in natural resource industries or low-skill labour-intensive manufacturing (as in much Asia), but in skill-intensive tradable services, as exemplified by software.

### 3. Statement of the Problem

The world economy has undergone a gradual change, marked by the predominance of intellectual capital, as the principal wealth creating asset in industrial economies. The emergence of knowledge intensive sectors has impacted the geographical distribution of FDI. Liberalization of developing economies and globalization too has influenced MNC activity. In the light of these developments, we need to revisit the key question of international business viz., why do firms engage in FDI? This study attempts to identify the motives of inward FDI in India. The paper aims to conduct firm-specific study, on managerial perception, affecting the motives of inward FDI in India. The academic framework is explained by classic taxonomy advanced by Dunning, which presents a four-way classification of FDI motives viz., market-seeking, resource-seeking, efficiency-seeking and strategic-asset seeking. The study also seeks to identify differences between the strategic motives that attract manufacturing and services FDI inflows into India.

### 4. Need of the Study

To explain the differences in FDI inflows among countries and to determine why firms invest where they do, it is necessary to understand how MNCs choose investment locations. Three broad factors affect MNCs investment decision: policies of the host country, incentives to promote investment and the characteristics of the economies. Once the enabling FDI policy framework is established, economic factors assert themselves as locational determinants. The gradual change in the global business environment has led to a change in the relative importance of different economic determinants of FDI location. The study seeks to ascertain the current investment motives of MNCs, which are increasingly undertaking

competitiveness enhancing FDI. Subsequently, the host country can develop the created assets, to further boost the investment flows, especially in the knowledge intensive sectors.

## 5. Objectives of the Study

- a) To identify and examine the factors responsible for market-seeking, resource-seeking, efficiency-seeking, and strategic-asset seeking motives of inward FDI in India.
- b) To make a comparison between the manufacturing and services sectors with respect to the investment motives of inward FDI.

## 6. Hypotheses of the Study

**NH-1:** There exists no significant difference between the market-seeking motives of FDI between the services sector and the manufacturing sector in India.

**NH-2:** There exists no significant difference between the resource-seeking motives of FDI between the services sector and the manufacturing sector in India.

**NH-3:** There exists no significant difference between the efficiency-seeking motives of FDI between the services sector and manufacturing companies in India.

**NH-4:** There exists no significance difference between the strategic asset-seeking motive of FDI between the service sector and the manufacturing companies in India.

## 7. Research Methodology

### 7.1 Sample Selection

The respondents constituted people from the top management, working in the area of corporate finance and strategy. We focused on wholly-owned subsidiaries of foreign companies in New Delhi region, which attracted 20% of the total foreign equity inflows into India, from

April 2000 to March 2019. The study also included the companies from the States of Punjab, Haryana, Himachal Pradesh, J&K, Bihar, Uttar Pradesh, Madhya Pradesh, Uttarakhand and Rajasthan.

### 7.2 Sources of Data

The research paper was based on primary data, derived from on-line questionnaires. The list of 2720 subsidiaries of foreign companies was derived from Open Government Database Platform's Company Master Data, for the above-mentioned States, up to 21<sup>st</sup> April 2018. After one reminder and subsequent follow-up phone calls and faxes, 271 usable questionnaires were returned, at a response rate of 9.9 percent.

### 7.3 Period of the Study

The data collection was undertaken from April 2018 - April 2019.

### 7.4 Tools used in the Study

The paper employed survey approach to collect responses. Factor analysis was applied to thirty-four statements of motives and six statements, stating the benefits sought after by the investor companies. Statistical tools like Likert scale, CFA, independent-sample t-test were applied

## 8. Data Analysis

### 8.1 Validity Analysis Using CFA

The measurement model (CFA) was developed, to examine the construct validity of the scale. The different motives of FDI, in the case of foreign multinationals, were assumed to be reflective in nature and they were of the first order in nature. The CFA diagram, shown in **Figure-1**, indicates the four motives of the FDI along with the perceived benefits of the FDI by foreign multinational firms in India. The construct loadings, along with the correlation coefficients between the different pairs of

factors, are also shown in **Figure-1**. Results of CFA analysis of measurement model, developed in the study, is shown in the **Table-1**. The results indicated that the construct loadings (standardized beta) of all the statements were greater than 0.5. The critical ratios for all the statements were greater than 1.96, indicating the significance. Hence it can be concluded that each statement, representing different motives of the FDI investments in India, recorded significant correlation with the respective motive of FDI. Therefore, the convergent validity of the scale, representing the investment motives and perceived benefits was ensured. The estimated correlation values, between the different pairs of constructs, are shown in **Table-2**. The results in the Table indicated that the Pearson correlation statistic, between the extracted factors was found to be positive but not very high. All the correlation estimates between the factors, were found to be less than 0.5, showing moderate level of correlations between the factors. The presence of a moderate correlation between the extracted factors, represented the presence of discriminant validity among the extracted factors. In the study, the CR statistic, AVE, MSV were also estimated for all the different constructs. These estimated indicators of the validity measures are displayed in **Table-3**. The result indicated that the estimated CR value of each construct was found to be greater than 0.7, and AVE estimated value of each construct was found to be greater than 0.5. Hence the study concluded that the convergent validity of the factors was ensured. The result indicated that AVE was found to be greater than MSV, which ensured the presence of discriminant validity among the constructs.

## 8.2 Independent Sample t-test

This study tried to understand whether the motives of FDI were the same for service-oriented sectors and manufacturing sectors.

Independent sample t-test was applied in order to test the hypotheses. The result of the independent sample t-test, for market-seeking motive, is shown in the **Table- 5**. The results indicated that the probability value of the t-statistic was found to be less than five percent level of significance. Hence with a ninety-five percent confidence level, the **NH-1**: There exists no significant difference between the market-seeking motives of FDI between the services sector and the manufacturing sector in India, was rejected. (**Chaudhuri et al., 2013; IMF Country Report No. 18/255, 2018**) supported the findings that manufacturing companies invested in emerging markets, to meet the domestic demand than to reduce the global manufacturing cost. The results of independent sample t-test, shown in **Table-6**, indicated that the probability value of t-statistics was found to be less than five percent level of significance. Hence the **NH-2**: There exists no significant difference between the resource-seeking motives of FDI between the services sector and the manufacturing sector in India, was rejected, with ninety five percent confidence levels. This was corroborated by **AT Kearney Survey, 2004**, who suggested that resource-seeking investment in India was often undertaken, by manufacturing companies with high real labour cost. **Balasubramanyam and Sapsford (2007)** postulated that India's resource endowments of skilled labour and the presence of financial and legal institutions, fashioned after those in developed countries, had facilitated FDI inflows into India. The results of independent-sample t-test, shown in **Table-7**, indicated that the probability value of t-statistics was found to be less than five percent level of significance. Hence with ninety five percent confidence level, the **NH-3**: There exists no significant difference between the efficiency-seeking motives of FDI between the services

sector and manufacturing companies in India, it was rejected. It also confirmed that IT/BPO sectors in India attracted MNCs, looking for more efficient production locations for products and services, sold mostly outside the host country. The results of the independent sample t-test, shown in the **Table-8**, indicated that the probability value of t-statistics was found to be more than five percent level of significance. Hence with a ninety-five percent confidence level, the **NH-4**: There exists no significance difference between the strategic asset-seeking motive of FDI between the service sector and the manufacturing companies in India, was accepted.

### **9. Findings of the Study**

The market-seeking motive, resource-seeking and efficiency-seeking motives of FDI in Indian manufacturing and services sector companies were significantly different. The strategic asset-seeking motive of FDI in Indian manufacturing and services companies was not significantly different.

### **10. Suggestions**

The inward FDI in India was mainly attracted by the market-seeking and resource-seeking factors. However, firms were not only attracted by cost reduction and bigger market share but also by the access to technology and innovative capacity. Such created assets are crucial for firms' competitiveness. Countries, which develop such assets, become more attractive to MNCs. Thus to attract strategic and efficiency-seeking FDI, which would boost our economy, we need to develop policies aimed at strengthening innovative systems and encourage diffusion of technology.

### **11. Conclusions**

The study on foreign MNC's investing in India, attempted to identify the principal motives,

influencing FDI in India and to establish if the motives of investment differed between the manufacturing sector and service sector firms. From the results of the study, it can be concluded that the market-seeking motives did have a significantly higher influence, on attracting FDI in India, in the case of manufacturing sector firms compared to services sector firms. Further, it was found that the influence of resource-seeking motives in attracting inward FDI in India was greater in the case of service sector firms and less for manufacturing sector firms. Also the influence of efficiency-seeking motive was higher in the case of manufacturing firms and less for service sector firms, in attracting inward FDI into India. However, the strategic asset-seeking motive of FDI in India was not significant, for either manufacturing or service sector firms.

### **12. Limitations of the Study**

As with any empirical research, there were certain limitations to this study also. Although the sample size was adequate, the result would have been more precise if the sample size had been larger. The sample collection covered only the northern states of India and the inclusion of MNCs from other regions of India, would have provided more valuable insights.

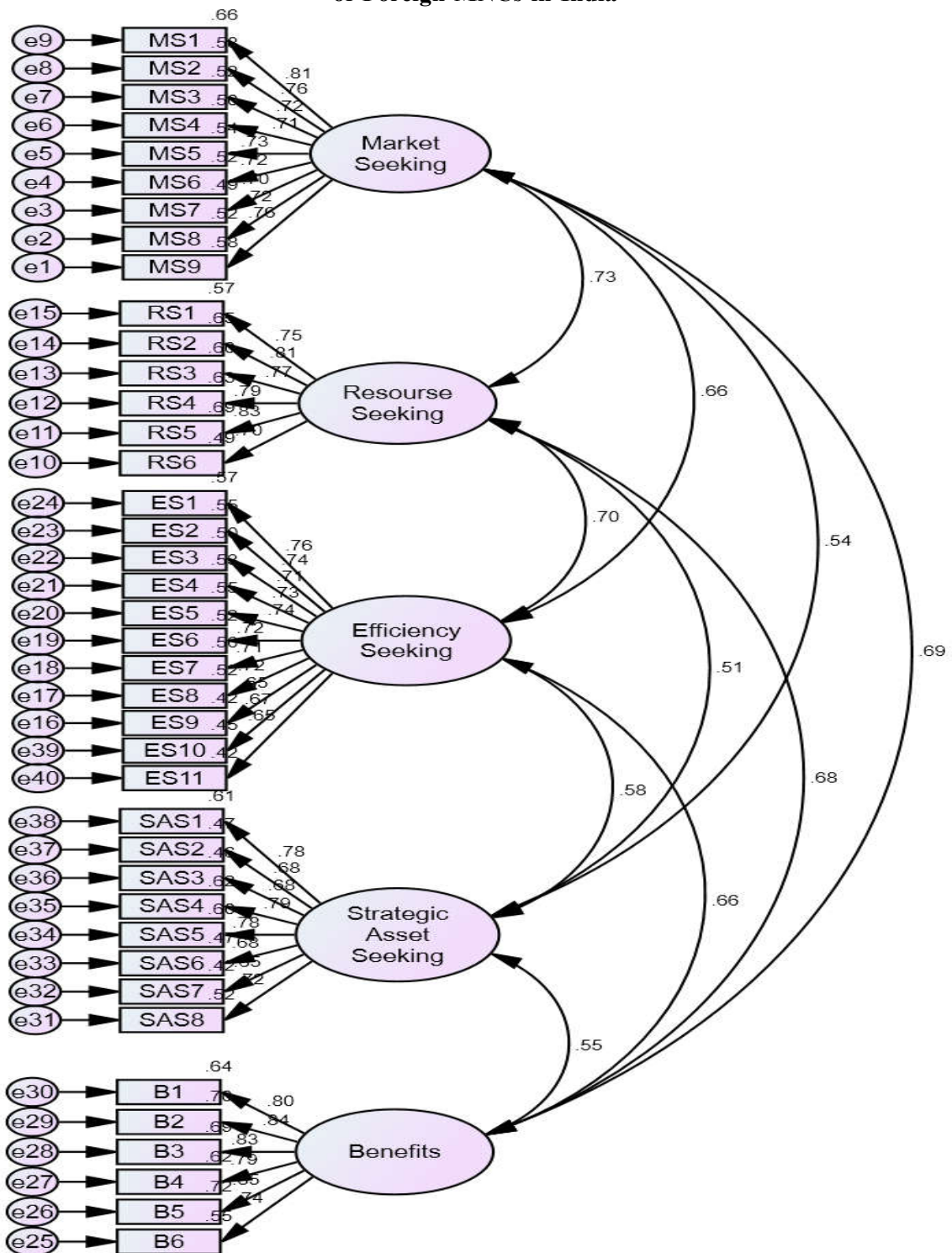
### **13. Scope for Further Research:**

A meso-economic study of FDI inflows and MNCs, classified by industries, to explore the specific host-country determinants and related MNCs motives, to invest in primary-input related activities, operational-input related activities, output (market) related activities, and intangible-assets- building related activities, would give greater insights into MNCs activities in India.

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Figure No. 1: CFA Model Indicating FDI Motives and Perceived Benefits of Foreign MNCs in India



Source: Primary Data (2018-19) using SPSS Amos (version 21.0)



**Table -1: Regression Weights of Motives of FDI and Perceived Benefits**

			Construct Loadings	Estimate	Standard Error	Critical Ratio	P Value
MS9	<---	Market Seeking	0.760	1.000			
MS8	<---		0.722	1.038	0.085	12.204	***
MS7	<---		0.701	0.936	0.079	11.813	***
MS6	<---		0.723	0.954	0.078	12.225	***
MS5	<---		0.735	1.057	0.085	12.457	***
MS4	<---		0.707	1.043	0.088	11.916	***
MS3	<---		0.719	0.968	0.080	12.157	***
MS2	<---		0.763	1.117	0.086	13.010	***
MS1	<---		0.814	1.089	0.078	14.032	***
RS6	<---	Resource Seeking	0.697	1.000			
RS5	<---		0.831	1.262	0.100	12.651	***
RS4	<---		0.791	1.288	0.107	12.091	***
RS3	<---		0.774	1.124	0.095	11.853	***
RS2	<---		0.807	1.167	0.095	12.315	***
RS1	<---		0.754	1.084	0.094	11.563	***
ES9	<---	Efficiency Seeking	0.651	1.000			
ES8	<---		0.722	1.316	0.126	10.415	***
ES7	<---		0.706	1.249	0.122	10.232	***
ES6	<---		0.720	1.234	0.119	10.398	***
ES5	<---		0.740	1.170	0.110	10.638	***
ES4	<---		0.730	1.177	0.112	10.521	***
ES3	<---		0.707	1.211	0.118	10.241	***
ES2	<---		0.743	1.315	0.123	10.663	***
ES1	<---		0.757	1.281	0.118	10.836	***
B6	<---	Perceived Benefits of FDI	0.744	1.000			
B5	<---		0.850	1.107	0.077	14.340	***
B4	<---		0.788	1.063	0.081	13.188	***
B3	<---		0.833	1.063	0.076	14.023	***
B2	<---		0.835	1.128	0.080	14.061	***
B1	<---		0.800	1.063	0.079	13.411	***
SAS8	<---	Strategic Asset Seeking	0.721	1.000			
SAS7	<---		0.651	0.997	0.097	10.248	***
SAS6	<---		0.683	1.001	0.093	10.769	***
SAS5	<---		0.777	1.229	0.100	12.250	***
SAS4	<---		0.786	1.221	0.098	12.397	***
SAS3	<---		0.682	.879	0.082	10.739	***
SAS2	<---		0.683	1.039	0.097	10.770	***
SAS1	<---		0.779	1.164	0.095	12.290	***
ES10	<---	Efficiency Seeking	0.669	1.118	0.114	9.767	***
ES11	<---	Efficiency Seeking	0.649	1.016	0.107	9.528	***

Source: Primary Data (2018-19) using SPSS (version 21.0)

**Table -2: Correlations between Different Motives of FDI and Perceived Benefits**

			<b>Estimate</b>
Market Seeking	<-->	Resource Seeking	0.734
Market Seeking	<-->	Efficiency Seeking	0.663
Market Seeking	<-->	Benefits	0.693
Market Seeking	<-->	Strategic Asset Seeking	0.541
Resource Seeking	<-->	Efficiency Seeking	0.696
Resource Seeking	<-->	Benefits	0.683
Resource Seeking	<-->	Strategic Asset Seeking	0.513
Efficiency Seeking	<-->	Benefits	0.660
Efficiency Seeking	<-->	Strategic Asset Seeking	0.582
Benefits	<-->	Strategic Asset Seeking	0.552

**Table -3 Indicators of Validity Measures of Motives and Perceived Benefits of FDI**

<b>Motives of FDI investments</b>	<b>Composite Reliability</b>	<b>Average Variance Extracted</b>	<b>Maximum Shared Variance</b>
Benefits	0.919	0.655	0.480
Market Seeking	0.915	0.546	0.539
Resource Seeking	0.901	0.603	0.539
Efficiency Seeking	0.917	0.503	0.484
Strategic Asset Seeking	0.897	0.521	0.339

Source : Primary Data (2018-19) using SPSS (version 21.0)

**Table-4: Independent Sample t-test for Market-Seeking Motives**

<b>Statement of Market-seeking</b>	<b>Groups</b>		<b>t-statistic (p-value)</b>	<b>Remark</b>
	<b>Manufacturing Mean (Standard Deviation)</b>	<b>Services Mean (Standard Deviation)</b>		
To avail of an opportunity to export to other markets from India	4.695 (1.313)	4.209 (1.271)	3.033 (0.003)	Significant difference exists
To cater to the huge potential of the Indian market to grow	4.869 (1.504)	4.418 (1.301)	2.559 (0.011)	Significant difference exists

Table-4 contd.,

**Table-4: Independent Sample t-test for Market-Seeking Motives (contd.,)**

Statement of Market-seeking	Groups		t-statistic (p-value)	Remark
	Manufacturing Mean (Standard Deviation)	Services Mean (Standard Deviation)		
Desire to enter a new market	4.826 (1.416)	4.381 (1.471)	2.496 (0.013)	Significant difference exists
To increase market share in the global markets to facilitate international expansion	4.863 (1.411)	4.445 (1.391)	2.406 (0.017)	Significant difference exists
To avail benefits of RTA/ Bilateral trade agreements/ Preferential agreements	4.701 (1.359)	4.309 (1.171)	2.468 (0.014)	Significant difference exists
The rising per capita income and purchasing power of Indian consumers	4.689 (1.379)	4.418 (1.199)	1.675 (0.095)	Significant difference exists
To access different cultures, institutions and systems; different consumer demands/ preferences	4.751 (1.440)	4.354 (1.351)	2.284 (0.023)	Significant difference exists
To get access to extremely large Indian market	4.583 (1.316)	4.236 (1.240)	2.184 (0.030)	Significant difference exists
<b>Overall score of Market-seeking factor</b>	<b>4.739 (1.099)</b>	<b>4.361 (0.438)</b>	<b>2.943 (0.004)</b>	Significant difference exists

Source: Primary Data (2018-19) using SPSS (version 21.0)

**Table-5: Independent Sample t-test for Resource-Seeking Motives**

Statement of Resource-seeking	Groups		t-statistic (p-value)	Remark
	Manufacturing Mean (Standard Deviation)	Services Mean (Standard Deviation)		
Availability of natural resources (raw material/minerals/agricultural products)	4.484 (1.225)	4.981 (1.313)	-3.187 (0.002)	Significant difference exists
Easy availability of semi-skilled/ skilled labour	4.540 (1.249)	5.354 (1.200)	-5.350 (0.000)	Significant difference exists
To get access to managerial skills/ technical skills/marketing expertise/ organizational skills	4.372 (1.293)	5.172 (1.148)	-5.230 (0.000)	Significant difference exists
Availability of local partners to jointly promote knowledge and/or capital intensive resource exploitation	4.279 (1.441)	5.400 (1.197)	-6.719 (0.000)	Significant difference exists

Table-5 contd.,

**Table-5: Independent Sample t-test for Resource-Seeking Motives (contd..)**

Statement of Resource-seeking	Groups		t-statistic (p-value)	Remark
	Manufacturing Mean (Standard Deviation)	Services Mean (Standard Deviation)		
The level of physical infrastructure (reliable transportation viz., ports, roads, air, power, high quality telecommunication links/ICT/Logistics)	4.316 (1.384)	5.118 (1.163)	-4.985 (0.000)	Significant difference exists
To get access to good quality intermediate inputs	4.416 (1.262)	4.972 (1.237)	-3.592 (0.000)	Significant difference exists
<b>Overall score of Resource-seeking factor</b>	<b>4.401 (1.085)</b>	<b>5.166 (0.910)</b>	<b>-6.073 (0.000)</b>	Significant difference exists

Source: Primary Data (2018-19) using SPSS (version 21.0)

**Table-6: Independent Sample t-test for Efficiency-Seeking Motives**

Statement of Efficiency-seeking	Groups		t-statistic (p-value)	Remark
	Manufacturing Mean (Standard Deviation)	Services Mean (Standard Deviation)		
Low-cost of semi-skilled/skilled labour	4.720 (1.230)	4.390 (1.327)	2.096 (0.037)	Significant difference exists
Investment incentives e.g., tax breaks, accelerated depreciation, grants, subsidized land	4.788 (1.338)	4.272 (1.284)	3.168 (0.002)	Significant difference exists
Better educational level in the region in terms of local universities and research centres	4.782 (1.367)	4.363 (1.139)	2.646 (0.009)	Significant difference exists
Opportunity to reduce operating costs (manufacturing cost, administration cost, marketing, selling costs)	4.701 (1.218)	4.545 (1.216)	1.038 (0.300)	Significant difference does not exist
Advantage in logistics cost	4.596 (1.169)	4.463 (1.231)	0.897 (0.370)	Significant difference does not exist
Comparative raw material cost advantages	4.863 (1.315)	4.500 (1.239)	2.285 (0.023)	Significant difference exists
Avoidance of tariff and non-tariff barriers on imported components	4.882 (1.329)	4.490 (1.318)	2.386 (0.018)	Significant difference exists

Table-6 contd.,

**Table-6: Independent Sample t-test for Efficiency-Seeking Motives (contd..)**

Statement of Efficiency-seeking	Groups		t-statistic (p-value)	Remark
	Manufacturing Mean (Standard Deviation)	Services Mean (Standard Deviation)		
To obtain economies of scale in production	4.708 (1.451)	4.500 (1.261)	1.221 (0.223)	Significant difference does not exist
Low cost of energy, oil, and gas	4.776 (1.150)	4.600 (1.174)	1.229 (0.220)	Significant difference does not exist
Presence of agglomerative economies e.g. EPZs/ Availability of specialized spatial clusters e.g. science and industrial parks, service support systems etc.	4.813 (1.179)	4.409 (1.349)	2.614 (0.009)	Significant difference exists
Opportunities for new initiatives by investing firms/an entrepreneurial environment, which encourages competitiveness enhancing cooperation in & between firms	4.571 (1.171)	4.327 (1.189)	0.977 (0.095)	Significant difference does not exist
<b>Overall score of Efficiency-seeking factor</b>	<b>4.745 (0.936)</b>	<b>4.442 (0.916)</b>	<b>2.644 (0.009)</b>	Significant difference exists

Source: Primary Data (2018-19) using SPSS (version 21.0)

**Table -7: Independent Sample t-test for Strategic Asset-Seeking Motives**

Statement of Strategic asset-seeking	Groups		t-statistic (p-value)	Remark
	Manufacturing Mean (Standard Deviation)	Services Mean (Standard Deviation)		
To gain first-mover advantage	4.608 (1.255)	4.427 (1.397)	1.115 (0.266)	Significant difference does not exist
To pursue opportunities for acquisition of firms	4.670 (1.340)	4.690 (1.346)	-0.121 (0.904)	Significant difference does not exist
Need to integrate backwards towards raw material and/or forward towards final markets	4.652 (1.147)	4.409 (1.111)	1.735 (0.084)	Significant difference does not exist

Table-7 contd.,

**Table -7: Independent Sample t-test for Strategic Asset-Seeking Motives (contd.)**

Statement of Strategic asset-seeking	Groups		t-statistic (p-value)	Remark
	Manufacturing Mean (Standard Deviation)	Services Mean (Standard Deviation)		
To have a physical presence in the market in order to discourage potential competitors	4.602 (1.393)	4.390 (1.327)	1.251 (0.212)	Significant difference does not exist
Presence and competitiveness of related firms e.g., leading industrial suppliers	4.552 (1.395)	4.536 (1.399)	0.095 (0.924)	Significant difference does not exist
To reduce risk through geographical diversification	4.583 (1.277)	4.327 (1.300)	1.612 (0.108)	Significant difference does not exist
Technological, innovatory & other created assets (e.g. brand names/Use/protect of patents/licenses)	4.614 (1.332)	4.481 (1.379)	0.796 (0.427)	Significant difference does not exist
Opportunities offered for exchange of localized tacit knowledge, ideas and interactive learning	4.515 (1.225)	4.372 (1.218)	0.944 (0.346)	Significant difference does not exist
<b>Overall score of Strategic asset-seeking factor</b>	<b>4.600 (1.003)</b>	<b>4.454 (0.976)</b>	<b>1.186 (0.237)</b>	Significant difference does not exist

Source: Primary Data (2018-19) using SPSS (version 21.0)