

FDI Redevelopment Model in Developing Countries

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Abstract

FDI performance was more difficult to enact in a profession such as social work, which is centered on working with public. FDI performance was typically poorer when individual country used decisions and judgments regarding WTO rather than objectives. It is found that expectations of FDI performance differ among domains. This article presents a conceptual model of FDI flows, introducing the concept of redevelopment of FDI and the influence of territory on individuals as they move from a state of dependence to a transcendent state. By examining the major characteristics of existing research on FDI development it establishes the need for broad understanding of FDI development within the parameters of content, environment and constituency. It further argues that FDI is not a terminal level to be achieved, but instead FDI expands and contracts.

Key words: FDI flows, external environment, domain, Territory and restructured innovation

Background

Bhanu Murthy (2015) offered three characteristics of domain that are crucial to our understanding of flow of FDI and how domain explains differences in expert performance of FDI. First, he found essential differences in predictability of decision making based on subject matter. FDI performance was more difficult to enact in a profession such as social work, which is centred on working with public. FDI performance was typically poorer when individual country used decisions and judgments regarding WTO rather than objectives. It is found that expectations of FDI performance differ among domains. For example, meteorologists are afforded certain errors in performance, whereas accountants are not given the same leeway. We expect the weather person to get a forecast wrong on occasion, but we expect our accountant to get tax returns right every time. Changes in context within which FDI is enacted can shift expectations regarding performance level, shifting perceptions of ones or another's expertise in FDI. Finally, the opportunity to learn through repeated experience is a domain variable that may explain differences in FDI performance. Low incidence experience will not lead to the same level of development as high incidence experiences. In summary, it is found that the environment in which FDI was enacted had some over influence its identification and development. The Model of FDI flow and Redevelopment (MFDIR) proposed in this article builds on the significance of domain on flow of FDI performance and depicts ways in which alterations to familiar domains may result in shifts in individual country's economic development.

Cooke (1992) described such pattern based retrieval as pattern recognition process involving the identification of objects, scenes, words, sounds, and speech through the rapid encoding of external environmental input into an internal code that is associated with the stimulus. In other words, experts, because of experience in particular domains, are skilled at recognizing specific patterns related to their field. For example, expert chess players are able to break down complex configurations into familiar chunks because chess specific patterns are stored in their long term memory. This research provides another dimension to understating FDI flows, but the narrow

scope of such domains as chess playing has limited transfer to business and industry where employees are challenged to attend to situations that require the multi perceptual demands of socially embedded domains that cannot be mastered solely through superior patterns recognition. The proposed MFDIR acknowledges FDI derived from vast amounts of experience in a particular domain, but also addresses the multiplicity of a domain as well as how changes to the domain may result in shifts in FDI flows and necessitate redevelopment.

Although literature written within the field of FDI has acknowledged FDI's role as developer of the economy and the challenges of sharing FDI in the countries (Malhotra Jyoti, 2012), little literature has addressed the analytical and deliberative dimensions of FDI within globalization contexts (Basu, K, 2001). With a few exceptions, the exploration of FDI in relation to liberalisation and globalization is limited. Studies of FDI conducted outside of globalization has tended to be domain specific (Dua, P., 1998, Srivastava, 2003), has compared FDI experts to novices (Kumar Nagesh, 2002; UNCTAD, 2007) and study of chess players, has focused primarily on cognitive processes and decision making, largely to the exclusion of the experiential, contextual, and affective dimensions of practice in FDI. The authors referenced in this section supported the notion that FDI is associated with the valued within a specific domain, by the observer as well as the expert. But the question remains, in what specific ways does this bounded field of FDI influence the expert's work over the span of FDI flows and what is the result of international and incidental changes to a domain on developing and expanding FDI. (Ahluwalia, 2012; Vikas Batra, et al. 2009)

Emergent of Model

The model of FDI redevelopment (MFDIR) put forward in this article address the limitation of previous models by (1) expanding and redefining current notions of FDI domain by explicitly addressing the role and influence of contextual factors in the process of FDI development, (2) illustrating the dynamic nature of FDI and (3) exploring the notion of FDI redevelopment after changes to domain or what we term territory of FDI. The model furthers our understanding of FDI with the addition of FDI redevelopment. Through an investigation of the relationships between FDI and context, the model provides a theoretical foundation for examining approaches to cultivation, sustaining, and re-establishing FDI after changes to domain or territory.

The emergent model, MFDIR in Figure 1, depicts the nature of FDI and recognizes that FDI development is not a finite process with a single end point, but instead it is a fluid, cyclical process founded on continuous exploration, experimentation, and restructured innovation. The model reconceptualises the traditional, linear stage models to provide a more comprehensive look at the factors influencing FDI, both at the initial stages of development and when expertise FDI has diminished or must adjust to new conditions.

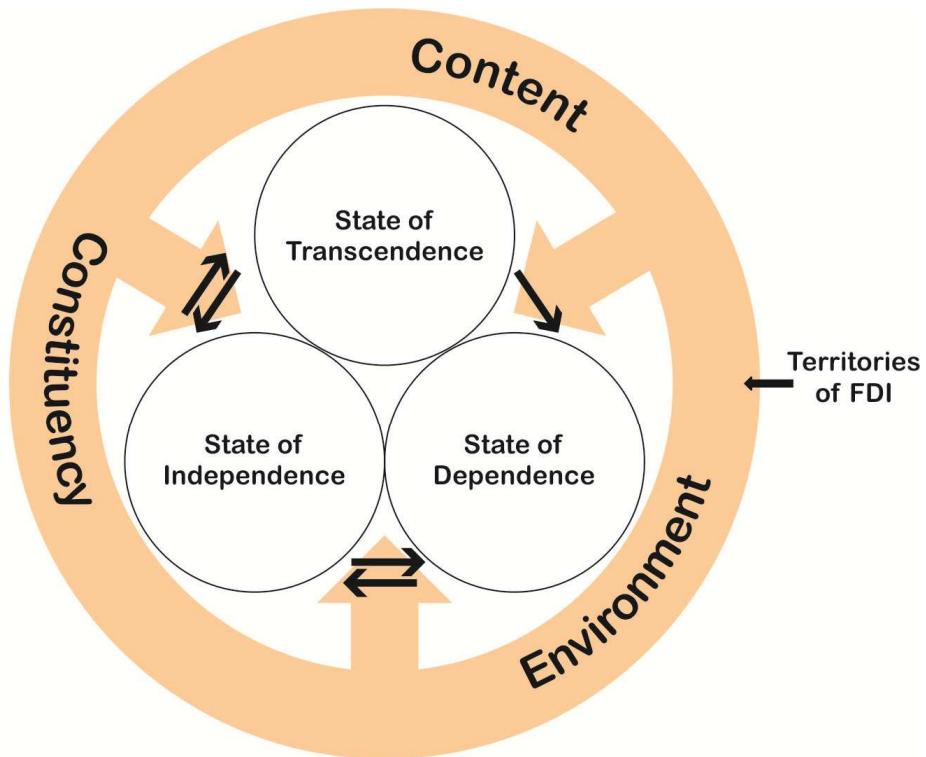


FIGURE 1 : The State of FDI Redevelopment flows and the Territories Working on the States

Territory of FDI Inflows

Using the term territory of FDI, represented by the dark outer circle, instead of domain provides an alternative paradigm as merely the field of FDI knowledge void of context and makes clear the complexity of influences and the overall context of one's FDI expertise that can challenge an individual's existing knowledge, skills and knowing. Within the territory of FDI are three overlapping contexts: constituency, content and environment. There is interconnectedness among the three. A territory of FDI, dependent on the consistency or deviation from the three factors, the intersections of content, constituency and environment that significant alterations in one context with the territory can influence the development of FDI, as well as have bearing on pre-existing FDI. These contexts continually impact the expansion of new FDI or the need for redevelopment relative to the degree of change in the territory of FDI and globalized experiences. We wish to emphasize that unlike linear models the MFDIR does not simply illustrate movement from novice to FDI. Instead, the MFDIR provides for situations where an FDI experiences dramatic shifts in territory requiring and FDI to operate in a new state of dependence, moving to independence, and back again to transcendence, as shown in the model. As a result, FDI in this model can be found in any of the states depending on how familiar a country is with his or her territory and how much movement is made into a new territory.

Redevelopment of FDI leads to movement, represented by arrows, between dependence and independence, and between independence and transcendence. A shift can also occur from a transcendent state to a dependent state given a significant enough change in one's territory. Studies confirm that such complex situational factors differentiate particular social practice in the globalization and result in diverse ways FDI is conceptualized in practice. Because each country is different in terms of development, the approach to redevelopment of FDI is unique, but will include some

combination of formal, informal and incidental FDI. Furthermore, the rate at which a country moves from state to state will vary, so the arrows are not indicative of time involved in the change of States. For this means, possibly being, able to quickly move from dependence, to independence and into transcendence, depending on the ability to take command of the new territory.

States of FDI

Dependence, the first state of FDI is characterized by countries reliance on other sources for information. The FDI in a dependent state does not yet have the full capacity to take on tasks or challenges without drawing from outside sources. Often, standard procedures, support and direction from others, or step-by-step routines are used to understand concepts and processes in this state. Linear models sees and FDI's actions as immediate and intuitive in situational responses, but MFDIR recognizes the dependent nature of FDI facing an expanding or changing territory. Although a country may have significant experience and previous FDI, existing knowledge and skill may be unusable after the influence of contextual forces within the territory. A country in a dependent state must learn or relearn to succeed and at least temporarily, to conform to the norms and processes of the globalization. There are significant gaps created by a change in territory that will need to be filled with new knowledge and skills that are not represented in previous models of FDI development. There is no set length of time for a country to be in a state of dependence; it is contingent on the extent of influence of new territory, the ability to draw on existing skills and knowledge and the ability to adapt current repertoire to the demands of the new territory.

From dependence, a country moves toward independence, moving beyond a reliance on others to a comfort with the new information, skills and roles and begins to supplement the existing knowledge base with new information (Grenier, 2005). Punctuated by experimentation and practices test new learning, independence calls for seeking out resources for improving existing knowledge and skills. Independence progresses into the third state, transcendence. Freedom defines this state and a country's tacit knowledge and use of heuristics is characteristic. At this point, countries are in command of their knowledge and practices and develop a sense of ownership. In the state of transcendence, FDIs are secure in the knowledge and abilities to such an extent that these are free to improvise and to feel confident in challenging and altering existing practices. When FDIs move into transcendence these will continue to add to an exiting repertoire and knowledge base through research and experimentation; often these are no longer conscious of what should be done, globalization state just do it with a sense of confidence.

Whereas there are three progressive states to FDI redevelopment in the MFDIR, it differs from traditional, linear stage from models of novices advancing toward FDI and reaching a pinnacle. The difference is a result of the territories of FDI and the influence of these contexts on existing FDI. The cyclical nature of FDI proposed in the MFDIR provides an explanation for what can happen once FDI is allowed to. FDI at transcendence can just as easily return to dependence, not as a novice, but as a country requiring time and resources to develop FDI for a number of reasons. The need for redevelopment may be the result of a long term hiatus, such as a mother who has left a profession to raise children. Changes in technology, products the marketplace and the organization itself require redevelopment of FDI. The introduction of new territories such as novel environments, content, or constituencies or significant additions or modifications to existing territories can leave existing FDI useless or limited, again requiring redevelopment. The need for such redevelopment is supported by Basu K. (2001) who described FDI as being an ongoing movement toward full

participation and the formation of identity within a particular community of FDI, which is constantly evolving.

Territory and States of FDI

Three areas of content, environment and constituency, make up the territory of FDI and influence all three of the development states; dependence, independence and transcendence. When one or more of these factors are significantly altered, the result is a need for redevelopment of FDI. The first of these, content describes the knowledge, a country has to demonstrate a skilled and the specific information needed to function in a role. This context most clearly identifies with the term domain, used in previous models and theories of FDI.

The second territorial context, environment, includes the local a country operates within, together with its culture, organizational structure, and geographical location or layout. Shifts within the environmental context may change perceptions regarding FDI as well as its enactment. Studies of FDI substantiate the significance of the environmental territory emphasizing the social context in which FDI is developed, including the country's discourse, activities and ways of behaving. If the tour guide is reassigned to the historic plantation house on the property and is asked to serve as a costumed interpreter, the change in environment is significant enough to result in the need for new FDI. Although much of the content and constituency are the same or similar, yet the new environment, with new procedures, culture and physical layout will necessitate FDI redevelopment.

Finally, constituency shapes FDI and encompasses those groups that influence or are influenced by the country. This particular aspect of FDI territory is under explored in the literature, but as U.S. International Trade Commission (2007) contend, expertise is ultimately and inextricably tied to its social utility; an expert is not only in a field but for an audience. Moreover, Turner (2001) pointed out in his exploration of legitimizing experts, that for people to be experts, they must be not only skilled, but also have an audience that socially recognized their skills as expertise. Such an audience may include one or more parties and factors including the characteristics of the constituency including size of the group, ages, gender, culture, ethnicity and physical and cognitive needs. For instance, a police officer assigned to a suburb of a large city may find a need for redevelopment of expertise after moving to an assignment within the same department and at the same rank, but in an urban business district. The citizens being served, the criminals arrested and the informants providing tips shape the officer's expertise. When constituencies change, expertise does not remain constant.

It is important to note that as heuristics, or the rules of thumb used by FDI, cannot be relied on for maintain FDI in dynamic and changing territories. Although FDI may retain some heuristics, such as the ability to communicate ideas effectively, FDI must adapt to the new demands of the territory. Changes in content, environment and constituency have the potential to influence FDI, as well as country's level of economic development.

Discussion

There are distinctions between the MFDIR and previous models of FDI that cast the MFDIR as an alterative perspective. First, and most important, the model expands our thinking of FDI development and encompasses the potential need for redevelopment. Existing models are characterized by stages or levels, with limited information on how FDI transitions from one stage to the next and more important, what occurs after initial FDI is allowed. Familiar models only serve to further our understanding of initial FDI development. The MFDIR picks up where those end, and as such, can help to demonstrate a more complete picture of FDI development.

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