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# **DOCTORAL THESIS**

# **SUMMARY**

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# **THE BUSINESS INTERNATIONALIZATION PROCESS IN CENTRAL AND EASTERN EUROPE – BUSINESS MODELS AND PROFILE ANALYSES**

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## INTRODUCTION

In current economic conditions, the fast-developing interdependence between countries, driven by technological advancements, is most often referred to as globalization, a relatively new term that has now gained popularity all across the world. Although it does not have a generally agreed definition, it can be described as the phenomenon of interconnecting social and economic networks beyond the national borders. International trade is the main factor that led to an on-going interdependence between countries, as it can be an important instrument for sustainable growth and prosperity among populations of the world.

The interdependencies created imply building relationships among countries, where flows of capital, goods, human resources, and materials take place, leading to the phenomenon of business internationalization. This process refers to the strategic operation of expanding a company's economic activity outside its own country for various reasons, such as increased market share, improved profitability or better access to human resources. Due to technological advancements in communication and transportation, companies identify opportunities to create a competitive advantage and expand internationally. The process of business internationalization is one of the most studied topics in the business literature, as it became an important tool for growth and progress. However, due to having different business environments all around the world, the process of firm internationalization cannot be standardized.

The hostile environment that companies in Central and Eastern Europe were part of soon after the fall of communism was characterized by rapid transformations and new institutional, economic, and political challenges. The process of privatization is one prime example of strategy implementation that evolved differently from country to country within the same region, depending on the approach that the government of each state considered it was beneficial at that time.

Countries in Central and Eastern Europe have adapted quite quickly to the new environments, however, there were still noticeable behavioral disparities between Western and Central-Eastern companies due to the significant impact that the communist system had on the societal, cultural, economic, and political characteristics. Although the process of firm internationalization has been intensively studied over time, the significant changes that took place in Central and Eastern Europe over the past few decades, challenge the existing knowledge and theories on international business expansion.

The **general objective** of this thesis is to analyze the business internationalization behavior of companies in Central and Eastern Europe and to identify certain characteristics of it in order to create a business model for companies within this region.

The **research objectives** of this thesis are:

1. summarizing the literature review regarding the dimensions that can be used to measure the business internationalization process;
2. developing a measuring tool to evaluate all the dimensions of the business internationalization process;
3. identifying the main patterns regarding the firm internationalization process in Central and Eastern Europe;
4. analyzing the process of internationalization of companies from Romania and Moldova;
5. identifying the behavioral differences between Romania and Moldova in terms of the business internationalization process.

The transition phase that Central and Eastern European countries have experienced after the fall of communism involved various changes that impacted the business environment. The privatization process is one of the main factors that contributed to the transformation from centrally planned economies to market economies, thus attracting foreign investors into a new liberalized system. Given the recent circumstances the region has gone through and based on a thorough literature review, there are certain characteristics of the firm that impact the business internationalization process, therefore, the following **research hypotheses** have been formulated:

- H1: For all dimensions, the firms' specificities in terms of business internationalization process contribute to creating homogeneous clusters.
- H2: There are differences between the behavioral profiles of the firms' clusters among dimensions of internationalization.
- H3: The type of capital of the firm generates differences between firms across all the dimensions of business internationalization.
- H4: There are significant differences between the behavioral profiles identified for the dimensions of the internationalization between Romania and Moldova based on certain characteristics.

The doctoral thesis is structured on four chapters as follows:

- **Chapter 1: Theoretical approaches regarding the business internationalization process**

This chapter aims to clarify the concept of business internationalization by thoroughly reviewing the literature. Generally, the process of internationalization is defined as the outward movement of a firm's operations beyond the borders of the country of origin as companies are trying to gain a larger market share.

Further, the chapter presents an extensive literature review of the models and theories of business internationalization. The process has been studied in the literature through a variety of models and frameworks. However, it is a topic that was not widely covered before the 1970s.

We then defined the dimensions of the internationalization process based upon the analysis will be made, along with their measuring indicators. The eight internationalization dimensions are: speed, intensity, geographic, operating dimension, cultural, organizational structure dimension, corporate social responsibility, and information technology.

- **Chapter 2: Trends regarding the firm internationalization process in Central and Eastern Europe**

The second chapter includes a thorough analysis of the economic evolution of countries from Central and Eastern Europe as well as an examination of the progress of the internationalization process of companies in this region. After the fall of the communist system, the transition phase for countries in CEE has been different, smoother for some, while a little bumpier for other. Given their distinct background and development over the last 30 years, despite their membership to the communist bloc, and for analysis purposes, the Central and Eastern European region was divided in 3 different sub-regions: (1) countries that have joined the European Union, (2) countries that are members of the Eastern Partnership, and (3) countries in the West-Balkan area.

In this chapter we also covered the analysis of the internationalization process of Romania and Moldova. Given their special relationship based on common ground such as language, culture, history, and traditions, we have presented their firms' internationalization process evolution over time.

- **Chapter 3: Business profiling based on the firms' internationalization behavior in Romania and the Republic of Moldova**

In Chapter 3, following the data gathering process, we classified the companies with international economic activity assessing the dimensions of their internationalization process. For each dimension, the companies were grouped into clusters, followed by a descriptive analysis in regard to the following characteristics: the location of the companies within the country, the ownership type, presence of foreign capital, domain of activity and ISO standards implemented.

The first part of the chapter included the methodological approach we have used for company classification. After describing the indicators used for measuring each dimension, we classified both Romanian and Moldovan companies using the two-step cluster analysis method. The groups of companies that formed the clusters were then characterized by six variables: the location of the company, the type of ownership of the company, whether the company has foreign capital or not, the domain of activity of the company, the number of implemented ISO standards, and whether the type of ownership changes or not and how.

- **Chapter 4: The analysis of the determining factors of the business internationalization behavior in Romania and the Republic of Moldova**

In this chapter, we have analyzed if certain characteristics of the companies (location, type of capital, and domain of activity) influence the firms' internationalization behavior for each dimension of this process. The location registers the area where the firm is operating, and we have considered four regions for each country; the type of capital refers to whether the company has foreign capital or not; regarding the domains of activity, the companies were grouped into three sectors: primary, secondary, and tertiary.

For each characteristic, according to the criteria mentioned above, there have been established groups of firms, and the internationalization behavioral differences were tested among them. Additional to the eight dimensions, the testing was done also for the presence of obstacles and of governmental funding during the process.

## **CHAPTER 1. THEORETICAL APPROACHES REGARDING THE BUSINESS INTERNATIONALIZATION PROCESS**

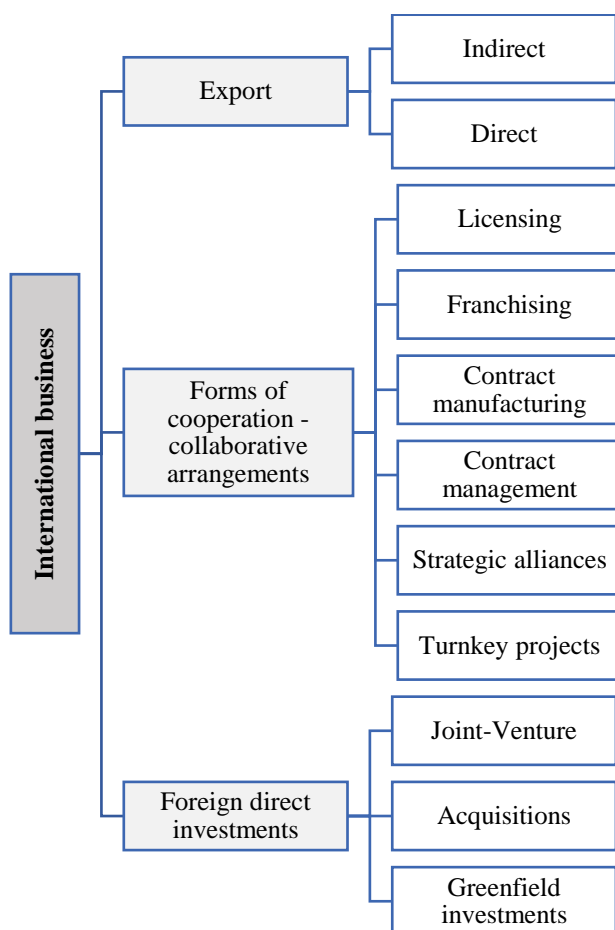
In today's economic environment, as the firms' business increases, companies are evaluating new ways for progress and growth. The internationalization process is an opportunity for a company to strengthen its position by expanding economic activities beyond the borders of the country of origin. In this chapter, we will clarify the concept of business internationalization by thoroughly reviewing the literature.

The process of internationalization is the method used by firms to expand their economic activities to capture a larger market share outside the country of origin. Johanson and Vahlne (1977) define internationalization as the multi-stage process in which firms strive to strengthen their market involvement and gradually gain engagement from foreign consumers.

The academic world focuses on four main reasons why a company should extend its operations abroad: market expansion, resource acquisition, efficiency improvement, strategic asset acquisition.

International trade is the exchange of capital, goods, and services across international borders or territories, and it encompasses the exchange of goods and services among countries worldwide. A company that intends to carry out economic activities in a foreign country must choose an appropriate mode of operation taking into account the advantages and disadvantages that it offers, factors that rely primarily on the nature of the existing products of the company and the conditions for entering the foreign target market.

**Figure 1.3. The international business typology in relation to market entry modes**



*Source: Olav J. Sorensen - Alternative Ways of Choosing International Market Entry Models*

From an operating method point of view, there can be distinguished three different types of international business, as shown in the figure above:

- Exports (direct and indirect)
- Cooperative operations (collaborative arrangements)
- Foreign direct investments

Despite its current popularity, the firm internationalization process is a topic that was not widely covered before the 1970s when the Uppsala model came out, written by Johanson and Vahlne, and it's currently one of the most cited models in the company internationalization literature. The two authors claim that the company's internationalization process is a gradual process of involvement in foreign markets, and the economic environment and the problems faced by the company during this process determine the pace of internationalization.

International network model (Johanson and Mattsson, 1988) is an extension of the Uppsala model and is based on the statement that firms are dependent on resources controlled by other entities. Accessing resources and building relationships is the process of resource

consumption and considering that the firm's objective is to survive, internationalization is a viable option to increase the chances of survival, both in the short and medium term.

Classical theories were developed by studying companies from countries with developed market economies: Sweden and the United States of America. Many researchers question the applicability of these models in other parts of the world such as Central and Eastern Europe, a region that has gone through a period of transition.

Based on the literature of the internationalization process, it can be concluded that this field has received a lot of attention over time, and a large part of this interest in the field has been motivated by firms looking for a formula for success when they decide to expand their activities outside the country of origin. There is no single perspective to analyze the internationalization process, and moreover, there is no formula for success applicable to all companies. Markets and the business environment are constantly evolving, and there is not one model or theory that contains plausible explanations for the distinct realities and needs of all firms.

Cieslik and Kaciak (2009) define the speed of internationalization as the time period from the establishment of the company to the first entry into foreign markets. The intensity of the internationalization process generally refers to the degree of involvement that a company has throughout its international economic activity. The geographical dimension of the internationalization process refers to the fact that in most cases, the border crossing and the establishment of operations abroad is mandatory for a company to internationalize. The method of operation refers to the mode of operation that a company chooses for international activities. The cultural dimension is related to differences in language, political system, education, level of logistical development and these disruptive factors can influence the flow of information between the company and the market.

The organizational structure refers to the way a company is structured before, during and after the internationalization process as it is necessary to create new departments to support the company's activities in foreign markets.

The CSR dimension refers to those socially accountable activities that consider the interests and expectations of a larger group of communities: customers, investors, employees, creditors. The information technology dimension focuses on the effect of digitalization in countries with emerging economies or that have been through radical changes in recent history.

## **CHAPTER 2. TRENDS REGARDING THE FIRM INTERNATIONALIZATION PROCESS IN CENTRAL AND EASTERN EUROPE**

In the past few decades countries from Central and Eastern Europe have been going through different changes, and as different as they may seem to be, these states do have much in common in terms of economic and social policies. Since 1989, countries in this region have gone through the process of transition from centrally planned economies to market economies, and one of the main objectives for these states has been to be part of the European Union (EU).

Access to the European Union was beneficial for all countries in the CEE region, despite all the economic challenges that they have gone through. The GDP per capita improved significantly, the standard of living had improved as the population gained access to better lifecare, better education, and the overall quality of life went up. The unemployment rate has declined over the years as more people gained access to different markets and moving to the desired place was easier.

Soon after the fall of the communist system, the European Union showed willingness to negotiate potential access to some countries and are now candidates to join (Moldova and Ukraine); however, there are also former communist countries that do not have this status for various reasons: Belarus, Georgia, Armenia, and Azerbaijan. These six countries are part of the Eastern Partnership (EaP) aimed at strengthening the economic and political relations with the EU.

The former communist countries of the Western-Balkans, formerly outside the influence of global economic networks, have relatively recently become available for foreign trade, investments, and partnerships with other developed economies. The prospect of EU membership is a very strong incentive for change and reforms, and the Western-Balkans countries are guided by the pre-accession criteria and EU support.

Trade in the CEE countries had been focused inward during the years before the fall of communism, and closer to the 1990s, approximately 80% of exports from the Baltics went to Russia (International Monetary Fund, 2014). As expected, these countries have experienced a significant drop in exports with the dissolution of trade links with the United Socialist Soviet Republic (USSR), resulting in heavy income drops in the early 1990s. Countries in Central and Eastern Europe have gone through radical changes from centrally planned economies to market economies, and even though the change has been beneficial for their economies, they are still encountering certain challenges.

Even though, the CEE region was characterized by weaker and less stable institutions, the membership to the World Trade Organization and the European Union, have helped countries access new markets and experience positive changes quite quickly. As early as 1995, half the region had joined the WTO, lowering tariff rates, harmonizing legislation and new bilateral trade agreements with the EU, although full economic integration would take place years later for most transition countries. Once granted access to the EU, the new member states had benefitted from removal of trade barriers within the EU, a process that took an uneven pace across countries.

The Eastern Partnership aims to deepen relations between the EU and its six partners and build stability, security and prosperity to the Eastern Neighborhood. The Eastern Partnership has defined goals for its partner countries in relation to the EU: closure on a Association Agreement, establishment of a free trade zone, progressive visa liberalization, social and economic convergence with the EU. Throughout the past years, the EaP managed to achieve some of its goals as Moldova, Georgia and Ukraine signed Associate Agreements.

The Western-Balkans countries have had a late start in terms of European integration and global economy due to their hectic civil war, ethnic struggle, and financial crisis. The economic performance of these countries has been considered sluggish compared to Western Europe.

To attract investors, the West-Balkan countries have provided generous financial incentives in the form of investments credits, which is a common practice particularly for developing countries.

The Romanian business internationalization process has become popular once the country managed to recover from the downfall suffered soon after 1989, and the business environment is continuously offering opportunities for growth due to competitive cost of labor and deeper integration in the European market. Moldova is a small country with a transition economy, and its participation in foreign trade started in 1992 when restrictions on exports and imports were lifted. In 1995, the country had established international links with 90 countries, and by year 2000 there have been signed cooperation agreements with a multitude of economies worldwide.

### **CHAPTER 3. BUSINESS PROFILING BASED ON THE FIRMS' INTERNATIONALIZATION BEHAVIOR IN ROMANIA AND THE REPUBLIC OF MOLDOVA**

The objective of this chapter is to classify, for each of the eight dimensions of the internationalization process, the Romanian and Moldovan companies into homogenous groups and explore the characteristics of each of the formed groups of companies.

For both Romanian and Moldavian sample, the classification of the companies will be performed separately for all eight dimensions of the internationalization process. The classification is made using the two-step cluster analysis method. For each dimension, the variables used for obtaining the clusters of companies are the specific items used for measuring that dimension.

The groups of companies that form the clusters are then characterized by six variables:

- The location (macroregion) of the company;
- The type of ownership of the company;
- Whether the company has foreign capital or not;
- The domain of the activity of the company;
- Number of implemented ISO;
- Whether the type of ownership of the company has changes and how.

Based on the speed of internationalization, the clustering of Moldovan companies is similar to the grouping of the Romanian firms, thus having similar characteristics. For instance, the companies within the first and second clusters for both countries need similar amounts of time to internationalize, however, the slowest Romanian companies to expand globally need on average 18 years, while Moldovan companies only need 8 years. The fastest companies to internationalize in both countries are characterized by 100% private ownership, and most of these firms are operating in the tertiary sector of the economy. Furthermore, the companies that have transitioned from private to public or mixed ownership and are working in the primary sector of the economy tend to have a slower speed of internationalization. Romanian and Moldovan companies are similar in terms of the speed of internationalization process of companies.

According to the classification based on the intensity of internationalization, Romanian companies behave differently compared to the Moldovan firms. Thus, 92% of the firms with the highest degree of intensity from Romania are private, 52% of them have domestic capital and 10% of them are operating in the primary sector; on the contrary, the Moldovan companies with the

highest degree of intensity are all 100% private, 73% of them have foreign capital and none of them works in the primary sector. We can conclude that ownership type and the domain of activity influence the intensity of the internationalization process differently for Romanian and Moldovan firms.

In terms of the geographic dimensions, Romanian companies are similar to the Moldovan firms. Therefore, firms that are engaged in primary activities, such as agriculture, mining, fishing or forestry, seem to be able to internationalize to more regions and countries outside of their own.

Considering the analysis derived from the operating method dimension of the internationalization process, the companies from the two countries are relatively similar. The ones using higher resource-demanding modes of expanding globally are characterized by private ownership that does not change over time, and all companies are either in the manufacturing domain or service domain of activity. However, 54% of Moldovan companies that use higher methods to internationalize have foreign capital, while in Romania only 46% of them do, thus emphasizing that the origin of capital exerts influence on the firms' internationalization process. Companies that are fully or partially state-owned tend to use a lower resource-demanding method of operation and maintain it over the course of time, thus, the assumptions of the traditional Uppsala model, that a company will gradually increase its involvement over time, are not applicable to Romanian and Moldovan firms.

Using the Kogut and Singh index, we have measured the cultural distance that companies from both countries have to their facilities located abroad. Once again, it seems that firms operating in the primary sector of the economy tend to internationalize to destinations culturally far away from the home country. Perhaps, this can be explained by the fact that both countries are important players in the natural resources world, thus various countries depend on the Moldovan agricultural products, respectively, on Romania's oil.

The organization structure of the company seems to be similar during the internationalization process in both countries, whereas the firms that hire employees with more international experience do not have a specialized department for global economic activities. These entities are characterized by private ownership and foreign capital primarily, thus, a broader international experience can lead to attracting more foreign investments.

The CSR campaigns are an important tool in the process of internationalization as companies can consider the interests and expectations of a larger group of communities. Companies from both countries that are actively engaged in these activities are mainly privately owned and do not change their ownership type, and their capital is mostly private. Moldovan companies have developed on average nine CSR campaigns in the last five years, while Romanian firms only eight.

Based on the information technology dimension, the firms from both countries have similar characteristics. However, even though the presence of foreign capital intensifies corporate social activities, it seems that firms with the highest degree of online presence from both Romania and Moldova have primarily domestic capital.

According to the analysis provided, we have emphasized certain particularities for each country. While there are some similarities in behavior between the companies in Romania and Moldova, such as in speed of internationalization, geographic dimension or the information technology dimension, there are also notable differences. Companies that exhibit the highest level of internationalization intensity have different behavioral profiles: the majority of Romanian companies have domestic capital, while the majority of Moldovan companies have foreign capital. Additionally, the sector of the economy where the most intense companies are operating is different from one country to another. Given all these differences, we can conclude that the firms' internationalization profiling is different in Romania and the Republic of Moldova.

## **CHAPTER 4. THE ANALYSIS OF THE DETERMINING FACTORS OF THE BUSINESS INTERNATIONALIZATION BEHAVIOR IN ROMANIA AND THE REPUBLIC OF MOLDOVA**

The objective of this chapter is to identify an internationalization profile of the Romanian and Moldavian companies using three characteristics of the firms. The internationalization profiles of the companies in the two samples are obtained separately according to three characteristics:

- The location of the firms;
- The type of capital;
- The main domain of the firm's activity.

The companies are grouped by these three characteristics and the difference between groups in terms of the internalization dimensions are tested, using the items that measure the eight dimensions and also the presence of obstacles and of governmental funding. For the testing variables that are numerical, the ANOVA method is employed. For the variables that are categorical, the Chi-Square tests are applied to test the differences in internationalization between groups.

The internationalization of a firm comes from its will to strengthen its position by extending economic activities beyond the border of the country of origin. The process of expanding globally is impacted by the business environment. Romania and the Republic of Moldova have had distinct paths after the fall of communism, therefore, certain business processes may have evolved differently from one country to another. For both states, trade liberalization is one of the main factors that created the proper environment for companies to start their international activities, yet certain country-specific aspects can lead to contrasting outcomes. In this chapter, we have analyzed if certain characteristics of the companies (location, type of capital, and domain of activity) influence differently the firms' internationalization behavior in both countries.

The location of the company has a moderate impact on the companies' behavior in both countries, having influenced four dimensions of the internationalization process in Romania and three of them in Moldova. In Romania, the operating area of the firm within the country impacted the following dimensions: speed, intensity, cultural and IT; in Moldova, the same characteristic influenced the operating method, organizational structure and IT. Location is one factor that can offer certain advantages to a firm's internationalization process; however, managerial perceptions are relevant for the assessment of the location benefits. Thus, the internationalization behavioral

differences based on location between the companies of the two countries can be explained to some extent by different governing approaches.

The type of capital is the factor that influences the most the internationalization behavior of companies, in both countries, impacting all dimensions analyzed. The presence of foreign capital makes the transition from domestic to global activities much easier and smoother, thus, confirming the applicability of the network model of internationalization (Johanson and Mattsson, 1980) that highlights the importance of developing long-term relations with entities from the foreign environment. Additionally, the presence of foreign capital involves a higher degree of human capital due to a broader international experience of the leaders of firms. Therefore, the results of our analysis confirm the applicability of the Human Capital internationalization model, confirming the beneficial impact of foreign capital on firm global expansion.

The domain of activity of the companies has a strong impact on their internationalization behavior in both states, however, it influenced all dimensions of the process for Moldovan companies, and five of them for Romanian companies. These results suggest that firms behave differently in these two countries throughout the internationalization process and thereafter, depending on the sector of the economy they are operating in. Despite their similarities (language, culture, history, traditions), the two countries have developed differently over the past three decades. Therefore, the behavioral differences found in terms of firm internationalization are in line with the recent paths that the two countries have followed after the fall of communism.

## Conclusions

The objective of this thesis was to analyze the business internationalization behavior of companies in Central and Eastern Europe and to identify certain characteristics of it in order to create a business model that will suit the companies in this region. Although countries in Central and Eastern Europe have managed to adapt quite smoothly to the new business environments, there were still some noteworthy behavioral discrepancies between western and eastern firms, mostly caused by the effects that the communist system had on people and institutions.

Generally, the process of business internationalization in CEE countries has become a lot more popular and a lot smoother, yet the reminiscences of the communist system can still be felt as some countries have a high degree of bureaucracy, weaker institutions and are perceived as being more corrupt than the western countries. We consider that the business internationalization process in Central and Eastern Europe has its own particularities due to the unforgotten past of the countries in this area.

Based on the dimensions of the internationalization process, we classified the companies into homogenous groups and explored their characteristics. Therefore, **research hypothesis 1 has been accepted**: for all dimensions, the firms' specificities in terms of business internationalization contribute to creating homogeneous cluster.

Based on the speed of internationalization, the clustering of Moldovan companies is similar to the grouping of the Romanian firms, thus having similar characteristics. The fastest companies to internationalize in both countries are characterized by 100% private ownership, and most of these firms are operating in the tertiary sector of the economy. Romanian and Moldovan companies are similar in terms of the speed of internationalization process of companies.

According to the classification based on the intensity of internationalization, Romanian companies behave differently compared to the Moldovan firms. We can conclude that ownership type and the domain of activity influence the intensity of the internationalization process differently for Romanian and Moldovan firms.

In terms of the geographic dimension of internationalization, Romanian companies are similar to the Moldovan firms. Therefore, firms that are engaged in primary activities, such as agriculture, mining, fishing or forestry, seem to be able to internationalize to more regions and countries outside of their own. In addition, Romanian companies with the slowest speed of internationalization, have the widest spread geographically.

Considering the analysis derived from the operating method of firm internationalization, in Romania, companies using higher-resource demanding modes from the beginning of the

internationalization process also have the highest percentage of foreign capital, similar with the results from Moldova. Companies that are fully or partially state-owned tend to use a lower resource-demanding method of operation and maintain it over the course of time. Additionally, the companies that were allocating higher resources for entry market modes are part of the service sector of the economy.

There are also similarities between Romania and Moldova in terms of the cultural dimension of the internationalization process as it seems that firms operating in the primary sector of the economy tend to internationalize to destinations culturally farther away from the home country.

The organization structure of the company seems to be similar during the internationalization process in both countries, whereas the firms that hire employees with more international experience do not have a specialized department for global economic activities. These entities are characterized by private ownership and foreign capital primarily, thus, a broader international experience can lead to attracting more foreign investments.

In relation to the CSR dimension of internationalization, we conclude that companies in Romania and Moldova are similar, where privately owned companies that have kept their ownership type throughout their life span have the highest number of CSR campaigns implemented. Moreover, these companies have foreign capital coming in.

Based on the information technology dimension, the firms from both countries have similar characteristics. However, even though the presence of foreign capital intensifies corporate social activities, it seems that firms with the highest degree of online presence from both Romania and Moldova have primarily domestic capital.

Considering the analysis provided and following the data interpretation, we can conclude that **hypothesis 2 has been accepted**: there are differences between the behavioral profiles of the firms' clusters among dimensions of internationalization.

Following the analysis of whether certain characteristics of the companies (location, type of capital, and domain of activity) influence the firms' internationalization behavior for each dimension of the process or not, we have concluded that the type of capital is the factor that influences the most the internationalization behavior of companies, impacting all dimensions analyzed. The presence of foreign capital stimulated the process, thus confirming the applicability of both the Network Model of internationalization and the Human capital model of internationalization. Therefore, **hypothesis 3 has been accepted**: the type of capital of the firm is the factor that has the most significant impact on the dimensions of business internationalization.

The location of the company has a different impact on the companies' behavior from Moldova and Romania. In Romania, the operating area of the firm within the country impacted the following dimensions: speed, intensity, cultural and IT; in Moldova, the same characteristic influenced the operating method, organizational structure, and IT, thus, there have been emphasized different internationalization behaviors between companies from Romania and Moldova.

The domain of activity of the companies has a strong impact on their internationalization behavior in both states. However, it influenced all dimensions of the process for Moldovan companies, and only five of them for Romanian companies. Considering the evident results of the analysis mentioned above, **hypothesis 4 has been accepted**: there are significant differences between the behavioral profiles identified for the dimensions of the internationalization between Romania and Moldova based on certain characteristics.

The findings in this thesis are built based on the analysis of business internationalization behavior of companies from Romania and Moldova, yet future studies can advance the proposed model to other countries from Central and Eastern Europe that have also transitioned from a centrally planned economy to a market economy. Another worth mentioning limitation is the distribution of private and public companies within the sample study; given the results, the type of capital is the most impactful factor of the firm internationalization process, thus, it is suggested that future research explores the internationalization behavior of more publicly owned companies.

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