

Research on the Influence Mechanism of Global Enterprises' Return Investment on Enterprise Performance

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ABSTRACT

This study focuses on the mechanisms by which global firms' return investment affects performance, using resource dependence, opportunity cost and capital structure as the main theoretical perspectives. The resource dependence perspective suggests that return investment is a strategy for firms to acquire and protect resources, and to reduce their dependence on external markets by repatriating capital, technology, and brand resources. This process may be achieved through internal resource reallocation, organizational culture adjustment and strategic innovation, which profoundly affects firm performance. Opportunity cost theory emphasizes the choice and abandonment in the return investment decision, and firms need to weigh the substitutability and long-term competitiveness of different opportunities, revealing the mechanisms of strategic choices, cultural changes, and business model innovations that may be involved in return investment, thus affecting long-term performance. Capital structure theory provides a framework for understanding the internal and external impacts of return investment on firms. The choice of capital structure directly affects a firm's competitive position in the domestic market, financial flexibility, and long-term value creation. Repatriation investments may adjust the capital structure through debt and equity adjustments to fit the needs of the home market. The capital structure perspective provides insights into the mechanisms by which return investment affects firms' financing decisions, resource allocation efficiency, and financial flexibility. At the industry and market level, return investment may lead to intra-organizational changes and market-level effects. Capital repatriation may drive firms to engage in industry consolidation, reposition themselves competitively in the market, and restructure supply and value chains. Through these mechanisms, firms will reshape their competitive position in their home markets, generate market strategies and competitive advantages that differ from those in international markets, stimulate innovation and development in their home markets, and influence the evolution of the industry as a whole and changes in the market landscape.

KEYWORDS

Return Investment; Corporate Performance; Mechanisms analysis.

1. INTRODUCTION

1.1. Definition and importance of return investment

Return investment refers to the investment behavior of enterprises to bring capital back to their own countries from abroad under the background of globalization and internationalization. This form of investment may include capital, technology, talents and other aspects, and the specific forms are diverse, such as mergers and acquisitions, acquisitions, joint ventures and so on. Return investment has gradually emerged in the global business environment and is considered to be an important part of enterprise strategy.

The importance of return investment stems from many factors. First of all, it reflects the confidence of enterprises in the domestic market and their optimism about the domestic business environment. Secondly, return investment can bring back overseas advanced technology and management experience, and promote the upgrading and innovation of domestic industries. In addition, return investment can also help to improve the competitiveness of enterprises in the domestic market and consolidate their position in the global value chain. Therefore, in order to understand the impact of return investment on enterprise performance, we need to dig deep into its definition, form and internal mechanism(Zimlichman et al., 2019).

1.2. Research background and motivation

In the process of globalization, enterprises are facing more and more complicated market environment and competitive situation. In this context, return investment has become a topic of great concern in corporate strategic decision-making. With the deepening of international economic relations and the reconstruction of industrial chain, how enterprises can obtain more advantageous resources and improve their core competitiveness through return investment has become the focus of both industry and academia.

In this context, we conduct in-depth research on the impact of return investment, aiming at revealing its possible impact mechanism on enterprise performance. This research aims to provide more comprehensive information for enterprise decision makers and help them to formulate their return investment strategies more wisely to cope with the changing international business environment(Zhang, 2021).

1.3. Research Purpose and Contribution

The purpose of this study is to deeply understand the potential impact of return investment on enterprise performance and further reveal its internal and external mechanism. Through systematic theoretical construction and empirical research, we will try our best to answer the following questions: What is the impact of return investment on enterprise performance? What is the mechanism behind this influence? On this basis, we expect to provide new theoretical viewpoints and practical suggestions for academia and industry, and promote the further development of research and practice in the field of return investment.

This study will provide valuable insights for the fields of enterprise management, international economy and strategic management, and at the same time, it will have practical guiding significance for policy makers and enterprise leaders in formulating globalization strategies and promoting industrial upgrading. Through in-depth study of the background, motivation and purpose of return investment, we will provide a more comprehensive theoretical understanding for academia and enterprises, and provide useful reference for future research and practice.

2. THEORETICAL ANALYSIS

2.1. Capital structure theory

The theory of capital structure provides a powerful framework for understanding the financing and investment decisions of enterprises. As a special capital movement, return investment may have a far-reaching impact on enterprise performance. From the perspective of capital structure, we can deeply discuss the financing and capital allocation mechanism of return investment and analyze its potential impact on enterprise performance.

First of all, return investment may affect the performance of enterprises by changing their capital structure. Capital structure theory emphasizes the influence of the combination of corporate debt and

equity on corporate value, and return investment, as a capital allocation decision, is often accompanied by a large amount of capital flow. When an enterprise makes a return investment, it may choose to finance through debt or equity, which will directly affect its capital structure. If the enterprise chooses to increase debt to support the return investment, it may increase the financial leverage of the enterprise and bring about an increase in financial costs, but it is also expected to increase the return rate of shareholders under the condition of high profit rate. On the contrary, choosing equity finance may reduce the financial risks of enterprises, but it may have a negative impact on the dilution effect of shareholders. Therefore, the choice of capital structure will shape the trend of enterprise performance to a certain extent.

Secondly, the impact of return investment on enterprise performance may be produced through the efficiency of capital allocation. Capital structure theory emphasizes the importance of optimizing capital allocation to maximize enterprise value. Return investment involves bringing funds back from abroad to China for reinvestment, which requires enterprises to make wise decisions on resource allocation. Effective capital allocation can improve productivity, reduce costs and ultimately promote the performance of enterprises. Through the theoretical framework of capital structure, we can deeply analyze its positive impact on performance from the perspective of how enterprises optimize resource allocation in return investment (Sundaresan & Yang, 2015).

In addition, the capital structure theory also provides an important perspective to understand the impact of return investment on the financial flexibility of enterprises. Financial flexibility plays an important role in the decision of capital structure, and return investment may have a significant impact on the financial structure and liquidity of enterprises. Through theoretical analysis, we can study the influence of return investment on corporate debt repayment ability, emergency response ability and future financing choice. Effective financial flexibility helps enterprises to better adapt to market changes and reduce financial risks, thus indirectly affecting enterprise performance.

Generally speaking, the capital structure theory provides a powerful theoretical framework for analyzing the impact of return investment on enterprise performance. By deeply understanding the financing mechanism, capital allocation efficiency and the impact on financial flexibility of return investment, we can fully understand the challenges and opportunities faced by enterprises in capital structure adjustment. This theoretical perspective is helpful to provide more practical guidance for enterprise decision makers, so that they can better balance risks and returns, optimize resource allocation and improve enterprise performance in return investment.

2.2. Resource Dependence Theory

Resource dependence theory provides a powerful framework for understanding how enterprises acquire, utilize and protect resources, and from this perspective, we can deeply analyze the impact of return investment on enterprise performance. Resource dependence theory emphasizes the dependence of enterprises on external resources and their ability to acquire and manage these resources in a highly competitive environment. The following is an analysis of several important aspects of return investment on enterprise performance from the perspective of resource dependence theory.

First of all, return investment, as an act of regaining domestic resources, is directly related to the dependence of enterprises on key resources. According to the resource dependence theory, enterprises will adopt a series of strategies to regain control of key resources in order to reduce their dependence on external resources. In the return investment, enterprises may reduce their dependence on the external market by returning key resources such as capital, technology and brand. This internal reconfiguration of resources may have a far-reaching impact on enterprise performance, affecting enterprise innovation, production efficiency and market competitiveness (Zheng & Xia, 2018).

Secondly, the resource dependence theory focuses on the relationship between enterprises and the external environment, especially with suppliers, partners and customers. In return investment,

enterprises may reshape their relationship network in the domestic market by establishing local supply chains, joint ventures or cooperation with local enterprises. According to the resource dependence theory, having a strong relationship network can provide more stable and controllable resources for enterprises, and then affect the performance of enterprises. Therefore, from the perspective of resource dependence, the impact of return investment on enterprise performance also involves strategic cooperation and relationship building with domestic partners.

Thirdly, resource dependence theory pays attention to the importance of technology and knowledge resources. Return investment usually involves the re-introduction of knowledge and technology, which may have a far-reaching impact on technological innovation and knowledge accumulation of enterprises. According to the resource dependence theory, in order to acquire advanced technology and knowledge, enterprises will strengthen cooperation with technological innovation centers and R&D institutions through return investment. This kind of cooperation will help enterprises to improve their technical level, and then affect their competitive position and performance in the market.

Finally, the resource dependence theory also pays attention to the dependence of enterprises on the government and regulations. When making return investment, enterprises need to adapt to and abide by their own laws and policies, which is closely related to the influence of political environment on enterprises emphasized in resource dependence theory. Return investment may require enterprises to cooperate with the government to obtain government support or reduce government restrictions on their business. According to the resource dependence theory, the cooperative relationship between enterprises and the government has an important impact on enterprise performance.

Generally speaking, from the perspective of resource dependence theory, the impact of return investment on enterprise performance is not only related to the redistribution of resources, but also involves the complex relationship network between enterprises and external environment, partners and the government. This theoretical perspective provides a useful framework for us to deeply understand the impact mechanism of return investment on enterprise performance. Through theoretical analysis, we can gain a better insight into the changes of resource dependence in the process of globalization and provide scientific theoretical guidance for enterprise decision makers.

2.3. Opportunity cost theory

Opportunity cost theory provides a useful framework to understand the choices faced by enterprises in making return investment decisions and their potential impact on performance. From the perspective of opportunity cost, we can discuss how return investment affects the opportunity cost of enterprises and the various effects it may have on enterprise performance.

First of all, return investment involves giving up optional opportunities, which is directly related to the core concept of opportunity cost theory. Enterprises must sacrifice other possible investment opportunities when choosing to make return investment. This involves the evaluation and weighing of different opportunities, because the limited resources mean that every investment has a corresponding opportunity cost. From the perspective of opportunity cost, return investment may be regarded as a choice, which will have a positive impact on enterprise performance by redistributing resources to pursue relatively better opportunities.

Secondly, return investment may affect the long-term competitiveness and market position of enterprises. Opportunity cost theory emphasizes that enterprises need to consider the consumption and return of opportunities in the long run, not just short-term profits. Through return investment, enterprises may improve their competitive position in the domestic market by returning capital, technology, brands and other resources. Such investment may be regarded as a long-term strategy to increase the long-term competitiveness of enterprises by reducing the opportunity cost in the future.

Thirdly, the opportunity cost theory also involves the substitution between different opportunities. When making return investment, enterprises need to evaluate the substitutability among various

investment opportunities, that is, if one investment is selected, other opportunities will be abandoned. This alternative relationship may arise between different markets and business fields, thus affecting the performance of enterprises. From the perspective of opportunity cost, we can deeply analyze how to choose among various alternative opportunities for return investment, so as to maximize the efficiency of resource allocation(Zhao & Xi, 2016).

In addition, the opportunity cost theory also pays attention to the cost of information acquisition and utilization. When making return investment, enterprises need to obtain and analyze information about the domestic market in order to make wise decisions. The opportunity cost emphasizes the cost of information acquisition and processing, because these costs are also a part that enterprises need to consider when making decisions. Therefore, the success of return investment may be related to the enterprise's ability to obtain and utilize domestic market information, which directly affects the rational choice of different opportunities for enterprises.

Finally, the opportunity cost theory emphasizes the uncertainty and risk in decision-making. Return investment may be accompanied by uncertainties in the domestic market, including political, economic and market competition. In this case, enterprises need to consider the risks and uncertainties of different opportunities, as well as the potential risks that may be brought by choosing a specific opportunity. The perspective of opportunity cost can help us better understand how enterprises weigh risks and returns in their return investment decisions.

Generally speaking, the opportunity cost theory provides us with a theoretical framework to deeply understand the impact of return investment on enterprise performance. Through the analysis of resource allocation, long-term competitiveness, substitution relationship, information acquisition cost and uncertainty, we can evaluate the opportunity cost of return investment more comprehensively and systematically, provide scientific theoretical guidance for enterprise managers, and help them better understand and make use of this decision-making opportunity to maximize long-term performance.

3. RETURN INVESTMENT MECHANISM

3.1. Changes and adjustments within the organization

Under the background of return investment, enterprises will face profound changes and adjustments. This process is not only the return of capital, but also a rethinking and adjustment of the internal structure, culture and strategy of the organization. From the perspective of mechanism, the possible impact of return investment on enterprises is mainly reflected in the following aspects. First of all, the return investment may lead to the reallocation of resources within the organization. The return of capital will provide enterprises with new sources of funds, enabling them to reconfigure and optimize the use of internal resources. This involves the decision-making on the allocation of funds for each business unit, the adjustment of technical team and the reconfiguration of human resources. The mechanism of resource reallocation may be realized through careful financial management, business evaluation and risk evaluation to ensure the maximum value creation of funds. Secondly, return investment may lead to changes in corporate culture. The return of capital may bring new management, decision makers or external partners, who may bring different ideas, values and management styles. In order to meet the needs of the domestic market, enterprises may need to adjust their organizational culture to promote internal communication, teamwork and innovation. This mechanism of cultural change may be realized through training, communication plan and redefinition of organizational values to ensure that enterprises can effectively adapt to the new operating environment. In addition, return investment may lead to new business models and strategic adjustments. Enterprises may face new opportunities and challenges in the domestic market while returning capital. The change of mechanism may be manifested in the re-evaluation of the product portfolio, market positioning and the relationship with customers and partners. This may be achieved

through strategic planning, market research and business model innovation to ensure that enterprises can continue to compete and create value in the domestic market(Yang et al., 2021).

3.2. Industry and market impact

In addition to changes within the organization, return investment will have a far-reaching impact on the whole industry and market. The level of this mechanism involves how the return capital of enterprises has an impact on the industry and market level, and the potential mechanism of this impact. First of all, return investment may lead to changes in the industry structure. Enterprises may participate in the integration and reconstruction of domestic industries through returning capital, which will lead to changes in market share and status in the industry. The change of mechanism may be realized through the enterprise's market competition strategy, merger and acquisition activities and cooperation with other enterprises in the industry, thus shaping the new pattern of the industry. Secondly, return investment may have a direct impact on market competition. The returned capital may bring the competitive advantages of enterprises in price, product quality and innovation, and then change the competitive pattern in the market. The change of this mechanism may be realized through the enterprise's market pricing strategy, product innovation and market promotion activities, so as to ensure the enterprise to gain more market share in the domestic market. In addition, return investment may have an important impact on supply chain and value chain. Enterprises may rebuild their supply chain network in their own country by returning capital, and realize the control of key resources and links. The change of mechanism may be realized by means of partner selection, supply chain management and industrial synergy to ensure the competitive position and efficiency of enterprises in the value chain. Finally, the return investment may stimulate the innovation and development of the domestic market. The capital returned by enterprises may bring in technology, management and market experience, thus promoting the innovation and development of the domestic market. The change of this mechanism may be realized through R&D investment, technical cooperation and interaction with local innovation ecosystem, so as to ensure that enterprises continue to create value in the domestic market. Generally speaking, the possible mechanism to reveal the return investment covers the changes and adjustments within the organization, as well as the impact on the industry and market. The change of this mechanism is complex and multidimensional, which requires in-depth theoretical analysis and empirical research to fully understand the potential impact mechanism of return investment on enterprise performance(Lingane & Olsen, 2004).

4. CONCLUSION

In the research on the influence mechanism of global enterprises' return investment on performance, this paper analyzes the complex mechanism and influencing factors that enterprises may face in the process of returning capital from three theoretical perspectives: resource dependence, opportunity cost and capital structure. Through the comprehensive investigation of these perspectives, we draw the following conclusions.

First of all, from the perspective of resource dependence, return investment is regarded as a key resource acquisition and protection strategy in the globalization strategy. By returning capital, technology and brand resources, enterprises aim to reduce their dependence on external markets and realize resource control in their own markets. This transformation of resource dependence will directly affect the internal structure and culture of enterprises, which will be realized through the reallocation of resources, the adjustment of organizational culture and strategic innovation. This internal change has a profound impact on enterprise performance, providing enterprises with greater flexibility and competitiveness. Secondly, the opportunity cost theory emphasizes the choice and abandonment involved in the return investment decision. Enterprises need to weigh the substitution between different opportunities and the impact on long-term competitiveness. This theoretical perspective reveals the mechanisms that enterprises may face in return investment, such as strategic

choice, cultural change and business model innovation, which will affect their long-term performance. In the face of different opportunities, enterprises need to accurately evaluate the potential return and opportunity cost in order to formulate sustainable business strategies and improve their competitiveness in the domestic market. On the other hand, the capital structure theory provides a powerful framework for understanding the internal and external impact of return investment on enterprises. The choice of capital structure directly shapes the competitive position of enterprises in the domestic market and affects their financial flexibility and long-term value creation. By adjusting the capital structure, the return investment can better meet the needs of the domestic market, thus improving the financial efficiency of enterprises. This perspective enables us to deeply understand the influence mechanism of return investment on enterprise financing decision, resource allocation efficiency and financial flexibility. At the level of industry and market, return investment has triggered internal changes in the organization and market impact. Capital return may lead enterprises to participate in industry integration, reposition market competition and adjust supply chain and value chain. Through these mechanisms, enterprises will reshape their competitive position in the domestic market and produce market strategies and competitive advantages different from those in the international market. This process may stimulate the innovation and development of the domestic market and affect the evolution of the whole industry and the reform of the market structure.

Generally speaking, this study reveals the multi-level influence mechanism of global enterprises' return investment on performance. Through the three main theoretical perspectives of resource dependence, opportunity cost and capital structure, we not only deeply analyze the challenges and opportunities that enterprises may face in return investment, but also provide comprehensive theoretical understanding for enterprise decision makers. The research results have practical guiding value for enterprises to formulate return investment strategies and improve their performance, and at the same time provide new theoretical viewpoints for academic circles in globalization strategy, capital structure and opportunity cost. Return investment is not only an important topic of international enterprise strategy, but also an important aspect of the complex challenges and opportunities faced by enterprises in the process of deepening globalization.

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