For some firms, however, the service of offshoring is intrinsic to their business model. For these companies, capabilities in developing focused offshore outsourcing service requires specialized expertise in managing and coordinating disparate activities across geographic, sectoral, and functional boundaries. These strategies may reinforce the importance of the OLI framework, albeit with distinct competencies not related to production and markets but rather efficiency in organizing and assembling work process, often as a service to other firms. Business process outsourcing specialists such as EDS and IBM, and contract manufacturers Flextronics and Solectron, are developing new ways of exploiting OLI-type advantages by combining low labour costs, specialized technical capabilities, and organizational coordination expertise.


Criticisms have been especially sharp in relation to the activities of multinational companies such as Nike, Levis, United Fruit, and others whose sourcing practices in developing countries have been alleged to exploit low-wage workers, take advantage of lax environmental and workplace standards, and otherwise contribute to social and economic degradation. More recently, business process offshoring firms have been implicated as well. Many governments, international organizations, and both local and multinational NGOs have criticized the low-cost labour seeking behaviour of MNEs in developing countries, suggesting such firms scan the globe for the cheapest, least regulated, and most exploitative situations in which to source raw materials and semi-finished products (Singer, 2002).

Vernon (1966) emphasized the importance of local demand conditions as a catalyst for export
abroad, and the subsequent commoditization of products as an impetus for FDI. Contrary to this slow, sequential internationalization, the inputs to final production of many services may be de-coupled from intermediate inputs early in the internationalization process under offshoring schemes. Hence, the linkages between production location and core knowledge-based activities may be weak. Examples include film production, programming, back office, and call centre functions in audio-visual, software, legal, and accounting services. For production of these services, local demand is less (or un-) important, while specific country factors land, labour, and infrastructure are proportionately more important. Moreover, as Levy (2005) notes, the development of communications technologies and the requisite mobility of labour have allowed for an accelerated internationalization of production that accords neither with the product lifecycle nor the sequential internationalization perspective. Indeed, some have argued that many firms are now born global (Knight and Cavusgil, 2004) and that the notion of sequential internationalization whether on a country, industry, or firm scale is outmoded and anachronistic.

Determining whether family involvement affects performance is harder than it appears at first glance. Differences in performance between firms with controlling ownership by families and firms without controlling ownership cannot be unequivocally interpreted as being caused by family ownership; only differences between firms with controlling ownership held by families and firms with controlling ownership held by a small group of individuals (or institutions) without family connections, can be so interpreted (cf., McConaughy, Walker, Henderson, & Mishra, 1998). This difficulty extends to testing for differences caused by family involvement in management. Differences between firms with involvement in management by families holding controlling ownership, firms without controlling ownership blocks, and firms without the involvement in management by nonfamily controlling ownership blocks cannot be interpreted as being caused by family management; the differences could be caused by controlling owners involvement in management. The differences that can justify such an interpretation must be between firms with involvement in management by families holding controlling ownership and firms with involvement in management by nonfamily controlling owners.