



# Exploring the Impact of the Digital Economy on Multinational Enterprises

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**Abstract:** The digital economy is fundamentally reshaping the global operational logic of multinational enterprises (MNEs). This paper systematically explores the multidimensional impact of the digital economy on MNEs in terms of investment patterns, value chain division of labor, organizational paradigms, and supporting theories. Based on a review of existing research, this paper constructs a four-dimensional analytical framework of "technology driver — organizational evolution — spatial restructuring — theoretical renewal", and points out that future research should focus on the differential internationalization paths of digital enterprises from emerging markets, the profound implications of artificial intelligence technologies, and the evolution of digital trade governance systems, so as to provide references for the theoretical expansion of international business and the strategic practice of MNEs.

**Keywords:** digital economy; multinational enterprises; digitalization

## 1. Introduction

In recent years, the rapid development of the digital economy has been profoundly reshaping the fundamental landscape of the global economy. Digital technologies have not only changed the ways of production, exchange, and consumption, but have also fundamentally shaken the organizational logic and competitive paradigms on which MNEs rely for their operations.

However, although academic attention to the digital economy has been increasing, the research has long exhibited a fragmented pattern. In view of this, this paper attempts to systematically explore the mechanisms through which the digital economy affects MNEs, based on a review of recent authoritative studies, from three core dimensions: investment patterns, value chain division of labor and profit distribution, and theoretical frameworks.

## 2. Impact of the Digital Economy on the Investment Patterns of Multinational Enterprises

The most intuitive impact of the digital economy on MNEs is reflected in the fundamental changes in investment patterns and internationalization methods. The internationalization process of traditional MNEs typically follows a gradual pattern — enterprises start with exports, gradually move to establishing overseas sales offices, and eventually set up overseas production bases. However, the intervention of digital technologies has brought about a qualitative change in this process.

First is the significant acceleration of internationalization speed. Digital platform enterprises internationalize significantly faster than non-digital platform enterprises. The key lies in the fact that digital platform enterprises can accelerate their internationalization process by strengthening overseas resource linkages and enhancing dynamic capabilities. Digital enterprises often possess the attribute of being "born global," enabling them to quickly reach global users through digital channels without following the traditional "domestic-first, overseas-later" expansion rhythm.

Second is the profound transformation of investment models. Digital multinational corporations exhibit distinctly different characteristics in the location choices of their foreign direct investment (FDI) compared to traditional MNEs. Traditional factors such as technology, resources, distance, and markets have acquired new connotations in digital FDI — the importance of geographical distance has decreased, while the weight of factors such as data infrastructure, digital talent reserves, and institutional environments has significantly increased. Digital platform enterprises, leveraging their "asset-light" business models, can achieve rapid virtual internationalization, often without establishing a physical presence in overseas markets. This transformation in investment patterns implies that core concepts in traditional FDI theories, such as location advantages and entry modes, need to be re-examined.

## 3. Impact of the Digital Economy on Global Value Chain Division of Labor and Profit Distribution

If the changes in investment patterns reflect the impact of the digital economy on "how MNEs go," then the profound restructuring of global value chains reveals the far-reaching impact of the digital economy on "where MNEs go" and "how

they organize."

First, the deep embedding of digital technologies is changing the division of labor in global value chains. The input of digitalization significantly promotes the upgrading of manufacturing industries along the global value chain in various countries, and this effect is particularly pronounced in developing countries, because digitalization helps small and medium-sized enterprises integrate into global production networks and overcome the scale barriers traditionally associated with participation in value chains. At the same time, the rise of digital platforms is reconfiguring the governance structure of global value chains. Digital platforms, acting as "knowledge monopolists," connect consumers and producers through their technologies and business models. While improving efficiency, they also tilt the power relations within the value chain toward platform owners, thereby imposing new constraints on the industrialization paths of latecomer countries.

Second, the digital economy is rewriting the rules of profit distribution for MNEs in global markets. Digital FDI enhances the international competitiveness of enterprises through three pathways: technology acquisition effects, market acquisition effects, and resource acquisition effects. However, this does not mean that MNEs can benefit indiscriminately from the digital dividend. There are obvious "threshold effects" and "polarization effects" in the profit distribution of MNEs in the digital economy era. Enterprises with insufficient digital capabilities may face more severe competitive disadvantages.

Finally, the digital economy makes the tension between global integration and local responsiveness more prominent for MNEs. Digitalization is not only a tool for MNEs to improve efficiency but also a strategic resource for building adaptive advantages in complex institutional environments.

#### **4. Challenges of the Digital Economy to Theories of Multinational Enterprises**

The profound impact of the digital economy on MNEs ultimately points to a more fundamental question: Are classical international business theories still applicable?

Traditional internalization theory emphasizes that firms choose to operate across borders to overcome the imperfections of intermediate product markets, replacing external markets with internal hierarchies. However, digitalization is eroding the premises of this theory. The flow of data, information, and knowledge is gradually replacing traditional flows of goods and services as the core content of cross-border operations; digitalization reduces market imperfections, but this effect varies significantly across industries. The interaction effects among industry digital intensity, innovation capability, brand, and other firm-specific advantages collectively determine the degree of internationalization of MNEs.

Digital forces and digital globalization are weakening traditional ownership advantages, location advantages, and internalization advantages, while strengthening "new OLI advantages," namely open resources, linkage effects, and orchestration capabilities. This implies that in the digital economy era, the competitive advantages of MNEs no longer derive solely from the control and internalization of proprietary assets, but increasingly from the ability to orchestrate and integrate resources within open ecosystems.

At the same time, the rise of digital platform multinational corporations raises many new issues for international business theory. Such enterprises, centered on multi-sided platforms, connect supply and demand through network effects, and their internationalization logic is fundamentally different from that of traditional MNEs. Research shows that informal institutional distance poses more severe challenges to the performance of platform multinational corporations in overseas markets than to traditional MNEs — due to the existence of network effects, platform firms often find it more difficult to overcome institutional distance barriers by relying on product quality advantages.

These theoretical challenges have not only academic significance but also direct implications for the strategic practice of MNEs. As the concept of traditional location advantages mutates due to digitalization, and as the boundaries of internalization become blurred due to platform ecosystems, the organizational design, governance structure, and sources of competitive advantage of MNEs all need to be reimagined.

#### **5. Conclusion and Outlook**

The rise of the digital economy has not only given rise to new forms of MNEs represented by digital platform enterprises, changing their internationalization speed and patterns, but has also reshaped at a deeper level the division of labor and profit distribution mechanisms in global value chains, while promoting the reflection and renewal of traditional international business theories.

Research on the impact of the digital economy on MNEs is at a critical juncture of theoretical breakthrough and paradigm shift. Only by transcending fragmented research paths and constructing more systematic and integrated analytical frameworks can we fully grasp the rich connotations of this epochal issue.

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