ABSTRACT
With ever-increasing global integration, the MNE's value chain activities are spread over many more countries and they now have to contend with multiple host country environments. Uncertainties and hazards may come from the host country in-dustrial environment(supplier, buyer, competitor, and distributor) and institutional envi-ronment(legal, regulatory, political, sociocultural, and economic), those additional cost of subsidiary was called liability of foreignness. Past research has focused on investigat-ing sources and types of advantages that MNEs must possess to overcome whatever disadvan-tages they face. Although some recent work suggests increasing attention to liabilities of foreignness, this construct remains insufficiently defined and important theoretical and methodological issues are still unaddressed. This article reviews the literature on liabili-ties of foreignness and provides a conceptual framework designed to improve the un-derstanding of liabilities of foreignness. Propositions are presented that are aimed at clarifying the relationships among liabilities of foreignness, organizational buffer, and competitive disadvantages.

Keywords : liability of foreignness ; Cost of doing business abroad ; competitive disadvantage ; Organizational Ecology Theory


