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**Short- and long-run effects of internationalization and R&D intensity on firm performance** (Article)Vithessonthi, C.<sup>a</sup>, Racela, O.C.<sup>b</sup><sup>a</sup> Faculty of Management Science, Khon Kaen University, 123 Mithraphap Rd., Khon Kaen, Thailand<sup>b</sup> Mahasarakham Business School, Mahasarakham University, Khamriang, Kantarawichai, Mahasarakham, Thailand

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## Abstract

Investing in building new knowledge and capability is likely to benefit a firm in the long run but has a negative effect on the firm's short-term performance. Firms that exploit their knowledge base across foreign markets better than their competitors should have superior firm performance. Using a dataset that covers all non-financial firms listed on US stock exchanges during the period 1990-2013, we show that the level of R&D intensity is negatively associated with operating performance and is positively correlated with firm value. The negative effect of R&D intensity on ROS is evident for high R&D firms and is not evident for low R&D firms. The level of internationalization has no effect on ROA, a positive effect on ROS, and a negative effect on both stock returns and Tobin's Q. Furthermore, we document some evidence for the moderating effect of internationalization on the relationship between R&D intensity and firm performance. © 2015 Elsevier B.V.

## Author keywords

Firm performance; Firm value; Internationalization; R&amp;D intensity

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