

ABSTRACT

This dissertation attempts to study the International business pattern of companies which invest their capital in mining business in Indonesia, through Foreign Direct Investment and Contract of Work.

To achieve an aim (performance success), a company should determine a perfect pattern on the basis of theory and/or empirical data. By applying Strategic Management and International Management theoretical approach, on the basis International Business theories, nine variables of the International Business Pattern could be formulated, which can influence the business performance, so as to evaluate the success and failure of the companies.

The nine independent variables and one dependent variable, identified as the factors that influence the success/failure of foreign investment business. They are Investment Strategy, Management Style, Strategy of Human Resources, Relationship between the Subsidiary and the Parent Company, Financing Strategy, Corporate Relationship with the Government of Host Country, Marketing Strategy, Production and Research and Development, The Company Size, as Independent Variable and, so Business Performance as dependent variable.

Based on the result of regression analysis, it can be concluded that the nine independent variables altogether show significant influence the company's performance, with amount determination R square= 94,57 5. There are only two independent variables, which partially influence business performance, but not significant. The mentioned variables are Pattern of Investment Strategy and the Pattern of Relationship between the Subsidiary and the Parent Company, while the other seven independent variables show the influence significantly.

Apart from the analysis of the nine aspects identified in this study, the writer also applies discriminant analysis to find out the misclassification of each respondent evaluation of the companies' performance, to be used as grouping factor, which is successful group and failed group. The result shows those 74,75% claims being successful and 25,25% claims being failed.

Through input-output analysis, can be known that the International Business Pattern of foreign mining companies which carry out Contract of Work have some special impact to National Economy, such as capital formation, technology, and management transfer, regional and sectoral development, technological dependence, and cultural change. It can finally be inferred that the government of host country is considered an unavoidable factor that determines the success of foreign direct investment.

Key Words: International Business Management, Contract of Work, Mining Corporation, Business Performance, Host Country.