

INVESTMENT STRATEGIES OF MULTINATIONAL ENTERPRISES IN THE NEW ARCHITECTURE OF INTERNATIONAL ECONOMIC RELATIONS: ECONOMIC, CONFLICT-OF-LAWS, AND AUDIT RISKS

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Abstract: *Investment strategies depend on permissions, contractual routes and financial evidence. This study develops an integrated documentary workflow using three acquisition cases and comparative EU, US and UK legal analysis. Dated records distinguish economic exposure, conflicts rules, public constraints and assurance scope. Case application separates restructuring, repricing and termination. The contribution is provision-linked evidence coding, supported by reproducible rule checks. The conceptual framework does not predict investment outcomes.*

Keywords: *international investment; multinational enterprises; conflict of laws; investment strategy; regulatory constraints; audit evidence; cross-border acquisitions*

**STRATÉGIES D'INVESTISSEMENT DES ENTREPRISES
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RELATIONS ÉCONOMIQUES INTERNATIONALES : RISQUES
ÉCONOMIQUES, DE CONFLITS DE LOIS ET D'AUDIT**

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Résumé: *Les stratégies d'investissement dépendent des autorisations, des contrats et des preuves financières. Cette étude propose une démarche documentaire intégrée, fondée sur trois acquisitions et une analyse juridique comparée de l'UE, des États-Unis et du Royaume-Uni. Les données datées distinguent risques économiques, conflits de lois, contraintes publiques et portée de l'audit. Les cas révèlent restructuration, révision du prix et abandon. L'apport est un codage des preuves par disposition, assorti de tests reproductibles. Ce cadre conceptuel ne prédit pas les résultats.*

Mots-clés: *investissement international; entreprises multinationales; conflits de lois; stratégie d'investissement; contraintes réglementaires; éléments probants d'audit; acquisitions transfrontières*

ИНВЕСТИЦИОННЫЕ СТРАТЕГИИ ТНК В НОВОЙ АРХИТЕКТУРЕ МЕЖДУНАРОДНЫХ ЭКОНОМИЧЕСКИХ ОТНОШЕНИЙ: ЭКОНОМИЧЕСКИЕ, КОЛЛИЗИОННО- ПРАВОВЫЕ И АУДИТОРСКИЕ РИСКИ

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***Аннотация:** Стратегии инвестиций зависят от разрешений, договоров и финансовых доказательств. Предложена интегрированная документальная процедура на основе трёх приобретений и анализа права ЕС, США и Великобритании. Датированные записи разделяют экономические риски, коллизии законов, публичные ограничения и охват аудита. Кейсы различают реструктуризацию, пересмотр цены и прекращение сделки. Вклад — привязка доказательств к положениям документов и воспроизводимые проверки правил. Модель концептуальна и не прогнозирует результаты инвестиций.*

Ключевые слова: *международные инвестиции; транснациональные компании; коллизионное право; инвестиционная стратегия; регуляторные ограничения; аудиторские доказательства; трансграничные приобретения*

1. INTRODUCTION

International investment decisions combine a commercial proposition with a legal route to execution and evidence about the assets being acquired. These elements can change together: an authority may require a different rights allocation, the parties may renegotiate consideration, or a contract may send financing and acquisition disputes to different courts. A country-risk indicator alone does not identify which obligation is enforceable in which forum, and an audited financial statement does not validate the acquirer's prospective synergies. The analytical problem is therefore to connect these objects without treating them as interchangeable measures of risk.

Recent evidence supports a differentiated account of the international economy. OECD data show recovery in aggregate foreign direct investment (FDI), while UNCTAD distinguishes headline financial flows from productive-investment conditions [1,2]. Neither establishes uniform deglobalisation. Scholarship documents geopolitical transmission and political hazards but also the persistence of international integration [3,4]. For multinational enterprises (MNEs), location and control decisions consequently require transaction-specific analysis of market access, intangible assets, regulatory permissions and contractual enforcement.

This article develops the Integrated Cross-Border Investment Strategy and Risk Assessment Model (ICB-ISRAM) as a documentary decision workflow. Four questions guide the analysis: how do economic motives interact with permissions and contractual routes; what remains unresolved after a law-and-forum clause is found; how does the scope of financial evidence

constrain inference; and can a transparent workflow distinguish redesign, unresolved execution and termination? Three transactions provide contrasting demonstrations: NVIDIA–Arm, LVMH–Tiffany and Microsoft–Activision. The last is a US–US acquisition with multinational effects, deliberately retained as a comparator rather than counted as cross-border parent-level FDI.

The contribution is a provision-level method that preserves the date, object and evidential status of each conclusion. It does not claim that integration itself is new, that the selected cases represent all MNE investment, or that the model predicts completion. The package permits reproduction of the recorded rule outputs; documentary classification remains interpretive and has not undergone independent human recoding.

2. LITERATURE REVIEW AND THEORETICAL FRAMEWORK

Dunning's ownership–location–internalisation framework explains why firms combine proprietary advantages, host-location conditions and internal control [5]. Internalisation theory provides a basis for comparing governance arrangements when markets for knowledge and complementary assets are imperfect [6]. These perspectives explain investment motives; they do not by themselves supply a transaction's governing-law map or determine whether a particular financial assertion has been audited. Institutional-distance research further cautions against treating institutional differences as a single, context-free friction [7].

Real-options reasoning makes timing and staged commitment central when uncertainty and irreversibility interact [8]. Political-risk research similarly treats firms as active decision-makers rather than passive recipients of a country score [9]. The practical connection is that a remedy, delayed approval or termination right changes the feasible strategy, and therefore the valuation problem. The value of staging depends on how uncertainty is generated and reduced; delay and additional diligence also have costs [8,10]. A

delay option cannot neutralise an operative prohibition, and a broad political-risk measure cannot establish the scope of a contractual exception.

Two close antecedents delimit originality. Andrews, Puhr and Knill already integrate geopolitical transmission, institutional layering and conflicting regulatory requirements [3]. Daley, Geelen and Green model due diligence as information acquisition linked to transaction decisions [10]. Chahine, Hasan and Mazboudi find that common auditors can lengthen completion while relevant auditor experience can shorten it, indicating different information and incentive channels [11]. This does not provide an auditor-quality score. Accordingly, simply adding an audit dimension to economic and legal indicators would not constitute a demonstrated conceptual breakthrough. The operational design objective pursued here is the translation of heterogeneous evidence into a dated record of transaction feasibility, dispute routing and unresolved verification tasks. This is a bounded synthesis, not a systematic literature review or proof that no identical workflow exists.

Table 1. Theoretical antecedents and bounded operational contribution

Literature	Existing contribution	Proposed operational use
OLI / internalisation [5,6]	Why ownership and control are chosen	Record the specific rights and market mechanism; no replacement theory.
Institutional / geopolitical [3,7,9]	Heterogeneity, layering and conflicting requirements	Date and locate each legal or public decision; preserve unknown states.
Options / diligence [8,10]	Commitment and information decisions under uncertainty	Separate feasibility from value; do not estimate optimal stopping.
Auditors and M&A [11]	Different information and incentive channels	Attach assurance to an assertion, entity and period.

The framework treats strategy as the reason to invest, economic exposure as a mechanism affecting value, private international law as the allocation of applicable law and dispute routes, public regulation as a separate constraint, and assurance as support for specified assertions. These categories interact causally but remain distinct in coding. An antitrust objection may change expected cash flows; it becomes a conflict-of-laws issue only when an applicable-law or jurisdictional question is actually identified.

3. RESEARCH METHODOLOGY

The design combines purposive comparative cases, doctrinal legal analysis, documentary analysis and descriptive statistics. Annual macroeconomic observations cover 2020–2025 using one OECD publication vintage. The transaction histories focus on 2020–2023, with the 2019 LVMH–Tiffany agreement retained as the contractual baseline. Literature and legal developments were checked through 12 October 2026. Incomplete 2026 flows are excluded from annual comparisons. This nested period separates completed-year statistics, historical events and current legal context.

Case eligibility required an identifiable MNE strategy, public transaction terms, a filed law-and-forum clause, and a documented event trajectory. NVIDIA–Arm offers termination after regulatory challenges; LVMH–Tiffany offers repricing and completion; Microsoft–Activision offers restructuring followed by clearance and completion. Selection was outcome-aware and favours highly disclosed transactions. It supports analytical contrasts, not causal identification, population frequencies or out-of-sample validation.

The unit of analysis is a transaction state at a stated date. Each record contains the economic proposition, contractual object, selected law and forum, authority-specific permission status, financial-evidence scope, source locator and resulting action. Event date, source-document date and access date are separate. All state records are retrospective reconstructions; later accounts verify outcomes and accounting without being treated as pre-decision

information. Primary agreements establish the existence of negotiated terms; corporate releases establish what the issuer announced; regulator documents establish the regulator's stated action; financial filings establish the scope of disclosed accounting information. None is substituted for the others. Published legal clauses are not legal opinions on universal enforceability.

Coding distinguishes VERIFIED documentary observations, PARTIALLY VERIFIED propositions, UNVERIFIED matters and REJECTED interpretations. Missing private schedules, synergy validation and enforcement advice remain unobserved. Public facts are separated from analytical inferences and hypothetical perturbations. Robustness checks delete or alter individual evidence fields and test the resulting action, rather than varying arbitrary numerical risk weights. Source registers, a data dictionary, the coding rules, calculations and all perturbation inputs accompany the manuscript. Three AI-assisted functional reviews assessed economics, private international law and methodology/audit; they are internal critical checks, not external peer review.

4. TRANSFORMATION OF INTERNATIONAL INVESTMENT STRATEGIES

The OECD April 2026 vintage reports global FDI as the mean of inward and outward flows. On that basis, the annual series rises from USD 848.7 billion in 2020 to USD 2,043.6 billion in 2021, then records USD 1,584.1 billion in 2022, USD 1,407.2 billion in 2023, USD 1,444.1 billion in 2024 and USD 1,660.2 billion in 2025. The final increase is 14.96%, calculated from unrounded values; 2025 is preliminary and the data cut-off is 15 April 2026 [1]. Separately, UNCTAD reports a rounded USD 1.6 trillion and 6% growth for 2025 in its July 2026 release [2]. These are different measurement and publication contexts.

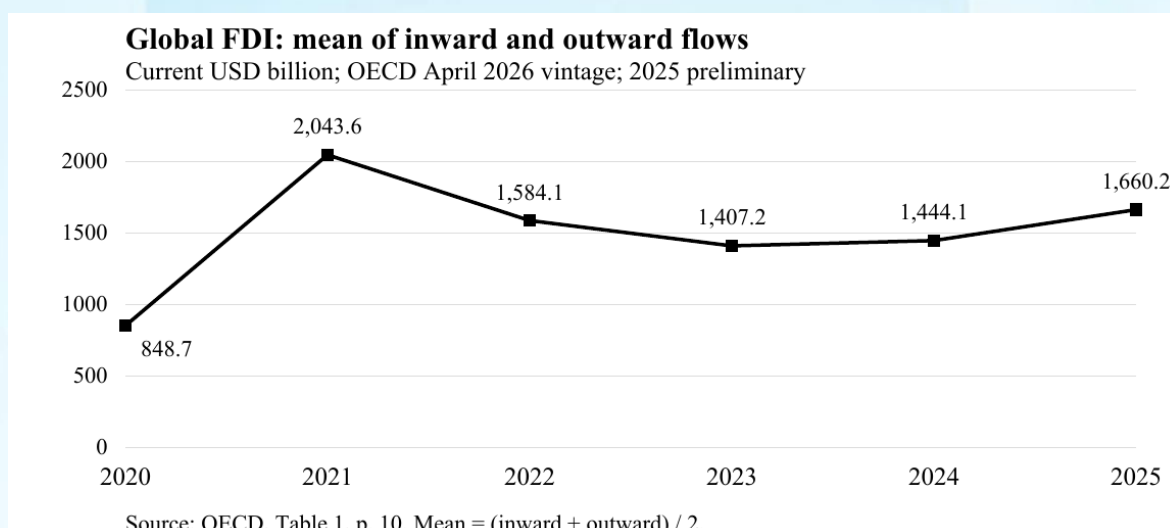


Figure 1. Global FDI, OECD same-vintage mean-flow measure.

The strategic interpretation is conditional. A rebound in financial flows does not prove that every host economy or industry attracts more productive capacity. Acquisition values, greenfield project announcements and balance-of-payments FDI measure different objects. The sample's deal considerations are therefore not added to global flows or used to infer national investment shares. UNCTAD and OECD aggregates are retained as separately defined, dated estimates rather than spliced into a synthetic series [1,2].

Across the cases, control over intangible assets and access to complementary markets provide a common strategic theme. NVIDIA proposed combining its computing capabilities with Arm's architecture and licensing ecosystem; LVMH sought a larger jewellery position through Tiffany; Microsoft sought gaming content and distribution opportunities [12–17]. These are issuer-stated motives, not verified estimates of realised benefits. They imply different exposure mechanisms: licensing neutrality and customer access, brand integration and demand uncertainty, and the allocation of cloud-distribution rights. A regulatory remedy can consequently alter the economic object being valued, rather than merely add a compliance cost.

This interaction qualifies a simple retreat-versus-expansion narrative. MNEs may continue international activity while changing ownership, licensing, contractual safeguards or the assets controlled. The article's cases

illustrate possible mechanisms of reconfiguration. Their selection and scale do not establish how widespread those mechanisms are, and successful completion is not equated with successful post-acquisition performance.

5. COMPARATIVE PRIVATE INTERNATIONAL LAW AND INVESTMENT RISKS

In participating EU Member States (excluding Denmark), Rome I distinguishes contractual party autonomy from matters excluded from its scope. Article 3 permits law selection; Article 4 supplies rules in its absence; Article 1(2)(f) excludes specified company-law questions. Arbitration and choice-of-court agreements are separately excluded under Article 1(2)(e). Article 9 concerns overriding mandatory provisions, while Article 21 permits refusal to apply an otherwise applicable provision where its application is manifestly incompatible with the forum's public policy [18]. Consequently, selecting one law for an acquisition agreement does not make it govern incorporation, every dispute clause or every regulatory approval. Nor does every public restriction automatically become an Article 9 dispute.

Brussels Ia addresses jurisdiction and recognition within its scope. Article 25 concerns agreements selecting Member-State courts; Article 24 preserves exclusive jurisdiction in specified matters. Articles 36 and 39 facilitate recognition and enforcement of Member-State judgments, subject to refusal grounds [19]. These provisions do not establish automatic recognition of a US judgment throughout Europe. For the present cases, EU rules provide a doctrinal comparison and possible enforcement context, not proof that they determined the parties' selected US contractual routes.

UK analysis must identify the relevant territorial legal system and procedural date. Rome I rules continued domestically with amendments after EU withdrawal [20]. The Hague Choice of Court Convention covers qualifying exclusive clauses within its scope; the 2019 Judgments Convention entered into force for the UK on 1 July 2025 and includes temporal conditions [21,22]. It

cannot retrospectively be assumed to govern the sample's earlier disputes. The consulted HCCH tables list the United States as a signatory without ratification of these instruments [37,38]. A US-selected court therefore requires a separate recognition analysis in the enforcement destination.

US contract conflicts are substantially state-based. In diversity cases, Klaxon directs federal courts to the forum state's conflict rules [23]. Delaware and New York supply relevant statutory support for qualifying commercial law-selection arrangements, but their conditions and exceptions matter [24,39]. Federal merger-control and national-security powers remain separate. Corporate law, contract law and the law governing recognition cannot be reduced to the target's place of incorporation.

The original NVIDIA (2020) and Microsoft (2022) agreements, and the amended Tiffany agreement (28 October 2020), demonstrate the consequence. Microsoft–Activision selects Delaware law and specified Delaware courts. LVMH–Tiffany also uses Delaware for general merger disputes, but specifies New York treatment for financing-source claims. NVIDIA–Arm selects New York law and New York courts, subject to defined earnout and indemnification arbitration routes seated in San Francisco [25–27]. The New York Convention concerns arbitral awards, with conditions and refusal grounds; it is not an ordinary-judgment recognition treaty [28]. No award or foreign enforcement result is inferred from these clauses.

Public approvals form another analytical layer. NVIDIA's 2021 UK public-interest intervention arose under the Enterprise Act 2002, not a retrospectively assumed National Security and Investment Act procedure [29]. EU, UK and US antitrust review must likewise remain separate from investment screening. The 2026 EU screening reform generally applies from 17 January 2028, with specified earlier provisions, and is not used to explain historical outcomes [30]. This temporal separation prevents current law from being projected backwards.

6. COMPARATIVE ANALYSIS OF INTERNATIONAL INVESTMENT CASES

NVIDIA–Arm linked a US purchaser, a UK target and UK immediate sellers within the SoftBank group. The proposed consideration was announced as up to USD 40 billion, incorporating cash, NVIDIA shares, a contingent earnout and employee equity. The parties subsequently terminated the agreement on 8 February 2022, citing significant regulatory challenges [12,13]. The UK intervention and the public contract make the case useful for separating regulatory feasibility from private allocation. A New York governing-law clause did not answer whether public authorities would permit the acquisition, while the arbitration carve-outs show that even the contractual dispute route was segmented [27,29]. Termination is an observed event, not a prediction by the proposed model.

LVMH–Tiffany involved a French group acquiring a US company. The original USD 135 per-share price was revised to USD 131.50 in October 2020; the acquisition completed on 7 January 2021 [14,15]. The contractual analysis retains the general Delaware route and the separate financing-source treatment [26]. Repricing demonstrates an observed change in negotiated terms, but does not identify the size or cause of any underlying valuation error. The parties' dispute and eventual agreement also do not establish that a court adjudicated every contested interpretation. Claims about unlawful conduct or defective audit work are unsupported and are not made.

Microsoft–Activision is a domestic parent-level acquisition with material multinational activities. The original proposal faced a UK prohibition in April 2023. A restructured transaction involving Ubisoft cloud-streaming rights was cleared in October 2023, and Microsoft completed the acquisition on 13 October [16,17,31,36]. These are distinct transaction states. The revised rights allocation changes the scope of control and therefore the strategic proposition; the original and revised structures cannot share an undated

regulatory label. Delaware law and forum clauses remain a contractual observation, separate from the CMA's competition assessment [25].

Table 2. Three acquisition records and their distinct evidence boundaries

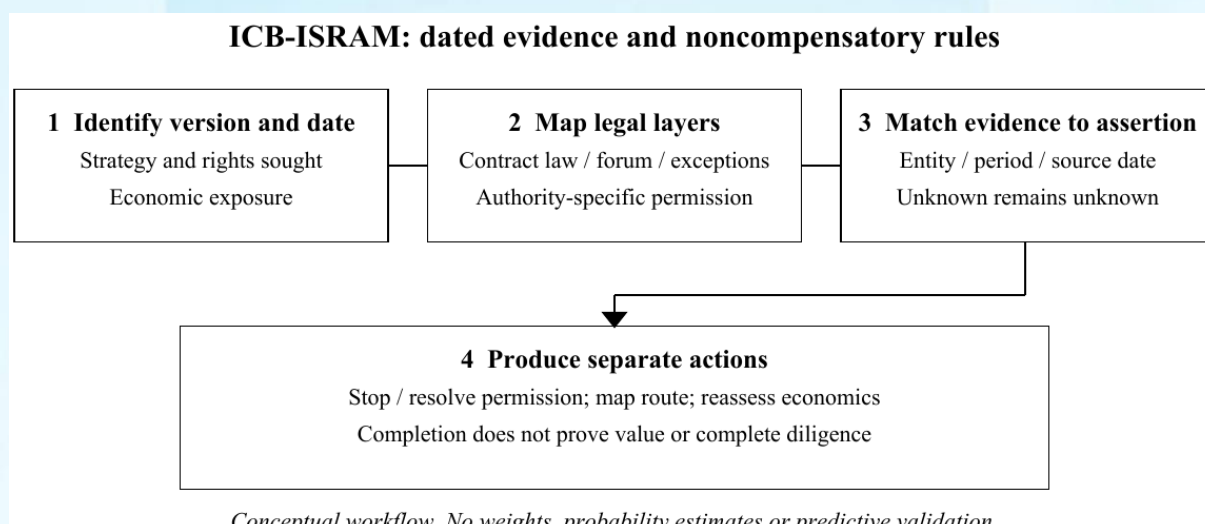
Case	Structure / outcome	Contractual routing	Economic / financial evidence
NVIDIA–Arm	US–UK; terminated 8 Feb 2022	NY law/courts; specified SF arbitration	Regulatory challenges; termination cost USD 1.35bn in FY2023 [13,27,34].
LVMH–Tiffany	France–US; completed 7 Jan 2021	Delaware; NY financing carve-out	USD 135 to 131.50 per share; USD 16.1bn cash paid, later accounts [14,15,26].
Microsoft–Activision	US–US comparator; completed 13 Oct 2023	Original Delaware route; revised ancillary routes unverified	UK original/restructured distinction; FY2024 price USD 75.408bn; valuation CAM [17,25,31,36].

In these acquisition records, three bounded findings emerge. Contractual routing is observable and differentiated even where all general governing-law selections are US state law. A documented adverse regulatory state can be followed by a different outcome after restructuring, or by termination. Finally, public financial reporting can support accounting facts without establishing that the investment thesis was correct. These findings concern the selected records; they do not rank jurisdictions or estimate transaction success probabilities.

7. DEVELOPMENT AND APPLICATION OF THE INTEGRATED INVESTMENT RISK MODEL

ICB-ISRAM represents each transaction state as five linked records: strategy and economic exposure (S), private-law routing (P), public regulatory status (R), assertion-specific evidence (E), and resulting action (A). Each record carries a date and source locator. S states the assets and rights sought, the value mechanism, and observable exposure. P separates contractual law, forum, arbitration exceptions, corporate matters and possible enforcement destinations. R identifies the authority, legal basis, transaction version and operative decision. E identifies what each document supports, its entity and period, and what remains unknown. A records the task justified by these inputs.

The rule order is deliberate. First establish the transaction version and date. If the arrangement is terminated, close that historical branch; do not recommend further execution of it. If an operative prohibition applies to that version, record execution as blocked unless and until a verified change in scope or status occurs. Pending permission is unresolved, not prohibited. A clearance subject to conditions identifies a permissions state and the need to preserve the conditions. Separately, a missing law, forum or material exception triggers routing verification. None of these outputs implies that the investment is financially attractive.



Conceptual workflow. No weights, probability estimates or predictive validation.

Figure 2. ICB-ISRAM workflow and its noncompensatory decision order.

Economic reassessment follows any change in the rights acquired, consideration or timing. Its output remains qualitative where forecasts and assumptions are unavailable. A transaction can be legally executable and economically unattractive. Conversely, favourable expected returns cannot compensate for an operative prohibition. This noncompensatory structure avoids creating an apparently precise risk index from incommensurable ordinal judgements. The model has no fitted coefficients, expert-survey weights, monetary loss estimate or asserted audit-failure probability.

Audit risk has a narrower professional meaning than the investor's uncertainty. Under PCAOB AS 1101 it concerns an inappropriate audit opinion on materially misstated financial statements; AS 1105 addresses audit evidence [32,33]. An auditor's report supports an opinion on specified financial statements, entity and period; other annual-report content may have a different assurance status. Acquisition accounting, management forecasts, negotiated representations, regulatory remedies and confidential diligence are not interchangeable audit evidence. ICB-ISRAM therefore records an evidence boundary for each investment assertion and flags missing work without alleging a misstatement or failure by an auditor.

Business risk, defined in ISA 315 (Revised 2019), concerns threats to objectives and strategy; it is broader than material-misstatement risk [35]. ISA (UK) 500 distinguishes evidence quantity from relevance and reliability [40]. These are conceptual reference points, not claims that identical standards governed every case; the international ISA 500 handbook was not fully accessible.

Post-event accounting provides concrete contrasts. Microsoft reported USD 75.408 billion purchase consideration and an acquired-intangible valuation critical audit matter; NVIDIA recorded a USD 1.35 billion termination expense; LVMH reported USD 16.1 billion paid for Tiffany, equivalent to EUR 13.1 billion [17,34,15]. These differently defined measures are not additive or comparable investment-success metrics. Microsoft consolidated Activision financial results, while excluding Activision's internal control over financial reporting from that year's ICFR audit scope. Neither the scope boundary nor the critical audit matter establishes an adverse financial-statement opinion or audit failure [17].

Table 3. Retrospective state coding and reproduced rule outputs

Record / event date	Observed state	Output and remaining task
NV1 / 16 Nov 2021	UK phase 2 review	Unresolved permission; original contract route mapped
NV2 / 8 Feb 2022	Termination reported	Terminated branch; surviving obligations remain
LV1 / 29 Oct 2020	EU clearance; repricing	EU cleared only; check other conditions and revalue
LV2 / 7 Jan 2021	Completion, verified later	Completed; preserve claim-specific forum distinctions
MS1 / 26 Apr 2023	UK original structure prohibited	UK-blocked original version; no return-based override
MS2 / 13 Oct 2023	Restructuring and completion	Completed; original route known, full ancillary mapping unresolved

All records are retrospective reconstructions. Later reports verify historical outcomes; no pre-decision forecast is implied. Eight implementation checks pass in the accompanying script.

The application is an ex post consistency demonstration. Its useful result is the separation of tasks: NVIDIA–Arm requires a terminated-branch record and preservation of contractual exceptions; LVMH–Tiffany requires the revised consideration and segmented dispute route; Microsoft–Activision requires separate original and restructured permission states. A single undifferentiated risk score would not itself reveal these differences. This comparison establishes what the proposed representation retains, not that competing models could never encode the same information.

Eight executable checks test the rules' implementation. Removing a governing-law field changes routing to unresolved. Removing all retained support prevents an established outcome conclusion, while deleting one redundant citation leaves adequately supported status unchanged. Raising hypothetical commercial attractiveness while retaining an operative prohibition must leave execution blocked. Replacing the prohibited version with the documented cleared restructuring must update the permission state while retaining the need to reassess the changed rights. A separate sample-scope check excludes the domestic comparator: contractual segmentation remains demonstrable in both cross-border cases, but the observed UK restructuring contrast is no longer present. These are reproducible logical and sample-scope checks, not empirical validation of predictive performance.

8. DISCUSSION AND PRACTICAL IMPLICATIONS

The proposed workflow connects internalisation and institutional perspectives with transaction-level implementation. Control of valuable assets remains a strategic objective, but the rights actually acquired may be reshaped by regulatory conditions and contractual allocation. Relative to geopolitical transmission frameworks [3], the contribution is documentary granularity. Relative to information-acquisition models [10], it records which question a source can answer and preserves unobserved diligence rather than estimating an optimal stopping rule. Its originality is therefore a modest methodological and practical synthesis, with a limited comparative empirical demonstration.

For investment teams, the implication is to value the transaction version that can actually proceed and rerun assumptions after material repricing or changes in rights. Legal teams should map each obligation to law, forum, exceptions and an enforcement destination, while distinguishing the existence of a clause from an enforceability opinion. Audit and diligence teams should specify the assertion, reporting entity, period and assurance scope. Joint review

should expose untested synergies and incomplete disclosure schedules as missing information rather than hide them inside a low numerical score.

Several limitations matter for future research. The small, purposively selected sample overrepresents large disclosed acquisitions and contains no greenfield project. All three agreements select US state law, limiting empirical variation in governing-law regimes. EU and UK doctrine is therefore broader than the sample's observed contractual routes. Outcome-aware coding, public-document selection and the absence of independent human coders prevent reliability and causal claims. No internal valuation, audit workpaper or comprehensive post-acquisition performance assessment was available. Source coverage in this disclosure-selected sample cannot estimate typical diligence completeness. A stronger study would prospectively code a larger sample, preserve pre-decision information sets, test intercoder agreement, compare alternative workflows and evaluate whether identified actions improve decisions.

9. CONCLUSION

International investment strategy requires alignment among the commercial object, contractual route, public permissions and evidential basis. The three cases show how these dimensions can diverge: regulatory restructuring can alter control, negotiated consideration can change, and different obligations can use different dispute channels. ICB-ISRAM makes those distinctions reproducible through dated, source-linked records and noncompensatory action rules. It is a conceptual framework demonstrated on selected cases, not a validated risk predictor. Transfer to greenfield and less-disclosed investments remains untested. Its principal contribution is to prevent unsupported substitutions between strategic expectations, legal feasibility and audit evidence while preserving the uncertainties that further diligence must address.

Data availability: the accompanying package contains source registers, coded cases, legal matrices, data, calculations and executable reproduction instructions. Public URLs are provided; copyrighted full texts are not redistributed. AI assistance: Codex assisted research, coding, drafting, translation and internal checks. The named author must verify the manuscript, approve authorship and declarations, and adapt the disclosure to the selected journal before submission.

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