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Quiz on Internationalization

1 * **In your mind, what are the top three main differencing factors between the three discussed internationalization theories? Why these three?**

The discussed internationalization theories are the Uppsala model, the network theory, and the INV theory. I believe the main differencing factors are:

- Internationalization process: The Uppsala model describes internationalization as a step-wise process, where firms gradually increase their commitment and knowledge of foreign markets. The network model emphasizes the role of relationships and networks in facilitating internationalization. The INV theory focuses on the opportunity-seeking behavior of firms that are international from their inception.
- Entry barriers: The Uppsala model conceptualizes entry barriers as related to learning and entry mode change. The network model relates entry barriers to network relationships and access to resources. The INV theory associates entry barriers with finding and using external resources in foreign markets.
- Success factors: The Uppsala model identifies iterative learning as the main success factor for internationalization. The network model emphasizes access to resources through networks as the main success factor. The INV theory lists several success factors, such as international vision, innovative product, strong networks, tightly managed organization, and rapid learning.

These three differences are important because they reflect the different assumptions, perspectives, and implications of each theory for the internationalization process of software firms.

2 * Please take a look on the table below. It illustrates the five biggest software markets in the world, the countries where USA software firms enter mostly and the countries where Finnish software firms enter mostly (data is from 2009).

	Biggest software markets	The top entry countries of USA sw firms	The top entry countries of Finnish sw firms
1	USA	UK	Sweden
2	Japan	Germany	USA
3	Germany	France	Germany
4	UK	Australia	Norway
5	France	Japan	UK

Why do you think Finnish software companies have decided to enter these markets? Do some of the presented internationalization theory or some combination of them explain this pattern?

This is an interesting question. I believe the reasons are:

- Market size and proximity: Finnish software companies may have chosen to enter these markets because they are relatively large and close to Finland. According to the table, four out of five of the top entry countries of Finnish software firms are also among the five biggest software markets in the world. Moreover, three out of five of them are in Europe, which is geographically and culturally closer to Finland than other regions. This may reflect the Uppsala model of internationalization, which suggests that firms tend to expand gradually to markets that are similar and nearby.
- Competitive advantage and niche markets: Finnish software companies may have also targeted these markets because they have some competitive advantage or offer some niche products or services that are in demand in these markets. For example, Finland is known for its expertise in mobile communications and gaming software, which may explain why it has entered the markets of Sweden and USA, where these sectors are prominent. This may reflect the born global theory of internationalization, which suggests that some firms can achieve rapid and extensive internationalization by leveraging their unique resources and capabilities.
- Networks and partnerships: Finnish software companies may have also leveraged their existing or potential networks and partnerships with other firms or organizations in these markets to facilitate their entry and growth. For example, Finland has strong ties with Sweden and Norway as part of the Nordic region, and with Germany as part of the European Union. These relationships may provide Finnish

software firms with access to information, resources, and opportunities in these markets. This may reflect the network model of internationalization, which suggests that firms can overcome the challenges of entering foreign markets by relying on their network connections.