

# Introduction to Business 2

## Motives for Internationalization

International Business Management

➤ Prof. Dr. Joanna Ożga

➤ 28.04.2020

**Hochschule Fulda**  
University of Applied Sciences



# Recapitulation from the last week

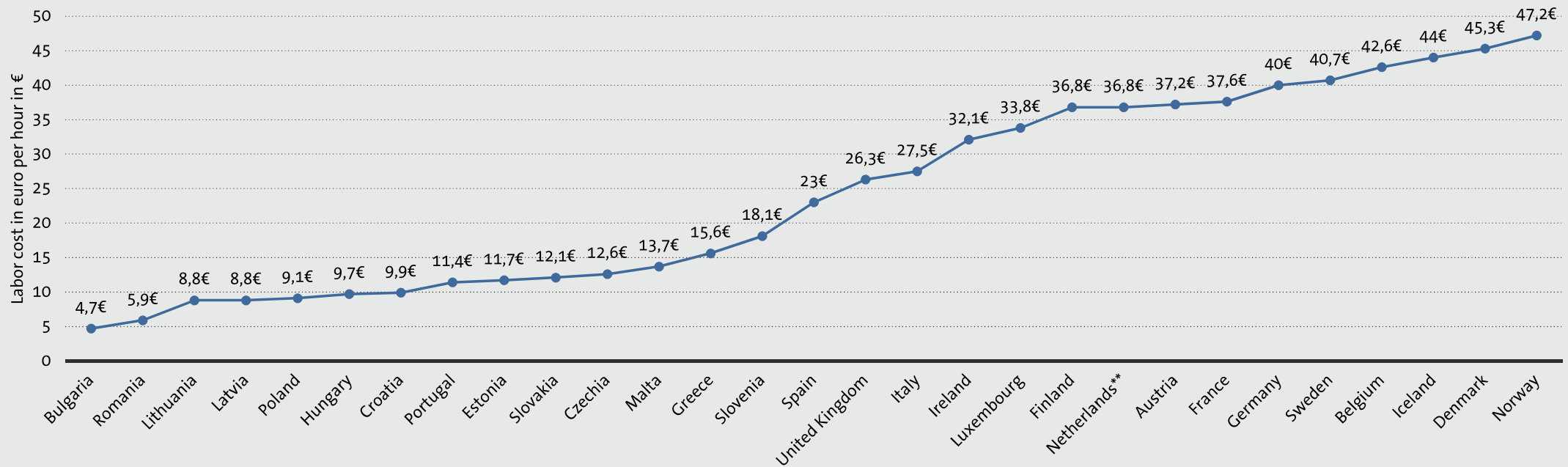
1. Explain four dimensions in the Integration/Responsiveness-Framework
2. Explain forces for global integration and local responsiveness
3. Highlight the advantages and disadvantages of each dimension in the I/R-Framework
4. Explain three levels in the I/R-Framework
5. Explain three dimensions in the AAA-Framework
6. Perlmutter's EPRG Concept (from the discussion board)

## Learning objectives

- ↳ Explain main motives for internationalization
- ↳ Explain van Tulder's approach of dealing with motivation constellations

# Average labor cost for the manufacturing industry in Europe in 2018\*, by country (in euro per hour)

Labor cost per hour for the manufacturing industry in European countries 2018



Note: Europe; 2018

Source(s): Eurostat [ID 950053](#)

\* Labor cost for LCI (compensation of employees plus taxes minus subsidies). Data coverage corresponds to code C of NACE Rev 2 (Manufacturing). \*\* 2017 Data





# The Global Competitiveness Index 4.0 framework

## Enabling Environment



Pillar 1  
**Institutions**



Pillar 2  
**Infrastructure**



Pillar 3  
**ICT adoption**



Pillar 4  
**Macroeconomic stability**

## Human Capital



Pillar 5  
**Health**



Pillar 6  
**Skills**

## Markets



Pillar 7  
**Product market**



Pillar 8  
**Labour market**



Pillar 9  
**Financial system**



Pillar 10  
**Market size**

## Innovation Ecosystem



Pillar 11  
**Business dynamism**



Pillar 12  
**Innovation capability**



# Regional Performance by Pillar

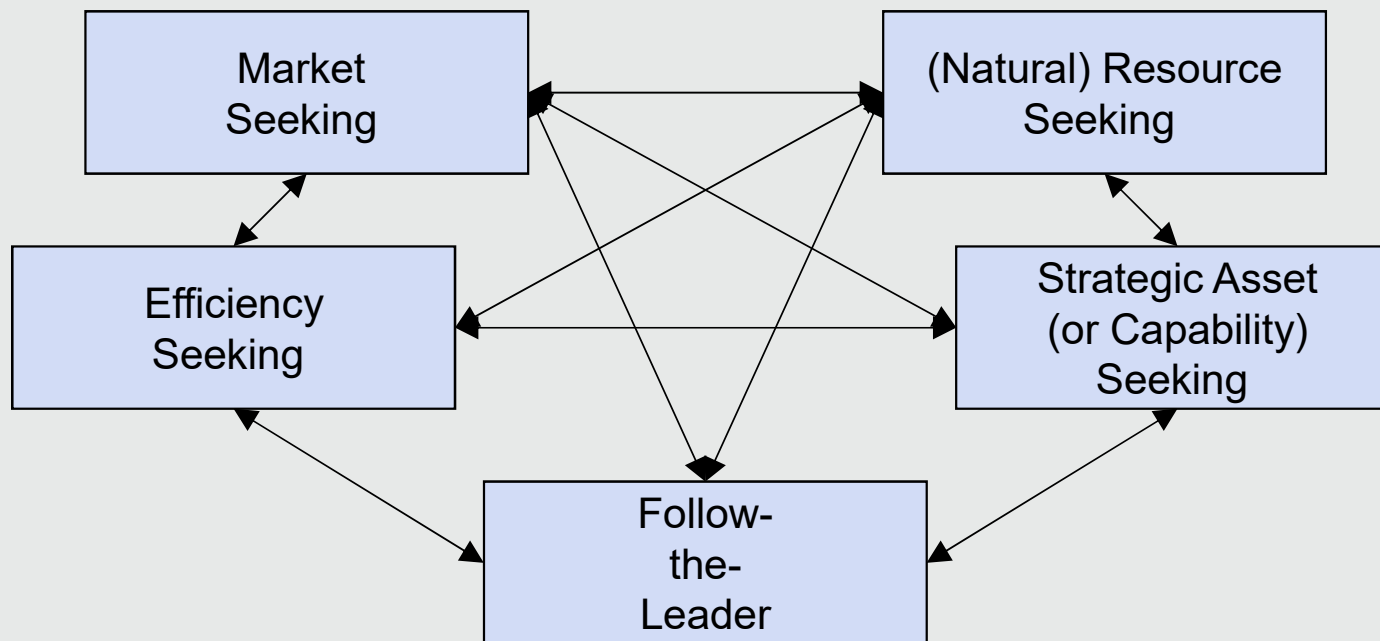
Average score (0–100)

Region (alphabetical order)	Enabling Environment				Human Capital		Markets				Innovation Ecosystem	
	Institutions	Infrastructure	ICT adoption	Macroeconomic stability	Health	Skills	Product market	Labour market	Financial system	Market size	Business dynamism	Innovation capability
East Asia and the Pacific	61.6	74.8	70.3	89.6	83.8	67.3	62.2	66.6	74.3	67.9	66.1	54.0
Eurasia	53.8	67.7	59.5	74.9	71.3	66.1	56.1	63.5	52.0	50.3	61.9	35.5
Europe and North America	64.7	79.7	70.4	92.6	89.1	74.6	60.0	66.4	70.9	60.1	68.3	58.1
Latin America and the Caribbean	47.1	61.3	50.9	73.7	82.2	58.7	51.6	55.9	60.3	51.2	53.8	34.3
Middle East and North Africa	55.5	70.5	57.6	75.3	80.8	62.9	56.7	54.8	63.7	59.9	58.2	41.3
South Asia	50.0	59.2	35.1	74.7	68.4	50.1	45.8	51.5	60.0	67.7	57.8	36.3
Sub-Saharan Africa	46.9	45.0	34.3	69.4	50.8	44.3	49.3	54.6	50.8	40.4	51.8	29.4

Source: World Economic Forum analysis.

Note: See the At a Glance section on page xiii for regional classifications. Darker shades indicate better performance.

## Alternative Motives for Internationalisation

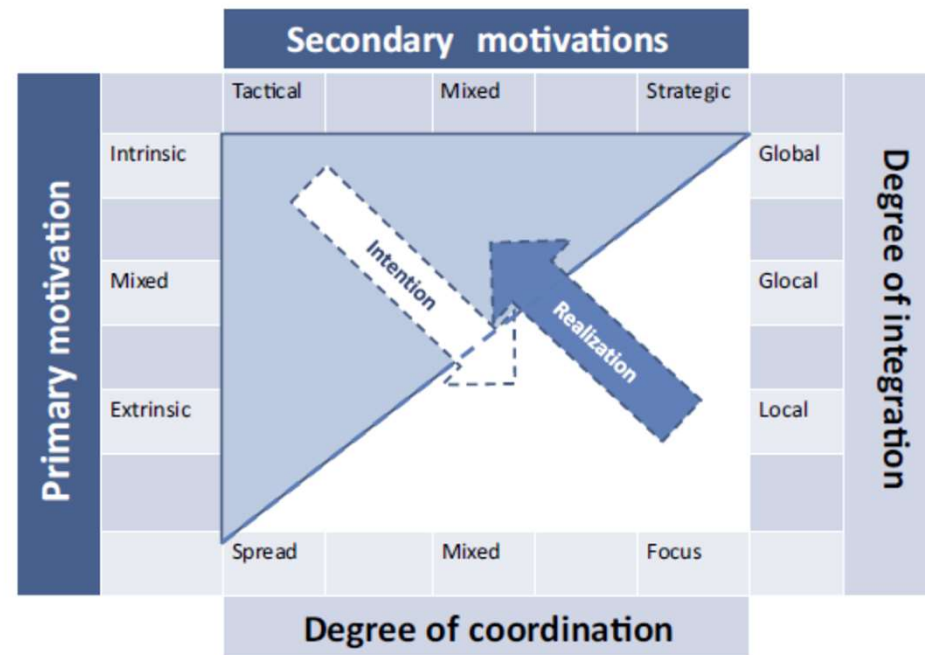


## Motivation for Internationalization

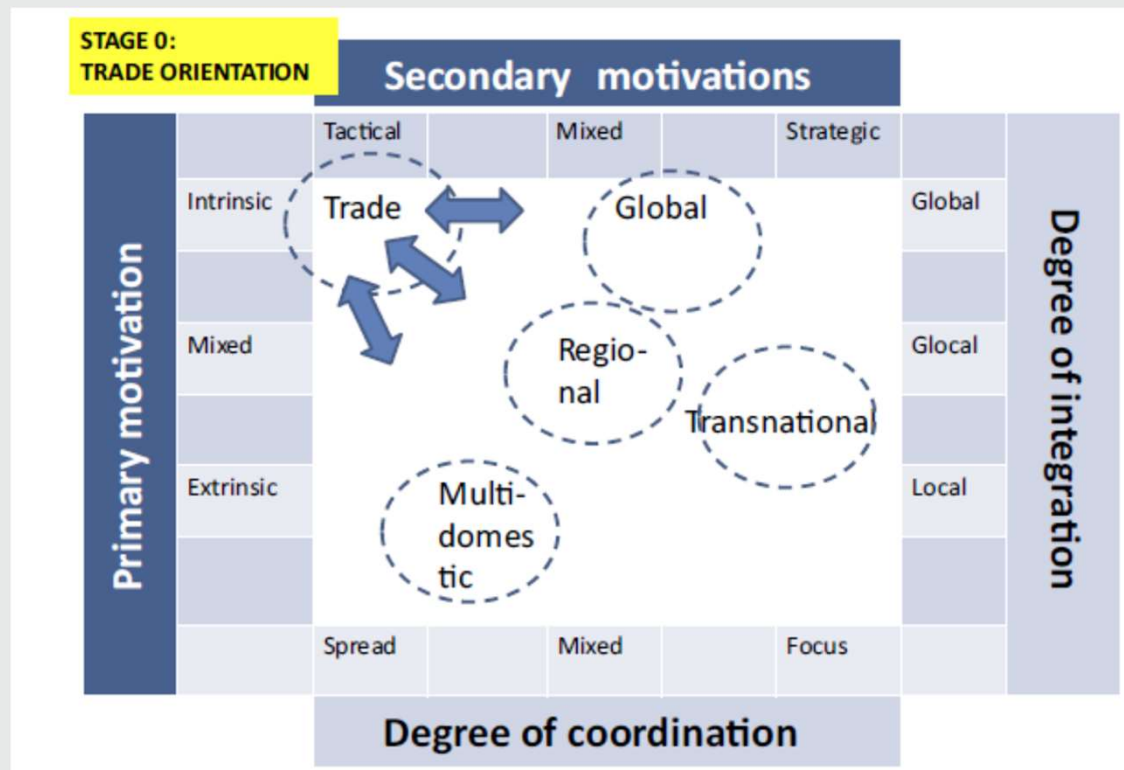
Type of motive	Internationalization motive	Dominant approach
Intrinsic motives Efficiency approaches; resource based-view; and learning	Market-seeking Efficiency-seeking Resources-seeking (strategic) asset-seeking	Micro: International management
Mixed motives Competitiveness and positioning in sector; co-evolution	Sector: bandwagon effects, e.g. in country selection; follow the client; risk minimizing Monopoly/oligopoly effects; follow the competitor	Meso: IB, international strategy
Extrinsic motives Bargaining/negotiation and game theoretical approaches; stakeholder approach; institutions-based view; bundled resources	Home: escape motives from home country; strategic extension of home country Host: high/low barriers to entry	Macro: International (political) economics



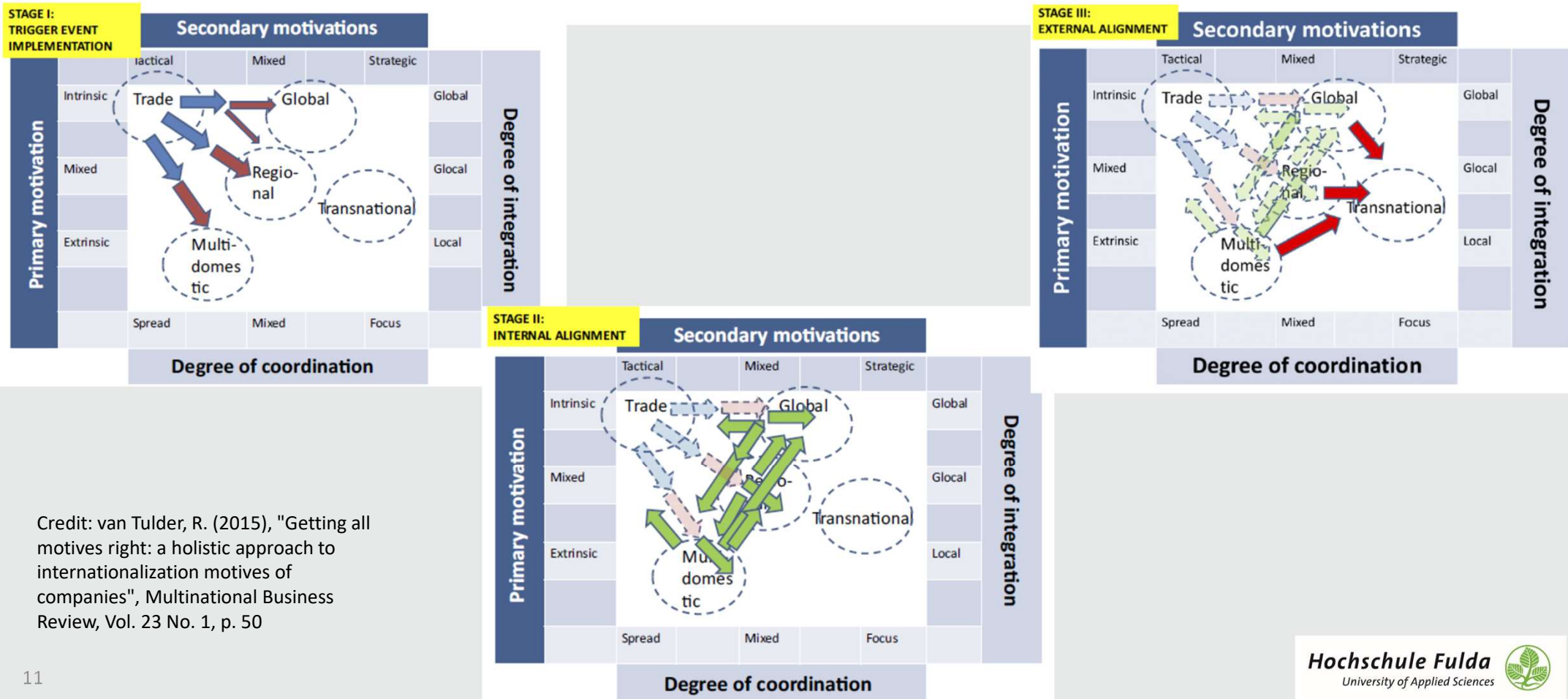
## Motivation constellations



# Internationalization Trajectories



# Motivational Constellations and Internationalization Stages



# Thank you!

joanna.ozga@w.hs-fulda.de