Comparative International Management

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Internationalization is the process of firm’s expansion of any of its activities in another country. These activities may involve production, selling, R&D etc. There are many reasons for companies to go international and they can either be proactive or reactive. The primary proactive reason for internationalization is profits and business growth. The motivation to grow and increase the earnings, if a firm is capable of doing it, is the chief motive for expansion most of the times. The firm can also plan to expand operations in another country to achieve economies of scales and reduce its overall cost of production (Deresky, 2017). The foreign market opportunities such as better technology and low cost of labor and other sources also attract firms to international destinations. Sometimes it also occurs to enjoy tax and location advantages in some countries. A recent example of proactive internationalization is Bandwidth's expansion of its operations to Raleigh (“Bandwidth (Nasdaq,” n.d.).

The expansion is not only desired and planned, but it can be reactive as well. Increase in competition in market push companies to go international in order to maintain a competitive position. For instance, Pepsi internationalized as a reaction to Coca Cola's expansion. If the home market becomes saturated and potential of profitability decreases, companies and makes it unable for a firm to sustain economies of scale or scope, the firm has to look for opportunities in other counties. Producing excess than the capacity of the home market is also a trigger to target new markets in other countries. Seasonality in demand for various products also aspires a firm to go international. It acts as a stimulus to explore a market for a certain season. Proximity and being contacted by foreign customers also results in the expansion of the firm's activities in another market. This also results in detailed foreign market information and insight and creates ease in the process of internationalization.

Questions to discuss:

If a company is not willing to internationalize what would be the outcome?

Does internationalization always produce a successful outcome?

# References

Bandwidth (Nasdaq: BAND) CEO talks headcount, going international. (n.d.). Retrieved February 23, 2019, from https://www.bizjournals.com/triangle/news/2019/02/14/bandwidth-ceo-talks-headcount-going-international.html

Deresky, H. (2017). *International management: Managing across borders and cultures.* Pearson Education.