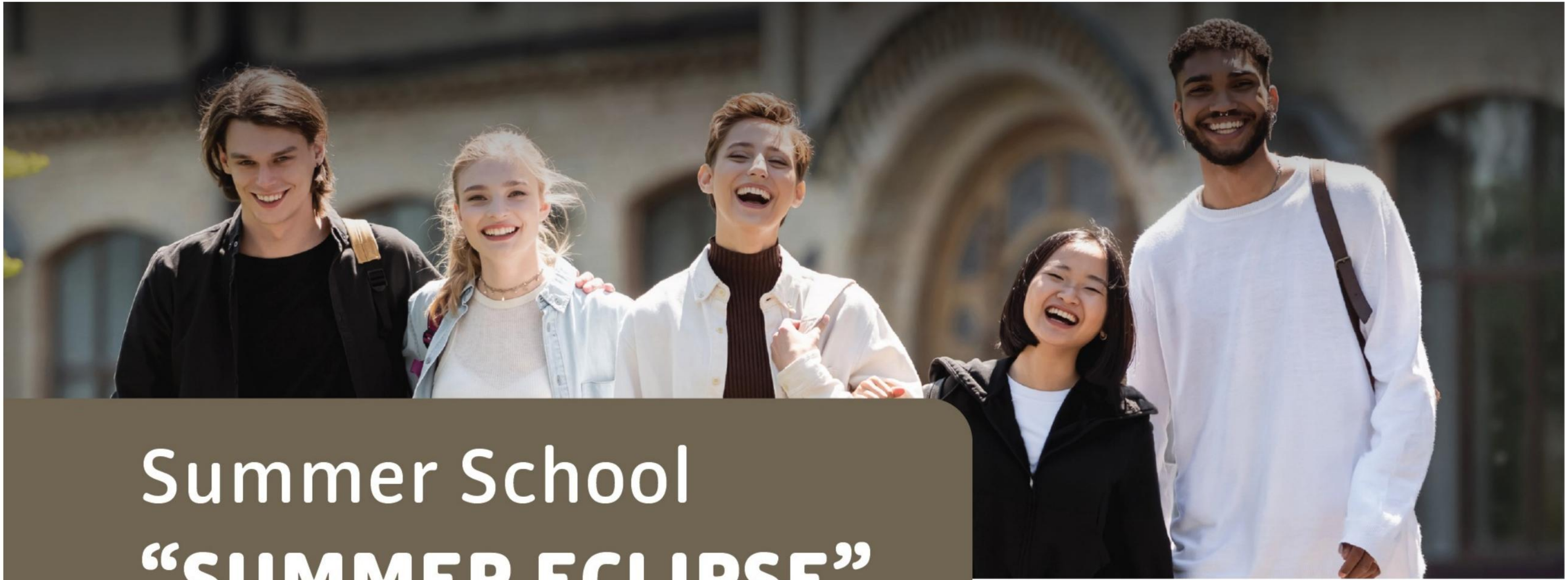

Summer School "SUMMER ECLIPSE"

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Challenges of Internationalization

- a handful of key success factors

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What is internationalization?

Internationalization

the process by which a firm progressively increases its involvement in and commitment to international markets — moving operations, sales, sourcing or knowledge across national borders.

It is a process, not a single event — a direction of travel, usually in steps.

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Why do firms go international?

PUSH · pressures at home

- Saturated / small domestic market
- Intense home competition
- Excess capacity to absorb
- Follow domestic customers abroad

PULL · attractions abroad

- Larger / growing foreign demand
- Economies of scale & scope
- Cheaper inputs, labour, location
- Access to knowledge & talent

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Forms of internationalization — a spectrum

Outward
selling / producing abroad: exports, subsidiaries, foreign sales

Inward
foreign sourcing, imports, licensing-in, foreign suppliers

Cooperative
alliances & networks that span borders

Exporting
Indirect & direct

Licensing & Franchising
Contractual

Joint ventures & Alliances
Shared equity

Wholly-owned / FDI
Greenfield or M&A

Increasing resource commitment · control · risk · profit potential

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How internationalization unfolds — three models

Uppsala / Stage model

Step-by-step. Firms expand gradually, starting with nearby, familiar markets and low-commitment modes, deepening as they learn.

Born globals

Some firms are international almost from day one — typically digital, niche or tech ventures with global demand and low border costs.

Network model

Expansion follows relationships — partners, customers and suppliers pull the firm into markets, not formal planning alone.

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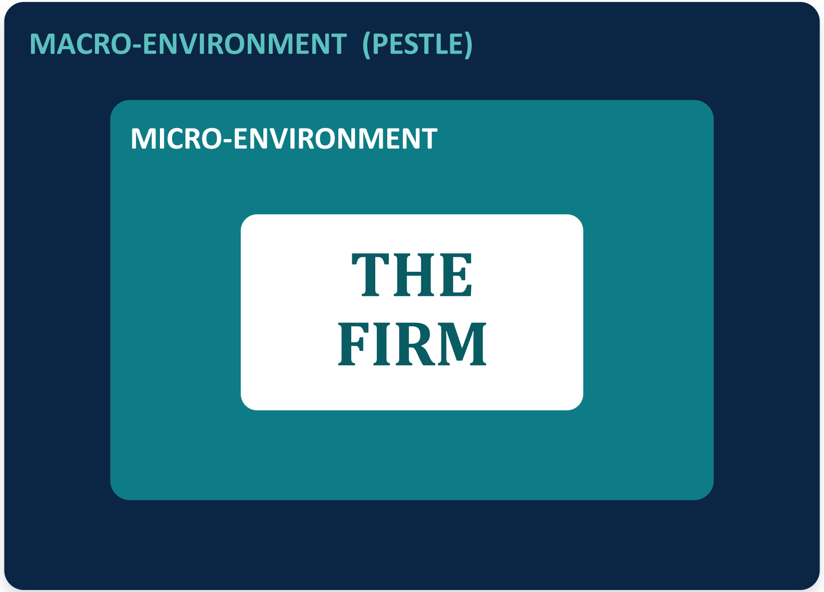
The environment the firm steps into



Micro — close & influenceable

- Customers, competitors
- Suppliers & intermediaries
- Partners & publics

Macro — broad & uncontrollable

- Political, Economic, Social, Technological, Legal, Environmental — the **PESTLE** forces

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PESTLE — six forces to scan before you enter

P Political

E Economic

S Social / cultural

T Technological

L Legal

E Environmental

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Political — power, stability & policy

Political

- Government stability & political risk (expropriation, unrest)
- Trade policy: tariffs, quotas, sanctions, local-content rules
- FDI rules — ownership caps, approval regimes
- Corruption levels & quality of governance
- State as customer, owner or gatekeeper
- Geopolitics: blocs, alliances, trade wars

So what? Political risk can wipe out an investment overnight; firms hedge with insurance, local partners and phased commitment.

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Economic — demand, costs & money

Economic

- Income levels, growth, distribution → market size
- Stage of development & infrastructure
- Inflation, interest rates, business cycle
- Exchange-rate volatility & convertibility
- Labour & input costs; productivity
- Purchasing power, not just population

So what? A billion people is not a billion customers — size the market by purchasing power and willingness to pay.

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Social & cultural — people & meaning

Social & cultural

- Demographics: age, urbanisation, household size and structure, roles within a family
- Language(s) and communication style
- Religion, values, traditions & taboos
- Tastes, diet, aesthetics, colour symbolism
- Attitudes to brands, status & consumption
- Social structure, gender roles, trust

So what? Culture quietly reshapes demand and meaning — the same product can mean different things in different places.

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Technological — capability & infrastructure

Technological

- Internet, mobile & payment penetration
- Digital platforms people actually use
- Logistics, electricity & connectivity quality
- R&D base, automation & skills
- Tech standards & interoperability
- Innovation pace & disruption risk

So what? Don't assume your home tech stack travels — meet customers on the platforms and devices they really use.

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Legal — rules of the game

Legal

- Contract law & enforceability; dispute resolution
- IP protection — patents, trademarks, piracy
- Licences and permits
- Product, safety, labelling & advertising rules
- Employment & labour law
- Data protection & privacy
- Competition, tax & customs compliance

So what? Compliance is non-negotiable and local — what is legal at home may be banned abroad, and vice-versa.

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Environmental — planet & expectations

Environmental

- Climate, geography & natural resources
- Environmental regulation & emissions rules
- Sustainability expectations of customers
- Carbon footprint of long supply chains
- Waste, packaging & circular-economy rules
- ESG reporting & reputational exposure

So what? Sustainability is now both a hard regulatory cost and a soft licence to operate — and standards differ by market.

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From PESTLE scan to decision

1 · Scan

List forces per country, with evidence

2 · Filter

Keep what materially affects your product

3 · Assess

Rate impact × uncertainty → key risks

4 · Act

Adapt offer, choose entry mode, hedge, monitor

Common trap: stopping at step 1. A list of facts is not analysis — the value is the 'so what'.

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One world, many markets

Customers differ

Income, needs, tastes, usage occasions

Rules differ

Standards, taxes, certifications, ad limits

Infrastructure differs

Logistics, payments, retail, connectivity

Competitors differ

Strong local incumbents & habits

Communication differs

Language, media, symbols, etiquette

Money differs

Currencies, price levels, payment norms

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The core dilemma: standardize or adapt?

STANDARDIZE	ADAPT
• Economies of scale & lower cost • One consistent global brand • Faster, simpler to manage • Risk: ignores local fit	• Fits local needs & rules • Higher relevance & acceptance • Captures niche preferences • Risk: costly & complex

"Glocalization" — the usual answer is a blend: standardize what gives scale (platform, brand core), adapt what drives local fit (flavour, message, service).

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Global integration vs local responsiveness

Pressure for GLOBAL integration ↑

Global

Standardize for scale & efficiency

Transnational

Be efficient AND locally responsive

International

Export home model, light adaptation

Multidomestic

Each country runs its own way

Pressure for LOCAL responsiveness →

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Tying the threads together

PESTLE

The environment varies by country

Diversity

So markets differ — standardize or adapt?

Marketing

Adapt the mix to win foreign customers

Organization

Build structure & people to deliver it

Internationalization is the work of keeping the firm aligned with environments that keep diverging.

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Discussion & questions

Try this:

- Pick a Polish brand and your home country.
- Run a quick PESTLE scan — name the two biggest risks.
- Decide what to standardize and what to adapt — and justify it.

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