INTRODUCTION

Internationalization can have benefits for companies. It can make companies more efficient in their current activities, as well as better at managing the risks associated with these activities. Internationalization can also develop the internal learning capabilities of companies to innovate and adapt to future changes. Companies can accomplish these goals by exploiting differences in input and output markets among countries and by benefiting from scale economies, synergies and economies of scope in their activities and organizations (Ghoshal, 1987). According to Ghemawat (2007) the particular countries in which a company invests matters a great deal. He has identified three strategies for global value creation based on their differences: adaptation (adjust to differences

ABSTRACT

Companies can benefit from diversifying internationally. This paper analyzes the internationalization efforts of six major European wireless telecommunications service providers: Telefonica, Deutsche Telekom, France Telecom, Vodafone, Telenor and TeliaSonera. Although all six companies have invested heavily in foreign markets, their internationalization paths have not been the same, resulting in foreign market portfolios with different characteristics. Utilizing a proportionate customer weighting scheme based on the number of subscribers controlled by a company in each market, the paper examines how the companies compared in 2007 versus 2002 in their extent and scope of internationalization and in the attractiveness of their foreign market portfolios with respect to some key growth, profitability, and risk market characteristics.
across countries), aggregation (overcome differences among countries by grouping them based on similarities), and arbitrage (exploit selected differences across countries instead of treating them all as constraints).

Dunning and Lundan (2008) have asserted that the extent and geographical pattern of a multinational’s foreign investment will be determined by three factors: (1) the ownership-specific advantages (arising from access to income-producing assets and the ability to coordinate these assets across national boundaries) that a firm of a given nationality (or its affiliates) possesses compared with a firm of another nationality; (2) location-specific factors favoring the home or host countries; and (3) advantages gained from internalizing the markets to generate and use income-providing assets. The significance of these factors and their configuration is context-specific, depending on the industry, countries, and firms in question. In reality, Rugman and Verbeke (2004) have observed that most internationalization is not global, but regional in nature.

Strategy and scale have driven telecommunications service providers (TSPs) to internationalize (Sarkar, Cavusgil, & Aulakh, 1999). Strategic drivers for internationalization include the search for higher-growth markets abroad, the diversification of the companies’ investment portfolios, enhanced leverage over regulators, the provision of seamless services for multinational customers, revenues from the transference of existing management and technical know-how from consulting operations abroad, and enhanced power in standard setting debates. Scale drivers for internationalization include enhanced negotiating power over equipment suppliers, cost reductions through volume accumulations across country locations and market segments, and economies derived from the optimization of network design. Many TSPs now have significant operations and market interests outside their home countries. The wireless communications industry is a good example.

According to Steinbock (2003) TSPs of developed countries are now in their third stage of wireless communications industry evolution: internationalization. This stage began at the end of the 2G era and has continued through the 3G era and into the beginning of the 4G era. It follows a first stage (from pre-cellular days through the 1G era) in which the TSP was a single state-owned or controlled monopoly and operated primarily in domestic markets, and a second stage (beginning at end of the 1G era and continuing through the 2G era) in which the TSP regionalized. Researchers have attempted to measure the degree of wireless communications industry internationalization and to determine if there is a link between internationalization and profitability.

Curwen and Whalley (2006) employed four measures to analyze the degree of internationalization of thirty-four companies representing all the mobile operators present in at least three countries at year-end 2005: (1) the companies’ geographical dispersion, that is, the number of countries in which they were invested; (2) their psychic dispersion, that is, the number of zones with cultural affinity in which the companies operated; (3) the number of proportionate customers controlled by each company in each region; and (4) the percentage of proportionate customers outside their domestic markets. Echoing Rugman and Verbeke (2004) they found that most individual operators are not global in presence, but at best bi-regional. Their study did not examine how the degree of internationalization changed over time. Gerpott and Jakopin (2005) analyzed a sample of European mobile network operators to determine if their degree of internationalization and financial performance could be linked. The degree of internationalization ranged from offering connections to foreign destinations originated within the home country license area to majority control of a foreign business. Their research found no evidence over the 1997-2003 period of a link between higher degrees of internationalization and higher profitability levels.
Related Content

On-Chip Measurement and Compensation of Timing Imbalances in High-Speed Serial NoC Links
www.igi-global.com/article/chip-measurement-compensation-timing-imbalances/74343?camid=4v1a

An All-Inversion-Region gm/ID Based Design Methodology for Radiofrequency Blocks in CMOS Nanometer Technologies
www.igi-global.com/chapter/all-inversion-region-based-design/62927?camid=4v1a

Why Mobile Wireless Carriers Share Networks and Services Provisioning
www.igi-global.com/article/mobile-wireless-carriers-share-networks/46965?camid=4v1a

Precisions about the Broadband Divide in Chile
www.igi-global.com/chapter/precisions-broadband-divide-chile/20454?camid=4v1a