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Deputy editor: Persa Economou
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Between global market constraints and national dependencies: the internationalization of the world's leading telecommunications equipment suppliers

Christoph Dörrenbächer *

There is a strong divide in the current literature on international business strategy. One school of thought argues that, due to market constraints, there is only one best practice for the internationalization of companies. This view is strongly opposed by a second major approach, which stresses structural dependency. According to this second view, the internationalization strategy of a company is largely shaped by its origin — in other words, by its historical embeddedness in the economic, political and institutional context of its home country. This article shows that there is no need for such a strong divide. Looking at the internationalization trajectories of the top ten telecommunications equipment suppliers of the world, it is demonstrated that all suppliers — irrespective of their national origin — follow an industry-wide best practice, both in the timing and the location of their internationalization. However, all internationalization aspects that are more process and style oriented (e.g. market entry patterns or global management styles) show a strong correlation with the specific design of the national institutional context. So far, the institutional context, and thus also the specific telecommunications policy of the small countries, has turned out to be particularly favourable. Whether this will also be true in the future seems rather doubtful when looking at current sector trends.

* Senior Fellow, Wissenschaftszentrum Berlin für Sozialforschung (Social Science Research Center Berlin), Research Unit, Organisation and Employment, Berlin, Germany, and Forschungsgemeinschaft für Aussenwirtschaft, Struktur-und Technologiepolitik (FAST), Berlin, Germany. The author is indebted to Frieder Naschold, who died in 1999, for very helpful comments and advice.

Introduction

One of the most prominent general debates in the social sciences is the controversy concerning best practice and path dependency. Widely discussed in such diverse fields as the transformation of Eastern Europe or labour market politics, perhaps the most intense debate on the topic occurs in the realm of corporate organization and management. This should not come as a surprise, considering the major structural adjustments of the post war economy, such as market liberalization, reduced transport costs, improved communication means and product homogenization. This meant that more and more corporations from different countries and continents, with different historical legacies and institutional backgrounds, entered the global market and became competitors. The pressure of international competition, but also the discovery that companies with diverse national roots differ from each other have spurred the discussion on how to organize and manage a company, especially important when there is slow growth in the world economy.

During the 1990s, the key reference point of this debate was the production model. Do corporations have to follow the path of lean production or die, as maintained by J. P. Womack et al. (1990)? Or, do corporations shape their own viable models in interaction with, and according to, their specific national environments, as argued by R. Boyer and M. Freyssenet (2000)? With enormous amounts of empirical literature produced so far, the line of demarcation between these questions can be drawn. However, a new key issue is emerging in the debate. It deals with the question of whether corporations have to follow a specific (best practice) internationalization strategy, or whether different internationalization trajectories are more or less