

New Dynamics of Location and International Business

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Abstract

This presentation will revisit the eclectic paradigm (EP), as a conceptual framework for the theoretical analysis of international business (IB). One element of the EP is concerned with the location (L) advantages of places as host sites for IB activities. These L advantages have been shifting away from the strictly local or geographically confined factors towards the advantages of the international connectivity of a place. Some related changes in L advantages entail a shift from product-based to process-based specialization, greater flexibility in moving along the value chain, and the increasing interaction between the levels of analysis (the sub-national, the national, and the regionally integrated area). L advantages co-evolve with the two other components of the EP, ownership (O) advantages (firm capabilities) and internalization (I) advantages (network governance structures). I argue that we need to conceptualize the EP as (i) a high level abstract framework, (ii) an evolutionary and process-based framework, and (iii) a means of expressing the changing character of IB as the business environment shifts.

Selected References

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