

a. Identify IKEA's motives for establishing manufacturing facilities in Poland.

- Low labour cost (make 90% of national average pay per month)
- Extensive forest resources: 14% of the wood used in IKEA factory comes from Polish State Forests).
- Many IKEA manufacturing firms are located in Poland
- Land prices are relatively low
- Local authorities attract companies from wood industry invest in Podlaskie

b. How can Dunning's eclectic paradigm of international production be applied to explain IKEA's FDI in Orla / Poland?

Lý thuyết chiết trung: các công ty sẽ thực hiện đầu tư trực tiếp nước ngoài khi hội đủ ba lợi thế. Đó là lợi thế về địa điểm (yếu tố đầu vào rẻ hơn), lợi thế về sở hữu (công nghệ, bản quyền, thương hiệu...) và lợi thế nội hoá (ưu thế đạt được do việc nội hoá hoạt động sản xuất thay vì chuyển nó đến một thị trường kém hiệu quả hơn, VD chi phí giao dịch thông qua FDI thấp hơn các hoạt động xuất khẩu, hợp đồng đặc quyền,.....), chỉ khi hội tụ ba lợi thế này mới làm cho thị trường đó trở nên hấp dẫn các nhà đầu tư.

- Ownership advantage (O): abundant wood resources
- Location advantages (L): Government encourage firms from wood industry invest in Poland, nằm gần 1 trong những thị trường lớn nhất châu âu
- Internalization advantage (I)_ ngược với outsourcing

c. What is the role of IKEA's investment in Orla for the development of the region?

Discuss direct and indirect effects of the investment.

- Role of IKEA's investment in Orla:
 - + Constructed new many factories => Created several new jobs (in Orla commune and in Podlaskie region) (270 workers employed at IKEA's factory in Orla and 90% of the workforce comes from the Podlaskie voivodship) - Trước đó tỷ lệ thất nghiệp cao (high unemployment rate) => Sau tạo ra nhiều việc làm hơn ngay tại địa phương
 - + Improve skills and experience of Orla employees (New employees working in the production line were sent to Diefenbacher in Germany for training. Those were lack of workforce trained and incapable of operating high technology machines)
 - + Raise the ranking of Polish communities in terms of tax income per inhabitant (from rank 423 in 2011 to rank 45 in 2012). [This additional income will be spent on investments in water pipes and sewage water systems, renovation of a water treatment plant and development of the roads system. - dùng để đầu tư nâng cao csvc ở địa phương)]
 - + Resource transfer effects (capital, technology and managerial skills; By using FDI, the country can achieve a current account surplus (where exports are greater than imports) and reduce current account deficit (where imports are greater than exports). (Hill, 2005)] Tuy nhiên cũng gây ra ô nhiễm MT
 - + Environmental Challenges: toxic emissions released from the process of wood manufacture and polluted nearby rivers

- + Boost local economic enhance
- Direct and indirect effects of the investment
- + Direct effects:

Criteria	Direct Effects	Indirect effects
Quantity	Capital inflow, create more job, reduce unemployment rate	New working places throughout linking with suppliers and buyers, boost others related industries Labour market effects (wages and labour mobility)
Quality	Contributing to productivity growth, change in demand for labour skills	Transfer effects: sharing experience, technology, management skills
Location	New better working places in the industries	Environmental problems

Spillover effects: Hiệu ứng lan tỏa