Track: 2. Developments in IB theory

Format: Competitive

Theorising the Anatomy of Re-Internationalization Processes from Cases

ABSTRACT

The contribution of this paper is to develop theoretical foundations for understanding and conceptualizing re-internationalization processes. This paper aims to propose further research avenues in a scarcely researched area for scholars and researchers in international business besides offering practitioners some basis for decision-making when making choices about firm strategies and decisions. The theorizing also has significance for policymakers designing subventions and/or targeted incentives.

Re-internationalization, or firms' re-entry into international operations after complete withdrawal from previous international activities involves analyzing continuities and discontinuities between previous experiences and subsequent re-internationalization. Four cases, each from a different industry have been studied to unravel deep insights into the anatomy of re-internationalization process. The theoretical contribution of the paper is in linking aspects of firms' initial international experiences, valencies in organizational commitment to internationalization during exit and timeout, and the significance of preserving dynamic capabilities with how these facilitate successful re-internationalization of firms.

Keywords: Re-internationalization, New theoretical concepts, Dynamic Capabilities, Firm-specific advantages, Theorising from case studies

Theorising the Anatomy of Re-Internationalization Processes from Cases

INTRODUCTION

This paper is a contribution to theorising the anatomy of internationalization processes based on an empirical study of re-internationalization processes with three aims. First, the paper points to the gap in the literature in theoretical and conceptual understanding of how and why re-internationalization processes evolve. Second, the paper attempts to unravel the anatomy of re-internationalization processes by studying four cases from post-1991 India involving de-internationalization and re-internationalization in four different industries. Attention was given to initial internationalization experiences, organizational commitment to internationalization, dynamic capabilities, and continuity in networks, relationships, and personnel, that could potentially have contributed towards successful re-internationalization of firms. Thirdly, the paper presents findings from each of the cases and formulates a series of hypotheses which have implications for developing theories about re-internationalization.

We found firms to be more focused in terms of their choice of locations, customers, and geographies in their re-internationalization attempts. Firms were also more willing to engage in higher involvement mode of operations during re-internationalization, lending support to a nuanced interpretation of the Uppsala school of stages model of internationalization.

One of the obvious limitations of our study is that we empirically investigated only successful re-internationalizers and cannot say anything about those that failed. We can modestly hope our findings and tentative theoretical constructs spawn more interest in this neglected IB (International Business) strand and augur more spirited inquiries into the scarcely researched phenomenon of re-internationalization with larger data-sets.

The structure of this paper follows. We devote the remaining part of this introductory section to locating the phenomenon of re-internationalization in perspective to

internationalization and in the next section discuss what is known about and around the topic, distinguishing speculative conjectures from informed scholarship and identifying the gaps that inspired us to undertake the study on which this paper is based. In the following sections, we discuss methodology and present the cases themselves. We then discuss our findings and interpret our findings to develop new theoretical contours before concluding the paper.

Internationalization is the phenomenon in which firms increase their involvement in international business activities (Welch & Luostarinen, 1988; Rao & Naidu, 1992; Fletcher, 2001; Suder, 2009) extending activities of a firm beyond national boundaries in factor markets and/or product markets abroad or in collaborations (Mathur, 2012). This may involve outward activities like a firm exporting products and/or services beyond geographical boundaries of its home territory, licensing or franchising, entering into joint ventures, establishing foreign commercial presence, etc. or inward activities such as import of raw materials or services, strategic alliances, cooperative manufacture, countertrade, etc., or activities in which outward- inward activities are inter-linked (Fletcher, 2001; Mathur, 2012).

In contrast, re-internationalization is the re-entry of a firm into international operations after withdrawing from all inward and outward prior international operations (Welch & Welch, 2009). The process of re-internationalization manifests at least four stages; (1) international activities; followed by (2) de-internationalization or exit from international activities; followed by (3) a time-out period with no international activities; followed by (4) a re-entry into international activities. Some firms go through multiple exits and re-entries.

De-internationalization is a frequently occurring phenomenon affecting one in five of all firms that internationalize (Wentrup & Schweizer, 2014). Although researchers have found that tendencies for de-internationalized firms to re-internationalize are generally higher than for firms embarking on internationalization for the first time (Crick, 2002; Welch & Wiedersheim-Paul, 1980), re-internationalization processes have hardly been empirically

studied (Welch & Welch, 2009). The field of international business has not been able to develop theories about re-internationalization processes, despite interest in the phenomena by researchers, and its importance for practitioners and policy-makers. The field is replete with speculative conceptual propositions hovering in the twilight zone between born-globals and re-born globals, with the latter even mistakenly being regarded as a subset of the former.

When firms that have exited from previous international operations previously, exhibit tendencies for re-entry, this may depend on explicit and implicit factors and triggers that occurred during the period of its initial international presence, during the de-internationalization or exit period, or during the time-out period from international operations. Welch & Welch (2009) conceptualize the three main drivers of re-internationalization as: assets and liabilities flowing from prior international operations, new international influences arising after the firm's initial exit, and the experiences of the firm during the time-out stage. We would wish to explore even further to consider the legacy of previous international experiences including assimilation of experience, tacit knowing, internalized learning, human capital response capabilities, relationships, networks, mind-sets, perspectives, attitudes, continuities and discontinuities in knowing etc. as precursors for a firm's internationalization re-entry process.

WHAT PREVIOUS STUDIES AROUND THE TOPIC INFORM US

Researchers have noted that the psychological experiences a firm encounters (and makes sense of) during its initial internationalization, or the residual mind-share, affect its decision-making processes and approach to re-entry to international operations (Javalgi, Deligonul, Dixit, & Cavusgil, 2011). But this is not all. A shift in strategic orientation of organizations or changes in organization's top management can also influence re-internationalization besides external changes in environmental, political, competitive, technical, etc. factors that could

substantially affect both the firm's decision to re-internationalize, its capacities to do so and indeed the processes by which it pursues re-internationalization.

The phenomenon of re-internationalization has not received much theoretical attention in international business (Welch & Welch, 2009). Two recent case-studies (Janjuha-Jivraj, Martin, & Danko, 2012; Freeman, Deligonul, & Cavusgil, 2013) study different dimensions about re-internationalization but not the process of re-internationalization per se. The first one (Janjuha-Jivraj, Martin, & Danko, 2012) is a single case study of a firm that re-internationalized after a very lengthy time-period, whereas the second is a multiple-cases based study (Freeman, Deligonul, & Cavusgil, 2013) of 9 'born-global' firms which had gone through de-internationalization and re-internationalization stages. The focus of the former study is about the succession and professionalization of a family-firm, whereas the second study concentrated more on the entrepreneurial roles of managers in the restructuring phases.

Studies on internationalization have mostly focused on internationalization from an outward perspective (including our study) compared to very few studies on inward process of internationalization (Fletcher, 2001). Internationalization has been investigated from a wide variety of theoretical lenses. Factor studies tried to analyze internationalization as an outcome of various characteristics of management, organization, and other external factors. Process studies on internationalization have been mostly explained by the incremental commitment model, also known as the Uppsala model, where internationalization of a firm is described as an incremental process of building commitment in host nation(s) from learning by doing (Johanson & Vahlne, 1977).

Extensions to the Uppsala model take into consideration the enhanced business environment as a web of relationships and incorporate trust-building and knowledge creation in networks, especially from a relationship perspective into the model (Johanson & Vahlne, 2009). It has been argued that opportunity development is a vital outcome of commitment,

which is deemed as the dependent variable as against the independent variable of experience of host nations in the internationalization process model (Johanson & Vahlne, 2006).

The contingent approach regards firms' internationalization as contingent on several internal and external factors, whereas networks approach views it as an outcome of firms' interactions with their networks and relationships (Fletcher, 2001). An economic-rational approach to internationalization, including transaction cost theory and Dunning's eclectic paradigm, assume that the process of internationalization confers confidence for actions of firms acting in bounded rationality. Eclectic theory explains internationalization as an outcome of alignment of three main advantages an organization can pursue – ownership, location, and internalization advantages. The international operations of a firm being an outcome of alignments at various stages, and depending on the suitability at any given time-period the organization might alternate between international and domestic operations (Dunning, 1980). Internationalization has also been studied from culture or cultural distance perspective, institutional theory, resource-based view, organizational learning perspective, knowledge-based view, etc. (Canabal & White III, 2008).

De-internationalization characterizes the exit of a firm from its international operations. De-internationalization is not an uncommon phenomenon, especially among firms that are in their early stages of internationalization, or among firms that are small in size (Bonaccorsi, 1992). De-internationalization is observed to a large extent among born-global firms, which have a higher probability of failure than conventional firms following a more conservative incremental development path to internationalization (Mudambi & Zahra, 2007).

Some advantages for a re-entry as opposed to a de-novo entry include a superior foreign market knowledge, access to previously developed networks and resources, experience of regulatory environment, opportunity to salvage sunk costs, etc. (Javalgi, Deligonul, Dixit, & Cavusgil, 2011). There is also better understanding of what makes international business

different from domestic business expansion. These advantages could enable a firm to be more competent as well as have more focused operations during their comeback international operations compared to initial international operations.

Internationalization from Emerging Markets

In inductive theory building, the context of the research setting plays a prominent role, and generalizations may be limited to the context of emerging markets where the study is conducted (Welch, Piekkari, Plakoyinnaki, & Paavilainen-Mantymaki, 2011). The interest in internationalization of firms from emerging economies has arisen due to the export competitiveness of firms in developing economies and the effects of foreign direct investments in and from these economies (Kumar & Siddharthan, 1994; Chittoor, 2009). Emerging market firms frequently face difficulties in acquiring resources due to under-developed strategic factor markets for finance, technology and management (Hitt, Li, & Worthington, 2005). For competing in developed markets, firms in emerging economies often require upgrading their technological, financial and managerial resources before taking the first internationalization step (Chittoor, 2009). However, very little is known about their de-internationalization and re-internationalization processes, and one of the motivations of our study was to fill this gap.

Some scholars (Lal, 1983; Wells, 1983; Dunning, 1981; Porter, 1990) had theorized that internationalization of firms from emerging markets would be different as compared to those from developed economies. Scholars argued that multinationals from developing economies can establish proprietary advantage through cost arbitrage which gives such firms an advantage to expand predominantly into other similar, less developed economies (Gubbi, Aulakh, Ray, Sarkar, & Chittoor, 2010).

Another explanation of characteristics of FDI theorized on the basis of stages of investment development path (Dunning, 1981, Dunning and Narula, 1996). The evidence

from outward foreign direct investments by business groups from India and China has already challenged this theory. Khanna and Palepu (1997, 2006) argue that firms from developing economies might have inherent advantages over global MNCs in regions where institutional voids are more prevalent. A multiple-cases based study of twelve emerging multinationals from Taiwan and Singapore conforms to some of the above arguments related to internationalization of firms from developing economies (Sim & Pandian, 2003).

Emerging market firms in certain sectors of manufacturing, mining, pharmaceuticals and IT have taken on the competition with MNCs upfront by exploiting and acquiring resources and capabilities in global markets (Narayanan & Bhat, 2009). So the complexity of motivations in internationalization and re-internationalization and the capabilities acquired by emerging market firms can involve a bundle of firm-specific advantages arising out of cost arbitrage, assimilation from experience, impulses for aggregation besides adaption. IB theories are yet to incorporate all these dimensions.

RESEARCH METHODOLOGY AND DATA COLLECTION

The central research question for us was to understand: how re-internationalization of an emerging market firm is affected by previous experiences of attempted and discontinued internationalization, or how do the resources, capabilities and competencies – both ordinary as well as dynamic – acquired, modified, and/or complemented by an organization during its initial internationalization phase, exit phase, and/or time-out phase affect successful re-entry to international operations. We needed to understand the evolution of various stages and to analyze the focus, choice of location, entry mode, triggers, etc. and other characteristics associated with firms' re-entry into international operations. We also tried to figure out the similarities and differences in firms' approaches during re-internationalization versus their initial internationalization.

Given the nature of questions involved, we adopted an exploratory multiple-cases based study to obtain a deep understanding of how and why the process of re-internationalization evolved in firms. We chose four firms from post-1991 India from different industries to understand the process of re-internationalization. A qualitative longitudinal case-based methodology is well placed to dissect such research questions in a detailed manner with depth (Eisenhardt, 1989; Yin, 2009) and is well-suited modality for exploring and understanding a new phenomenon under study, especially for theory building (Eisenhardt K. M., 1989; Yin, 2003; Reige, 2003). Welch & Welch (2009) prompt that "an exploratory, detailed case analyses, with a longitudinal perspective, appears to be necessary in order to develop a better understanding of the re-internationalization process". Also, a longitudinal process study describing the sequence of events can explain how a sequence of events lead to a particular outcome (Van de Ven, 1992). A pluralist future for international business research requires theorizing from case studies for contextualized explanations (Welch, Piekkari, Plakoyinnaki, & Paavilainen-Mantymaki, 2011).

We interviewed functionaries in each of the four firms and iteratively supplemented these by obtaining data about the firms from themselves and from Prowess database. While the interviews helped to reveal details and motives that could not be completely realized from archival data, the combination of archival and interview data helped us to get a triangulated and relatively accurate understanding of the phenomenon on the lines of what has been recommended also by others concerned with methodology (Santos & Eisenhardt, 2009).

Most of the interviews were recorded and transcribed verbatim and even for interviews that were not recorded notes were taken. After the transcription, we analyzed the data and coded it to meet our requirements with the help of Atlas.Ti software. So, before approaching the same firm or the same respondent a second time, we were ready with the analyzed and

coded data from prior interactions, and thus we were prepared to ask questions and to seek more data according to subsequent need.

(Tables 1, 2 & 3 shows the summary details of the interviews, characteristics of the firms and their internationalization details during the period of study (1990-2012) respectively. For brief histories of the cases selected for the study kindly refer to Tables 4 through 7)

ANALYSIS AND FINDINGS

In this section, we summarize the major findings from the cross-case analysis.

Initial Internationalization Operations

Role of Inter-Organizational Networks and Agents

Firm-3 was attracted to exports for the first time in the early 1990s by the export incentives formulated by the regulatory authorities at the time when they mainly exported textile products. They also delivered some orders to the Middle East on chemical products. Networks and trade partners played a significant role as the delivery of products was either through agents or trading-houses rather than directly to end-customers. Firm-4 also conducted initial international business through trading agents and utilizing personal contacts and relationships from persons of Indian origin in the diaspora abroad.

The role of networks had a major role for Firm-2 throughout their operations abroad. During initial internationalization, the firm was not focused on doing business abroad and grabbed opportunities whenever partners in Dubai came up with specific short-term projects. Apart from Firm-1, networks and agents played a pivotal role in initial internationalization efforts of the firms involved in the study. Firm-1 had explored internationalization during the initial stage on its own, whereas others had grabbed opportunities whenever such came through their networks or trading agents. We inferred that networks and local agents play an

important role in emerging market firms' entry to foreign markets, as they help them to clear the regulatory, and other country related issues and challenges, especially handling of communications. Therefore, we formulate the following hypothesis:

Hypothesis 1: *Access to inter-organizational networks and agents triggers and motivates emerging market firms to enter foreign markets*.

Withdrawal from International Operations

Exports of Firm-1 were curtailed primarily due to the rapid technological changes in the industry resulting in their main customer terminating the contract. After trying various technological products, services, and solutions, Firm-1 re-established itself as a niche player in the satcom (satellite communication) technology space, as their focus shifted from international markets to domestic space. Firm-2 executed some services in international markets on short term contracts, but never focused to stay there and instead actively bid and explored opportunities in the domestic markets. A typical pattern in both these cases was that, although the firms had an international presence, their priorities were to establish themselves in the domestic market. They lacked explicit focus on international operations and never tried to push products or services abroad; once their orders stopped, they quietly withdrew and concentrated their efforts back in India. We, therefore, formulate the following hypothesis:

Hypothesis 2: *Lack of focus in international operations or balancing priorities can trigger emerging market firms to exit from international operations*.

Apart from the curtailing of export incentives provided by the government, a major reason that made Firm-3 to revert to domestic markets was an accident which made them pull out from international markets and focus on survival in the domestic space. For Firm-4, the initial exit was not a lack of focus on export operations, but survival challenges. They were even unable to deliver export orders due to financial challenges following a split of the partnership of the firm. The common attribute found in these firms that had decent

international exposure were issues faced in domestic markets, and survival threats forcing them to quit international operations. Thus, we formulate our third hypothesis:

Hypothesis 3: *Major issues and/or survival threats faced in domestic markets can pull firms away from international operations.*

Re-entry to International Operations

For Firm-1, international operations in the subsequent phase had little to do with their initial activities as they had completely transformed in technology, products, services and solutions over the years. While their initial internationalization was an outcome of dedicated self-explored initiatives to export their products, their re-internationalization was about grabbing an unexpected opportunity. Apart from a generic learning derived from handling foreign clients including communications and expectations, there was not much to carry forward to the second phase. In case of Firm-3, there was a relatively long break of 11 years between the two internationalization efforts, and it was the enthusiasm of the new marketing director that triggered re-entry. The lengthy time elapse between the two exports' efforts, and also the switching of product portfolio during this period meant that not much remained from the initial international exposure acquired to be useful for re-internationalization and we formulate our fourth and fifth hypotheses thus:

Hypothesis 4: *The longer the duration of time-out between two internationalization stages, the less relevant to firms are their initial experiences when they re-internationalize.*

Hypothesis 5: *The greater the differences in the products and services offered during initial and re-internationalization stages, lesser the usefulness for firms when they re-internationalize.*

For Firm-4, the split of the partnership meant that their international business and the markets associated evaporated. Even when they obtained new export orders after the split, they couldn't deliver. Their re-entry locations, as well as products, were the same, which

helped them eventually toward a smooth re-entry. They had a clear, focused strategy for re-entry, and established their own branch in Dubai and expanded rapidly afterward. The initial learnings helped in their re-entry. Firm-2 had many learnings from their initial international experiences. Their understanding of the challenges of manning requirements of Indian vessels enabled them establish a fully owned subsidiary in Singapore to overcome regulatory restrictions for a focused re-entry to international waters. Their short term initial projects helped them to explore and find such projects whenever they faced excess capacity in the domestic market. The services offered over the years were similar, and that helped them to utilize their initial experiences for re-entry. Accordingly, we formulate the following sixth and seventh hypotheses:

Hypothesis 6: *Initial international experiences are useful for firms that re-internationalize in the same foreign markets of which experience is gained during the initial stage.*

Hypothesis 7: *Initial international experiences are useful for firms that re-internationalize with the same products / services they had been making / delivering during the initial stage.*

Focused Re-Internationalization: High Involvement Entry Modes

Firm-1 had directly exported its products to customers.; however, they actively sought a JV (Joint Venture) partner to make use of 30% offset rule stipulations of the government in the defense sector on re-entry to take such JVs into long-term technical collaborations for international presence in the long-term. But, their re-entry to internationalization was not an outcome of concentrated efforts from their side; all they did was grabbing the opportunity that indirectly arose from one of their domestic customers. In the case of Firm-3, during their initial phase they had merely exported orders through agents, not exploring opportunities on their own. However, during the re-internationalization phase, in addition to fulfilling orders through agents and trade-houses, they went a step further in Iran by appointing an own exclusive agent who actively explored opportunities in the market. Firm-4 had taken a

confident step by starting own branch office and multiple warehouses in Dubai to target export orders in the Middle East; in addition to other orders they executed via agents. Firm-2 had also gone a step further by starting an own subsidiary in Singapore for catering to the project in Oman, and they also had other direct services delivered from the Indian Office. Common to Firm-3, Firm 4, and Firm-2, was that, all of them had re-entered international operations with a focused and definitive effort from their sides. They explored and studied the markets, and took risks to re-enter with higher involvement entry modes. The initial international experiences and learnings helped. So, it could be inferred that firms, in general, are more committed and focused during their re-internationalization phase than during the initial internationalization stage; and also they are willing to enter into entry modes that require higher involvements unlike simple direct exports or trading via agents. This supports the notion that firms progress from low involvement modes of operations to higher involvement modes as they acquire greater learning and exposure in host nations (Johanson & Vahlne, 1977). We, therefore, formulate the following hypotheses:

Hypothesis 8: *Firms are more committed in their efforts during re-internationalization than during initial internationalization.*

Hypothesis 9: *Firms undertake higher involvement entry modes during re-internationalization stage compared to initial internationalization.*

Role of Dynamic Capabilities

Dynamic capabilities (DCs) are firms' ability to sense and seize opportunities in the environment, learn and integrate market scenarios and reconfigure their assets to sustain a competitive advantage (Teece, Pisano, & Shuen, 1997). One typical pattern across all the firms studied was that, each of them possessed such dynamic capabilities that enabled them not only to survive but also grab opportunities and expand and grow in international markets too. Firm-1 had initially struggled to keep pace with the rapid technological evolutions in the

industry, which triggered their exit from the international space. However, since then it was a story of innovation and growth as the firm entered into satcom technology to establish itself as a niche player in the defense sector. The outlay on R&D was well rewarded with the development of new products including embedded software solutions, as they eventually became a turnkey solution provider in the industry. Their high competence in the field brought them an opportunity to export their products to a foreign client, recommended by their customer who mandated the incorporation of designs and products of Firm-1 in a bigger project delivered by the foreign client to their common customer. Firm-2 was adept at mastering the field of their operations. They found a vacuum in port management solutions and established themselves as a pioneer in the Indian market in port operations and management services. They gained a dominant position in the domestic market, and their successful bidding capabilities of global tenders paved the way to seize opportunities abroad as well. Their establishment of an own subsidiary in Singapore was among the reconfiguration efforts to re-enter the international markets at a competitive level. In the case of Firm-3, over a period of time they had identified the nuances in the market and reconfigured their portfolio to only one product and its derivatives. This enabled them to be in a good competitive position in the domestic market for the particular product, which also had extensive applications in export markets. They sensed and seized an opportunity to export their products to Iran at a premium, as many competitive players had withdrawn due to the economic sanctions. In Firm-4, their capability in producing a broad range of valves and accessories, including their ability to innovate and manufacture a copyrighted product, established them as a competitive player in the domestic market. They had taken pro-active steps to study and explore markets abroad, especially the Middle East hub at Dubai, and their re-entry with own branch and multiple warehouses was a well thought-out strategic move that paid good dividends. Common to all these firms was the possession of dynamic skills and

capabilities in a rapidly changing environment, a must for survival let alone internationalization, and all of them thrived and expanded further not just in domestic markets, but also leapt into international markets. We, therefore, formulate the following hypothesis:

Hypothesis 10*:* *Inculcation or reinforcement of dynamic capabilities enables firms to re-enter international operations.*

Role of Re-entry Intention at the Time of Exit: Retention of Personnel and Networks

When Firm-1 exited international operations, they were unsure about re-entry. The re-entry was opportunistic. However, there was no abnormal staff attrition in the firm due to exit or even in the later stages, as their continual development process was focused on the domestic markets. All key individuals continued from the initial phase through the exit to re-entry stages of internationalization. They neither had formed any relationships with any networks or agents in the initial phase nor during the re-entry stage. The intention or rather the lack of it to re-enter international space had little impact on subsequent retention of employees or personal. However, it could be reasonably assumed that the individuals who continued through the various phases of the firm made a good contribution to the development of new products and solutions which finally enabled the firm to re-enter international markets. Firm-3 had focused back on domestic markets for a prolonged duration once they withdrew from exports. In fact, they went through a relatively long period of 11 years without exports and, therefore, had to reenter international markets afresh with new personnel, with new networks and agents aiding the same. In the case of Firm-2, although they didn't have much focus on international operations in the initial stages, they were always open and positioned well to enter future international projects as and when such opportunities arrived; so their intention was intact. They also had continuity in key personnel involved in international operations. Further, they had close relationships with their partner agents in

Dubai, whose aid they consistently sought throughout the many short term international projects they undertook. Even though Firm-4 intended to re-enter at the earliest possible, they had lost continuity in many personnel as well as networks and agents who were associated with initial international operations due to the split of partnership. However, the intention to re-enter at the earliest made them take pro-active steps in exploration and study of Dubai market and starting own branch office and warehouses to go on a full-fledged re-entry to internationalization. In the first two cases, intention to re-internationalize was not present for the firms involved, and they didn't actively push for internationalization efforts; whereas the latter two firms that had their intention intact pushed ahead for internationalization and started with a very higher involvement entry mode during their re-entry. So, having an intention at the time of exit toward re-internationalization can lead to a focused re-entry.

The retention of personnel was more dependent on the duration of time-out (in the case of Firm-4 they lost key individuals due to a split of the firm) than on intention to re-enter, although intention to re-enter may prolong or fasten the eventual time-out duration. None of the firms we studied had a focused initial internationalization effort, and mostly those individuals who were handling marketing or other divisions were given additional responsibility for internationalization. Since no separate divisions or departments were formed for internationalization during initial stages, the retention or attrition of personnel were independent of the intention to re-internationalize.

Networks and agents played a crucial role in the re-internationalization of Firm-2. Only Firm-2 and Firm-4 had an intent to re-internationalize at the earliest possible (for Firm-3 the intention arose later), and Firm-4 couldn't retain connections to networks because of the split rather than an intentional break. Even then, they had continued some relations, as they were able to receive orders from abroad via agents immediately after the split as well. We infer

that intention to re-enter positively relates to maintaining continuity in networks that in turn help a firm's re-internationalization. We, therefore, formulate the following hypotheses:

Hypothesis 11: *Firms' intention to re-enter international operations at the time of exit causes them to actively search and explore opportunities of re-internationalization and helps them to re-internationalize in a more focused manner via higher involvement entry mode than during initial internationalization.*

Hypothesis 12: *Retention or attrition of key personnel in firms that had less focused initial internationalization operations is independent of their withdrawal decision.*

Hypothesis 13: *Firms' intention to re-enter international operations at the time of exit encourages them to maintain continuity in networks which can positively trigger re-entry to internationalization.*

Organizational Commitment to Internationalization

Organizational commitment to internationalization can be viewed as firm's deployment of resources targeting internationalization. Firm-1 had little commitment to internationalization after exiting. They concentrated their efforts and resources in tackling the domestic markets to establish as a niche player in satcom products and services. Although they eventually entered international market, it was not because of a concentrated effort from the management's side, rather due to their capability to grab opportunities. The re-entry of Firm-3 can partly be assigned to their restructuring of product portfolio to glycol ether and its derivatives that have wider applications in the international space than in the domestic market. They were also pro-actively looking for exports and accordingly started to market their products in B2B websites, which eventually gave them opportunities abroad. For Firm-2, the commitment to internationalization was mixed in the initial stages, but structured and calculated in the second phase. After learning from experiences in the initial phase, they established a fully owned subsidiary at Singapore to take up large assignments in overseas

territories. Such long-term commitments made it easier for Firm-2 to advance and grow in international markets at a rapid pace. After sorting out internal troubles that the company faced immediately after the split of partnership, Firm-4 was quick to deploy resources to international markets, even as one of their directors personally explored opportunities in the Middle East that eventually led them to establish a branch office and four warehouses in Dubai catering to the Middle East market. The focused attempt to explore new avenues had enabled them to re-enter successfully. Commitment to international operations seems to lead a firm to deploy its resources and efforts to focus on exports or international operations that can in turn assist to re-enter successfully. We, therefore, formulate the following hypothesis:

Hypothesis 14: *Organizational commitment to internationalization facilitates firms in re- internationalization.*

CONCLUSIONS

During the study, we observed features and behavior of firms related to the Indian context, which differentiates them from their counterparts in developed economies. Firstly, the opening up of economy post-1990s played an important role in the trajectory of internationalization prospects of Indian firms. The export incentives were the main reason that triggered exports for Firm-3 to enter international markets for the first time in 1991. Other firms also grabbed such opportunities, especially Firm-4 that established themselves as a port operations and management services firm when more ports on Indian shores were established due to the liberalization polices and eventually to internationalization.

Some interesting patterns were also observed for host country entry locations for Indian firms. Product-oriented firms increasingly sought internationalization in developing countries where the presence of major competitors from developed markets was limited or non-existent, whereas service-oriented firms focused on entry to developed countries. The role of

proprietary technologies in the former and cost arbitrage in the latter may explain the direction of internationalization, but we did not investigate this further being beyond the scope of our study.

The firms we studied were relatively small in size. The product-oriented firms didn't had the capacity to take on the competition with big multinationals from developed countries. One of the major reasons for exit from initial internationalization of these firms was due to competition in international markets. The only aberration was for service-oriented firms, where the availability of relatively cheaper manpower and skills enabled Indian firms to successfully enter and/or re-enter international territories in developed countries as they possessed an inherent advantage on factor-cost differentials.

The major competitors in international markets for Indian firms were their Chinese counterparts, rather than European or US firms. In fact, both Indian and Chinese firms had to rely on aggressive pricing to market their products, whereas firms from developed countries were able to charge a premium for their products owing to their established brand image and reputation. In many countries where Indian firms entered, they exploited networks and relationships associated with other fellow Indians in the diaspora residing in host territories extensively – both non-resident Indians as well as persons of Indian origin. The generalizability of the findings outside the Indian context should be taken with some caution, due to some of the particular characteristics mentioned in the above paragraphs.

The hypotheses formulated are a contribution to IB theory development and require to be examined with larger datasets. Re-internationalization can also be studied from an entrepreneurial perspective, instead of the organizational perspective that we adopted. There is some evidence for early internationalization of small firms run by entrepreneurs with previous international experience (Bell, McNaughton, Young, & Crick, 2003). So earlier re-internationalization also needs considering. The activities of entrepreneurs, who fail in their

initial ventures, and then go on to start new ventures for international business could also be studied from an ‘entrepreneurial re-internationalization’ perspective.

A comparative study of partial and full re-internationalization in firms, primarily to identify the differences in firms’ focus, commitment, and approaches towards export-oriented activities during the time-out stage is another research-worthy strand. Another avenue for future research is a comparison of de-internationalized firms with re-internationalized firms. Scholars may consider deepening studies in multiple cases of firms that have re-internationalized successfully with de-internationalized firms that haven’t re-internationalized yet and also that failed in attempted re-internationalization.

This empirical study is among the very first attempts undertaken to understand the phenomenon of re-internationalization. We hope the rigor and approach followed in the study to get into the depth of the four firms studied here contributes to knowledge creation in the international business management theory, and the hypotheses formulated serve as a foundation for scholars to further extend the scope and scale of re-internationalization process studies. This study can also be replicated in different countries or contexts.

Practical implications of the study concern managers who would be able to understand the importance of various factors that actually lead to successful re-internationalization, and this understanding would have predictive value for choices and decisions. It may be helpful in their execution of international business strategy with a comprehensive picture in foresight. Changes in strategic orientation and focus on R&D were two most prominent internal factors that triggered firms’ re-entry to international operations. Managers might want to focus on these aspects for a turnaround from de-internationalization toward re-internationalization prospects.

The study could also be valuable to policy makers, who would be able to grasp a better understanding of the impact of their supportive policy actions on internationalization, de-

internationalization and re-internationalization of firms, and this knowledge may be helpful for them to use their regulatory powers in an informed manner to formulate policy support or subventions to aid de-internationalized firms to re-enter international operations.

REFERENCES

Bell, J., McNaughton, R., Young, S., & Crick, D. (2003). Towards an integrative model of small firm internationalisation. *Journal of International Entrepreneurship, 1*(4), 339-362.

Bonaccorsi, A. (1992). On the Relationship Between Firm Size and Export Intensity. *Journal of International Business Studies, 23*(4), 605-635.

Canabal, A., & White III, G. O. (2008). Entry Mode Research: Past and Future. *International Business Review, 17*, 267-284.

Chittoor, R. (2009). Internationalization of Emerging Economy Firms - Need for New Theorizing. *The Indian Journal of Industrial Relations, 45*(1), 27-40.

Crick, D. (2002). The decision to discontinue exporting: SMEs in two U.K. trade sectors. *Journal of Small Business Management, 40*(1), 66-77.

Dunning, J. H. (1980). Towards an Eclectic Theory of International Production: Some Empirical Tests. *Journal of International Business Studies, 11*, 9-31.

Dunning, J. H. (1981). Explaining the International Direct Investment Position of Countries: Towards a Dynamic or Developmental Approach. *Weltwirtsh-aftliches Archive, 119*, 30-64.

Eisenhardt, K. M. (1989). Building Theories from Case Study Research. *Academy of Management Review, 14*(4), 532-550.

Fletcher, R. (2001). A holistic approach to internationalisation. *International Business Review, 10*, 25-49.

Freeman, S., Deligonul, S., & Cavusgil, T. (2013). Strategic re-structuring by born-globals using outward and inward-oriented activity. *International Marketing Review, 30*(2), 156-182.

Gubbi, S. R., Aulakh, P. S., Ray, S., Sarkar, M. B., & Chittoor, R. (2010). Do international acquisitions by emerging-economy firms create shareholder value? The case of Indian firms. *Journal of International Business Studies, 41*, 397-418.

Hitt, M. A., Li, H., & Worthington, W. J. (2005). Emerging Markets as Learning Laboratories: Learning Behaviours of Local Firms and Foreign Entrants in Different Institutional Contexts . *Management and Organization Review, 1*(3), 353-380.

Janjuha-Jivraj, S., Martin, L., & Danko, A. (2012). Internationalization of a 'Born-again Global': How a Family-led Crisis Enabled the Realization of Internationalization Opportunities. *Journal of Small Business and Entrepreneurship, 25*(2).

Javalgi, R. G., Deligonul, S., Dixit, A., & Cavusgil, S. T. (2011). International Market Re-entry: A Review and Research Framework. *International Business Review, 20*, 377-393.

Johanson, J., & Vahlne, J. (1977, Spring/Summer). The internationalization process of the firm - A model of knowledge development and increasing foreign market commitments. *Journal of International Business Studies*, 23–32.

Johanson, J., & Vahlne, J.-E. (2006). Commitment and Opportunity Development in the Internationalization Process: A Note on the Uppsala Internationalization Process Model. *Management International Review, 46*(2), 165-178.

Johanson, J., & Vahlne, J.-E. (2009). The Uppsala internationalization process model revisited: From liability of Foreignness to Liability of Outsidership. *Journal of International Business Studies, 40*(9), 1411-1431.

Khanna, T., & Palepu, K. (1997). Why Focused Strategies May Be Wrong For Emerging Markets. *Harvard Business Review, 75 (July-August)*, 41-51.

Khanna, T., & Palepu, K. (2006, October). Emerging Giants: Building World-class Companies in Developing Countries. *Harvard Business Review, 84*(10).

Kumar, N., & Siddharthan, N. (1994). Technology, Firm Size and Export Behaviour in Developing Countries: The Case of Indian Enterprises. *The Journal of Development Studies, 31*(2), 289-309.

Lal, S. (1983). *The New Multinationals: The Spread of Third World Enterprises.* Chichester: John Wiley & Sons.

Mathur, A. (2012). *Strategies for the future:understanding international business.* New Delhi: Random House.

Mudambi, R., & Zahra, S. (2007). The Survival of International New Ventures. *Journal of Intenational Business Studies, 38*(2), 333-352.

Narayanan, K., & Bhat, S. (2009). Technological efforts & internationalization of IT firms in India. *The Indian Journal of Industrial Relations, 45*(1), 62-83.

Porter, M. E. (1990). *The Competitive Advantage of Nations.* New York: The Free Press.

Rao, T. R., & Naidu, G. M. (1992). Are the stages of internationalisation empirically supportable? *Journal of Global Marketing, 6*(1/2), 147–170.

Reige, A. M. (2003). Validity and Reliabilty Tests in Case Study Research. *Qualitative Market Research, 6*(2), 75-86.

Santos, F. M., & Eisenhardt, K. M. (2009). Constructing Markets and Shaping Boundaries: Entrepreneurial Power in Nascent Fields. *Academy of Management Journal, 52*(4), 643-671.

Sim, A. B., & Pandian, J. R. (2003). Emerging Asian MNEs and Their Internationalizaiton Strategies - Case Study Evidence on Taiwanese and Singaporean Firms. *Asia Pacific Journal of Management, 20*(1), 27-50.

Suder, G. (2009). *International Business.* London: Sage Publications.

Teece, D. J., Pisano, G., & Shuen, A. (1997). Dynamic Capabilities and Strategic Management. *Strategic Management Journal, 18*(7), 509-533.

Van de Ven, A. H. (1992). Suggestions for studying strategy process: A research note. *Strategic Management Journal, 13*, 169-188.

Welch, C. L., & Welch, L. S. (2009). Re-internationalisation: Exploration and conceptualisation. *International Business Review, 18*, 567-577.

Welch, C., Piekkari, R., Plakoyinnaki, E., & Paavilainen-Mantymaki, E. (2011). Theorising from case studies: Towards a pluralistic future for international business research. *Journal of International Business, 42*, 740-762.

Welch, L. S., & Luostarinen, R. (1988). Internationalization: Evolution of a Concept. *Journal of General Management, 14*(2), 34-55.

Welch, L. S., & Wiedersheim-Paul, F. (1980). Initial exports - A marketing failure? *Journal of Management Studies, 17*(3), 333-344.

Wells, L. T. (1983). *Third World Mutlinationals.* Cambridge, M.A.: MIT Press.

Wentrup, R., & Schweizer, R. (2014, December 11-13). Time to say "au revoir"- the process of deinternationalisation. *40th EIBA Conference Paper, Uppsala, Sweden.*

Yin, R. K. (2003). *Applications of Case Study Research* (3rd ed.). Beverly Hills: Sage Publications.

Yin, R. K. (2009). *Case Study Reseach: Design and Methods.* California: Sage.

TABLES

Table 1: List of interviews

Firm - 1	Firm - 2	Firm – 3	Firm - 4
VP, HR (Not recorded)	CFO (Not recorded)	CMD (Not recorded)	Sr. Mktg Executive, and Director Exports (Not recorded)
Combined interview with VP, Marketing and VP, Operations (Recorded)	CFO (Recorded)	CMD (Not recorded)	Director – Exports (Recorded)
VP, Marketing (Recorded)	Director, Commercials	CMD (Recorded)	Director – Marketing (Recorded)

VP, Operations (Recorded)	(Recorded)	Marketing Director (Recorded)	Sr. Manager – Production & Design, and Sr. Mktg Executive (Recorded)
HR Exe. (Recorded)			
CMD (Not recorded)			

Table 2: Characteristics of firms chosen for case-studies

	Year of Inception	Industry Category	Detail	Average Revenue (2008-2012) in Rs. Million
Firm – 1	1990	Electronics	Filters, Satcom Products, Solutions	258.02
Firm – 2	1995	Shipping transport infrastructure services	Port Management Services	2163.94
Firm – 3	1985	Organic chemicals	Nitrogen-function compounds	66.9
Firm – 4	1993	General purpose machinery	Valves	318.46

Table 3: Duration of various international periods for firms chosen for case-studies

	Initial Internationalization		Time-out Period		Re-internationalization Period	
	Years	No. of Years	Years	No. of Years	Years	No. of Years
Firm – 1	1999-2006	8	2007-2010	4	2011-12	2
Firm – 2	2003-2004	2	2005-2006, 2008	3	2007, 2010-2012	4
Firm – 3	1991-1993	3	1994-2004	11	2005-2012	8
Firm – 4	1995-1996, 1998-2000	5	1997, 2001-2005	6	2006-2012	7

Table 4: Firm-1

Established in 1993, Firm-1 in their initial years was engaged in manufacturing of components for radios and later gained expertise in manufacturing various RF (Radio Frequency) related products for both telecom and satcom (satellite communication) sectors. Their initial international activities was majorly a long-term contract manufacturing arrangement with a reputed US firm, and some short term project executions in France and Bangladesh as spillovers of their domestic businesses. However, their initial products were outpaced by new technological developments, whereby their then existing partner in the US withdrew manufacturing contracts that led to a four-year time-out from international operations. Meanwhile, firm successfully developed its own embedded software solutions for their products and thus became a turnkey solution providers; and more importantly positioned themselves as a niche player with products related to satellite communication as they majorly catered majorly to defense sector and also to other public sector firms. Their products became an integral part of the communication systems in the defense sector, especially the Indian Navy, who while placing order for aircrafts from a US firm mandated that the products of Firm-1 should be integrated with their systems. Firm-1 took this opportunity to successfully re-enter internationalization and were also positioned to enter arrangements and even joint ventures with other foreign partners.

Table 5: Firm-2

Firm-2, although founded with the intention of catering to coastal transportation services in 1995, later identified and grabbed opportunity to provide port operations and management services which included tug-boat services, mooring, pilotage services, dredging, communication, etc. They established as a major player in India especially thanks to the opening up of the economy in the 1990s which was accompanied by the development of multiple ports across the shores. Their first foray into international waters occurred while their network partners from Dubai invited them for short-term projects in Eastern African countries. They continued an on and off presence in short-term projects in the neighboring Asian, Middle-East, and African countries, especially whenever they found excess capacity in the domestic market while their long-term projects in India were delayed for some reasons. By the time they re-entered internationalization with a focused strategy during 2010s, they had already established a fully-owned subsidiary at Singapore which helped them to overcome some of the stricter regulatory requirements related to Indian vessels. Throughout their internationalization and re-internationalization, their networks and partners played a pivotal role. Also, the global bidding capabilities they developed over the years from the domestic markets helped them to make the transition to internationalization relatively easy.

Table 6: Firm-3

Firm-3 was established in 1985 after a split of partnership of an erstwhile firm which had business interests in textiles, as well as chemical products related to the textile industry. An acquisition that followed the split helped Firm-3 to position as a manufacturer of petrochemical products which had wider applications in many industries, but majorly in the oil/refinery sector. Their first exports in the 1990s to the Middle-East was an outcome of the export incentives provided by the government as part of the liberalization policies. They exited export markets while the incentives were slowed down over the years, but also due to a major domestic accident the firm incurred where the survival of the firm was at risk. They re-entered internationalization after a relatively long break of 11 years, mainly due to the exploratory initiatives of a new and young marketing director who targeted export operations. Apart from agents and trading houses playing a role in their internationalization efforts mostly to the Middle-East market, Firm-3 also established a good position in the Iranian market where they even appointed an exclusive agent. They were successful in exploiting the good Indo-Iranian business relations in the context of a void created by self-imposed US and European sanctions on Iran, which enabled them to attract a premium with relatively less competition.

Table 7: Firm-4

Firm-4 was in the business of manufacturing of industrial application valves, flanges, and other related products. Established in 1993, they made a fair presence in the international markets, but had to withdraw from exports due to a split of partnership in 2001. Although they continued to get export orders immediately after the split of partnership as well, due to other domestic challenges the firm struggled to even survive and, therefore, couldn't fulfill such orders. They instead revived the firm in the domestic markets where they also had to re-brand their products especially with their major domestic customers, as the brand of the erstwhile products went to the split partner according to the terms and conditions agreed. Once the turnaround was complete, as they expanded rapidly in the domestic markets, they made a concentrated effort in the international arena as they entered the Middle-East market by establishing own branch office and multiple ware-houses at Dubai, UAE. Their major competitors in the international markets were Chinese counterparts as they compete in prices, whereas the other established western firms usually are able to attract a premium due to their brand and reputation.