



**EXPLORING THE BEHAVIOUR OF SME  
ENTREPRENEURS FROM EMERGING MARKET  
ECONOMIES IN EXIT AND RE-ENTRY EXPERIENCES  
WITH SPECIFIC REFERENCE TO  
PAKISTAN AND CHINA**

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## Table of Contents

<b>Abstract.....</b>	<b>ix</b>
<b>Statement of Declaration.....</b>	<b>xi</b>
<b>Acknowledgements .....</b>	<b>xii</b>
<b>Dedication .....</b>	<b>xvi</b>
<b>Publications .....</b>	<b>xvii</b>
<b>Chapter 1: Introduction .....</b>	<b>1</b>
1.1 Introduction .....	1
1.2 Background and Justification for the Thesis .....	1
1.3 Conceptual and Contextual Background.....	3
1.3.1 Understanding Emerging Market Economy .....	6
1.3.2 Entrepreneurship in Emerging Market Economies.....	9
1.3.3 Context of the Thesis .....	11
1.4 Research Problem Statement.....	18
1.5 Research Questions and the Objectives of the Research .....	23
1.6 Research Methodology.....	24
1.7 Contributions of the Thesis to the International Business Discipline .....	25
1.8 Outline of the Thesis .....	28
1.9 Chapter Summary.....	29
<b>Chapter 2: Literature Review.....</b>	<b>30</b>
2.1 Introduction .....	30
2.2 Theoretical Underpinnings of Internationalisation Research within the Field of International Business .....	32
2.2.1 Internationalisation Process (IP) Model .....	34
2.2.2 Network Perspective of Internationalisation Process Model.....	37
2.3 Current State of Literature on Foreign Market Exit and Re-entry .....	39
2.3.1 Exit or De-Internationalisation .....	43
2.3.2 Re-entry or Re-internationalisation .....	50
2.3.3 International Time-Out Stage .....	55
2.3.4 New International Influences (Internal and External Triggers).....	56
2.4 Firm-Specific Factors that Influence Internationalisation.....	57
2.4.1 Firm Characteristics .....	58
2.4.2 Product Characteristics .....	64

2.4.3	International Entrepreneurial Orientation .....	70
2.4.4	Influence of Networks on Exit and Subsequent Re-entry Experiences .....	76
2.4.5	Role of Commitment in Internationalisation .....	81
2.5	External Environmental Factors that Influence Firm Internalisation.....	84
2.5.1	Global Environmental Drivers.....	86
2.5.2	Host-Country Environment.....	87
2.5.3	Home-Country Environment .....	88
2.5.4	Industry Characteristics .....	89
2.6	Chapter Summary.....	93
<b>Chapter 3: Methodology .....</b>		<b>94</b>
3.1	Introduction .....	94
3.2	Choice of Research Paradigm .....	95
3.3	Choice of Research Methodology .....	96
3.4	Abductive Research Approach.....	99
3.5	Qualitative Research Method.....	102
3.5.1	Interview Method.....	102
3.5.2	Unit of Analysis .....	105
3.5.3	Scope and Selection of Entrepreneurs/Senior Managers, Industry Experts and Government Representatives.....	107
3.6	Data Sources and Data Collection Methods.....	112
3.6.1	Primary Data Source .....	114
3.6.2	Secondary Data Sources .....	116
3.7	Data Analysis .....	116
3.7.1	Content Analysis.....	117
3.7.2	Editing Approach.....	117
3.7.3	Coding.....	118
3.7.4	Iterative Explanation Building.....	120
3.8	Rigor and Quality in Research .....	120
3.8.1	Credibility .....	122
3.8.2	Transferability.....	123
3.8.3	Confirmability.....	124
3.8.4	Construct Validity.....	125
3.8.5	Dependability.....	126
3.9	Methodological Limitations .....	126

3.10	Ethical Considerations .....	126
3.11	Chapter Summary.....	128
<b>Chapter 4: Findings and Discussion.....</b>		<b>129</b>
4.1	Introduction .....	129
4.2	Firm–Specific Factors that Influence Exit and Re-entry Experiences: .....	131
4.2.1	Firm Characteristics .....	131
4.2.2	Product Characteristics .....	152
4.2.3	Individual Global Orientation (IGO) .....	170
4.2.4	Influence of Networks on Exit and Subsequent Re-entry Experiences .....	196
4.3	External Environmental Factors that Influence Exit and Re-entry Experiences.....	211
4.3.1	Global Environmental Drivers.....	211
4.3.2	Host-Country Environment.....	214
4.3.3	Home-Country Environment .....	217
4.3.4	Industry Characteristics .....	225
4.4	Overview of Refined Conceptual Framework .....	227
4.5	Chapter Summary.....	230
<b>Chapter 5: Conclusion.....</b>		<b>231</b>
5.1	Introduction .....	231
5.2	Contribution of Thesis to the International Business Literature .....	232
5.3	Managerial Implications.....	239
5.4	Limitation of the Thesis .....	243
5.5	Directions for Future Research .....	245
<b>Appendices.....</b>		<b>254</b>
<b>List of References.....</b>		<b>273</b>

## **List of Tables**

Table 2-1: List of Definitions Used in the Present Thesis .....	32
Table 3-1: Paradigm positions on selected issues.....	95
Table 3-2: The logic of the abductive research approach.....	100
Table 3-3: Types of interviews .....	103
Table 3-4: Interviews were conducted in 3 stages .....	113

## List of Figures

<b>Figure 1-1: Political Map of Pakistan</b> .....	15
Figure 1-2: Administrative Map of China .....	17
Figure 1-3: Structure of Thesis .....	29
Figure 2-1: The Structure of Chapter 2.....	31
Figure 2-2: Proposed Conceptual Framework of Foreign Market Exit and Re-entry Behaviour in Entrepreneurial SMEs.....	92
Figure 3-1: The Structure of Chapter 3.....	94
Figure 3-2: Abductive research process with a moderately constructionist orientation.....	101
Figure 3-3: Stages in the process of coding .....	119
Figure 4-1: The Structure of Chapter 4.....	130
Figure 4-2: Concept of Individual Global Orientation (IGO).....	170
Figure 4-3: Refined Conceptual Framework of Behaviour of SME Entrepreneurs in Exit and Re-Entry Experiences .....	229
Figure 5-1: Structure of Chapter 5 .....	232
Figure 5-2: Refined Conceptual Model of Behaviour of SME Entrepreneurs in Exit and Re-entry Experience .....	238
Figure 5-3: Predictive Model of Entrepreneurial Re-Entry in Foreign Markets .....	252

## **List of Appendices**

Appendix A: Delineation of the Conceptual Framework .....	254
Appendix B: Brief Summary of Research Methodologies of Previous Studies Relevant to the Research Topic .....	257
Appendix C: Overviews of Interviews (Entrepreneurs, CEOs/ Owners, Senior Managers) ..	258
Appendix D: Overview of Interviews (Industry Experts and Government Representatives)	262
Appendix E: Summary of Criteria and Various Methods, Practices and Means applied to Achieve Rigor and Quality in Research .....	263
Appendix F: Interview Protocol for Entrepreneurs/ Senior Managers .....	264
Appendix G: Interview Protocol for Industry Experts and Government Representatives .....	268
Appendix H: Explanatory Statement for Entrepreneurs and Senior Managers .....	270
Appendix I: Explanatory Statement for Industry Experts or Government Representatives ...	271
Appendix J: Consent Form .....	272

## **List of Acronyms**

EME	Emerging Market Economy
EMEs	Emerging Market Economies
SME	Small to Medium-Sized Enterprise
SMEs	Small to Medium-Sized Enterprises
AME	Advanced Market Economy
AMEs	Advance Market Economies
IB	International Business
IP	Internationalisation process
IE	International Entrepreneurship
IGO	Individual Global Orientation
BEMs	Big Emerging Markets
GDP	Gross Domestic Product
BRIC	Brazil Russia India China



## **Abstract**

Research and theory in international business (IB) increasingly stresses the importance of incorporating the role of an individual entrepreneur in the internationalising activities of the firm, particularly, when the entrepreneur's actions lead to a firm's exit and re-entry experiences. To address this, the present thesis seeks to explore the behaviour of international entrepreneurs during foreign market exit and subsequent re-entry. The aim of this thesis is to guide current IB thinking towards understanding the issue from the emerging market economy (EME) perspective. Thus, the broad research problem of this thesis is: "What factors influence small-medium sized enterprise (SME) entrepreneur behaviour in exit and re-entry experiences?"

The existing research on internationalisation process (IP) model of the firm has examined the influence of internal and external factors based on forward moving activities, but has ignored alternative explanations of foreign market exits and subsequent re-entries. An extensive critical literature review revealed that alternative research to the IP model examines factors that drive exit and re-entry from a firm-level perspective. Yet little research has explored the experiences of an individual entrepreneur during these types of activities. SMEs play a vital role in the economic growth and prosperity of nations. Therefore, it is important to explore the internationalisation behaviour of an individual who is referred to as an entrepreneur/key decision maker and represents the heart and mind of his/her firm.

Based on a qualitative research methodology approach, 33 interviews were conducted with entrepreneurs/senior managers, industry experts and government representatives from Pakistan and China. The thesis makes an original knowledge contribution in the following ways (it should be noted that the knowledge contribution specifically relates to the instances between Pakistan and China, not a wider generalisation). It indicates that combinations of the entrepreneur's personal strategies are based on experiential learning that allows them to move through exit(s) to subsequent re-entry(ies). Furthermore, an entrepreneur's foreign market knowledge increases as a consequence of their overall international experience. Commitment to internationalisation is emotionally embedded in an entrepreneur's overall international experience.

An entrepreneur's firm-specific factors (such as orientation towards foreign market languages and communication capabilities, personal initiative to innovate, overcoming country of origin effects, reconfiguration through complementary products, risk-taking behaviour, individual knowledge and cognition) are associated with an increased likelihood of subsequent international re-entry experience. Factors that are associated with a decreased likelihood of entrepreneurial re-entry are; influences of intellectual property, entrepreneurial inertia, myopic vision, Seth mindset and self-serving bias. Entrepreneur's decision to exit and re-enter are dependent upon changes in the external environment, such as financial crisis, war in host-country markets, and home-country environmental factors (lack of institutional strategy on exports stimuli, environmental turbulence, and energy crisis) with specific reference to Pakistan and China. Entrepreneurs' strategic moves allow them to optimize international experience, resources and networks and create advantages: individual-level factors are more important than firm-level factors. The thesis presents a conceptual framework on foreign market exit and re-entry and concludes that re-entry is not independent of exit-specific factors.

## **Statement of Declaration**

I certify that this work contains no material which has been accepted for the award of any other degree or diploma in my name in any university or other tertiary institution and, to the best of my knowledge and belief, contains no material previously published or written by another person, except where due reference has been made in the text. In addition, I certify that no part of this work will, in the future, be used in a submission in my name for any other degree or diploma in any university or other tertiary institution without the prior approval of the University of Adelaide and where applicable, any partner institution responsible for the joint award of this degree.

I give consent to this copy of my thesis, when deposited in the University Library, being made available for loan and photocopying, subject to the provisions of the Copyright Act 1968.

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Zubair Ali Shahid

May 2<sup>nd</sup> 2016

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# Dedication

This thesis is dedicated to

Jannat Khatoon

(Late Grandmother)

The completion of this work breathes life into your life-long goal of education, seeking knowledge and daring to dream big

*An unforgotten story of a girl who left her house at age 16 in pursuit of knowledge, but in the harsh realities of living a life in Pakistan and trying to make ends meet you never got to see your dream come true but your story inspired me to dream bigger than myself*

*For years until the day you passed away in my arms you not only bought joy and happiness but taught many great lessons of working hard and shared your story of believing in oneself*



# Publications

## Competitive Conference Publications

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- Shahid, Z. A., Freeman. S., Rao-Hill, S. (2012). Examination of Networks (Business and Social) in Non-linear Internationalisation of Mature Born-Global Firms from Asian Emerging Economies, Australia New Zealand Marketing Association Conference (ANZMAC), Track: Business in Asia, 6<sup>th</sup> July, Adelaide, Australia (*Full Competitive Paper Submitted*).
- Muthusamy, G., Freeman. S., Shahid. Z.A., Murad. W. (2012). The Role of Competitive Strategies in Not For Profit Shared Ownership Housing, Australia New Zealand Marketing Association Conference (ANZMAC), Track Public Sector and Not for Profit Marketing, 6<sup>th</sup> July, Adelaide, Australia (*Full Competitive Paper Submitted*).
- Shahid, Z. A., Freeman. S., Rao-Hill, S. (2012). Non-linear Internationalisation of Born-Global Firms from Emerging Economies, Consortium for International Marketing Research (CIMaR), 15<sup>th</sup> – 18<sup>th</sup> May, Taipei, Taiwan. Conference theme: Marketing Innovation in and from Emerging Markets: Theoretical and Empirical Directions for Future Research. Organized by Georgia State University USA (*Full Competitive Paper Submitted*).
- Shahid, Z. A. (2011). Testing Firm-Employee Relationship Strength as Formative Model. Australian and New Zealand Marketing Academy Conference (ANZMAC), Track: Relationship Marketing, 28<sup>th</sup> – 30<sup>th</sup> November, Perth, Australia (*Full Competitive Paper Submitted*).

## Doctoral Colloquiums and Other Presentation

- Shahid, Z. A. (2016). Qualitative Findings and Theoretical Contribution: Exploring the Behaviour of SME Entrepreneurs from Emerging Market Economies in Exit and Re-entry Experiences focusing on New Information, New Insights, and New Interpretation. *Entrepreneurship Commercialization and Innovation Centre (ECIC): The University of Adelaide.*
- Shahid, Z. A. (2015). Understanding Entrepreneurial Re-entry in Foreign Markets: A Grounded Theory Approach. School of Marketing and Management Doctoral Colloquium 18<sup>th</sup> – 19<sup>th</sup> September 2015. *Panel: Professor Peter Naude (Manchester Business School) and Professor Rod Brodie (The University of Auckland).*
- Shahid, Z. A. (2014). Non-linear Internationalisation of SMEs from Emerging Market Economies: Preliminary Findings. International Business Doctoral Colloquium 22<sup>nd</sup> April 2014. **Awarded as the Best Presentation for Findings and Discussion By: Professor Tamer Cavusgil.** Organized by International Business Research Group (IBRG), Discipline of International Business: The University of Adelaide in collaboration with Georgia State University, USA.
- Shahid, Z. A. (2013). Internationalisation of SMEs from Emerging Market Economies. Consortium of International Marketing Research (CIMaR), Research Student Colloquium, 10<sup>th</sup> – 13<sup>th</sup> April 2014. International Business and Marketing Disciplines, The University of Adelaide, South Australia. *Faculty Panel: Professor Daniel Bello (Georgia State University), Professor Sylvie Chetty (University of Otago), and Professor John Cadogan (Loughborough University, UK).*
- Shahid, Z. A. (2013). Philosophies in Case Study Research, Qualitative Research Methods, Adelaide Business School, Research Student Workshop/Course (Presented PhD Thesis Research Methodology), The University of Adelaide, South Australia. *Faculty Panel: Dr Sabine Schuhrer.*

- Shahid, Z. A., Freeman. S., Rao-Hill. (2012). Role of Business and Social Networks in Smaller Born-global Firms from Emerging Market Economies. For University of Melbourne and Monash Joint Doctoral Colloquium, 2<sup>nd</sup> Nov 2012, University of Melbourne, Melbourne, Australia. *Faculty Panel: Dr Sachiko Yamao (University of Melbourne)*.
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- Shahid, Z. A., Freeman. S., Rao-Hill, S. (2012). Non-linear Internationalisation of Born-Global Firms from Emerging Economies. International Business Research Symposium, University of Adelaide, 16th April, Adelaide, South Australia. *Faculty Panel: Professor Douglas Dow (Melbourne Business School) and Professor Sylvie Chetty (Massey University)*.
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